AGC

Enabling Experience

CONNECT
CONVERGE
CREATE

ANNUAL REPORT

2012-13

Forward Looking Statement

We, AGC Networks (the "Company") in this Annual Report, have shared information and made forward looking statements to enable investors to know our services portfolio, business logic and direction and thereby comprehend our prospects. Such and other statements - written and oral - that we may periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'intend', 'plan', 'project' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized although we believe we have been prudent in our assumptions. The achievement of results is subject to uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialize or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated, intended, planned or projected. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

Contents

AGC HAS BEEN A KEY ENABLER OF TECHNOLOGY SOLUTIONS THAT HAVE CATALYSED MOMENTOUS CHANGES IN THE ICT DOMAIN OVER THE LAST THREE DECADES. THESE CHANGES HAVE MADE THE WORLD THAT WE LIVE IN MORE CONNECTED AND INTERACTIVE WITH MOBILITY BEING THE DRIVING FORCE. EACH SOLUTION ENABLES BETTER CONNECTS TO PEOPLE AND PROCESSES ACROSS INDIVIDUALS AND ORGANIZATIONS.

This anytime, anyplace, anywhere CONNECT is making the world CONVERGE into a single community where ideas are exchanged as easily as goods and services, propelling us to CREATE solutions to address today's growing demands.

THE WORLD OF AGC

CONNECT

We believe in building a seamless connect that links our people as a team, our teams with our capabilities, our capabilities to our customers, our customers to our alliance partners which extends onto our global locations.

CONVERGE

As we extend our presence across regions and locations and gain traction in newer markets, we are using this connect to COVERGE global cultures and amalgamate these into a collaborative and interactive platform of unified ideas, voices and vision.

CREATE

As we connect people and converge cultures, we CREATE customized solutions and distinct strategies specific to customers and markets thus leveraging opportunities. These strategies connect our people, converge the garnered expertise and create an ENABLING EXPERIENCE environment that is both at the core and fore of AGC Networks.

PERFORMANCE REVIEW 2012-13

CHALLENGING YEAR

With over four years since the global financial crisis, the world economy continues to face challenges and strong headwinds. Recovery has proved to be harder to come by than as anticipated in 2012. Prolonged crisis in the Eurozone highlighted by the debt-repayment crisis in Greece in the middle of 2012 and the more recently in Cyprus in March 2013, have all contributed to creating an uncertain environment around us. This has also affected growth hot-spots of China and India with waning demand. In the USA, there has been a modest recovery.

The overall sluggishness and uncertainty in the macro-economic situation in the economy has resulted in creation of a challenging operational environment, especially for the IT and technology space, as most sectors, particularly telecom and infrastructure among others have resorted to tightening of budgets and a reduction in service led spending. There has been a marked reduction in demand from the telecom industry in India due to cancellation of telecom licenses.

DETERMINED PERFORMANCE

In spite of a challenging business climate, AGC put in a determined performance for the year in review. Your Company continued with its global scale-up plans and consolidated in the key growth markets of North America, the Middle East and Africa, and Australia apart from its strong hold in India, with investments aimed at garnering a share in these markets.

On the whole, there was a modest improvement of 6 per cent in the total revenues for the year though not quite in line with what your Company had estimated based on expectations of a positive outlook envisaged at the beginning of the year. Loss before tax for the year was ₹ 9.9 crores, with revenues being affected by strong headwinds. While your Company continued to perform well operationally, Loss after tax for the year was ₹ 21.9 crores as your Company decided to go ahead with a stronger and conservative balance sheet.

BUILDING A STRONG BALANCE SHEET

In the last quarter of the year, the Board of Directors of your Company decided to take a resilient call in favour of a strong balance sheet for the future. Deferred Tax amounting to ₹ 12.5 crores and investments of ₹ 27.6 crores made in North America were charged to the current year's Profit and Loss Account. While this accounting treatment resulted in a Net Loss of ₹ 21.9 crores for the year, this decision will go a long way in transparently creating a stronger balance sheet for the future.

Your Company has also demerged a Specialized Managed Services division in the USA to engage with the customers on a pay per use model and to enable your Company to focus more on the technology services business.

INTACT GROWTH STORY

The positive outlook for AGC continues to remain intact as we expand into newer geographies leveraging the capability base created in India onto the global platform. During the year, your Company made notable advances, particularly in the second half of the year by gaining key customer wins in the key verticals of BFSI, Government and PSU sector, Automobiles and IT / ITes. This underlines your Company's position as one of the leading Global ICT Solutions provider with a core expertise of providing integrated technology solutions across its quadrants.

Your Company also has a diverse and comprehensive portfolio of Services, offering that include Managed Services, Professional Services, IT Governance Risk & Compliance Services and Maintenance Services. The Services business of your Company has shown a steady performance over the last two years, both in terms of contribution to overall revenues as well as margins.

As part of its continuous efforts to keep pace with the fast changing world of technology and ENABLING EXPERIENCE for its customers, AGC launched innovative industry Solutions for the BFSI, Education, Media & Entertainment and Government/Public verticals. These solutions hold immense potential for growth in view of the unfolding opportunity in these spaces, particularly the Banking and Education business, which are poised for explosive growth in the coming years.

INVESTING IN NORTH AMERICA

North America has been one of the few bright spots on the global geo-economic map, with the economy growing at 2.3 per cent compared to 1.8 per cent in the previous year (IMF). Many marquee customers of AGC have a strong presence in North America. However, North America is a mature market for technology solutions, and to grow in this market requires substantial investments.

AGC strengthened its foothold in the North American market with the acquisition of the business of Transcend United Technologies. Transcend provides global IT systems integration focussed on Unified Communications, Data Center Infrastructure and Managed Services.

Besides this, your Company also made a strategic investment by setting up a state of the art Customer Experience Center (CEC) in Dallas, USA. AGC has been at the forefront to offer its customers an immersive experience by creating a simulating environment of client business scenarios prior to the purchase decision by demonstrating the solutions at the CEC. These investments will drive your Company's growth in the coming years.

WINNING IN THE MIDDLE EAST AND AFRICA

AGC achieved major wins in the emerging growth markets of the Middle East and Africa during the year. This included enabling of the IT infrastructure transformation of one of the world's premier sporting destination, powering the 'hosted contact center' solution for Africa's largest integrated telecommunications company and a Government initiated project win in Africa among others.

Strategic Overview

10 CUBE STRATEGY

At the heart of future growth of AGC is the key strategic initiative – the 10 Cube Strategy clearly outlining delivery of 10 key Solutions with 10 key Global Alliance partners delivered seamlessly across 10 key Geographies.

The 10 Cube strategy aims to create a quantifiable, measurable and scalable growth strategy for the future by connecting global reach, agility, technology and domain expertise with customer needs. It has made your Company more relevant to customers in businesses across Education, Media & Entertainment, Healthcare, Retail, Government and Public Sector and Hospitality, in addition to its already proven dominance in BFSI, Telecom and IT / ITes verticals.

AT AGC, THE ART OF EXPERIENCE ENABLEMENT MEETS THE SCIENCE OF EXPERIENCE MANAGEMENT

ENABLING EXPERIENCE

In the highly competitive technology world, what differentiates AGC is its ability to surpass customer expectations and delight them. The AGC 'Experience Specialists' deliver 'Integrating' technology Solutions across global markets and verticals layered with a spectrum of applications services.

At AGC, the art of experience enablement meets the science of experience management. Equipped with Global technology alliance partners and a technically skilled workforce, AGC works closely with customers to gain an outside-in view of the clients business. The overall customer and OEM relationship is managed and enabled by an AGC Experience Specialist with support from Subject Matter Experts (SMEs).

Our Customer Experience Center (CEC) vibrantly showcases ENABLING EXPERIENCE at AGC where business environments and real life vertical specific scenarios are created to demonstrate solutions that meet customer specific requirements.

CONNECT. CONVERGE. CREATE.

At AGC, our strategy for growth is based on CONNECT – connecting people with technology, skills with competencies, experience with expertise and science with art. We CONVERGE global cultures and emerging trends, data and empathy, advancement with understanding, and deliver holistic solutions that are aligned with our clients' strategy and CREATE unmatchable experience.

We are connecting our strong India based people and capabilities advantage and linking them with newer customers in the newer geographies, to be served by converging global cultures and creating the signature ENABLING EXPERIENCE of AGC.

AMALGAMATING GLOBAL CULTURES

As we establish our presence into newer locations across the globe, there is an increasing amalgamation of diverse and rich cultures. Cultures give every city a dimension and connect with its people. At AGC, we believe in celebrating the unique culture of every city where we have our footprint and blend it in the solutions for our customers in that part of the world. This 'Global' approach is the essence that seamlessly connects the organization across cultures.

NEW INDUSTRY SOLUTIONS

As part of AGC's continuing quest to remain at the fore-front of evolving changes in the technology space by leading innovation, your Company has launched a range of industry solutions designed at ENABLING EXPERIENCE for its customers.

Some prominent solutions developed for the BFSI, Education, Media & Entertainment and Government/Public Sector businesses hold tremendous promise to open up new revenue streams for your Company and spear-head future growth.

BFSI

The banking space has evolved over the last few years with changes in technology. Today, customers conduct most of their banking transactions without even visiting the bank, sitting in the comfort of their office or homes. The advent of mobile internet and smart devices is further transforming banking. Banks need to create a fresher front-end customer experience and there is a need to re-align its systems and processes. As banking moves from footfalls at banks to web-falls on the internet, the issue of security presents both an opportunity and a challenge.

AGC Solutions spanning both the end customer and the infrastructure solutions are an opportunity on the horizon in ensuring a better experience.

EDUCATION

Technology is emerging as the biggest game-changer in the education space. The traditional constraints of a physical classroom, physical books and even physical teachers and examinations that limited the spread of education are fast becoming irrelevant with the advent of online classes and courses, smart devices and always-on connectivity options. Today, smart-classrooms make it possible for a professor in London to conduct lectures through video-conferencing in Lucknow.

To capitalize this emerging opportunity, AGC has developed a range of Teaching and Management solutions through Audio Video Collaboration solutions aligning to global education standards through creation of Virtual and Smart classrooms.

MEDIA & ENTERTAINMENT

The need for accelerated and improved digitization in the Media & Entertainment sector across markets, especially India and SAARC, have impacted demand for high performance computing, storage, retrieval and network infrastructure led solutions. The AGC offerings in this segment span content storage and security, high performance computing and high performance networks.

GOVERNMENT/PUBLIC SECTOR

The scale and method of technology solutions deployment in the Government/Public sector undertakings have a high impact on society at large. Some of the opportunities being explored by AGC range from creating E Learning solutions and enabling the creation of a safe and secure environment for citizens.

MD and CEO's Message

Dear Shareholders,

After an excellent 2011-12, your Company faced a challenging year during 2012-13. Strong global economic headwinds and testing market conditions had a telling effect on the overall investment climate in India. Cancellation of telecom licenses resulted in waning demand, adding to the challenges.

However, the international business environment continues to remain attractive with numerous opportunities for growth. North America surprised many economists and industrialists alike with a positive growth during the year, driven by a largely resurgent private sector. The positive signals of growth continue to improve indicating an encouraging prospect in the near future. The Middle East and Africa are also fast emerging as key growth hot-spots, as is Australia where the government and businesses are joining hands to provide multi-channel services to customers. These and related opportunities are being actively explored by AGC globally.

Global scale up has been a key strategy at AGC over the past 2 years. With a technology presence in India and over 3000 customers spread across the globe including Fortune 500 companies, your Company has been expanding its global footprint into these key and emerging growth markets. Your Company continues to make investments in these markets with a long-term focus.

The North American market is a case in the point : during 2012-13, AGC acquired the business of Transcend United Technologies LLC (TUT), a global IT systems integration company focussed on Unified Communications and Data Center, Infrastructure and Management services with over 1500 customers. Your Company has also created its signature Customer Experience Center in Dallas, Texas. In this mature market, investment decisions play a crucial role in creating a differentiator for AGC as a Global Solutions Provider and Integrator and are expected to yield an extended customer base in the future.

Similarly, AGC's existing customer base in Australia is fast expanding. During the year, your Company established its focus across the quadrants through our alliance partners to garner a share of the emerging multi-channel service opportunity.

In the Middle East and African markets, AGC has gained traction with some impressive wins in the Hospitality and Telecom sectors. These include IT enablement of a Sports Stadium, IT implementation for Dubai Sports City and a prestigious project for a leading Government led initiative in Africa. AGC also implemented a hosted contact center for its largest telecommunications company there.

Overall, your Company was successful in maintaining its top-line on a consolidated basis, albeit modestly.

As far as operational performance for the year 2012-13 is concerned, the consolidated revenues for the year increased by 6 per cent during the year compared to the previous year. While the growth in revenues is moderate and not in line with outlined expectations, your Company continues with its plans and investments in various projects with its long term strategy in place.

Your Company has reported net loss of ₹ 21.9 crores on account of difficult market conditions and one time charge relating to the investments in North America and deferred tax adjustments.

Your Company has demerged a Specialized Managed Services division in the USA to engage with the customers on a pay per use model and to enable your company to focus more on the technology services.

Your Company has reported a net profit of ₹ 3.7 crores for the year based on the Compiled Consolidated Financials after giving effect to this demerger.

The outlook for your Company continues to remain positive and attractive. Our expanding global presence with sustained investments has insulated us from specific-market risks. In India, the banking space promises high growth with new banking licenses on the anvil, as well as banks recognizing and initiating their spends on Data Security and Governance apart from the increased need for mobility across devices and platforms. We have won a breakthrough deal from a consortium of PSU bankers to set up their Cheque Truncation System (CTS) application. Many other government contracts in infrastructure and utilities have also been awarded to AGC. Our solutions in the education space addressing the needs of distance education and shrinking boundaries are in line with the latest in the world.

We continue to remain focused on being RELEVANT to our customers across geographies through our seamless Services portfolio of offerings wrapped around technology from our Global alliances across geographies.

We are confident of driving AGC into the next phase of growth.

Thank you for your trust and faith in AGC, and I assure you the best is yet to come!

S. K. Jha

MD & CEO

THE OUTLOOK FOR YOUR COMPANY CONTINUES TO REMAIN POSITIVE AND ATTRACTIVE. OUR EXPANDING GLOBAL PRESENCE WITH SUSTAINED INVESTMENTS HAS INSULATED US FROM SPECIFIC-MARKET RISKS.

President's Message

Dear Shareholders,

The global IT domain continues to offer significant opportunities for growth. The world spending on IT grew by 2.1 per cent to US$ 3.6 trillion in 2012, and is expected to grow by 4.1 per cent to nearly US$ 3.8 trillion in 2013 and reach just under US$ 4 trillion in 2014. The global IT Services spending is expected to grow by 5.2 per cent in 2013, with service-led solutions displacing the traditional sourcing approaches. In India, 3 out of 4 companies are planning to increase their IT spending in 2013 with focus on virtualization, data center consolidation and IT modernization.

With our strong capability spectrum in India, our rich experience of over 27 years, and with our four Solution quadrants offering end-to-end integrated technology solutions to clients, AGC is poised to leverage the opportunity on the ICT horizon.

WITH OUR STRONG CAPABILITY SPECTRUM IN INDIA, OUR RICH EXPERIENCE OF OVER 27 YEARS, AND WITH OUR FOUR SOLUTION QUADRANTS OFFERING END-TO-END INTEGRATED TECHNOLOGY SOLUTIONS TO CLIENTS, AGC IS POISED TO LEVERAGE THE OPPORTUNITY ON THE ICT HORIZON.

Armed with a focussed 10 cube strategy, we are firmly moving ahead with a defined focus on our global alliances, global solutions and global presence to seamlessly deliver a compelling and superior global service delivery model for our customers.

We CONNECT our India based strengths of skills and capabilities with our global presence, resulting in a unique CONVERGE of THINK GLOBAL – ACT LOCAL that CREATES relevant, holistic solutions for our customers based on ENABLING EXPERIENCE.

We have a wide spectrum of domain knowledge across verticals, business models and processes with dedicated subject matter specialists across the organization.

AGC is today one of the leaders in Innovative Business Models. Our industry solutions for the BFSI, Education, Media & Entertainment and Government/PSU businesses have already gained widespread acceptance both in India and at a global level.

As part of our planned global scale up, we are establishing our presence as well as are fine tuning current operations in the emerging growth markets of North America, the Middle East and Africa, and Australia, even as we consolidate our dominating foothold in India and the SAARC countries. We have deep customer relationships comprising of Fortune 500 companies, and we plan to leverage these for growth as we extend further into newer practices of Audio Video integration, Network Infrastructure, Data Center and Virtualization. Our dominance in the Unified Communications space continues to remain strong.

The opportunity on the horizon for AGC is being capitalized through various initiatives that include strengthening our workforce globally by levaraging our Indian capabilities, building stronger relationships with alliances and technology vendors to emerge as a **partner of choice** for customers across the globe.

Globally, we shall continue to invest in North America as our investments continue to give us positive results. Since most of our clients also have a significant presence in the USA, the North American market remains a key market in our growth strategy.

At AGC, we have one of the most connected workplaces, where ideas merge into voices to create the people platform. Our people, across teams, divisions and geographies CONNECT to create a winning proposition. AGC has been ranked No.3 in the DQ Best Employer IT Survey India (Oct 2012) in less than 2000 employees category, underlining AGC as an employer of choice.

I would like to congratulate our MD and CEO, Mr. S.K. Jha who was honoured by the IIIE (Indian Institution of Industrial Engineering) with the CEO award for Performance Excellence – Individual category.

Yours faithfully,

Sanjeev Verma

President - Global Sales
and Business Operations

AGC Today & Tomorrow

The right connect not only creates a complete picture, but also gives it depth and dimension.

For nearly three decades, AGC has been a technology solutions provider and integrator. And in the last 8 years, AGC has been an unprecedented leader as a Solution Integrator with a differentiated vertical approach providing innovation solutions and services across the ICT domains.

AGC SOLUTION QUADRANTS

Unified Communications
- IP Telephony Solutions
- Contact Centers
- Audio, Video and Control Integration
- Collaboration Solutions
- IP Surveillance

Network Infrastructure
- Wired Network
- Metro Ethernet
- Mobility
- Network Security

Data Center & Virtualization
- Data Center
- Virtualization
- Storage
- Platform

Enterprise Applications
- Business Applications
- Customer Experience Applications

KEY BUSINESS VERTICALS SERVED

- Banking, Financial Services and Insurance (BFSI)
- Government and PSUs
- Healthcare
- Travel and Hospitality
- IT / ITes
- Manufacturing
- Education
- Media & Entertainment

SERVICES PORTFOLIO

MANAGED SERVICES
- Enterprise Service Management
- Integrated Management Center Services
- Managed Security Services

PROFESSIONAL SERVICES
- Consulting and Analysis
- Deployment Services
- Customization and Integration
- Technology Audit and Review

IT GOVERNANCE RISK & COMPLIANCE SERVICES
- Certification
- Compliance
- Implementation
- Management
- Audit

MAINTENANCE SERVICES
- Support Services
- Installation Services
- Remote Infrastructure Monitoring and Management
- Facilities Management Services

NEW SOLUTIONS FOR SUNRISE VERTICALS

BFSI

Cheque Truncation System (CTS)

Fraud & Risk Management Solutions

Identity and Access Management

IT Asset Management

Kiosk Solutions

MEDIA & ENTERTAINMENT

Content Storage and Security

High Performance Computing

High Performance Networks

EDUCATION

Audio Video Solutions for Technology Aided Teaching

GOVERNMENT/ PUBLIC SECTOR

Tele Medicine

E Citizen Services

Security & IP Surveillance

TEACHING SOLUTIONS

Smart Classrooms

Virtual Classrooms

E Learning Solutions

MANAGEMENT SOLUTIONS

Institute Information Systems

Auditorium Management Solution

Classroom Management Solution

Smart Campus Solution

The Depth and Dimension of AGC

VISION

The vision of your Company is to grow as a Global organization, delivering enterprise innovation, unlocking value and ultimately creating wealth for customers and stakeholders.

MISSION

The long term Vision coupled with the Mission is to drive teams to achieve set organizational goals by creating a 'Happy' eco system.

HAPPY SHAREHOLDERS

Provide our shareholders an institution that creates sustainable economic value by efficiently managing all classes of assets and led by the highest standards of Corporate Governance.

HAPPY EMPLOYEES

Provide progressive opportunities and platforms that nurture people to participate, learn and unleash prosperity through constant and relevant engagement.

HAPPY CUSTOMERS

Co-create with our customers and provide them superior value through our global delivery platform and a class of service that is customized and innovative to meet and exceed their expectations.

GLOBAL PRESENCE

PHILOSOPHY

BELIEVE > BEHAVE > BECOME

We BELIEVE that our ability to predict outcomes can add value to our customers' quest for success.

We BEHAVE as enablers, collaborating with our customers through our integrated business technology solutions, to shape their higher growth trajectories.

We know the 'Why of our being' and we make it a point to live by it, touching organizations in the process to BECOME their partner in growth.

AWARDS

- NetApp Growth Partner of Year 2012
- Polycom Partner of the year- India and SAARC
- Juniper IT / ITES Partner of the Year
- Juniper South Region partner of the year 2012
- Strategic WIN of the year 2012 – Juniper
- Ranked 3rd by DQ Best Employer IT Survey

During the year Mr. S. K. Jha, MD & CEO, was honoured by IIIE (Indian Institution of Industrial Engineering) with the 'CEO award for Performance Excellence-Individual category'.

MILESTONES AND JOURNEY

1986

Incepted as Tata Telecom Limited.

2000

- Avaya Inc. incepted as enterprise business wing of Lucent.
- Avaya Inc. buys Tata Son's stake to create Avaya Global Connect Limied.

2010

- Acquisition by Aegis, an Essar enterprise.
- Avaya Global Connect rechristened as AGC Networks Limited.
- Extended footprints across Australia and New Zealand regions.

2011

- AGC's 10^3 growth strategy
- Alliances to include global technology partnerships.
- Solutions encompass the ICT domain including Unified Communications, Networking, Data Center & Virtualization and Business Applications.
- Extending footprints across APAC, Middle East and Africa

2012

- Presence in US market established
- Tailored vertical specific solutions devised
- Alliance partnerships increased to over 70 Global OEMs as new alliances and strategic certifications are added.

2013

- Acquisition of the business of Transcend United Technologies, extending footprints across North America.

Board of Directors

SUJAY SHETH

Chairman - Non-Executive & Independent Director

Mr. Sujay R. Sheth holds a Bachelor's degree in Commerce from Bombay University. He is also a Fellow member of the Institute of Chartered Accountants of India. Currently, Mr. Sheth is the Managing Partner of J. K. Doshi & Co., Chartered Accountants, a reputed firm of Chartered Accountants, established in 1955.

Mr. Sheth's areas of experience are Finance and Accounting, with deep knowledge of direct taxes, corporate laws and significant experience in the fields of transaction advisory, pre-acquisition studies, corporate governance, assurance, valuation and direct taxation. He is involved in audit, taxation, attestation and assurance functions of a wide selection of Indian and multi-national clients.

S. K. JHA

Managing Director & CEO

Mr. Satya K. Jha (popularly called as SK) steers the technology business as the Managing Director and CEO of AGC Networks Limited. As India's leading Solutions Integrator in enterprise communication, AGC Networks is the Technology Services business of Aegis Limited, an Essar enterprise.

SK has over 18 years experience in the areas of systems integration, operations, sales and marketing of IT and telecom solutions.

According to SK, AGC's business strategy revolves around the "triangle of equity", that is, value creation for customers, employees and stakeholders. "This is enabled by our unwavering commitment to integrity, fairness, accountability, empowerment, collaboration, innovation, continuous improvement and the will to win".

SK has been a successful leader and entrepreneur with his earlier stints. SK holds a bachelor's degree in computer engineering and is known for his dynamism and passion for excellence.

SHUVA MANDAL

Non-Executive &
Independent Director

Mr. Shuva Mandal, is a lawyer with more than 19 years of practice. He is the Managing Partner in Fox Mandal & Associates, and practices in Corporate Commercial Group. Most importantly, Shuva is the fourth generation of Mr. G. C. Mandal, co-founder of Fox Mandal (established 1896). He is a partner in the firm since 1996 and presently heads the entire South India operations of the firm.

Mr. Mandal's practice includes Inbound Investment to India including strategy, corporate governance, corporate finance including M&A, Joint Ventures, disposal of private companies, private equity & securities transaction, public offerings of debt and equity securities. He holds an LLB from the University of Calcutta and has also attended M&A Program at The Wharton School, University of Pennsylvania.

Dr. HASEEB A. DRABU

Director

Dr. Haseeb A. Drabu is a professional Economist - Banker with a wide-ranging experience. A former Chairman & CEO of The J&K Bank, he has been involved with national economic policy making in India, including Planning Commission, Finance Commission and the Economic Advisory Council of the Prime Minister of India.

He has also worked as the Economic Advisor and the Principal Economic Policy Maker, at the state level for seven years. At present he has moved to the corporate sector and is advising the Essar Group of companies as its Group Economic Advisor.

He has been associated with the government and corporate policy making in various capacities. He has been a member of the Prime Minister's Task Force on the Long-term Development; Consultant-Asian Development Bank on reforms and reconstruction in J&K; Member-Commission on Center-State Relations, and Member-Expert Group on "Promotion of Diversity in living, education and workspaces for the minorities" formed by the Government of India.

CORPORATE INFORMATION

Directors

Sujay R. Sheth - Chairman - Non-Executive & Independent Director
S. K. Jha - Managing Director & CEO
Sudip Rungta (till 28.05.2013)
Shuva Mandal - Independent Non-Executive Director
Dr. Haseeb Drabu (from 28.05.2013)

Company Secretary

Pratik Bhanushali

Auditors

M/s. S. R. Batliboi & Associates LLP
Chartered Accountants

Registered Office

Equinox Business Park (Peninsula Techno Park),
Tower 1, Off Bandra Kurla Complex, LBS Marg,
Kurla (West), Mumbai - 400 070

Regional Offices - India

Bangalore, Chennai, Gandhinagar, Gurgaon,
Hyderabad, Kolkata, Mumbai, Pune

Branches - India

Bhopal, Bilaspur, Chandigarh, Guwahati, Kochi,
Nagpur, Surat, Vadodara

Global Presence

Australia, Bangladesh, Kenya, New Zealand,
Phillipines, Saudi Arabia, Singapore, South Africa,
Sri Lanka, UAE, USA

Bankers -

Bank of India
Crédit Agricole - CIB
IDBI Bank Limited
YES BANK Limited

Registered and Share Transfer Agents

Datamatics Financial Services Limited,
Plot No. B5, MIDC, Part B Cross Lane,
Andheri (East), Mumbai - 400 093

Audit Committee

Sujay R. Sheth - Chairman
Shuva Mandal
Sudip Rungta (till 28.05.2013)
Dr. Haseeb Drabu (from 28.05.2013)

Shareholders' Investors' Grievance Committee

Sujay R. Sheth - Chairman
S. K. Jha

Ethics and Compliance Committee

Shuva Mandal - Chairman
Sujay R. Sheth

Remuneration Committee

Sujay R. Sheth - Chairman
Shuva Mandal

Executive Committee

Sujay R. Sheth - Chairman
S. K. Jha
Sudip Rungta (till 28.05.2013)
Dr. Haseeb Drabu (from 28.05.2013)

Note : The Directorship & Committee position is as on May 28, 2013

NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the members of **AGC NETWORKS LIMITED** will be held on Tuesday, August 27, 2013 at 11.00 A.M. at Rangaswar Hall, Chavan Centre, General Jagannath Bhosale Marg, Mumbai 400 021 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Profit & Loss Account for the year ended on that date together with the schedules attached thereto and the report of the Directors' and Auditors' thereon.

2. To appoint a Director in place of Mr. Shuva Mandal who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Mumbai (ICAI Reg. No. 101049W, Identity No. AAB-4318) as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

   "RESOLVED THAT M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Mumbai, (ICAI Reg. No. 101049W), be and are hereby appointed Auditors of the Company, to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company, to examine and audit the accounts of the Company for the financial year 2013-14 on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors in addition to reimbursement of service tax, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them."

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution.

   "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act 1956, (including any statutory modifications or re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby altered/amended by addition of the following new articles in the following manner:

   Following Article 111A be inserted after Article 111.

   Article 111A: Open to the Members to waive/forgo his/their right to receive the Dividend.

   Notwithstanding anything contained in the Articles 110 to 120 of the Articles of Association of the Company, but subject to the provisions of the Companies Act, 1956 and all other applicable rules of the statutory authorities and the Rules framed by the Board of Directors of the Company in this behalf, as amended from time to time by the Board, it shall be open for the Members of the Company who hold the equity shares in the Company to waive/forgo his/their right to receive the dividend (interim or final) by him/them for any financial year which may be declared or recommended respectively by the Board of Directors of the Company. The waiver/forgoing by the Members, his/their right to receive the dividend (interim or final) by him/them under this Article shall be irrevocable immediately after the record date/book closure date fixed for determining the names of Members entitled for dividend. The Company shall not be entitled to declare or pay and shall not declare or pay dividend on equity shares to such Members who have waived/forgone his/their right to receive the dividend (interim or final) by him/them under this Article."

By order of the Board of Directors,
For AGC Networks Limited

Sd/-

Pratik Bhanushali
Company Secretary

Place: Mumbai.
Dated: May 28, 2013

Registered Office:-
Equinox Business Park
(Peninsula Techno Park),
Off Bandra Kurla Complex,
LBS Marg, Kurla West,
Mumbai – 400 070.

NOTES

1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing proxy should however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

2) Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.

3) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

4) Members are requested to bring their attendance slip along with their copy of annual report to the Annual General Meeting.

5) Members who wish to obtain information on the Company or view the accounts for the financial year ended March 31, 2013, may visit the company's corporate website www.agcnetworks.com or send their queries at least 10 days before the Annual General Meeting to the Company Secretary at the Registered Office of the Company.

6) All the documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all the working days between 11.00 AM to 1.00 PM up to the date of the Annual General Meeting.

7) The Register of Members and Transfer Books in respect of Equity Shares of the Company will remain closed from 21.08.2013 (Wednesday) to 27.08.2013 (Tuesday) (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if any, declared at the Annual General Meeting.

8) M/s. Datamatics Financial Services Limited (DFSL) is "Registrar and Share Transfer Agent" of the Company. All members and investors are hereby advised to contact DFSL at the following address for any assistance, request or instruction regarding transfer or transmission of shares, dematerialization of shares, change of address, non-receipt of annual report, dividend payments and other query / grievance relating to the shares of the Company:

   M/s. Datamatics Financial Services Limited,
   Plot No. B-5, Part B Crosslane,
   MIDC, Marol, Andheri (East), Mumbai – 40093
   Tel : +91 22 6671 2151 to 6671 2156
   Fax : +91 22 6671 2209
   E-mail : agcinvestors@dfssl.com

9) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the company. Nomination forms can be obtained from the registrars of the Company.

10) Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

11) As per the requirement of Clause 49 of the Listing Agreement on Corporate Governance for appointment of the Directors / re-appointment of the retiring Directors, a statement containing details of the concerned Directors are given below.

12) Members are hereby informed that Dividend which remains unclaimed/ un-encashed over a period of Seven years, has to be transferred as per the provisions of Section 205A of the Companies Act, 1956 by the Company to “The Investor Education & Protection Fund” constituted by the Central Government Under Section 205C of the Companies Act 1956. It may please be noted that once unclaimed/ un- en-cashed dividend is transferred to “Investor Education & Protection Fund” as above, no claims shall lie in respect of such amount by the Shareholder.

13) Members who have not registered their e-mail addresses so far are requested to register their email address so that they can receive the Annual report and other communications electronically.

14) As the members are aware, your Company’s shares are tradable compulsorily in electronic form. In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company’s shares on either of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

15) In order to provide protection against fraudulent encashment of the warrants, members holding shares in physical form are requested to intimate the Registrar and Share Transfer Agents under the signature of the Sole / First holder, the following information to be incorporated on the Dividend Warrants : (i) Name of the Sole / First joint holder and the folio number, (ii) Particulars of the Bank Account viz., (1) Name of the Bank, (2) Name of the Branch, (3) Complete address of the Bank with Pin code number, and (4) Bank Account no. allotted by the Bank.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

To facilitate the members who wish to waive/forgo his/their right to receive dividend to help the company to conserve funds for its long term requirements, it is proposed to amend the Articles to incorporate the provision for the same.

Pursuant to provisions of Section 31 of the Companies Act, 1956 any amendment to the provisions of Articles Association of the Company requires the approval of the members by way of Special Resolution.

The Resolution at item no. 4 is therefore, placed for approval of the members.

None of the Directors of the Company is in any way concerned or interested in the proposed resolutions.

Annexure to Notice

Details of the Directors seeking appointment/re-appointment in forthcoming Annual General Meeting
(In pursuance of Clause 49 of the Listing Agreements)

Name of Director	Mr. Shuva Mandal	
Age	50 Years	
Date of Appointment	21st May, 2011	
Expertise in specific functional areas	Mr. Shuva Mandal, is a lawyer with more than 19 years of practice. He is the Managing Partner in Fox Mandal & Associates, and practices in Corporate Commercial Group. Mr. Mandal's practice includes Inbound Investment to India including strategy, corporate governance, corporate finance including M&A, Joint Ventures, disposal of private companies, private equity & securities transaction, public offerings of debt and equity securities. He holds an LLB from the university of Calcutta and has also attended specialized M&A Program at The Wharton School, University of Pennsylvania.	
Qualifications	LL.B	
List of other Companies in which Directorship held as on May 28, 2013	1.	Fox Mandal & Associates
	2.	Fox Mandal Services Pvt. Ltd.
	3.	FM Advisory Services Private Limited
	4.	Reflections Developers Private Limited
	5.	Bloom Energy (India) Private Limited
	6.	alive outdoor Services Private Limited
	7.	alive Media Productions and Entertainment Private Limited
	8.	FM Legal Circle Services Private Limited
	9.	Ivarene Technologies Private Limited
	10.	FMIT Systems Private Limited
	11.	Llyods TSB Global Services Private Limited
	12.	Greenwave Technologies India Private Limited

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants and members who hold shares in physical form, may register the same with M/s. Datamatics Financial Services Limited. Further, members holding shares in physical form may kindly note that the company's scrip is preferably traded in demat form and hence are requested to get their physical share certificates dematerialized at an early date.

DIRECTORS' REPORT

1. The Directors hereby present the 27th Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2013.

2. Financial Results

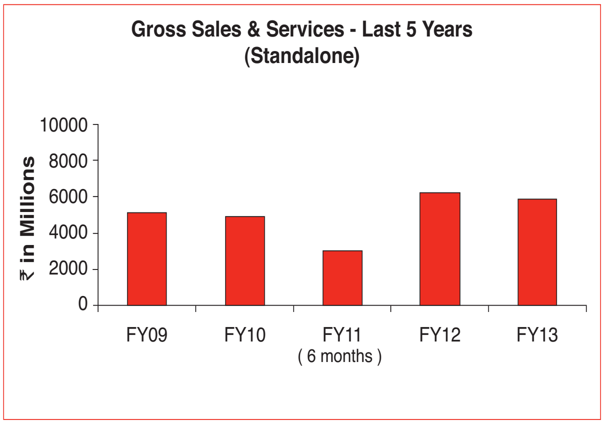
The results of the Company on a standalone and Consolidated basis are as given below:

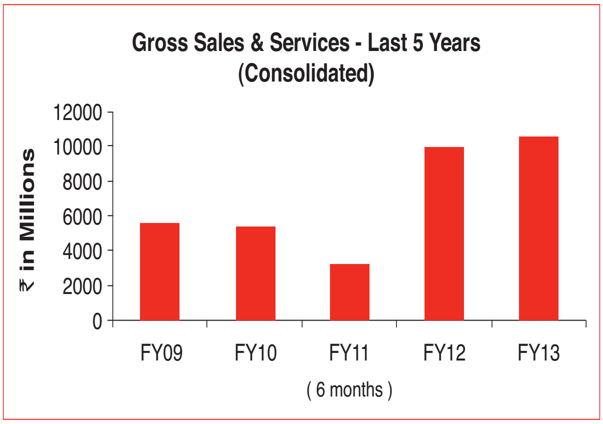
(₹ in Millions)

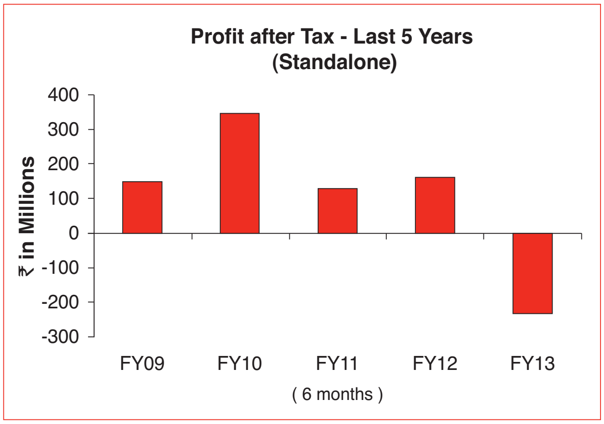
	Standalone		**Consolidated**	
	Year ended 31/03/2013	**Year ended 31/03/2012**	**Year ended 31/03/2013**	**Year ended 31/03/2012**
Sales & Services (Gross)	5,910	6,240	10,612	9,976
Sales & Services (Net) (incl. Other Income)	6,365	6,324	11,095	10,075
Profit before interest, depreciation & tax (EBITDA)	280	480	426	1,110
Less : Interest and finance charges	323	63	362	85
Less : Depreciation	111	127	163	162
(Loss) / Profit before tax	(154)	290	(99)	863
Less : Provision for tax (including Deferred tax)	78	127	120	228
(Loss) / Profit after tax	(232)	163	(219)	635
Balance brought forward from previous year	784	885	1,165	794
Amount available for appropriation	552	1,048	946	1,429
Appropriations :				
Proposed dividend	-	213	-	213
Corporate Dividend Tax	-	35	-	35
Transfer to General Reserve	-	16	-	16
Balance carried to Balance Sheet	552	784	946	1,165

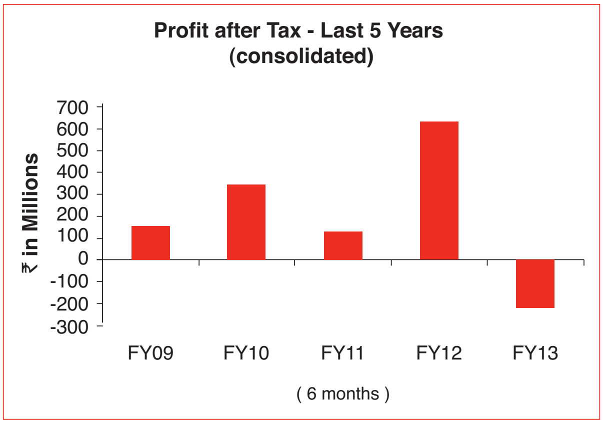
3. Financial Performance

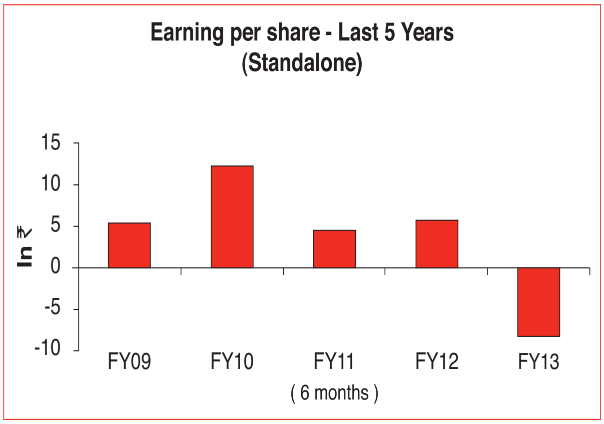
The Company, for the period ended March 31, 2013 recorded a gross turnover of ₹ 5,910 millions, as against ₹ 6,240 millions for the period ended March 31, 2012. The loss before tax is ₹ 154 millions for the period ended March 31, 2013 as against Profit before tax of ₹ 290 millions for the previous period. The Net loss is ₹ 232 millions as against Profit after tax of ₹ 163 millions for the previous period.

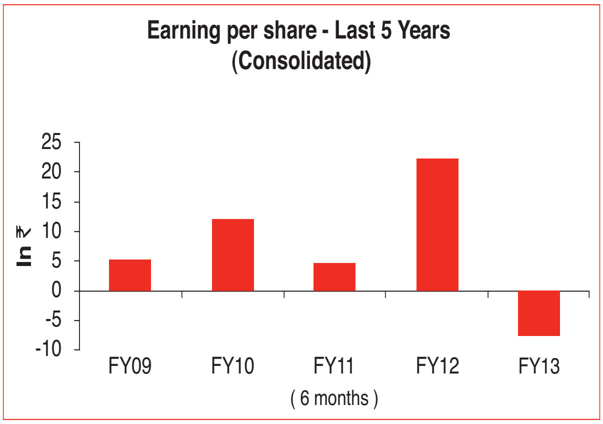












4. Operations

During the year under review, the global economy continued to reflect the persistent weakness in Europe, as global GDP growth slowed from the year before. In the same period, the US economy experienced a positive growth in spite of being plagued by worries over a high unemployment rate and the US fiscal cliff. Other major economies such as China were also affected, with its GDP experiencing its slowest growth since 1999. Similarly, India faced its lowest growth rate in ten years amidst internal pressures such as inflation, high nominal rates and a large fiscal deficit.

Despite the challenging market conditions, your Company was able to secure a significant number of contracts and project wins across various sectors. Some of the prominent wins across geographies during the year were:

- A Public Sector contract in the Infrastructure and Transportation segment to provide Networking, Data Centre Infrastructure and Security Solutions
- A solution in the Education Sector to provide Audio Video Solutions to a premier institute in the country
- A solution in the IT Sector to provide IT Infrastructure solutions to a global IT company
- A high performance Network Architecture solution built for future expansion delivered to an IT Consultancy enterprise
- An Application Security and high performance Network Solution delivered to a Telecom equipment manufacturer
- Win from a large Public Sector undertaking for deploying of access control system across 280 locations in the country
- Enabled the implementation of a safe city concept for one of the prominent state capitals in India
- Deployed an Audio Visual System to build State-of-the-Art Convocation Hall for IIT, Bombay

Your Company also affirmed its presence in the North American market with its acquisition of the technology integration business of Transcend United Technologies LLC, a global IT systems integration company. U.S. is the world's largest marketplace for Information, Communications Technology (ICT) with well over US$1 trillion in market size[1] and one-third of the global market share. Seemingly unlimited number of technology integrators with considerable scale (US$25 million and over) are to target for corporate development allowing for better returns on investment probability.

With this acquisition and in line with the 10 cube strategy, your Company is in a position to reap the benefits of the growing enterprise IT spending in North America. The acquisition added over 1500 customers to your Company's customer base, and at the same time, augmented your Company's range of capabilities.

Some of the significant wins in the US market are :

- Implemented and provide managed services for a Unified Communication solution for a large banking institution with over 1500 locations nationwide
- Designed, installed and support a Unified Communication solution for a manufacturing firm with facilities in North America, Central America, and South America
- Installed and manage a custom-designed Data Networking Infrastructure solution for a large health care provider in the mid-western United States
- Designed and implemented a 160 location wireless network for a very large religious institution in the northeast United States
- Implementation and support of a Unified Communication solution for one of the largest furniture and home retailers in the western United States

Your Company has been successful not only in India, but also in its global operations, including in the Middle East and African region. Some of the prominent wins in this region include:

- Sports Sector – IT Infrastructure contract with one of the world's premier sporting destinations in the UAE
- Telecom Sector – Contact Centre Services contract with Africa's largest integrated telecommunications company
- A Unified Communication Quadrant led solution delivered to a fast growing regional bank in the Middle East
- Largest SAP implementation on a green field project in the railway sector in Kenya

In Australia some of the wins have been:

- Providing contact centre and CRM integration solutions and services to a leading motoring services organization
- Supplying new telephony and contact centre solutions to a leading car hire company covering over 100 branch locations as well as centralizing the contact centre
- Renewing State Government panel status for another term for the supply of full ICT solutions and services to government
- Major upgrade and expansion of the communications systems of an Australian-based global leader in pathology services
- Expanding the contact centre of one of the world's most recognizable global IT companies from its multi site Australian operations, into New Zealand
- Establishing the Australian contact centre operations of a multination financial services institution, involving three core sites in Australia
- Securing the first data infrastructure deal in the carrier service provider market
- Significant upgrade of a critical business application for one of the largest funds administrators in Australia

1 U.S. Census Bureau, U.S. Bureau of Economic Analysis

5. Business Outlook

The International Monetary Foundation in its World Economic Outlook Report, April 2013, projects that the world economic recovery will gain traction in 2013 and 2014. It expects the world GDP to grow by 3.3 per cent in 2013 and by a further 4 per cent in 2014. This improvement in the global economic outlook will be followed by stronger spending on IT worldwide. According to Gartner Inc., the global IT spending is anticipated to grow by 4.1 per cent in 2013 and by 4 per cent in 20141. At the same time, worldwide enterprise software spending is forecast to total US$ 297 billion in 2013, a 6.4 per cent increase from 20122. While the IT spending worldwide is expected to grow, there is an increasingly visible shift in spending pattern across all IT sectors towards the nexus of Forces – social, mobile, information and cloud technology.

Your Company has aligned its operations to its customers' needs and has positioned itself to ensure that it remains relevant as a Solutions Integrator across the globe. Your Company's core growth strategy will continue to be its 10 Cube strategy, which emphasises 10 key practices and offerings through 10 key technology alliances to be taken to 10 key geographies across the globe. These key locations include new geographies like the US, Australia and the Middle East and African region. At the same time, India will continue to be a strong foothold for your Company. The core competencies created across verticals and solutions will be leveraged by the other geographies that AGC is growing in. It plans to expand its core business from the Unified Communication space to business applications, Data and Information Security, and Storage & Server services in other key global markets while also streamlining existing operations to keep them relevant and in line with plans.

As the IT industry is continually evolving, your Company places significant importance on innovation, which it considers a key to expand into new markets and new products. Reflecting this focus, your Company launched Solutions across 4 new verticals during the year:

1. BFSI
2. Education
3. Media & Entertainment
4. Government / Public Sector

These verticals have been developed with a customer-centric approach, as well as with your Company's over-arching approach of ENABLING EXPERIECE for its customers.

6. Awards and Recognitions

Your Company produced an outstanding performance over the fiscal year in review, as witnessed by the honours it received:

1. NetApp Growth Partner of Year, 2012
2. Polycom Partner of the Year (India and SAARC)
3. Juniper IT/ITES Partner of the Year
4. Juniper South Region Partner of the Year, 2012
5. Strategic WIN of the Year, 2012 – Juniper
6. Ranked 3rd by DQ Best Employer IT Survey in India for its category

In addition, during the year, Mr. S K Jha, MD and CEO, was honoured by the Indian Institution of Industrial Engineering (IIE) the 'CEO Award for Performance Excellence – Individual Category.'

7. New Solutions

Your Company has launched services into four new verticals during the year in review.

The first vertical is the BFSI vertical, in which your Company won a breakthrough deal to set up a Cheque Truncation System (CTS) for a consortium of 20 public sector banks. The Banking sector is emerging as a key growth opportunity both on the applications side as well as on the experience side. With galloping growth of smart devices and mobile internet, the way banking is done is undergoing a total transition from physical to digital. As more and more customers conduct their banking transactions online, there is a growing need to make this experience both safe as well as hassle-free. Your Company is developing solutions both for the bank as a customer as well as for the banks's customers, aimed at creating Safe and Enhanced Solutions.

The second vertical is education, which experiences brisk growth, is immune to global economic cycles, and faces high demand all year round. With the increasing usage of technology-aided training in educational institutes that are creating Smart Classrooms with real-time classes/lectures being held across continents; this is a big opportunity for AGC to provide both Teaching and Management Solutions for the industry to cater to its needs. Your Company has developed Teaching Solutions and Management Solutions under which a whole range of products like Video Conferencing, Multimedia Labs, Online Examination, School Management Systems and Library Management Systems are offered.

The third evolving vertical from an ICT solutions perspective is Media and Entertainment which is experiencing increasing digitisation of late. This is expected to accumulate massive demand for high performance IT infrastructure, which your Company is poised to benefit from. Your Company has stamped its arrival into the vertical by offering Content Storage and Security, High Performance Computing, and High Performance Networks services to the industry players.

The fourth vertical is government and public sector which is increasing its spending on a consistent basis. Your Company has developed solutions ranging from Tele-medicine, E citizen Services and security and IP surveillance.

8. Organizational Initiatives

Your Company places utmost importance on its people. It believes in investing in its employees and providing them with a nurturing environment that contributes towards a meaningful career. This has culminated in the Employee Value Proposition (EVP) 'Get-Set-Go' that helps employees at AGC to maximise their potential. AGC also provides its employees with various local and global opportunities through its Global Talent Exchange (GTEx) and Internal Job Postings (IJP) policies to expand their horizons and develop in them nuanced perspectives.

Your Company constantly works towards building and maintaining a progressive working environment. Your Company maintains a multi-cultural and multi-ethnic workplace, adding value to the organization through cross-cultural integration. Your Company has also placed a greater emphasis on fostering gender diversity among its employees, as well as including differently-abled workers in its talent pool.

AGC believes in devoting some of its resources to its young and new employees, as it continually strives to improve its talent pipeline and develop future leaders. Your Company recruits talent from premier management and engineering institutes in India and abroad, and has a wholesome two months in-house Training and Deployment on Assessment program where new recruits receive on-going mentoring and customised training.

9. Fixed Deposits

The Company has not accepted any Fixed Deposits during the year.

10. Subsidiaries

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiaries companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

11. Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Shuva Mandal, retires by rotation and being eligible, offers himself for re-appointment.

At the Board meeting of the Company held on October 30, 2012, Mr. Aparup Sengupta resigned from the directorship of the Company. The Board places on record its sincere appreciation for the services rendered by him.

12. Auditors and their observations

Members are requested to appoint Auditors for the current year and to authorize the Board of Directors to fix their remuneration. M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Mumbai, the retiring Auditors have under Section 224(1B) of the Companies Act, 1956, furnished a certificate of their eligibility for re-appointment.

13. Personnel

The Board places on record its appreciation for the hard work and dedicated efforts put in by all the employees. The relations between the management and employees continue to remain cordial on all fronts.

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Member who is interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

14. Particulars required to be furnished by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

(i) Part A pertaining to conservation of energy is not applicable to the Company.

(ii) Part B pertaining to particulars relating to technology absorption is as per Annexure B to this report.

(iii) Part C pertaining to foreign exchange earnings and outgoings is as contained in notes to the accounts.

15. Directors' Responsibility Statement as per Section 217 (2AA)

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm that -

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis.

16. Audit Committee

The details relating to Audit Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

17. Shareholders' / Investors' Grievance Committee

The details relating to Shareholders' / Investors' Grievance Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

18. Ethics & Compliance Committee

The details relating to Ethics & Compliance Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

19. Remuneration Committee

The details relating to Remuneration Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

20. Executive Committee

The details relating to Executive Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

21. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

22. Increase in share capital

During the year, the Company issued and allotted 14,233,232 equity shares having face value of ₹ 10/- each towards issuance of Bonus shares in the ratio 1:1 to the existing shareholders of the Company. As a result, the outstanding issued, subscribed and paid-up shares of the Company increased from 14,233,232 shares as at 31st March, 2012 to 28,466,464 equity shares as at 31st March, 2013.

23. Acknowledgements

The Board is thankful to the Shareholders and the Bankers of the Company for their continued support. It also takes this opportunity to express gratitude to its various suppliers and its partners for their continued co-operation, support and assistance. Above all, the Board expresses its appreciation to each and every employee for his / her contribution, dedication and sense of commitment to the Company's objectives.

For and on behalf of the Board of Directors of
AGC Networks Limited

S. K. JHA	**SUDIP RUNGTA**
MD & CEO	Director

Place : Mumbai
Date : May 28, 2013

ANNEXURE 'B' TO DIRECTORS' REPORT

Disclosure relating to Research and Development (R&D) & Technology Absorption

RESEARCH & DEVELOPMENT :

1.	Specific areas in which Development carried out by the Company	:	N.A.	
2.	Benefits derived as a result	:	N.A.	
3.	Future Plan on Development	:	N.A.	
				(₹ in Crores)
4.	Expenditure on Development		(a) Capital	N.A.
			(b) Recurring	N.A.
			Total	**N.A.**
			(c) % to Revenue	N.A.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1.	Efforts in brief, made towards, technology absorption, adaptation and innovation	:	N.A.
2.	Benefits derived as a result of the efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	:	N.A.
3.	(i) Technology Imported	:	N.A.
	(ii) Year of Import	:	N.A.
	(iii) Has technology been fully absorbed	:	N.A.
	(iv) If not fully absorbed, areas where this has not taken place, reasons thereof & future plan.	:	N.A.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

The vision of your Company is to grow as a Global organization, delivering enterprise innovation, unlocking value and ultimately creating wealth for customers and stakeholders.

AGC NETWORKS Limited (AGC) is a Global ICT Solutions Provider and Integrator seamlessly delivering technology-based solutions across global markets and verticals layered with a spectrum of applications and services. It is the leader in Enterprise Communications in India with global footprint in locations spanning India, the Middle East, North America, Australia, New Zealand and Africa. It has a differentiated approach to Solutions Integration and offers domain-focused, flexible and customised solutions to its customers. Your Company currently serves more than 3000 customers worldwide, including Fortune 500 companies.

Your Company is part of Aegis Limited, an Essar enterprise. Essar is a US$ 39-billion multinational corporation with investments in Steel, Energy, Infrastructure and Services. With operations in more than 25 countries, it employs over 73,000 people.

AGC's global presence spans global markets of India, APAC, North America and the Middle East and Africa with 16 offices across India. It has a strong OEM (Original Equipment Manufacturer) affiliation with 70+ Global technology alliance partners and a network of over 170 channel partners across India. AGC is an ISO 9001 and 27001 certified company.

The core business of your Company is divided into four Solution quadrants and services categories. The Solution quadrants are namely:

1. Unified Communications

AGC offers a Unified Communication (UC) and collaboration experience through varied technologies from global technology providers. AGC has empowered enterprises across verticals like BFSI, Manufacturing, Healthcare, Government and Public Sector Units, IT and ITES for over two and a half decades with effective and relevant communication and collaboration platforms.

AGC's UC solutions suite comprises of:

1) **IP Telephony Solutions** – Simplified communications hybrid architecture that functionally enhances the user experience across different management levels in an enterprise.

2) **Contact Centers** – Our strategic partnerships with contact center leading OEMs has enabled us to offer best-in-breed solutions that deliver a seamless experience to our client's end-customers.

3) **Audio, Video and Control Integrations / Multimedia** – AGC believes in experiential selling to deliver the true advantage technology can bring to an organisation.

4) **Collaboration Solutions** – We create a collaborative environment that removes geographical boundaries, enables communication, enhances productivity and delivers collaboration as a competitive advantage. With the objective of 'Enabling Experience' for the end client, AGC Networks looks at corporate collaboration with a futuristic perspective. At AGC, Video is a logical extension of Voice where Video is the new Voice of tomorrow. With an extensive experience in IP and Converged communications at the core, AGC enables delivery of collaboration solutions by managing the overall experience from an integration viewpoint.

5) **IP Surveillance** – AGC provides the combined solutions of Video, Situation Intelligence and Access Control solutions using state of the art technologies to make life and assets safe and secure. These solutions bring actionable intelligence for industries, law enforcement agencies and government authorities to perform a variety of critical tasks efficiently which has a positive impact on the society at large.

The industry-leading System Integration Solutions in the electronic security space cover -

- Versatile investigation management capabilities for collecting case-related video, audio and data in a searchable database to enable quicker and productive investigations
- Reduce the complexity involved in advanced IP video systems, with solutions to align with requirements and budgets
- Enablement of rapid implementations, superior performance, and maximum return on investment
- Analytics tools to automatically pinpoint activity of interest in large volumes of video and data, freeing security staff to focus on neutralizing crime, rather than scanning banks' of monitors

2. Network Infrastructure

As part of the Network Infrastructure solutions, AGC has developed and implemented an effective, holistic and flexible security solution strategy through the use of appropriate technologies like Firewall, IDP, SIEM, NAC, Identity Management, End Point Protection, Wireless Security and Mobile Device Management.

We deliver on the expectations enterprises have from their network infrastructure through our strong alliance network with global leaders. Our Networking Infrastructure offers solutions such as

1) **Wired Network** – AGC's experience and expertise lies in building multi-location, highly available, optimised LAN and WAN networks. Ensuring high performance, reliable, simplified network layers and intelligent network with zero latency for business applications with ability to prioritize applications are some of the solutions delivered successfully to clients.

2) **Metro Ethernet** – We deliver Ethernet Edge solutions backed by Ethernet or legacy core MPLS layers to simplify the complexities of provisioning and expanding networks as-per-need.

3) **Mobility –** AGC fulfils today's growing demand for 'anytime, anywhere' network access by creating innovative Wi-Fi hotspots, Wi-Fi 3G/ LTE offload solutions to ensure connectivity between multiple devices such as laptops, tablets and smartphones, and supports adoption of concepts like BYOD. Our rich expertise in WiMAX spans consulting at an extensive survey stage to building WiMAX BTS and providing end user solutions.

4) **Network Security –** Our multi-layer, end-to-end network security solutions safeguard the network externally from unwanted risks and internally through user access defined and compliances adherence.

3. Data Center & Virtualization

As a global Solutions Integrator, AGC provides computing, storage and virtualization solutions in the Data Center and Virtualization space. Our expertise in design and implementation across multiple technologies has helped AGC to deliver large-scale, multi-location projects for clients globally. These solutions have helped customers improve productivity and run applications smoothly.

4. Enterprise Applications

AGC offers Business Applications and Customer Experience Applications to enterprises across verticals. The Business Applications focus on services around SAP and Oracle. With the philosophy of 'Enabling Experience' we develop and build key applications that help our customers to enhance their end-customer experience. These key applications like Social Media analytics and customer self service interfaces among others are referred to as Customer Experience applications which form an integral part of the customer care strategy of an enterprise across verticals.

Services

AGC offers a bouquet of services across the lifecycle of the solution, spanning pre-implementation assessment, implementation, rollout, upgrades, enterprise integration, and Managed Services. These include a network of owned and distributed delivery centers, a global talent pool with in-system expertise, and solution frameworks that greatly enhance productivity and reliability while reducing cost and risks.

Managed Services

AGC's Managed Services suite ensures that all systems across an enterprise are functioning efficiently with very little or no downtime. AGC's Managed Services Engagement Framework is based on the ITIL Framework of AGC's Master Managed Services program. Services offered are:

1) **Enterprise Service Management** – The offerings cover IT Service & Management and Business Service Management including Program Management.

2) **Integrated Management Center Services –** This suite has

   a. Information Management Services

   b. Technology Management Services including Remote Infrastructure Management & NOC

3) **Managed Security Services** –IT & Application security services and SOC (Security Operation Center) services are included in this. .

Professional Services

AGC's Professional Services portfolio is delivered through various engagement models:

1) **Consulting and Analysis** – We cover domains like IT service management, Business service management, IP networks, Data centers, IP contact centers, and Information security. Our services enable our clients to utilize our domain expertise for complete business needs.

2) **Deployment Services** – We bring together the multiple stages of deployment under the project management framework and align them into production seamlessly. These involve Staging, Installation, Integration, Commissioning and Testing.

3) **Customisation and Integration** – Our vendor-agnostic, pragmatic approach helps build ICT applications and infrastructure, to address critical business needs and meet the desired business outcomes such as infrastructure for medical help which enables a seamless connect of rural India to an urban doctor checking for ailments.

4) **Technology Audit and Review** – We study and analyse business facts and carry out IT infrastructure, data center, information security, service management and compliance audits and reviews using industry best practices.

IT Governance Risk & Compliance Services (IT GRC)

AGC has been a leader for over two and a half decades in delivering Information Security Services to organizations across verticals. In addition, AGC's security services portfolio helps enterprises to be future-ready and continue to stay protected. These services are designed to align with the clients' risk management strategy to deliver an enriching experience. Today, AGC has built a team of experienced professionals with preferred certifications like CISA, CISSP, CRISC, CEH, OSCP, Lead Auditors for ISO 27001, ISO 20000, ISO 22301 and ISO 9001, ITILv3 to add to its vast expertise in the GRC domain.

The services include

1) **Certification** – We specialize in Certification and Implementation for enterprises covering (but not limited to) a variety of standards like ISO 9001, ISO 20000, ISO 27001 and ISO 22301.

2) **Compliance** – Our compliance services suite offerings include PCI DSS, HIPAA, SAS70, etc., where we bring together principles that enable enterprises to build an effective governance and management framework, based on a holistic set of enablers that optimise information and technology investment and ultimately benefit stakeholders.

3) **Implementation** – Our range of implementation services include offerings like DLP, NAC, Bandwidth Management & WAN Accelerator, GRC Tools, ITIL guidelines, etc.

4) **Management** – We manage compliance solutions and offer services for Vulnerability Management, IMS and help in their implementation and management.

5) **Audit** – Our audit services include Database, Network, Internal IT Audits, Applications (SAP, ERP) and Code review audits for enterprises.

Maintenance Services

AGC provides vendor agnostic IT maintenance services that reduce cost of management and ensure best of breed SLA based practices aligning to business needs. We maintain our customer's investment in technology infrastructure ranging from IP Phones, desktop to servers, network and security equipment or for an entire data center. This includes complete hardware coverage in warranty support, hardware replacements in post warranty support, and OEM agnostic upgrades or failures. Our global reach and 24x7 available services help clients keep their multivendor operating environment up and running at peak efficiency.

Industry Development

Global IT Industry

According to Gartner Inc. (Gartner), the total IT spending worldwide showed a modest growth of 2.1 per cent to US$ 3.6 trillion in 2012. While spending on Devices witnessed highest growth of 9 per cent, the Telecom Services was the most affected segment, de-growing by 0.4 per cent.

All the sectors in the worldwide IT industry experienced slower growth in 2012, as compared to the previous year, reflecting the weak business sentiment resulting from an underperforming global economy during the year. The growth of spending on IT services remains closely intact with the growth of the overall IT spending.

The global Unified Communications (UC) market was valued at US$ 26.4 billion in 2012, and is projected to grow by 15.7 per cent a year, while the Voice over Internet Protocol (VoIP) market was growing by 16.7 per cent from a year earlier, and generated US$ 15 billion in revenue in the US alone[1]. At present, North America accounts for a major share of the UC market, but the Europe, Middle East and Africa (EMEA) region is set to overtake North America by 2018. The UC market in EMEA region grew by 14.8 per cent to US$ 7.32 billion in 2012[2].

The wireless LAN equipment market crossed the US$ 1 billion mark in 2012, growing at a rate of 20 per cent year-on-year[3], while the enterprise application market experienced 4.5 per cent growth in spending to reach US$ 120.4 billion in 2012 [projected][4].

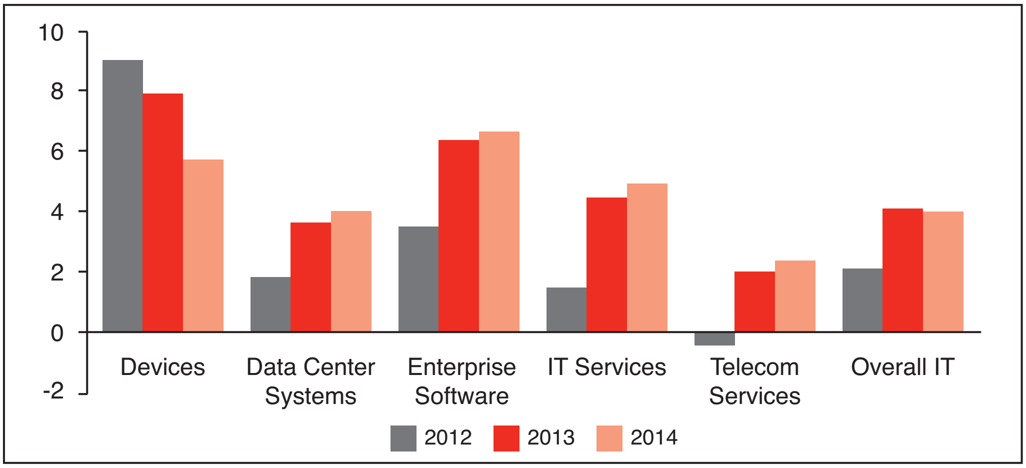
Spending on IT Infrastructure comprising of server, storage and networking equipment, totalled US$ 1.9 billion in 2012. Of this, 37 per cent was spent on servers while the rest was spent on storage and networking equipment[5].

Outlook

Continuing Growth Prospects

Gartner expects the global IT spending to grow by 4.1 per cent to almost US$ 3.8 trillion in 2013 and by a further 4 per cent to just under US$ 4 trillion in 2014. Worldwide spending on Enterprise Software spending is forecast to total US$ 297 billion in 2013, a 6.4 per cent increase from 2012. In the cloud services sector, Infrastructure as a Service (IaaS) and Business Process as a Service (BPaaS) are expected to grow strongly by 13.1 per cent and 47.3 per cent, respectively, in 2013[6].

IT Spending Growth Forecast (%)



Source: Gartner Inc.

While the IT spending worldwide is expected to grow, there is an increasingly visible shift in spending patterns across all IT sectors towards the nexus of forces – social, mobile, information and cloud technology. Alongside this shift, service-led solutions are anticipated to displace traditional sourcing approaches in the coming years. Specifically, IT companies should shift their focus from traditional process automation to strategic business intelligence, collaboration and customer facing technologies.

1 Transparency Market Research
2 Transparency Market Research
3 Infonetics Research
4 Gartner Inc.
5 Gartner Inc.
6 Gartner Inc.

Table 1. Worldwide IT Spending Forecast (Billions of U.S. Dollars)

	2012	2012	2013	2013	2014	2014
	Spending	Growth (%)	Spending	Growth (%)	Spending	Growth (%)
Devices	665	9.0	718	7.9	758	5.7
Data Center System	141	1.9	146	3.7	152	4.0
Enterprise Software	279	3.5	297	6.4	316	6.7
IT Services	878	1.5	918	4.5	963	4.9
Telecom Services	1,655	-0.4	1,688	2.0	1,728	2.4
Overall IT	3,618	2.1	3,766	4.1	3,917	4.0

Source : Gather (March 2013)

Opportunities

Addressable Market in India

According to Gartner, IT spending in India is estimated to be US$ 66.4 billion in 2012, of which an estimated US$ 9.1 billion is attributable to spending on IT services. Part of this spending can be traced to the government, which spent ₹ 333 billion on IT products and services during the year[7].

According to Gartner, 3 of every 4 large Indian companies are planning to increase IT spending in 2013, focusing on cloud, virtualization, data center consolidation, and IT modernisation. This will result in the overall IT spending in India to grow by 7.7 per cent in 2013[8] and the enterprise IT spending in India to grow to US$ 44.8 billion in 2014[9].

The Indian IT industry will be aided by the government, which is expected to spend ₹ 368 billion on IT products and services in 2013, 10.5 per cent more than the previous year, with spending on telecommunications equipment and services representing the largest spending category within the government sector[10]. The banking and securities sector, the second biggest spenders on IT, is projected to spend ₹ 416 billion on the industry in 2013, growing by more than 12 per cent from the year before[11].

Addressable Market in the US

According to Forrester Research, business and government purchases of Information and Communications Technology (ICT) goods and services in the US will grow by 5.7 per cent in 2013 and by a further 6.1 per cent in 2014, a slight improvement from the 5.6 per cent growth seen in 2012. This is due to easing economics concerns, which will allow companies more room to invest in new mobile, cloud, and smart technologies.

The International Data Corporation (IDC) concurs with these findings, and further projects that the enterprise IT spending in the US will reach approximately US$ 474 billion in 2013.

Addressable Market in Middle East and Africa

The government sector in the Middle East and African region is expected to spend US$ 17.7 billion on IT products and services in 2013, an increase of 2.3 per cent from 2012. Saudi Arabia's spending on IT is the highest in the Middle East, and is forecast to grow by 6.6 per cent in 2013 to be worth SR 15.3 billion[12].

The Kingdom's spending on ICT product and services is projected to grow by more than 10 per cent[13] to reach SR 37 billion in 2013, and is expected to grow further to reach a total investment value of SR 50 billion by 2015[14].

A strong pipeline of major IT projects by the government and enterprises will further augment the country's IT spending in 2013 and over the medium term, as the Saudi government's share of spending on IT projects in 2013 is expected to be around US$ 9.9 billion[15], as per industry sources.

7 Gartner Inc.
8 Gartner Inc.
9 IDC
10 Gartner Inc.
11 Gartner Inc.
12 Business Monitor International
13 Arab News Article: http://www.arabnews.com/news/456095
14 Arab News Article: http://www.arabnews.com/node/377653
15 Industry Sources

Risks and Concerns

Global Economic Risk

Slowdown of economic growth in major countries and markets is a persistent cause for major concern for companies in the Indian IT industry as it inadvertently affects spending and puts immense pressure on margins.

However, AGC has been pursuing a strategy of global scale up over the last two years, whereby it mitigates a country specific risk with a wider global spread across key emerging markets. Sustained and substantial investments are being made in North America, the Middle East and Africa, Australia and other emerging hot-spots of growth, and as such, your Company has reduced some risks to a large extent.

Foreign Exchange Risk

Your Company has a conservative foreign exchange policy in place which prohibits any kind of derivative or speculative transactions. Despite this, any major fluctuations in the exchange rate of major international currencies vis a vis the Indian Rupee is a risk as it would have a direct effect on the operating margins. Your Company keeps a keen watch on the movement of all major currencies against the Indian Rupee and tracks both the spot and forward rates very closely with a view to hedge any open positions.

Wage Inflation

AGC considers its main asset to be its employees, as skill is its primary input. Recently, however, employee costs have been increasing in the IT market in India due to high attrition rate and the need to attract skilled workers. Your Company places a special emphasis on ensuring the right balance between its people costs and people skills. Your Company constantly monitors the Employee Engagement score in an effort to ensure all its employees are gainfully employed.

Competition Risk

The Indian IT industry is highly competitive with many major players vying for the same set of customers. In such a situation, it is the value proposition that differentiates a vendor, and it is here that AGC, with its winning ENABLING EXPERIENCE value proposition stands apart from competition. Customers and alliances working with AGC have appreciated this differentiated approach of AGC, where your Company does not hesitate to take that extra step to win a customers' trust. Investments made in the AGC Customer Experience Center enable creation of a simulated customer specific environment for them to experience prior to the buying cycle decision; are a case in point. Global alliance with leading technology providers also provides an edge over competition as we are one of the few players who can integrate various technologies and platforms to create the ideal solution for clients.

Advantage AGC

With a strong growth prospect, AGC is poised to benefit from the emerging opportunities. While the offerings in the market place are beginning to shift from traditional sourcing models to service-led solutions, AGC has already entrenched itself as a solutions integrator with a global presence through its 10 cube strategy.

At present, your Company already offers its clients Data Center and Enterprise Application solutions. These segments as per industry estimates are projected to experience a CAGR of 4.3 per cent and 6.7 per cent, respectively, over the next three years. AGC is equipped to offer its clients much of the big data tools that are set to experience a huge growth spurt in the coming years. In addition, your Company offers both Infrastructure as well as Maintenance Services to its clients. Coupled with its presence in both developed and emerging markets worldwide, AGC is in a position to benefit from both - regions with high growth and stable volumes. In other words, AGC is well ahead of the curve in maximising opportunities for the future.

In addition, the 'Global seamless services delivery model' created through concentrated efforts and capability-build in India extending to the other global markets, is being constantly evolved to ensure seamless delivery. This coupled with the backing of Global OEMs is aimed at delivering world class solutions and services to clients across the globe.

Key wins across geographies

AGC has focused on a few key markets to leverage from both regions of high growth, as well as regions with stable volumes. Your Company asserted its presence in the Indian, North American, Australian and the Middle East and African (MEA) markets with significant contracts and project wins across various sectors, despite challenging market conditions.

India

Your Company has a strong foothold in the Indian ICT market, which as an evolving market is providing a host of opportunities for the growth prospects on the horizon. Some prominent wins by your Company during the year were:

A Public Sector contract in the Infrastructure and Transportation segment to provide Networking, Data Center Infrastructure and Security Solutions

- A solution in the Education Sector to provide Audio Video Solutions to a premier institute in the country
- A solution in the IT Sector to provide IT Infrastructure solutions to a global IT company
- A high performance Network Architecture Solution built for future expansion delivered to an IT Consultancy enterprise
- An application security and high performance Network Solution delivered to a telecom equipment manufacturer
- Win from a large Public Sector undertaking for deploying of Access Control System across 280 locations in the country
- Enabled the implementation of a safe city concept for one of the prominent state capitals in India
- Deployed an Audio Visual System to build State-of-the-Art Convocation Hall for IIT, Bombay

North America

Your Company affirmed its presence in the North American market with its acquisition of the technology integration business of **Transcend United Technologies LLC**, a global IT systems integration company. With the acquisition, your Company is in a position to reap the benefits of increased IT spends by enterprises in the US. The acquisition added over 1500 customers to your Company's customer base, and at the same time, augmented its range of capabilities. The acquired business of Transcend focuses on Unified Communications, Data Center Infrastructure and Managed Services.

This acquisition is in line with AGC's 10 cube growth strategy at the core, offering seamless delivery of 10 key solutions, through 10 key alliances, across 10 key geographies. The US is a key geography and on boarding Transcend's business is a major step for our growth story in the region. This is reflective in the acquisition positively impacting solution offerings, newer alliances and prominent in roads being created in the key market of US. Through this expansion in North America, AGC Networks' presence across the quadrants of Unified Communications, Network Infrastructure, Data Center & Virtualization and Enterprise Applications are being augmented globally. The acquired business of Transcend brings in complementary skills in technology innovation and customer experience. The acquisition intends to have a strong foothold in the US market giving extensive reach to AGC across North America. Apart from reach, it has helped to bring in clients on board from spread over locations bringing in business prospects of their global presence.

Your Company is also constantly monitoring its annual operating plans to ensure they remain relevant in the future plans.

Some of the significant wins in the US market include:

- Implementation and providing managed services for a Unified Communication solution for a large banking institution with over 1500 locations nationwide
- Designed, installed and support a Unified Communication solution for a manufacturing firm with facilities in North America, Central America, and South America
- Installed and manage a custom-designed Data Networking Infrastructure solution for a large health care provider in the mid-western United States
- Designed and implemented a 160 location wireless network for a very large religious institution in the northeast United States
- Implemented and support a Unified Communication solution for one of the largest furniture and home retailers in the western United States

The Middle East and Africa(MEA)

The MEA region represents one of the fastest developing regions in the world, and your Company has been quick to identify opportunities in this market. Some of the prominent wins in this region include:

- Sports Sector – IT infrastructure contract with one of the world's premier sporting destinations in the UAE
- Telecom Sector – Contact Center Services contract with Africa's largest integrated telecommunications company
- A Unified Communication Quadrant led solution delivered to a fast growing regional bank in the Middle East
- Largest SAP implementation on a green field project in the railway sector in Kenya

Australia

Much of your Company's focus in Australia has been on consolidating existing assets, and taking a more proactive view on the utilities-based services model. This manifested in a modest growth in Australian revenues, as profitability continued to remain stable. Some of the key wins in Australia for the period were:

- Providing contact center and CRM integration solutions and services to a leading motoring services organization
- Supplying new telephony and contact center solutions to a leading car hire company covering over 100 branch locations as well as centralizing the contact center
- Renewing State Government panel status for another term for the supply of full ICT solutions and services to Government
- Major upgrade and expansion of the communications systems of an Australian-based global leader in pathology services
- Expanding the contact center of one of the world's most recognizable global IT companies from its multi site Australian operations, into New Zealand
- Establishing the Australian contact center operations of a multination financial services institution, involving three core sites in Australia
- Securing the first data infrastructure deal in the carrier service provider market
- Significant upgrade of a critical business application for one of the largest funds administrators in Australia

New Solutions

Your Company is predominantly in the technology business which is evolving and changing every day due new technological advances and innovation in the enterprise communications domain. Your Company fully recognizes that its success is closely linked to the pace it keeps with these fast changing developments. Your Company is also at the fore-front of innovation, and over the last year has launched the following new products keeping in line with its larger objective of ENABLING EXPERIENCE to its customers:

Industry Solutions

1. **BFSI**

   Your Company has won a breakthrough deal from a consortium of 20 public sector banks in India, to set up their Cheque Truncation System (CTS), thereby re-iterating a strong presence in the banking and financial sector vertical. The deal was won in stiff competition from domestic and MNC tech majors.

   Under this system, flow of the physical movement of the cheque will be eliminated in the cheque clearing process and instead, an electronic image of the cheque, along with other relevant information, will be sent. CTS is an efficient way of clearing cheques, which reduces processing time, reconciliation time between banks and chances of fraud.

   AGC's legacy of over two and a half decades and its core offerings to the BFSI segment over the years reflected its capabilities of executing IT projects of this magnitude. The capability spectrum displayed by AGC across the ICT domain changed the dynamics to see the value provided by AGC as a leading Solutions Integrator.

   The Banking sector is emerging as a key growth opportunity both on the applications side as well as on the experience side. With galloping growth of smart devices and mobile internet, the way banking is done is undergoing a total transition from physical to digital. As more and more customers conduct their banking transactions online, there is a growing need to make this experience both safe as well as hassle-free. Your Company is developing solutions both for the bank as a customer as well as for the banks' customers, aimed at creating Safe and Enhanced Solutions.

2. **Education**

   Education is an evolving sector led by the emergence of niche areas like vocational training, child-skill enhancements and e-learning. It is a largely fragmented industry with 95% held by unorganized players in the developing markets. In India, the Education sector is the second-largest spend for an Indian family after food and grocery.

   AGC empowers an institution to become a pioneer in providing world class, Technology aided teaching. It infuses modernity in the education system thus creating a system to help teachers, students, administration and the entire staff. The solutions help teachers to be more effective, improves the quality of the education and relevance of classroom instructions. Your Company has the following offerings to cater to the growing needs of educational institutes:

Teaching Solutions –

- Smart Classroom
- Virtual Classroom
- E learning Solutions

Management Solutions –

- Institute Information Systems
- School Management System
- Auditorium Management Solution
- Library Management (Physical, Digital, eLibrary)
- Smart campus solutions

3. Media & Entertainment

With the advent of digitization, liberal policies, an increasing disposable income and growing regional media, the M&E industry is an opportunity on the horizon. The M&E industry consists of Films, Television, Print, Radio, Music, Animation & VFX, Gaming, Out Of Home and the New Media. With increased digitization, there is going to be huge demand for high performance computing, storage and network infrastructure, robust telecom infrastructure. Upcoming areas are animation and VFX, digital advertising and gaming.

Some of AGC offerings in this sector are –

a. Content Storage and Security

b. High Performance computing like Render Farm Cluster which helps in rending all the frames in half the time

c. High performance Networks (for easy access to content, high speed, reliability, security, 100% uptime)

4. Government/Public Sector

The government and the public sector are increasing their spends on IT solutions in a bid to offer better services to their citizens. Your Company has developed a range of solution aimed at this opportunity that includes Tele-medicines, E-citizen services and Security & IP Surveillance.

Internal Control Systems and their Adequacy

AGC Networks has an adequate system of internal controls to ensure that the assets are safeguarded, and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly.

A detailed programme of internal audits, reviews by management, and documented policies, guidelines and procedures, supplements the internal control systems. The internal control systems are designed to ensure that the financial and other records are reliable, for preparing financial statements and other data, and for maintaining accountability of assets.

Your Company has implemented an integrated SAP and business management system, which provides system based checks and controls, resulting in increased efficiency and effectiveness of AGC Networks' internal control systems.

The Company has independent internal audit systems, covering on a continuous basis, the operations of the organization.

In addition to the in-house internal audit team, AGC Networks has Grant Thornton, a leading firm of Chartered Accountants, who evaluate the financial and operating system controls of the Company.

The top management and the Audit Committee of the Board review internal audit findings and recommendations. The Audit Committee is empowered by the Board with the authority to investigate any matter relating to the internal control system and to review the scope of Internal Audit. The Committee ensures compliance of internal control systems and also reviews the quarterly, half-yearly and annual financial statements before these are submitted to the Board.

Financial Performance

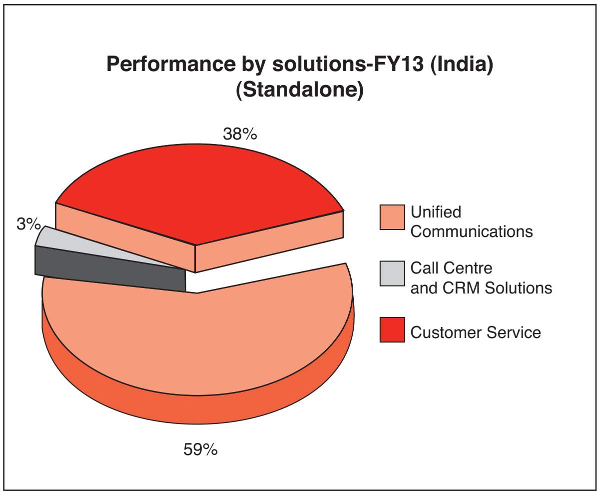
FY13 witnessed a difficult economic environment resulting from the sluggish global economy, as well as tough market conditions due to infrastructure bottlenecks that affected the entire investment sentiment in India. Despite these challenges, AGC achieved 6 per cent higher revenues than it did in FY12. Consolidated revenue increased from ₹ 998 crore to ₹ 1,061 crore in FY13. The year also saw demand from the telecom industry adversely affected due to cancellation of telecom licences, overall challenging business scenarios at a global level and investments in growing markets as overall contributors.

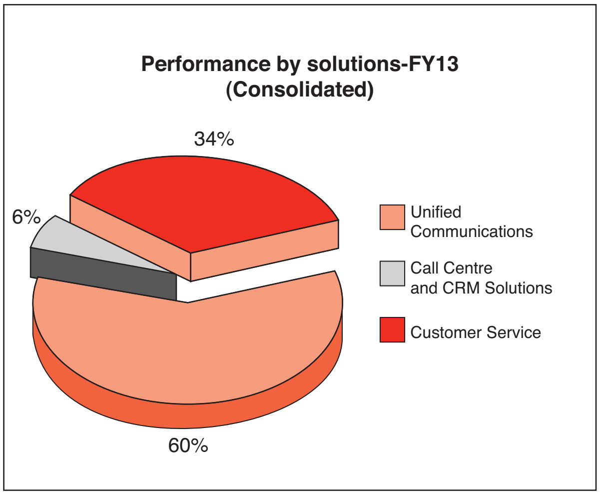
Performance by 'Solutions'

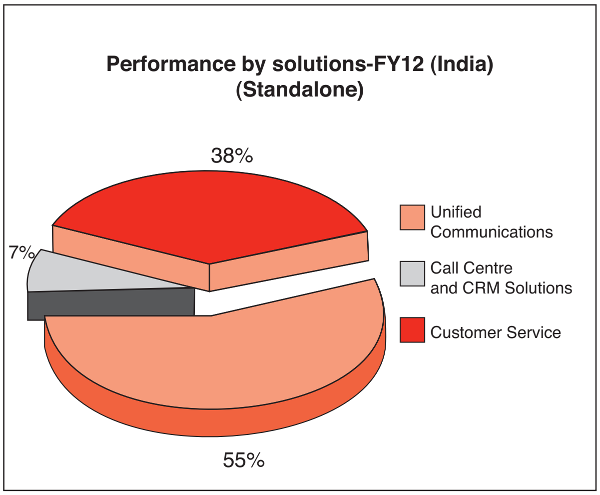
The break-up of the year's revenue by Solutions is given below:

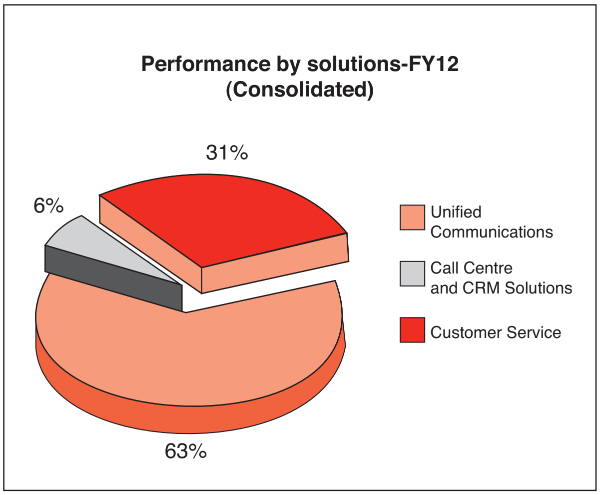
Rs/Millions

Solutions	Standalone			Consolidated		
	FY 2012-13	FY 2011-12	Growth (%)	FY 2012-13	FY 2011-12	Growth (%)
Unified Communications	3456	3425	0.9%	6372	6250	2.0%
Call Centre and CRM Solutions	188	460	(59%)	622	650	(4%)
Customer Service	2266	2355	(4%)	3618	3076	18%
TOTAL	**5910**	**6240**	**(5%)**	**10612**	**9976**	**6%**









Share Capital

The Company has at present only one class of shares viz. Equity Shares. The total number of equity shares of the Company, as on March 31, 2013, is 2,84,66,464 with a face value of ₹ 10/- each.

Reserves and Surplus

India:

Capital Reserve of the Company stands at ₹ 226 millions. The General Reserve of the Company stands at ₹ 1006 millions.

Consolidated:

Capital Reserve of the Company stands at ₹ 380 millions. The General Reserve of the Company stands at ₹ 1006 millions.

Loans

The Company has short term loans of ₹ 3127 millions as on March 31, 2013, as against ₹ 1288 millions as on March 31, 2012 used for Working Capital requirements. Company has Long term loans for ₹ 37 millions as on March 31, 2013.

Fixed Assets

India

The fixed assets (net block including capital work-in-progress) have decreased by ₹ 51 millions during the year.

Consolidated

The fixed assets (net block including capital work-in-progress) have increased by ₹ 843 millions during the year.

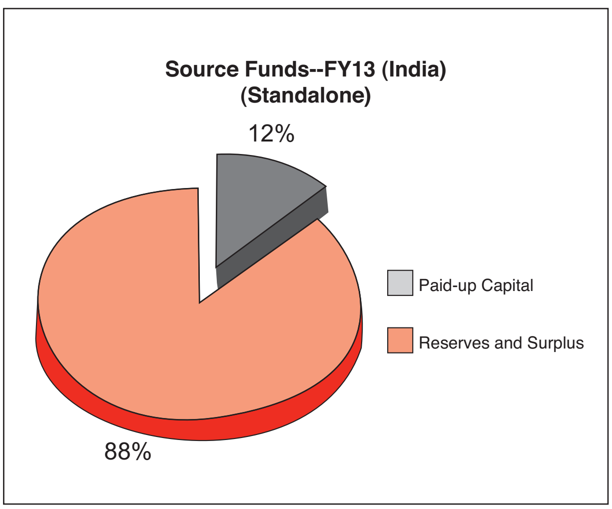
Investments

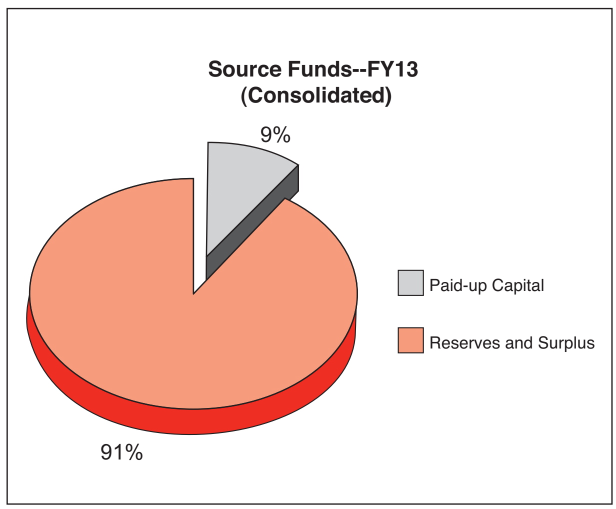
India:

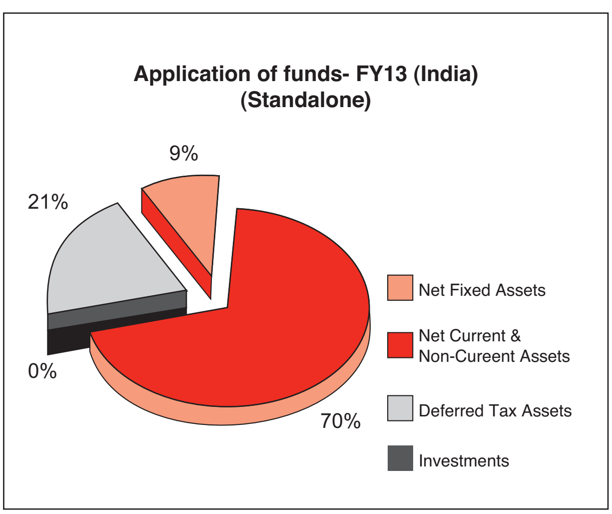
The total investment of the Company as on March 31, 2013, is at ₹ 492 millions.

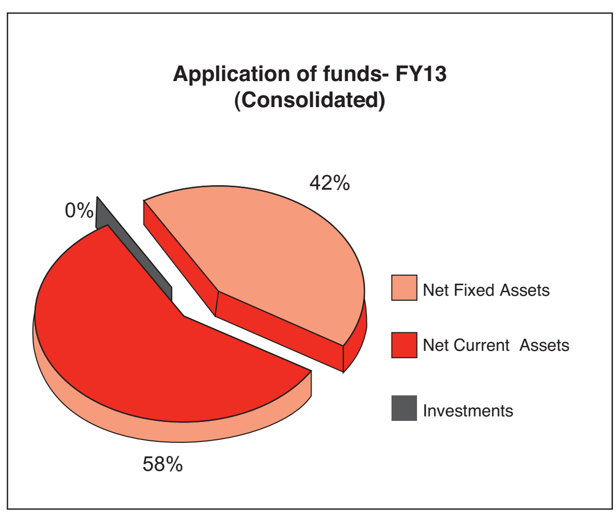
Consolidated:

The total investment of the Company as on March 31, 2013, is at ₹ 5 millions.









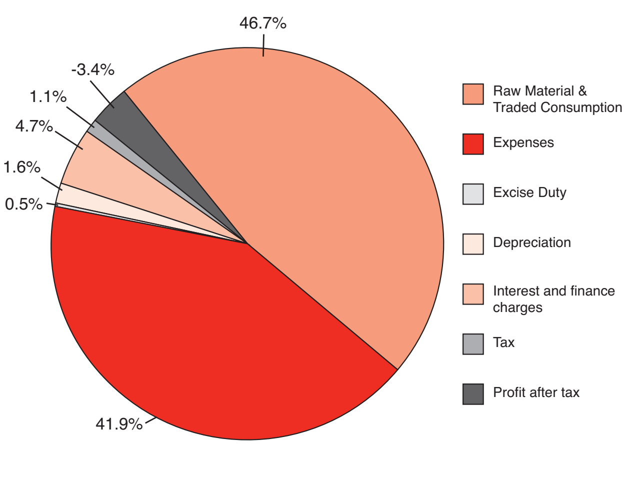
Operating results (Consolidated)

The Gross revenue for the financial year 2012-13, stood at ₹ 10612 millions, as against ₹ 9976 millions for the previous financial year ended March 31, 2012. The loss is ₹ 99 millions for the financial year ended March 31, 2013, as against profit before tax of ₹ 863 millions for the previous financial year ended March 31, 2012.

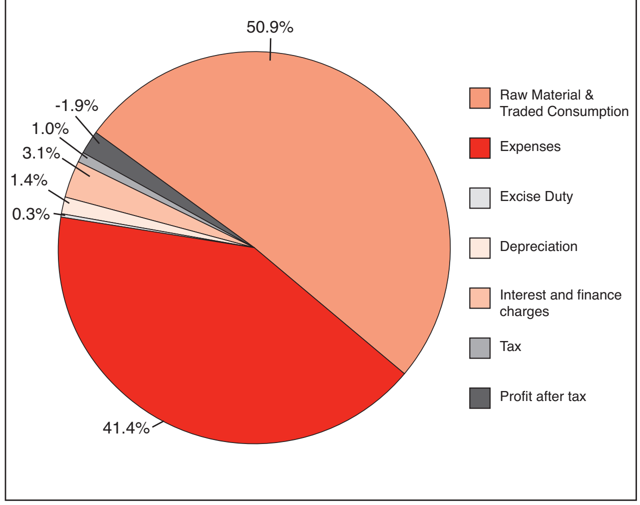
Employee cost constitutes 19.80% of the total income as against 13.52% in the previous period. The operating & administration expenses are at 23.34% (18.55% in the previous period) of the total income.

Depreciation constituted 1.47% of the total income as against 1.61% in the previous period.

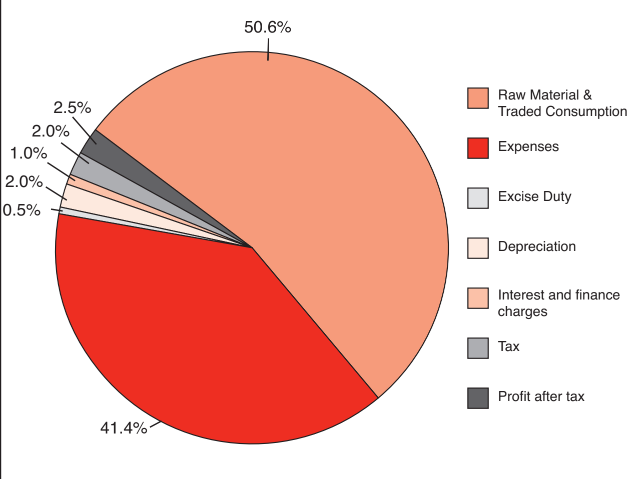
Distribution of Income – FY13 (Standalone)



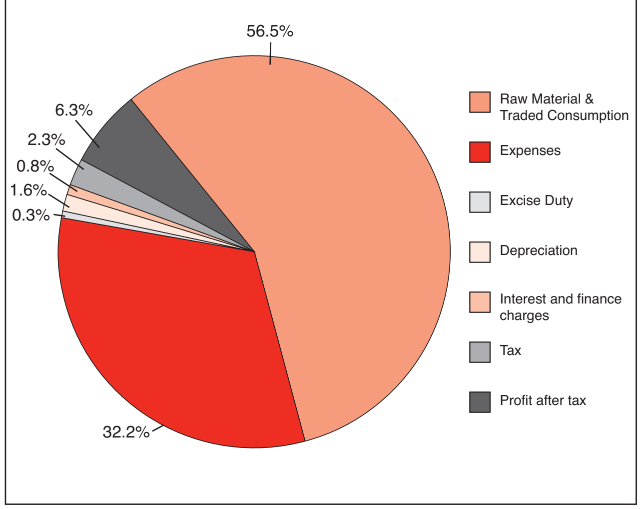
Distribution of Income – FY13 (Consolidated)



Distribution of Income – FY12 (Standalone)



Distribution of Income – FY12 (Consolidated)



Ratios

Financial Performance	FY 2012-13		FY 2011-12	
	India	Consolidated	India	Consolidated
Gross Margin	20.5%	22.4%	30.0%	25.5%
EBITDA	4.7%	4.0%	7.0%	10.7%
PBT/ Revenue	-2.6%	-0.9%	4.6%	8.7%
PAT/ Revenue	-4.0%	-2.1%	2.6%	6.4%
PAT/Networth	-9.8%	-7.2%	6.2%	19.7%
Revenue per Employee (₹/million)- Annualised	4.92	7.84	6.14	9.41
Average no. of employees	1201	1353	1016	1060
Income tax/PBT	-50.0%	-121.4%	43.7%	26.4%
Net working capital/Revenue	76.0%	60.5%	46.6%	45.5%

Material Developments in Human Resources

AGC is a people-centric organisation – it places utmost importance on its employees and believes in investing in them by providing a conducive environment that offers fulfilling careers. Your Company has an Employee Value Proposition (EVP) 'Get-Set-Go' that helps employees realise their true potential. It provides its employees with various local and global placement opportunities through its Internal Job Postings (IJP) policies and Global Talent Exchange (GTEx) programme, respectively. These opportunities allow its people to expand their horizons and develop in them nuanced perspectives. Such initiatives have culminated in your Company being named an Employer of Choice by Dataquest, one of the premier magazines in the voice and data industry. AGC was ranked the third best IT employer in its size category.

Your Company continually strives to create and sustain a progressive workplace that prospers from diversity and has a multi-cultural and multi-ethnic workforce that adds value to the organisation through cross-cultural integration. Your Company also places significant emphasis on encouraging gender diversity and employing persons with disabilities. Currently, 10 per cent of its talent pool comprises of women, while 2 per cent consists of differently-abled workers. Such policies reflect your Company's social commitment and stature as a responsible corporate citizen.

Your Company has invested over 7323 man-days towards training its employees in technical and behavioural areas, and also imparted 420 certifications to strengthen its employees' knowledge and skills.

Your Company gave special attention to optimising costs by encouraging "High Potential-Low Cost" hires. This has contributed to AGC HR being awarded the Aegis Global HR Excellence Award for Excellence in Economic Value Addition to Business, during the Global HR Summit 2012.

The total number of employees as on 31st March 2013 was 1192.

Sustainability

Community engagement

AGC has always been a responsible corporate citizen and regularly engages in various initiatives aimed to make a difference to the society. Our community engagement activities are undertaken by the Aegis Foundation set up by our parent company, Aegis, to support the underprivileged in case of medical emergencies. The Foundation is built on voluntary monthly contributions by the employees and the fund provides assistance to people under medical circumstances such as cancer, brain-stroke, heart attack, accidents, permanent / partial disablement and even death.

Besides, we also employ people belonging to economically and socially disadvantaged strata of the society in our bid to contribute to providing sustainable livelihoods.

During the last 2 years, Aegis has organized over 600 community engagement activities and over 135,000 reach out programs and AGC employees have actively participated in and supported the programs. We have also seen an increase in the number of volunteering hours by the employees to support the cause of their choice.

For more details on our community engagement programs please access our parent company's Sustainability Report FY2012 at the link http://www.agcnetworks.com/home/corporate-sustainibility

Additional Information consequent to the Demerger of the Specialised Managed Services Division of AGC Networks Inc (USA)

USA being a large geography it was decided that the most appropriate method of engaging with the customers was to host the customers on a pay per use model for the Managed Services. This would help the Company to ensure focus on the operational approach on the technology services business. The Board of the Directors of AGC Networks Inc has on 8th July, 2013 approved the demerger of the Specialised Managed Services Division (Captive Division) of your Company through the Asset Transfer Agreement with effect from 1st April, 2012.

We annex the Compiled Consolidated Financials for the year ended 31st March, 2013 and the report of the Chartered Accountants – M/s. S.R. Batliboi & Associates LLP after giving effect to the demerger of the division with retrospective effect from 1st April, 2012

These are not required to be statutorily submitted but are being provided as additional financial information to reflect the accounts as at 31st March 2013 after giving effect to the demerger of the said division with retrospective effect from 1st April, 2012.

CORPORATE GOVERNANCE

Corporate Governance is that crucial muscle which encourages and moves a viable and accessible financial reporting structure and which enables a transparent system. Our philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices. Corporate Governance pertains to systems, by which companies are directed and controlled, keeping in mind long-term interest of stakeholders. It is a blend of legal, regulatory and voluntary good practices which, enables companies to attract financial and human capital, perform efficiently, and provide sustainable economic value for all its stakeholders. Through the Governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency and independence in its decision making.

We, at AGC, are driven by the five major characteristics of Corporate Governance which are Transparency, Independence, Accountability, Responsibility, Fairness and Social Responsibility

1. Corporate Governance at AGC NETWORKS

The Company's philosophy of Corporate Governance is aimed at maximizing the shareholders' interest and protection of the interest of other stakeholders. The Company aims to achieve this through proper & full disclosure of material facts and achievement of the highest levels of transparency, accountability and equity in all facets of its operations.

2. Board of Directors

As on March 31, 2013, the Board comprises four members and is responsible for management of the Company's Business. The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board also include:

- Approving corporate philosophy and mission
- Participating in the formulation of strategic business plans
- Reviewing and approving financial plans and budgets
- Monitoring and reviewing corporate performance vis-à-vis the business plans
- Ensuring compliance of laws and regulations

The required details related to the Board as on 31st March, 2013 are listed below.

Name	Category	Designation	Directorship in other companies	Chairmanship in Committees of Boards of other companies	Membership in Committees of Boards of other companies
Mr. S. K. Jha	Managing Director & CEO – Executive	Managing Director & CEO	NIL	NIL	NIL
Mr. Shuva Mandal	Non-Executive & Independent	Director	7	NIL	NIL
Mr. Sudip Rungta	Non-Executive	Director	8	2	7
Mr. Sujay Sheth	Non-Executive & Independent	Director	1	NIL	NIL

Note: Mr. Aparup Sengupta ceased to be the director of the Company w.e.f. 30th October, 2012

During the F.Y. 2012-13, Eight (8) Board meetings were held, on the following dates:

10th May 2012, 23rd May 2012, 12th June, 2012, 26th July 2012, 30th October 2012, 12th February 2013, 15th March, 2013, 22nd March, 2013 .

The attendance of the directors at the board meeting held during the year is given below:

Name of the Director	Number of meetings held	Number of meetings attended	Attended Last AGM	Shareholding in the Company as of March 31, 2013 (no. of shares)
Mr. S. K. Jha	8	8	Yes	NIL
Mr. Shuva Mandal	8	5	Yes	NIL
Mr. Sudip Rungta	8	3	NA	NIL
Mr. Sujay Sheth	8	7	Yes	NIL
Mr. Aparup Sengupta	8	5	Yes	NA

Note: 1. Mr. Sudip Rungta appointed as a Director of the Company w.e.f. 30th October, 2012 and Mr. Aparup Sengupta ceased to be the director of the Company w.e.f. 30th October, 2012

2. Presence includes presence via video conferencing also.

Details of Directors being re-appointed and appointed.

One of the existing Directors who retire by rotation is proposed to be re-appointed as Director at the ensuing Annual General Meeting. Details with regard to the same is provided in the notice of the ensuing Annual General Meeting.

Board committees:

As of March 31, 2013, the Company has following five Board Committees.

1. Audit Committee
2. Shareholders'/Investors' Grievance Committee
3. Ethics and Compliance Committee
4. Remuneration and Compensation Committee
5. Executive Committee

3. Audit Committee

The following Directors are the members of the Audit Committee as on 31st March, 2013:

- Mr. Sujay Sheth (Chairman)
- Mr. Shuva Mandal
- Mr. Sudip Rungta

The majorities of the members of the Audit Committee are independent and have knowledge of finance, accounts, and company law and telecom industry as a whole. The quorum for audit committee meeting is minimum of two independent directors.

The primary objectives of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process and to ensure accurate timely and proper disclosure and transparency, integrity and quality of financial reporting.

The power of the Audit committee includes the following.

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Broad terms of reference of the Audit Committee are as follows.

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956

    b. Changes, if any, in accounting policies and practices and reasons for the same

    c. Major accounting entries involving estimates based on the exercise of judgment by management

    d. Significant adjustments made in the financial statements arising out of audit findings

    e. Compliance with listing and other legal requirements relating to financial statements

    f. Disclosure of any related party transactions

    g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval

5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

During the F.Y. 2012-13, four (4) meetings of the Audit Committee were held, on the following dates: 10th May, 2012, 26th July, 2012, 30th October, 2012 and 12th February, 2013.

Name of the Member	No. of meetings attended
Mr. Shuva Mandal	4
Mr. Sudip Rungta	2
Mr. Sujay Sheth	4
Mr. Aparup Sengupta	2

Note: 1. Mr. Sudip Rungta appointed as a Director of the Company w.e.f. 30th October, 2012 and Mr. Aparup Sengupta ceased to be the director of the Company w.e.f. 30th October, 2012

2. Presence includes presence via video conferencing also.

4. Shareholders'/Investors' Grievance Committee

The following Directors are the members of the Shareholders'/ Investors' Grievance Committee as on 31st March, 2013:

- Mr. Sujay Sheth (Chairman)
- Mr. S. K. Jha

The Committee looks into redressing investors' grievances pertaining to:

- Transfer of Shares
- Dividends
- De-materialization of Shares
- Replacement of lost/stolen/mutilated share certificates
- Non-receipt of right/bonus/split share certificates
- Non Receipt of Annual Report
- Any other related issues

During the F.Y. 2012-13, three (3) meetings of the Shareholders' / Investors' Grievance Committee were held, on the following dates: 26th July, 2012 and 29th October, 2012 and 12th February, 2013.

Name of the Member	No. of meetings attended
Mr. Sujay Sheth	3
Mr. S. K. Jha	3

The Board has designated Mr. Pratik Bhanushali, Company Secretary, as the Compliance Officer.

The total number of correspondence (including complaints / queries) received and replied to the satisfaction of shareholders during the period April 01, 2012 to March 31, 2013, was 103. There was no outstanding complaint / query as on 31st March, 2013. No request for transfer was pending for approval as on 31st March, 2013.

5. Ethics and Compliance Committee

The following Directors are the members of the Ethics and Compliance Committee as on 31st March, 2013:

- Mr. Shuva Mandal (Chairman)
- Mr. Sujay Sheth

The Committee, at its meeting(s), sets forth the policies relating to and oversees the implementation of the 'Code of Conduct', adopted by the Board of Directors, at its meeting held on 23rd October, 2002, pursuant to the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, takes on record the monthly status reports prepared by the Compliance Officer detailing the dealings in securities by the specified persons and decides penal action in respect of violation of the Regulations / the Code by any specified person. The Committee also overviews the 'Code of Conduct' of the Company and related matters (including review of complaints received under Whistle Blower Policy of the Company, any violations, penal actions, etc.).

During the F.Y. 2012-13, three (3) meetings of the Ethics & Compliance Committee were held, on the following dates : 26th July, 2012, 29th October, 2012 and 12th February, 2013.

Name of the Member	No. of meetings attended
Mr. Shuva Mandal	3
Mr. Sujay Sheth	3

Mr. Pratik Bhanushali, Company Secretary, is designated as the Compliance Officer of the Company, responsible for liaisoning with various authorities such as SEBI, Stock Exchanges, Registrar of Companies, etc. and the Investors.

6. Remuneration Committee

The Board of Directors of the Company, at its meeting held on October 20, 2004, constituted a 'Remuneration Committee', in terms of Schedule XIII of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges. This Committee would basically look into and determine the Company's policy on remuneration packages of the executive director(s).

The following Directors are the members of the Committee as on 31st March, 2013:

- Mr. Sujay Sheth (Chairman)
- Mr. Shuva Mandal

During the F.Y. 2012-13, four (4) meetings of the Remuneration Committee were held, on the following dates: 10th May, 2012, 26th July, 2012, 29th October, 2012 and 12th February, 2013.

Name of the Member	No. of meetings attended
Mr. Sujay Sheth	4
Mr. Shuva Mandal	4

The details in respect of the remuneration paid to the independent directors (sitting fees) during the period from 1st April, 2012 to 31st March, 2013 are as under:

Name	Designation	Amount
Mr. Shuva Mandal	Independent Director	₹ 2,80,000
Mr. Sujay Sheth	Independent Director	₹ 4,00,000

7. Executive Committee

The Board of Directors of the Company, at its meeting held on November 15, 2010, constituted an 'Executive Committee'. This Committee would basically look into the operational matters relating to the Company including making recommendations to the Board on certain operational matters.

The following Directors are the members of the Committee as on 31st March, 2013:

- Mr. S. K. Jha
- Mr. Sudip Rungta
- Mr. Sujay Sheth

During the F.Y. 2012-13, two (2) meetings of the Executive Committee were held on the following dates: 14th December 2012 and 26th February, 2013

Name of the Member	No. of meetings attended
Mr. Sudip Rungta	2
Mr. S. K. Jha	2
Mr. Sujay Sheth	1

8. Remuneration to directors

The Company does not pay remuneration to any of its Non-Executive Directors barring sitting fees for attendance during the meeting(s). The details in respect of the remuneration paid to the Managerial personnel during the period from 1st April 2012 to 31st March 2013 are as under:

Name	Designation	Amount
Mr. S. K. Jha	Managing Director & CEO	₹ 2,02,50,004*

* Break-up of remuneration paid to Mr. S. K. Jha is as under.

Particulars/Head	₹/lacs
Salary	60.00
Perquisites	142.41
Other Allowances	0
Contribution to Gratuity	0
Contribution to Provident fund	0.09
Total	**202.50**

Note : Gratuity payable as per the rules of the Company at the end of tenure shall not be included in the computation of limits for the remuneration of perquisites

9. General Body Meetings

The particulars of last three Annual General Meetings (AGM) of the Company are as under. The shareholders passed all the resolutions set out in the respective notices.

Date	Location	Time	No. of Special resolution
27th July, 2012	Rangaswar Hall, Chavan Center, General Jagannath Bhosale Marg, Mumbai - 400021	11.00 AM	3
29th July, 2011	Kamalnayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	11:00 AM	1
20th December, 2010	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Haji Ali, Mumbai - 400034	11:00 AM	NIL

Resolution passed through Postal Ballot:

During the year, the Company passed a following Special Resolutions through a single Postal Ballot.

Sr. No.	Description
1.	Special Resolution under Section 94 of the Companies Act, 1956 for increase in Authorised Share Capital of the Company from ₹ 35,00,00,000/- (Rupees Thirty Five Crores only) to ₹ 40,00,00,000/- (Rupees Forty Crores Only) divided into 3,00,00,000 Equity Shares of ₹ 10/- each and 10,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each, and consequent alterations to Memorandum and Articles of Association.
2.	Special Resolution for Capitalization of Reserve by issue of Bonus Shares in the ratio 1:1 pursuant to the provisions contained in Article 120 of the Articles of Association of the Company and other applicable provisions of the Companies Act, 1956.

M/s. S. K. Jain Practicing Company Secretary, who was appointed as Scrutinizer for conducting the Postal Ballot process in fair and transparent manner submitted their Report to the Board of Directors of the Company on 10th December, 2012. Based on the said Report, the Chairman of the Board of Directors declared Result of the Postal Ballot.

10. Disclosures

A. Disclosure of material financial and commercial transactions where management has personal interest that may have a potential conflict with the interest of the company at large.

During the year, there were no material financial and commercial transactions where management had personal interest that may have a potential conflict with the interest of the company at large.

B. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

None.

C. Disclosure of number of shares held by non-executive directors.

None of the directors of the Company (including executive director) hold any equity shares in the Company.

D. Disclosure relating to Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.

The Company has implemented a Whistle Blower Policy in the Company and no personnel has been denied access to the audit committee of the Company.

E. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

The Company has complied with all the mandatory requirements of Clause 49 (Corporate Governance) of the Listing Agreement. Further, the Company has adopted the following non-mandatory requirements of Clause 49: (i) Setting-up / Constitution of a Remuneration Committee and (ii) Implementation of Whistle Blower Policy in the Company.

11. Means of Communication

The quarterly results (including half-yearly and annual results) are usually published in 'The Economic Times' (English Daily) and 'Maharashtra Times' (Marathi Daily). The results are also promptly forwarded to the Bombay Stock Exchange and National Stock Exchange where the scrip of the Company is listed. The Company has developed a section dedicated for Investors on the Company's website (www.agcnetworks.com) to display latest annual, half-yearly & quarterly results. The official news releases and the presentations made to the Investors / Analysts are also displayed on the website.

The Management Discussion and Analysis Report is attached to and forms part of the Annual Report.

12. General Shareholder information

Annual General Meeting (AGM)

The AGM of the Company for the financial year ended 31st March, 2013 shall be held on Tuesday, August 27, 2013 at 11.00 A.M. at Rangaswar Hall, Chavan Centre, General Jagannath Bhosale Marg, Mumbai 400 021.

Following are the other general shareholder information.

Financial Year	April, 2012 to March, 2013
Dates of Book Closure	21.08.2013 (Wednesday) to 27.08.2013 (Tuesday) (both days inclusive)
Dividend Payment Date	The dividend, if recommended by the Directors and approved by the members, will be paid within the statutory timelines
Listing on Stock Exchanges	Bombay Stock Exchange (BSE) & National Stock Exchange (NSE)
Stock Code / Symbol	BSE – 500463
	NSE – AGCNET
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	ISIN - INE676A01019
Market price Data : High, Low during each month in the financial year 2012-2013 and stock performance comparison with BSE Sensex	See Table No.1 below

Registrar and Share Transfer Agents	Datamatics Financial Services Limited, Plot No. B-5, MIDC, Part B Cross Lane, Andheri (East), Mumbai – 400 093 to whom the authority has been delegated by the Board to attend share transfer formalities etc.
Share Transfer System	Share Transfers are registered and returned within the specified period from the date of receipt, if the documents are clear in all respects
Distribution of shareholding & Category-wise distribution	See Table No. 2 & 3
Dematerialization of shares and liquidity	See Table No. 4
Plant Location	E1/I, Gandhinagar Electronics Estate, Gandhinagar – 382 028 (Gujarat)
Address for correspondence	Registered Office : Equinox Business Park (Peninsula Techno Park), Off Bandra Kurla Complex, LBS Marg, Kurla West, Mumbai – 400 070

Table No. 1 - Market price Data - High, Low during each month in the financial year 2012-2013 and stock performance comparison with BSE Sensex

Month	BSE		NSE	
	High	Low	High	Low
April 2012	203	167.05	203.5	166.1
May 2012	256.95	187.5	256.8	188.3
June 2012	264.75	211.1	265.75	211.1
July 2012	278.65	231	279	232.15
August 2012	429	261.1	429.8	260.05
September 2012	433.9	389	433	390
October 2012	468.25	386.5	465.5	386.1
November 2012	421	367	424.8	363.95
December 2012	444	185	445	184
January 2013	235.9	188.5	236.5	189
February 2013	191.85	117.05	192.95	116.5
March 2013	134.85	110	134	110

Stock performance comparison with BSE Sensex

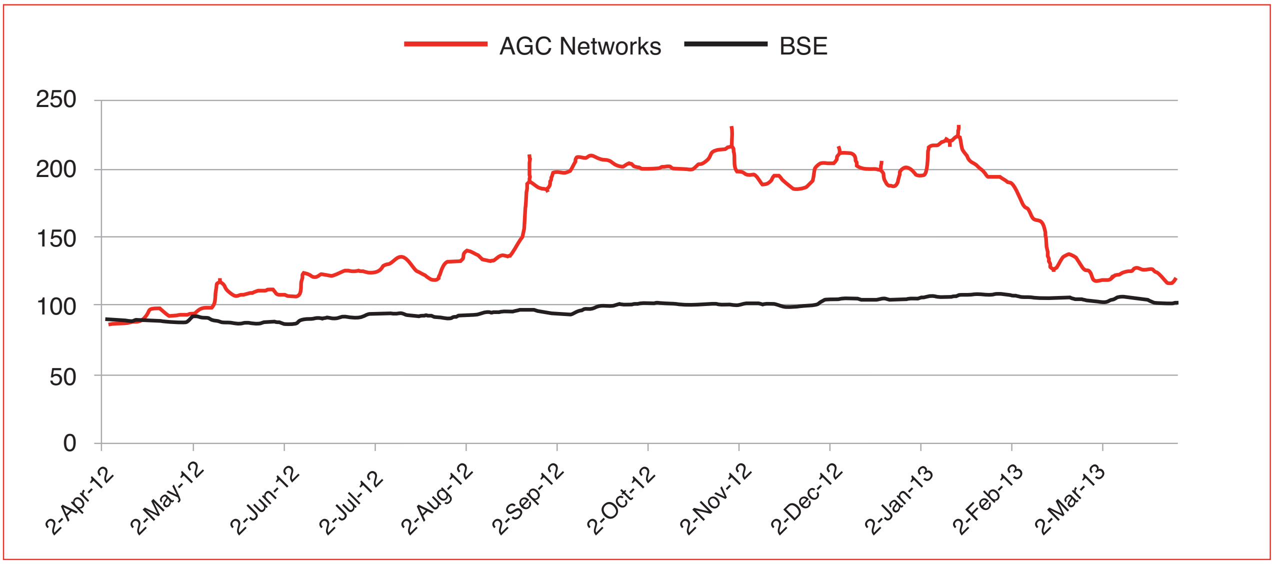


Table No. 2 - Distribution of shareholding as on 31st March, 2013

Sr. No.	Shares Range		No. of Shares held	% of total shares	No. of Holders	% of total shareholders
	From	To				
1	1	100	226177	0.80	4602	41.04
2	101	500	1372256	4.82	5152	45.95
3	501	1000	682618	2.40	970	8.65
4	1001	5000	819151	2.88	399	3.56
5	5001	10000	255197	0.90	33	0.29
6	10001	100000	1711437	6.01	51	0.46
7	100001	99999999999	23399628	82.20	6	0.05
TOTAL			**28466464**	**100.00**	**11213**	**100.00**

Table No. 3 - Category-wise distribution as on 31st March, 2013

Sr. No.	Category of Security Holders	No. of Shareholders	No. of Shares held	% to capital
1	Promoter Companies	1	21349848	75.00
2	FIIs and OCBs	10	1710512	6.01
3	Banking / Financial Institutions / Insurance Companies	11	333424	1.17
4	Mutual Funds	11	10228	0.04
5	Bodies Corporate/Trusts	323	1004209	3.53
6	Non-Resident Individuals	199	172820	0.61
7	Resident Individuals	10658	3885423	13.65
	Total	11213	28466464	100.00

Shareholding pattern as on 31st March, 2013

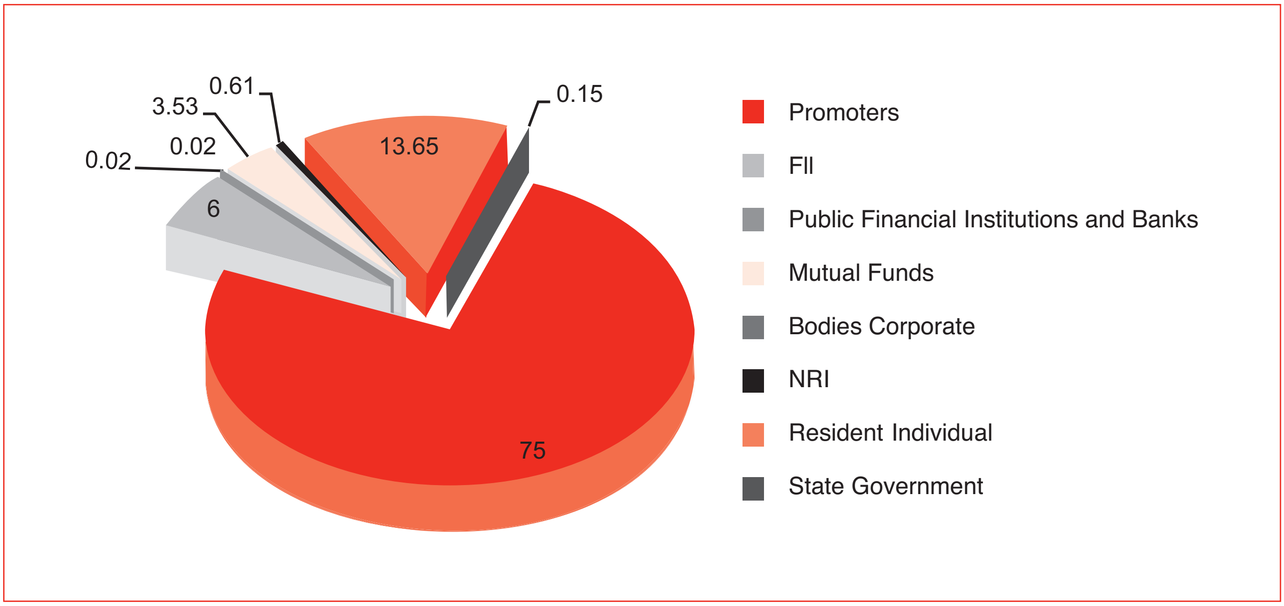


Table No. 4 - Dematerialization of shares and liquidity

Mode	No. of Shares	% of Total Shares	No. of Shareholders	% of Total Shareholders
PHYSICAL	603040	2.12	1965	17.52
Electronic	27863424	97.88	9248	82.48
Total	**28466464**	**100.00**	**11213**	**100.00**

13. 'Managing Director' under Section 269 of the Companies Act, 1956

The shareholders, at the 24th Annual General Meeting of the Company held on 20th December, 2010, appointed Mr. S. K. Jha as 'Managing Director and CEO' of the Company, for a period of 5 (five) years, with effect from August 31, 2010 till August 30, 2015.

14. Code of Conduct

The Company had adopted the Code of Conduct for directors and senior management. The Code had been circulated to all the members of the board and senior management and the same had been put on the Company's website www.agcnetworks.com. The board members and senior management have affirmed their compliance with the Code and declaration signed by the Managing Director & CEO is given below :

"It is hereby declared that the Company has obtained from all members of the board and senior management affirmation that they have complied with the Code of Conduct for directors and senior management of the Company for the financial year 2012-13."

S. K. Jha

Managing Director & CEO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of AGC Networks Limited

We have examined the compliance of conditions of corporate governance by AGC Networks Limited, for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Shyamsundar Pachisia
Partner
Membership Number: 49237

Place: Mumbai
Date: 28 May 2013

INDEPENDENT AUDITOR'S REPORT

To
The Members of AGC Networks Limited

Report on the Financial Statements

We have audited the accompanying financial statements of AGC Networks Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Shyamsundar Pachisia
Partner
Membership Number: 49237
Place: Mumbai
Date: 28 May 2013

Annexure to Auditors' Report

Annexure referred to in paragraph [3] of our report of even date

Re: [AGC Networks Limited] ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, except *provident fund, works contract tax and sales tax where there have been a slight delays and in case of professional tax which have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable, except professional tax *which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:*

Name of statue	*Nature of dues*	*Amount (in Rs.)*	*Period to which the amounts relates*	*Due Date*	*Date of Payment*
Gujarat Professional Tax act 1976	Professional Tax – Gujarat	13,300	Mar-12	21-Apr-12	20-May-13
Professions, Trades Callings, and Employment's Act, 1992 (Tamil Nadu)	Professional Tax – Tamil Nadu	81,945	Mar-12 to Aug-12	15-Sep-12	10-May-13

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. Millions)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Demands on account of incorrect duty credit / short payment	4.31	1991-92 to 1996-97	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service tax on RTU activation and penalty thereon	3.52	2006-07 and 2007-08	Joint Commissioner of Central Excise
Finance Act, 1994	Service tax on RTU activation and penalty thereon	41.70	2003-04 to 2006-07	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Interest and Penalty on Service tax payable under reverse charge as a Recipient of Foreign Service	0.30	2005-06	Commissioner of Central Excise – Appeals

Name of the statute	Nature of dues	Amount (Rs. Millions)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax Demand on Royalty Payment	7.41	2004-05 to 2006-07	Commissioner of Central Excise & Service tax Appeals
The Customs Act, 1962	Demand of payment of Customs Duty on Royalty Payments	66.00	Various financial years	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Excise Duty on CT 3 Clearance and Incorrect Input Tax Credit of Service Tax paid on Foreign Service Provider	46.80	2003-04 to 2007-08	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service tax demand along with penalty on excess CENVAT utilization	70.40	2004-05 to 2007-08	Commissioner of Central Excise
West Bengal Sales Tax Act, 1994	Interest on works Contract tax/Sales tax	0.29	2003-04, 2005-06 and 2006-07	Assistant Commissioner Commercial Taxes
Kerala Value Added Tax Act, 2003	Differential VAT rate demand	0.80	2008-09	Karnataka VAT Tribunal
Gujarat Value Added Tax Act, 2003	VAT & Interest payable on the basis of Regular Assessment	2.88	2008-09	Joint Commissioner Of Commercial Tax
Uttar Pradesh Value Added Tax Act, 2008	VAT & Interest payable on the basis of Regular Assessment	1.96	2008-09	Additional Commissioner – Appeals

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Shyamsundar Pachisia
Partner
Membership No.: 49237

Place: Mumbai
Date : 28 May 2013

Balance sheet as at 31 March 2013

	Notes	31 March 2013	31 March 2012
		₹ Millions	₹ Millions
Equity and liabilities			
Shareholders' funds			
Share capital	3	285	142
Reserves and surplus	4	2,105	2,479
		2,390	**2,621**
Non-current liabilities			
Long-term borrowings	5.1	21	-
Other long-term liabilities	6	-	40
Long-term provisions	7	77	46
		98	**86**
Current liabilities			
Short-term borrowings	5.2	2,322	902
Trade payables	8	1,935	1,461
Other current liabilities	8	1,046	878
Short-term provisions	7	52	305
		5,355	**3,546**
TOTAL		**7,843**	**6,253**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	213	253
Intangible assets	10	12	22
Capital work-in-progress		0	0
Non-current investments	11	492	150
Deferred tax assets (net)	12	-	125
Loans and advances	13	689	527
Other non-current assets	14	11	7
		1,417	**1,084**
Current assets			
Current investments	11	-	800
Inventories	15	778	606
Trade receivables	16	3,169	2,670
Cash and bank balances	17	937	486
Loans and advances	13	1,465	584
Other current assets	14	77	23
		6,426	**5,169**
TOTAL		**7,843**	**6,253**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place: Mumbai
Date : 28 May 2013

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

SUDIP RUNGTA
Director

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 28 May 2013

Statement of profit and loss for the year ended 31 March 2013

	Notes	31 March 2013	31 March 2012
		₹ Millions	₹ Millions
Income			
Revenue from operations (gross)	18	5,910	6,240
Less: excise duty	18	32	30
Revenue from operations (net)		**5,878**	**6,210**
Other income	19	487	114
Total revenue (I)		**6,365**	**6,324**
Expenses			
Cost of raw material and components consumed	20	227	237
Purchase of traded goods	21	3,142	3,277
(Increase) / decrease in inventories of finished goods, work-in progress and stock at customer site	21	(162)	(298)
Excise duty	18	1	1
Employee benefits expense	22	1,142	1,070
Depreciation and amortization expense	23	111	127
Finance costs	24	323	63
Other expenses	25	1,735	1,548
Exceptional items	26	-	9
Total expenses (II)		**6,519**	**6,034**
Profit / (Loss) before tax (I-II)		**(154)**	**290**
Tax expenses			
Current tax		-	114
Short / (Excess) provision of tax for earlier years		(47)	33
Deferred tax		125	(20)
Total tax expense		**78**	**127**
Profit / (Loss) for the year		**(232)**	**163**
Earnings per equity share [nominal value of share ₹ 10 (31 March 2012 : ₹ 10)]	**27**		
Basic and diluted earning per share (in ₹)		₹ (8.16)	₹ 5.72
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place: Mumbai
Date : 28 May 2013

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

SUDIP RUNGTA
Director

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 28 May 2013

Cash flow statement for the year ended 31 March 2013

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Cash flow from operating activities		
Profit before tax	(154)	290
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	111	127
Loss / (profit) on sale of fixed assets	(0)	(2)
Provision for warranties	(5)	(12)
Provision for doubtful debts and advances	97	68
Liabilities for earlier years no longer required written back	(50)	(72)
Unrealized foreign exchange loss / (gain)	(35)	29
Net (gain) / loss on sale of current investments	(263)	-
Interest expense	323	63
Interest income	(158)	(28)
Operating profit before working capital changes	**(134)**	**463**
Movements in working capital:		
Increase / (decrease) in trade payables	491	529
Increase / (decrease) in long-term provisions	31	(3)
Increase / (decrease) in short-term provisions	5	6
Increase / (decrease) in other current liabilities	201	90
Increase / (decrease) in other long-term liabilities	(40)	15
Decrease / (increase) in trade receivables	(600)	(747)
Decrease / (increase) in inventories	(172)	(212)
Decrease / (increase) in long-term loans and advances (refer note 1 below)	(48)	(17)
Decrease / (increase) in short-term loans and advances	(181)	(198)
Decrease / (increase) in other non-current assets	(4)	(1)
Cash generated from / (used in) operations	(451)	(75)
Direct taxes paid (net of refunds)	(142)	(98)
Net cash flow from / (used in) operating activities (A)	**(593)**	**(173)**
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(68)	(175)
Proceeds from sale of fixed assets	7	8
Proceeds from sale of unquoted equity instruments in holding company	168	-
Investments in unquoted equity instrument in wholly owned subsidiary (refer note 1 below)	(272)	-
Acquisition of subsidiary	-	(70)
Investment in bank deposits (having original maturity of more than three months but less than twelve months)	(498)	(306)
Redemption / maturity of Inter Corporate Deposits	200	-
Interest received	104	5
Net cash flow from / (used in) investing activities (B)	**(359)**	**(538)**

Cash flow statement for the year ended 31 March 2013 (Contd.)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Cash flows from financing activities		
Proceeds from long-term borrowings	33	-
Proceeds from short-term borrowings	1,434	902
Interest paid	(318)	(63)
Dividend paid on equity shares	(213)	(32)
Tax on equity dividend paid	(35)	(5)
Net cash flow from / (used in) in financing activities (C)	**901**	**802**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(51)**	**91**
Effect of exchange differences on cash & cash equivalents held in foreign currency	4	(5)
Cash and cash equivalents at the beginning of the year	180	94
Cash and cash equivalents at the end of the year	**133**	**180**
Components of cash and cash equivalents		
Cash on hand	0	0
Cheques / drafts on hand	65	9
With banks- on current account	63	168
- unpaid dividend accounts*	5	3
Total cash and cash equivalents (note 17)	**133**	**180**
Summary of significant accounting policies 2.1		

* The company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

Note 1 : During the current year shares have been allotted by AGC Networks Pte. Ltd. against share application monies of ₹ 70 Million paid to them in the previous year. This being a non-cash movement, same is not disclosed as movement in cash flow statement.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place: Mumbai
Date : 28 May 2013

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

SUDIP RUNGTA
Director

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 28 May 2013

Notes to financial statements for the year ended 31 March 2013

1. Corporate information

AGC Networks Limited ('the Company') or 'AGC' is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in manufacturing, trading and integrating network solutions and selling reputed brand of Video Conference, Voice and Data Products. The Company caters to both domestic and international markets. The Company also provides annual maintenance service for telecom, networking and electronic products.

2. Basis of Preparation of Financial Statements

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made. The accounting policies adopted in preparation of financial statements are consistent with those used in the previous year.

2.1 Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods.

(b) Tangible assets

Tangible assets are stated at cost of acquisition or construction, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(c) Depreciation and Amortisation

Depreciation on fixed assets is calculated on straight-line basis using the rates arrived at based on useful life estimated by the management, or those prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. The company depreciated its assets over the useful lives as detailed below:

Assets	No. of Years
Buildings	20 years
Plant and Equipment	3 to 5 years
Furniture, Fixtures and Office Equipments	5 years
Computers	4 years
Vehicles	4 years
Electrical Installations	5 years

Cost of leasehold land is amortised over the period of lease (generally 99 years).
Assets purchased specifically for projects are depreciated over the life of the projects.

Notes to financial statements for the year ended 31 March 2013

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

A summary of amortization policies applied to the company's intangible assets is as below:

Assets	No. of Years
Computers Softwares	4 years

(e) Impairment of tangible and intangible assets

The carrying amounts of tangible assets are reviewed at each reporting date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(g) Inventories

Inventories are valued at cost or net realisable value, whichever is lower. The cost is determined on weighted average basis, and includes all costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and finished goods, cost also includes costs of conversion.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(h) Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provision for warranties

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

(i) Foreign currency translation

Foreign currency transactions and balances

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

The company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

   For the purpose of 2 and 3 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of product is recognized when the ownership and title is transferred on invoicing based on confirmed purchase orders / sales contract which generally coincides with delivery. Sales include excise duty but excludes sales tax.

The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from Services

1. Services including "installation and commissioning" related to products supplied or on a stand-alone basis are recognized based on proportionate completion method where revenue is recognized proportionately with the degree of completion of services. The purchase price of the products and services sold directly typically includes a warranty for a period up to one year.

2. Revenue from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered.

Notes to financial statements for the year ended 31 March 2013

3. Service Income is recognized on performance of the services as defined in the contractual terms. In case where services are availed from the vendors to service confirmed customer orders and the Company does not carry obligation to serve, revenue is recognized at the time of raising of invoices.
4. Service Income of a periodic nature which is not accrued during the year is disclosed as Unearned Revenue.
5. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head " Other income " in the statement of profit & loss.

Other Income

Other income is accounted on accrual basis except where receipt of income is uncertain.

(k) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that can be realised against future taxable profits.

At each reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(l) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The company operates one defined benefit plan for its employees, viz., gratuity. The costs of providing benefit under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which it occurs in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(n) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(o) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(p) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(q) Segment reporting

Identification of segments

The Company operates in single segment as Technology and Network Solution Integrator. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers, if any, at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to financial statements for the year ended 31 March 2013

3. Share capital

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Authorized shares		
3,00,00,000 (31 March 2012: 2,50,00,000) equity shares of ₹ 10/- each	300	250
10,00,000 (31 March 2012: 10,00,000) cumulative redeemable preference shares of ₹ 100/- each	100	100
Issued, subscribed and fully paid-up shares		
2,84,66,464 (31 March 2012 : 1,42,33,232) equity shares of ₹ 10/- each fully paid up	285	142
Total issued, subscribed and fully paid-up share capital	**285**	**142**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	31 March 2013		31 March 2012	
	No. of shares	₹ Millions	No. of shares	₹ Millions
At the beginning of the period	14,233,232	142	14,233,232	142
Issued during the period - Bonus issue	14,233,232	143	-	-
Outstanding at the end of the period	28,466,464	285	14,233,232	142

The Company has allotted 14,233,232 Bonus shares in the proportion of 1:1. One new equity bonus share of ₹ 10/- each is issued for every 1 existing equity share of ₹ 10/- each fully paid-up by capitalization of Securities premium account, based on shareholders' approval.

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ Nil (31 March 2012: ₹ 15).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding Company

Out of equity shares issued by the Company, shares held by its holding Company are as below:

Name of Shareholder	31 March 2013	31 March 2012
Aegis Limited, (Holding Company w.e.f. 3 June 2011)	₹ Millions	₹ Millions
21,349,848 (31 March 2012 : 10,674,924) equity shares of ₹ 10 each fully paid	213	107

(d) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	31 March 2013	31 March 2012
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	14,233,232	-

(e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 10 each fully paid				
Aegis Limited, (Holding Company w.e.f. 3 June 2011)	21,349,848	75.00%	10,674,924	75.00%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to financial statements for the year ended 31 March 2013

4. Reserves and surplus

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Capital reserve	**226**	**226**
Securities premium account		
Balance as per the last financial statements	463	463
Less: amounts utilized towards issue of fully paid bonus shares	142	-
Closing Balance	**321**	**463**
General reserve		
Balance as per the last financial statements	1,006	990
Add: amount transferred from surplus balance in the statement of profit and loss	-	16
Closing Balance	**1,006**	**1,006**
Surplus in the statement of profit and loss		
Balance as per last financial statements	784	885
Profit / (loss) for the year	(232)	163
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ Nil (31 March 2012 : ₹ 15))	-	213
Tax on proposed equity dividend	-	35
Transfer to general reserve	-	16
Total appropriations	**-**	**264**
Net surplus in the statement of profit and loss	**552**	**784**
Total reserves and surplus	**2,105**	**2,479**

5.1. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Term loan				
Loan from Cisco Systems Capital (I) Private Ltd (Unsecured)*	21	-	12	-
	21	**-**	**12**	**-**
The above amount includes				
Secured borrowings	-	-	-	-
Unsecured borrowings	21	-	12	-
Amount disclosed under the head “other current liabilities” (note 8)	-	-	(12)	-
Net amount	**21**	**-**	**-**	**-**

*Loan from Cisco Systems Capital (I) Private Ltd. is repayable in 12 quarterly installments of ₹ 3 Million each starting from 14 February 2013.

Notes to financial statements for the year ended 31 March 2013

5.2. Short-term borrowings

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Cash credit from banks (Secured)	1,560	692
Buyers credit from banks (Secured)	362	210
Indian Rupee Term loan from bank (Secured)	400	-
	2,322	**902**
The above amount includes		
Secured borrowings	2,322	902
Unsecured borrowings	-	-

Cash credit and buyers credit from banks is secured by first exclusive charge on entire current assets of the Company (present and future) including stocks of raw material, WIP, finished goods, book debts, insurances, etc. and by second charge on all moveable fixed assets of the Company. The cash credit is repayable on demand. Buyers credit is repayable on due date.

Indian rupee term loan from bank is secured by first charge on all moveable fixed assets of the Company and by corporate guarantee of Aegis Ltd. (holding company). Same is repayable 10 weekly installments of ₹ 40 Million each starting from 16 April 2013.

6. Other long-term liabilities

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Unearned revenue	-	40
	-	40

7. Provisions

	Long-term		Short-term	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Provision for employee benefits				
Provision for gratuity (note 28)	30	12	-	-
Provision for leave benefits	47	34	4	3
	77	**46**	**4**	**3**
Other provisions				
Provision for warranties	-	-	10	15
Provision for provident funds	-	-	9	5
Provision for tax	-	-	29	34
Proposed equity dividend	-	-	-	213
Provision for tax on proposed equity dividend	-	-	-	35
	-	**-**	**48**	**302**
	77	**46**	**52**	**305**

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the last one year, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within a year after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the one-year warranty period for all products sold. The table below gives information about movement in warranty provisions.

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
At the beginning of the year	15	27
Arising during the year	-	-
Utilized during the year	-	-
Unused amounts reversed	(5)	(12)
At the end of the year	**10**	**15**
Current portion	10	15
Non-current portion	-	-

8. Other current liabilities

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Trade payables (including acceptances) (refer note no 36 for details of dues for micro and small enterprises)	1,935	1,461
Other liabilities		
Current maturities of long-term borrowings (note 5.1) (Includes current maturity of term loan ₹ 12 million (31 March 2012: ₹ Nil million))	12	-
Interest accrued but not due on borrowings	5	0
Accrued expenses	306	384
Unearned revenue on AMC Services	56	65
Unearned revenue on Others	112	125
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	5	3
Advances from customers	282	52
Statutory Dues Payable*	28	61
TDS payable	68	32
Other current liabilities	172	156
	1,046	**878**
	2,981	**2,339**

*It includes Service/VAT/Sales tax/Professional tax/WCT payable.

9. Tangible assets

₹ Millions

	Leasehold Land	Freehold Land	Buildings	Plant and equipment	Computers	Electrical Installations	Furniture and fixtures	Office Equipments	Vehicles	Total
Cost or valuation										
At 01 April 2011	4	1	33	322	123	23	40	148	3	697
Additions	-	-	-	107	13	10	25	6	-	161
Assets transferred to stock (refer note 2 below)	-	-	-	51	-	-	-	-	-	51
Disposals	-	-	1	2	14	4	18	9	-	48
At 31 March 2012	**4**	**1**	**32**	**376**	**122**	**29**	**47**	**145**	**3**	**759**
Additions	-	-	-	55	9	1	1	2	-	68
Disposals	-	-	-	6	25	4	5	6	1	47
At 31 March 2013	**4**	**1**	**32**	**425**	**106**	**26**	**43**	**141**	**2**	**780**
Depreciation										
At 01 April 2011	1	-	20	157	103	17	33	116	2	449
Charge for the year	0	-	1	78	14	3	6	13	-	115
Assets transferred to stock (refer note 2 below)	-	-	-	16	-	-	-	-	-	16
Disposals	-	-	-	2	13	2	16	9	-	42
At 31 March 2012	**1**	**-**	**21**	**217**	**104**	**18**	**23**	**120**	**2**	**506**
Charge for the year	0	-	1	71	8	4	7	10	0	101
Disposals	-	-	-	6	18	4	5	6	1	40
At 31 March 2013	**1**	**-**	**22**	**282**	**94**	**18**	**25**	**124**	**1**	**567**
Net Block										
At 31 March 2012	**3**	**1**	**11**	**159**	**18**	**11**	**24**	**25**	**1**	**253**
At 31 March 2013	**3**	**1**	**10**	**143**	**12**	**8**	**18**	**17**	**1**	**213**

1. Building includes those constructed on leasehold land.
2. In previous year, assets transferred to inventory represents the assets released from one of the customers location (net of depreciation thereon till the date of transfer) which are identified to be usable as inventory and can be consumed for other commercial contracts.

Notes to financial statements for the year ended 31 March 2013

10. Intangible assets

₹ Millions

	Computer Software	Total
Gross Block		
At 01 April 2011	117	117
Purchases	14	14
Assets transferred to stock (refer note below)	22	22
At 31 March 2012	**109**	**109**
Purchases	-	-
At 31 March 2013	**109**	**109**
Amortization		
At 01 April 2011	81	81
Charge for the year	13	13
Assets transferred to stock (refer note below)	7	7
At 31 March 2012	**87**	**87**
Charge for the year	10	10
At 31 March 2013	**97**	**97**
Net Block		
At 31 March 2012	**22**	**22**
At 31 March 2013	**12**	**12**

Note:

In previous year, assets transferred to inventory represents the assets released from one of the customers location (net of depreciation thereon till the date of transfer) which are identified to be usable as inventory and can be consumed for other commercial contracts.

11. Investments

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Trade investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in subsidiaries				
100 (31 March 2012: 100) ordinary shares of SGD 1 each,				
4 (31 March 2012 : Nil) ordinary shares of SGD 481,111 each,				
10 (31 March 2012 : Nil) ordinary shares of SGD 607,870 each fully paid-up in AGC Networks Pte. Ltd. (formerly Aegis Tech Singapore Pte. Ltd.)	342	0	-	-

Notes to financial statements for the year ended 31 March 2013

11. Investments (Contd.)

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
42,24,993 (31 March 2012: 42,24,993) equity shares of AUD 1 each fully paid-up in AGC Networks Australia Pty. Limited (formerly Global Connect Australia Pty. Limited)	145	145	-	-
Investment in holding company				
Nil (31 March 2012: 57,14,285) Equity shares of ₹ 140 each fully paid-up in Aegis Limited	-	-	-	800
	487	**145**	**-**	**800**
Non-trade investments (valued at cost unless stated otherwise)				
Government and trust securities (unquoted)				
Investment in Rural Electrification Corporation Limited Bonds	5	5	-	-
	5	**5**	**-**	**-**
	492	**150**	**-**	**800**
Aggregate amount of unquoted investments	492	150	-	800
Aggregate provision for diminution in value of investments	-	-	-	-

12. Deferred tax assets (net)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-	24
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	-	45
Provision for doubtful debts and advances	-	42
Other provisions	-	14
Gross deferred tax asset	**-**	**125**
Gross deferred tax liability	-	-
Net deferred tax asset	**-**	**125**

Notes to financial statements for the year ended 31 March 2013

13. Loans and advances

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Capital advances				
Unsecured, considered good	0	4	-	-
	0	**4**	**-**	**-**
Deposits				
Unsecured, considered good	36	19	36	45
	36	**19**	**36**	**45**
Loan and advances to related parties (refer note 31)				
Unsecured, considered good	27	97	1,034	270
	27	**97**	**1,034**	**270**
Advances recoverable in cash or kind				
Unsecured, considered good	20	2	239	224
	20	**2**	**239**	**224**
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	582	398	-	-
Prepaid expenses	24	7	98	43
Balances with statutory / government authorities	-	-	58	2
	606	**405**	**156**	**45**
	689	**527**	**1,465**	**584**

Loans and advances due by directors or other officers, etc.

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Loans to employees include				
Dues from officers	-	-	-	0

14. Other assets

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 17)	**11**	**7**	**-**	**-**
Others				
Interest accrued on fixed deposits	0	-	41	6
Interest accrued on Inter-corporate deposits	-	-	-	17
Interest accrued on investments	0	0	-	-
Interest accrued on others	-	-	36	-
	0	**0**	**77**	**23**
	11	**7**	**77**	**23**

Notes to financial statements for the year ended 31 March 2013

15. Inventories (valued at lower of cost and net realizable value)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Raw materials and components (includes in transit of ₹ 9 Million (31 March 2012: ₹ 0 Millions)) (refer note 20)	13	3
Work-in-progress (refer note 21)	60	44
Traded goods (refer note 21) (including stock-in-transit of ₹ 6 Millions (31 March 2012: ₹ 64 Millions))	517	394
Stock at Customer site (Due to unearned revenue) (refer note 21)	188	165
	778	**606**

16. Trade receivables (Current)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	816	404
Doubtful	227	130
	1,043	**534**
Provision for doubtful receivables	227	130
	816	**404**
Other receivables		
Unsecured, considered good	2,353	2,266
	2,353	**2,266**
	3,169	**2,670**

17. Cash and bank balances

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	63	168
– On unpaid dividend account	-	-	5	3
Cheques / drafts on hand	-	-	65	9
Cash on hand	-	-	0	0
	-	**-**	**133**	**180**
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	804	306
Margin money deposit*	11	7	-	-
	11	**7**	**804**	**306**
	11	**7**	**937**	**486**
Amount disclosed under other non-current assets (refer note 14)	(11)	(7)	-	-
	-	**-**	**937**	**486**

***Margin money deposits given as security**

Margin money deposits with a carrying amount of ₹ 11 Millions (31 March 2012 : ₹ 7 Millions) are given against bank guarantees issued.

It includes deposit with the original maturity of less than 12 months which is rolled over till the maturity of the bank guarantee.

Notes to financial statements for the year ended 31 March 2013

18. Revenue from operations

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Revenue from operations		
Sale of products		
- Finished goods	306	352
- Traded goods	3,377	3,534
Sale of services	2,227	2,354
Revenue from operations (gross)	**5,910**	**6,240**
Less: Excise duty #	32	30
Revenue from operations (net)	**5,878**	**6,210**

Excise duty on sales amounting to ₹ 32 Million (31 March 2012 : ₹ 30 Million) has been reduced from sales in statement of profit and loss account and excise duty on increase / decrease in stock amounting to ₹ 1 Million (31 March 2012 : ₹ 1 Million) has been considered as expense in the statement of profit and loss.

Detail of products sold

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Finished goods sold		
Enterprise Communication and Solution Integration	306	352
	306	**352**
Traded goods sold		
Enterprise Communication and Solution Integration	3,377	3,534
	3,377	**3,534**
	3,683	**3,886**

Detail of services rendered

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Maintenance services	1,677	1,733
Implementation services	550	621
	2,227	**2,354**

19. Other income

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Interest income on		
Bank deposits	83	8
Long-term investments	0	1
Inter-Corporate Deposits	23	18
Interest received on Income Tax refund	15	-
Others	37	1
Net gain on sale of current investments	263	-
Liabilities for earlier years no longer required written back	50	72
Profit on sale of fixed assets	0	2
Other non-operating income	16	12
	487	**114**

Notes to financial statements for the year ended 31 March 2013

20. Cost of raw material and components consumed

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Inventory at the beginning of the year	3	7
Add: Purchases	237	233
	240	240
Less: Inventory at the end of the year	13	3
Cost of raw material and components consumed	**227**	**237**

Details of raw material and components consumed

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Printed circuit boards	105	149
Static converters	7	7
Cabinet	47	61
Peripherals	5	9
Others	63	11
	227	**237**

21. (Increase) / decrease in inventories

	31 March 2013	31 March 2012	(Increase) / decrease
	₹ Millions	₹ Millions	₹ Millions
Inventories at the end of the year			31 March 2013
Traded goods	517	394	(123)
Stocks at Customer sites	188	165	(23)
Work-in-progress	60	44	(16)
	765	**603**	**(162)**
Inventories at the beginning of the year			31 March 2012
Traded goods	394	133	(261)
Stocks at Customer sites	165	133	(32)
Work-in-progress	44	39	(5)
	603	**305**	**(298)**
	(162)	**(298)**	

Details of inventory

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Traded goods and stock at customer site		
Enterprise Communication and Solution Integration	705	559
	705	**559**
Work-in-progress		
Enterprise Communication and Solution Integration	60	44
	60	**44**
	765	**603**
Details of purchase of traded goods		
Enterprise Communication and Solution Integration	3,142	3,277
	3,142	**3,277**

Notes to financial statements for the year ended 31 March 2013

22. Employee benefits expense

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Salaries, wages and bonus	1,054	1,004
Contribution to provident and other funds	15	13
Gratuity expenses (refer note 28)	18	(1)
Staff welfare expenses	55	54
	1,142	**1,070**

23. Depreciation and amortization expense

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Depreciation of tangible assets	101	114
Amortization of intangible assets	10	13
	111	**127**

24. Finance costs

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Interest and other charges*	323	63
	323	**63**

*₹ 6 Millions (31 March 2012 : ₹ 2 Millions) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2013 is included in Exchange differences (net) in note no. 25.

25. Other expenses

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Service charges	998	920
Installation and commissioning expenses	36	57
	1,034	977
Consumption of stores and spares	1	1
Power and water charges	19	19
Rent	123	118
Rates and taxes	16	15
Insurance	13	1
Repairs and maintenance:		
- Plant and Machinery	1	2
- Other	50	48
Travelling and conveyance	179	124
Telephone, telex and fax	39	27
Printing and stationery	5	6
Legal and professional fees	21	13
Advertisement and sales promotion	17	13
Outward freight, clearing and forwarding charges	32	34

Notes to financial statements for the year ended 31 March 2013

25. Other expenses (Contd.)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Commission to others	12	9
Directors' sitting fees	1	1
Payment to auditor (refer details below)	7	5
Exchange differences (net)*	25	30
Provision for doubtful debts and advances	97	68
Other expenses	43	37
	1,735	**1,548**

*Includes ₹ 6 Millions (31 March 2012 : ₹ 2 Millions) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2013.

Payment to auditor

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
As auditor:		
Audit fee	4	2
Limited review	2	2
In other capacity:		
Other services (certification fees)	1	1
Reimbursement of expenses	0	0
	7	**5**

26. Exceptional items

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Employee Separation Scheme	-	9

In the previous year, in order to right size the workforce, the company had announced a Employee Separation Scheme (ESS) on 01 August 2011. The scheme was open till 31 March 2012. Twenty Two workmen opted for ESS aggregating expenditure of ₹ 9 million, charged to the statement of profit and loss for the year ended 31 March 2012.

27. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Total operations for the year from continuing operations		
Net profit / (loss) for calculation of basic and diluted EPS	(232)	163
	No. of shares	**No. of shares**
Weighted average number of equity shares in calculating basic and diluted EPS	28,466,464	28,466,464
Basic and diluted earnings per share (in ₹)	**(8.16)**	**5.72**
Nominal Value per share (in ₹)	10.00	10.00

Notes to financial statements for the year ended 31 March 2013

28. Employee benefits plan

(a) Defined contribution plan - The Company has recognised the following amount in the statement of profit and loss for the year ended:

Particulars	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Contribution to provident fund	15	12

Above amount has been included in the line item 'Contribution to provident and other funds' in note 22 to the financial statements.

(b) Defined benefit plan - The company has one defined plan, i.e. Gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Current service cost	9	8
Interest cost on benefit obligation	4	5
Expected return on plan assets	(3)	(4)
Net actuarial (gain) / loss recognized in the year	8	(10)
Net benefit expense	**18**	**(1)**

Balance sheet

Benefit asset / liability

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Present value of defined benefit obligation	58	48
Fair value of plan assets	28	36
Funded status [surplus/(deficit)]	(30)	(12)
Plan asset / (liability)	**(30)**	**(12)**

Changes in the present value of the defined benefit obligation are as follows:

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Opening defined benefit obligation	48	65
Current service cost	9	8
Interest cost	4	5
Benefits paid	(11)	(19)
Actuarial (gains) / losses on obligation	8	(10)
Closing defined benefit obligation	**58**	**48**

Notes to financial statements for the year ended 31 March 2013

Changes in the fair value of plan assets are as follows:	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Opening fair value of plan assets	36	51
Expected return	3	4
Contributions by employer	-	-
Benefits paid	(11)	(19)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	**28**	**36**

The company expects to contribute ₹ Nil to gratuity in the next year (31 March 2012 : ₹ Nil).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	31 March 2013	31 March 2012
Investments with insurer	100%	100%

Following are the principal assumptions used as at the Balance Sheet date:

	Gratuity	
	31 March 2013	31 March 2012
Discount rate	8.20%	8.40%
Expected rate of return on assets	8.50%	8.50%
Salary escalation rate	6.00%	6.00%
Mortality rate	Indian Assured Lives Mortality (2006-08) (modified) ult.	Indian Assured Lives Mortality (1994-96) (modified) ult.
Withdrawal rate	Upto age 26 years 0.10%	Upto age 26 years 0.10%
	Upto age 27-34 years 2.50%	Upto age 27-34 years 2.50%
	Upto age 35-44 years 6.50%	Upto age 35-44 years 6.50%
	Upto age 45-54 years 1.50%	Upto age 45-54 years 1.50%
	Above age 54 years 0.50%	Above age 54 years 0.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Amounts for the current and previous four periods are as follows:

	31 March 2013	31 March 2012	31 March 2011	30 September 2010	30 September 2009
	₹ Millions	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Gratuity					
Defined benefit obligation	58	48	65	53	53
Plan assets	28	36	52	53	54
Deficit/(surplus)	30	12	13	-	(1)
Present value of unfunded obligations	30	12	13	-	(1)
Experience adjustments on plan liabilities	(7)	(10)	-	-	-
Experience adjustments on plan assets	-	1	-	-	-
Actuarial gain / (loss) due to change in assumptions	(1)	-	-	-	-

Notes to financial statements for the year ended 31 March 2013

29. Leases

Operating lease: company as lessee

The company has entered into various leasing agreement classified as operating leases for residential, office, warehouse premises and vehicles which are renewable by mutual consent on mutually agreeable terms. These agreement generally range between 11 months to 4 years. The company does not have sub-leasing agreements. Lease payments are recognised in the statement of profit and loss under 'Rent' in note 25.

The future minimum lease payments under non-cancellable operating leases are:-

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Within one year	76	52
After one year but not more than five years	113	135
More than five years	-	-

30. Segment information

The Company operates as technology and network solution integrators and thus there is only one business segment i.e., technology and networks solution. All the fixed assets are lying in India and the company operates its facilities from India, hence there is one geographical segment viz. India.

31. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company	Aegis Limited (w.e.f. 03 June 2011)
	Aegis Limited - Subsidiary of holding company (w.e.f. 20 January 2011 till 02 June 2011)
	AGC Holdings Limited [(formerly known as Essar Services Holdings Limited)| upto 02 June 2011]
	Essar Telecom Limited (Subsidiary of Essar Global Limited)
Ultimate holding company	Essar Global Limited
Subsidiaries	AGC Networks Australia Pty. Limited
	AGC Networks Pte. Ltd. (w.e.f. 01 May 2011, fellow subsidiary upto 30 April 2011)
	AGC Networks Inc. (w.e.f. 22 February 2012)

Related parties with whom transactions have taken place during the year

Fellow subsidiaries	Aegis Tech Limited
	Actionline De Argentina S.A.
	Aegis Communication Group LLC
	Aegis Services Australia Pty Ltd
	Aegis Services Philippines Inc
	Aegis Aspire Consultancy Services Ltd

Notes to financial statements for the year ended 31 March 2013

31. Related party disclosures (Contd.)

	Aegis BPO (Costa Rica) SRL
	Aegis Outsourcing UK Ltd
	Global Vantedge Private Limited
	Equinox Business Parks Pvt Limited
	Essar Oil Limited
	Essar Projects (India) Limited
	Essar Power MP Limited
	Essar Power Gujarat Limited
	Essar Power (Jharkhand) Limited
	Essar Steel India Limited
	Essar Telecom Kenya Limited
	Essar Power Transmission Company Limited
	Vadinar Power Company Limited
Key management personnel	Mr. S. K. Jha Managing director (w.e.f. 31 August 2010) Remuneration (w.e.f. 01 December 2011)
	Mr. Anil Nair (upto 31 August 2011)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Remuneration to key managerial personnel

	31 March 2013	31 March 2012
	₹ Millions	**₹ Millions**
Mr. S. K. Jha Managing director		
Salary, bonus and contribution to PF	20	5
Payable	4	1
Mr. Anil Nair (refer note 33)		
Salary, bonus and contribution to PF	-	5
Payable	-	3

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

b. Transactions and Balances with Related Parties

₹ Millions

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Interest received/ receivable	Dividend Paid/ payable	Expenses reimbursement received	Investment purchased	Loans & advances and other assets	Investment made	Investment sold	Sale of Investment to	Profit on Sale of Investment	Inter-Corporate Deposits receivables	Inter-Corporate Deposits withdrawn	Trade receivables	Amount owed to related parties*
Holding and ultimate holding companies																			
Aegis Limited	31 March 13	48	126	4	-	78	-	-	-	-	2	-	800	-	-	-	-	-	248
	31 March 12	83	163	-	-	38	-	160	-	-	2	800	-	-	-	-	-	10	38
Subsidiaries																			
AGC Networks Australia Pty. Limited	31 March 13	-	2	-	-	-	-	-	-	-	-	145	-	-	-	-	-	-	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	145	-	-	-	-	-	-	-
AGC Networks Pte. Ltd.	31 March 13	-	0	17	-	-	-	-	139	342	128	342	-	-	-	-	-	25	156
	31 March 12	-	1	35	6	-	-	-	65	0	135	0	-	-	-	-	-	-	74
AGC Networks Inc.	31 March 13	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fellow subsidiaries																			
Aegis Tech Limited	31 March 13	-	-	20	-	-	36	-	-	-	931	-	-	1,063	263	-	-	-	41
	31 March 12	7	51	23	17	-	-	-	-	-	-	-	-	-	-	-	-	37	40
Actionline De Argentina S.A.	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
Aegis Communication Group LLC	31 March 13	-	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20	14
	31 March 12	-	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	7
Aegis Services Australia Pty Ltd.	31 March 13	95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	25
	31 March 12	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	87
Aegis Services Philippines Inc	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
	31 March 12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Global Vantedge Private Limited	31 March 13	-	-	-	-	-	23	-	-	-	-	-	-	-	-	-	200	-	-
	31 March 12	-	-	-	-	-	19	-	-	-	-	-	-	-	-	200	-	-	-
Aegis BPO (Costa Rica) SRL	31 March 13	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Outsourcing UK Ltd	31 March 13	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Aspire Consultancy Services Ltd	31 March 13	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	0
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes to financial statements for the year ended 31 March 2013

b. Transactions and Balances with Related Parties

₹ Millions

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Interest received/ receivable	Dividend Paid/ payable	Expenses reimbursement received	Investment purchased	Loans & advances and other assets	Investment made	Investment sold	Sale of Investment to	Profit on Sale of Investment	Inter-Corporate Deposits receivables	Inter-Corporate Deposits withdrawn	Trade receivables	Amount owed to related parties*
Equinox Business Parks Pvt Limited	31 March 13	6	-	-	-	59	-	-	-	-	28	-	-	-	-	-	-	-	-
	31 March 12	3	-	-	-	60	-	-	-	-	27	-	-	-	-	-	-	3	-
Essar Oil Limited	31 March 13	11	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6	-
	31 March 12	18	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15	-
Essar Power Transmission Company Limited	31 March 13	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Projects (India) Limited	31 March 13	3	-	-	-	-	-	-	-	-	8	-	-	-	-	-	-	8	-
	31 March 12	4	-	-	-	-	-	-	-	-	3	-	-	-	-	-	-	5	-
Essar Power MP Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Power Gujarat Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Power (Jharkhand) Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Steel India Limited	31 March 13	8	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
	31 March 12	55	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30	-
Essar Telecom Kenya Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
	31 March 12	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Vadinar Power Company Limited	31 March 13	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* These amounts includes trade payables, other liabilities and advance from customers.

Notes to financial statements for the year ended 31 March 2013

32. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ Nil (31 March 2012: ₹ 32 Million)

(b) For commitments relating to lease arrangements, please refer note 29.

33. Remuneration to Managing Director

Approval from the Central Government of India is awaited for the amount of ₹ 5 Million paid to the Managing Director for the period ended 31 March 2011 in excess of the limits specified under the Companies Act 1956. The Company had filed the application on 20 May 2011 however approval is awaited.

34. Contingent liabilities

	31 March 2013	31 March 2012
	₹ Millions	**₹ Millions**
Contingent liabilities in respect of disputed demands of:		
(a) Income tax authorities	194	236
(b) Excise and Customs authorities	242	83
(c) Sales tax matters	16	14
(d) Bills Discounted	-	19

Income tax:

The demand is raised mainly on deferred profit due to change in revenue recognition policy and other cases for the assessment years 2005-06 till 2009-10 for ₹ 194 Million (31 March 2012 ₹ 236 Million). This is a timing difference liability and appeal is filed before Commissioner of appeals and other adjudicating authorities as required.

Excise, Service tax and Customs :

The amount is reported as contingent liability as an abundant caution for :

₹ 67 Million (31 March 2012 ₹ 67 Millions) for applicability of Custom duty on royalty remittance, appeal is filed by the Customs department with CESTAT, the order from the lower authority is issued in favour of the company.

₹ 7 Million (31 March 2012 ₹ 7 Million) for demand of Service tax on Royalty payments, the matter is pending before the Commissioner Appeals.

₹ 4 Million (31 March 2012 ₹ 4 Million) for Service tax Demand on RTU Charges, the matter is remanded back by Commissioner Appeals for fresh adjudication

₹ 5 Million (31 March 2012 ₹ 5 Million) related to Excise duty demand on sales of Software. The company has filed appeal before CESTAT.

₹ 42 Million (31 March 2012 ₹ Nil) for Service tax Demand on RTU Charges, the matter is pending before the CESTAT.

₹ 47 Million (31 March 2012 ₹ Nil), related to order passed by Commissioner of Central Excise towards excise duty on CT3 cases and incorrect input tax credit of service tax paid on foreign service providers for the matter is pending before CESTAT.

₹ 70 Million (31 March 2012 ₹ Nil), related to incorrect utilization of Input Credit of Service tax, the CESTAT has remanded back the matter to the Commissioner for fresh adjudication.

Sales tax:

This represents ₹ 8 Millions (31 March 2012 ₹ 8 Millions) on account of non-receipt of 'F' form which is based on abundant precaution. 'F' forms are to be received from company's own branches. Balance amount of ₹ 8 Millions (31 March 2012 ₹ 6 Millions) is sales tax liability in the state of Kerala, West Bengal, Uttar Pradesh and Gujarat against which we have filed appeal before competent authority.

The Company is contesting all of the above demands in respect of Income tax, Excise, Service tax, Custom duty and Sales tax and the management, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

Bills Discounted:

Bill discounted represents sales bills discounted with banks against receivables from customers.

Notes to financial statements for the year ended 31 March 2013

35.1. Hedged foreign currency exposure

Details of foreign currency exposures that are hedged by a derivative instrument or otherwise are as follows:

	31 March 2013		31 March 2012	
	Foreign Currency	₹ Millions	Foreign Currency	₹ Millions
Trade Payables	3,785,593 USD	206	-	-

35.2. Unhedged foreign currency exposure

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

	31 March 2013		31 March 2012	
	Foreign Currency	₹ Millions	Foreign Currency	₹ Millions
Trade Payables	7,563,080 USD	411	12,758,091 USD	653
	43,844 GBP	4	1,300 GBP	0
			14,026 EURO	1
Bank Balances	2,82,122 USD	15	2,391,653 USD	122
Trade Receivables	2,599,161 USD	141	3,504,514 USD	178
			9,900 AUD	1
Short term borrowings	6,653,002 USD	362	4,106,586 USD	210
Short term loans and advances	2,361,196 USD	128	1,275,657 USD	65
Other current liabilities	2,457,870 USD	134	1,114,296 USD	57

36. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Sundry creditors include –

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Total outstanding dues of micro and small enterprises	**32**	**1**

Details of amounts due under the Micro, Small and Medium Enterprises Development Act, 2006 are as under:-

			31 March 2013	31 March 2012
			₹ Millions	₹ Millions
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year.	a.	Principal	32	1
	b.	Interest	0	0
		Total	**32**	**1**
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	a.	Principal	20	13
	b.	Interest	-	-
		Total	**20**	**13**
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.			-	-

Notes to financial statements for the year ended 31 March 2013

36. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 (Contd.)

			31 March 2013	31 March 2012
			₹ Millions	₹ Millions
The amount of interest accrued and remaining unpaid at the end of the year.	a.	Total Interest accrued	0	0
	b.	Total Interest unpaid	0	0
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Included in S. No. 4(b) above is ₹ Nil Million (31 March 2012 ₹ 0 Million) being interest on amounts outstanding as at the beginning of the accounting year.			

37. Value of imports calculated on CIF basis

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Raw materials and components	12	44
Traded goods	1,674	2,252
Capital goods	14	23
	1,700	**2,319**

38. Expenditure in foreign currency (accrual basis)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
AMC Services	147	107
Travelling expenses	35	19
Repairs	-	3
Professional charges	-	1
Other matters	0	4
	182	**134**

39. Earning in foreign currency (accrual basis)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Sales proceeds from overseas branch/Export Oriented Unit	407	893
	407	**893**

Notes to financial statements for the year ended 31 March 2013

40. Imported and indigenous raw materials, components and spare parts consumed

	31 March 2013		31 March 2012	
	% of total consumption	Value ₹ Millions	% of total consumption	Value ₹ Millions
Imported	94	213	97	231
Indigenously obtained	6	14	3	6
	100	**227**	**100**	**237**

41. As per the transfer pricing rules prescribed under the Income Tax Act, 1961, the Company is examining domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustments with regard to the transaction involved.

42. During the previous year ended 31 March 2012

a) The Company has entered into a 60:40 joint venture agreement with a Saudi Arabian Company for developing the Saudi Arabian market for the products and services of AGC or any of its affiliates.

b) The Company, through its wholly owned subsidiary in Singapore has entered into a 42:40:18 joint venture agreement with an enterprise in UAE for execution of implementation projects in Dubai offering technology, infrastructure, integration, operation and management services.

43. Previous year figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

44. All amounts are in Rupees (in Million) except otherwise stated specifically - '0' denotes amounts less than a Million rupees.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place: Mumbai
Date : 28 May 2013

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

SUDIP RUNGTA
Director

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 28 May 2013

INDEPENDENT AUDITOR'S REPORT CONSOLIDATED

To the Board of Directors of AGC Networks Limited

We have audited the accompanying consolidated financial statements of AGC Networks Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit total assets of Rs. 322 millions as at March 31, 2013, total revenues of Rs. 638 millions and net cash inflows amounting to Rs. 10 millions for the year then ended, included in the accompanying consolidated financial statements in respect of one subsidiary, whose financial statements and other financial information have been audited by other auditors and whose report has been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiary is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Shyamsundar Pachisia
Partner
Membership Number: 49237

Place: Mumbai
Date: 28 May 2013

Consolidated Balance sheet as at 31 March 2013

	Notes	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Equity and liabilities			
Shareholders' funds			
Share capital	3	285	142
Reserves and surplus	4	2,771	3,083
		3,056	**3,225**
Non-current liabilities			
Long-term borrowings	5.1	37	-
Other long-term liabilities	6	-	40
Deferred tax liabiity (net)	7.1	28	53
Long-term provisions	8	79	48
		144	**141**
Current liabilities			
Short-term borrowings	5.2	3,127	1,288
Trade payables	9	3,604	2,870
Other current liabilities	9	1,969	1,320
Short-term provisions	8	132	398
		8,832	**5,876**
TOTAL		**12,032**	**9,242**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	512	421
Intangible assets	11	775	22
Capital work-in-progress		0	0
Non-current investments	12	5	5
Deferred tax assets (net)	7.2	-	125
Loans and advances	14	701	457
Other non-current assets	15	11	7
		2,004	**1,037**
Current assets			
Current investments	12	-	800
Inventories	16	1,432	688
Trade receivables	13	5,720	5,178
Cash and bank balances	17	1,155	627
Loans and advances	14	1,644	889
Other current assets	15	77	23
		10,028	**8,205**
TOTAL		**12,032**	**9,242**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place: Mumbai
Date : 28 May 2013

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

SUDIP RUNGTA
Director

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 28 May 2013

Consolidated Statement of profit and loss for the year ended 31 March 2013

	Notes	31 March 2013	31 March 2012
		₹ Millions	₹ Millions
Income			
Revenue from operations (gross)	18	10,612	9,976
Less: excise duty	18	32	30
Revenue from operations (net)		**10,580**	**9,946**
Other income	19	515	129
Total revenue (I)		**11,095**	**10,075**
Expenses			
Cost of raw material and components consumed	20	227	237
Purchase of traded goods	21	6,390	5,846
(Increase) / decrease in inventories of finished goods, work-in-progress and stock at customer sites	21	(734)	(370)
Excise duty	18	1	1
Employee benefits expense	22	2,196	1,363
Depreciation and amortization expense	23	163	162
Finance costs	24	362	85
Other expenses	25	2,589	1,868
Exceptional items	26	-	20
Total expenses (II)		**11,194**	**9,212**
Profit / (Loss) before tax (I-II)		**(99)**	**863**
Tax expenses			
Current tax		70	184
Short / (Excess) provision of tax for earlier years		(47)	33
Deferred tax		97	11
Total tax expense		**120**	**228**
Profit / (Loss) for the year		**(219)**	**635**
Earnings per equity share [nominal value of share ₹ 10 (31 March 2012 : ₹ 10)]	**27**		
Basic and diluted earning per share (in ₹)		₹ (7.69)	₹ 22.32
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place: Mumbai
Date : 28 May 2013

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

SUDIP RUNGTA
Director

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 28 May 2013

Consolidated Cash flow statement for the year ended 31 March 2013

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Cash flow from operating activities		
Profit before tax	**(99)**	**863**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	163	162
Loss / (profit) on sale of fixed assets	(0)	(2)
Provision for warranties	(4)	(5)
Provision for doubtful debts and advances	335	74
Liabilities for earlier years no longer required written back	(73)	(72)
Unrealized foreign exchange loss / (gain)	17	(30)
Net (gain) / loss on sale of current investments	(263)	-
Interest expense	362	85
Interest income	(161)	(33)
Operating profit before working capital changes	**277**	**1,042**
Movements in working capital:		
Increase / (decrease) in trade payables	265	1,971
Increase / (decrease) in long-term provisions	31	(0)
Increase / (decrease) in short-term provisions	38	7
Increase / (decrease) in other current liabilities	389	(151)
Increase / (decrease) in other long-term liabilities	(40)	16
Decrease / (increase) in trade receivables	(616)	(2,571)
Decrease / (increase) in inventories	(643)	(280)
Decrease / (increase) in long-term loans and advances	(55)	(17)
Decrease / (increase) in short-term loans and advances	13	(380)
Decrease / (increase) in other non-current assets	(4)	(1)
Cash generated from / (used in) operations	(345)	(364)
Direct taxes paid (net of refunds)	(263)	(98)
Net cash flow from / (used in) operating activities (A)	**(608)**	**(462)**
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(194)	(293)
Proceeds from sale of fixed assets	7	50
Proceeds from sale of unquoted equity instruments in holding company	168	-
Acquisition of subsidiary, net of cash acquired	-	(60)
Acquisition of business, (net of cash acquired of ₹ 12 Million) (refer note 35)	(440)	-
Investment in bank deposits (having original maturity of more than three months but less than twelve months)	(505)	(306)
Redemption / maturity of Inter Corporate Deposits	200	-
Interest received	107	10
Net cash flow from / (used in) investing activities (B)	**(657)**	**(599)**

Consolidated Cash flow statement for the year ended 31 March 2013 (Contd.)

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Cash flows from financing activities		
Proceeds from long-term borrowings	33	-
Proceeds from short-term borrowings	1,853	1,288
Interest paid	(354)	(85)
Dividend paid on equity shares	(213)	(32)
Tax on equity dividend paid	(35)	(5)
Net cash flow from / (used in) in financing activities (C)	**1,284**	**1,166**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**19**	**105**
Effect of exchange differences on cash & cash equivalents held in foreign currency	4	5
Cash and cash equivalents at the beginning of the year	321	211
Cash and cash equivalents at the end of the year	**344**	**321**
Components of cash and cash equivalents		
Cash on hand	0	0
Cheques / drafts on hand	65	8
With banks- on current account	274	310
- unpaid dividend accounts*	5	3
Total cash and cash equivalents (refer note 17)	**344**	**321**

Summary of significant accounting policies 2.1

*The company can utilize these balances only towards settlement of respective unpaid dividend liabilities.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place: Mumbai
Date : 28 May 2013

For and on behalf of the Board of Directors of
AGC Networks Limited

S. K. JHA
MD & CEO

SUDIP RUNGTA
Director

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 28 May 2013

Notes to consolidated financial statements for the year ended 31 March 2013

1. Corporate information

AGC Networks Limited ('the Company') or 'AGC' is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in manufacturing, trading and integrating network solutions and selling reputed brand of Video Conference, Voice and Data Products. The Company caters to both domestic and international markets. The Company also provides annual maintenance service for telecom, networking and electronic products.

2. Basis of Preparation of Financial Statements

The consolidated financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 (the 'Act'). The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made. The accounting policies adopted in preparation of consolidated financial statements are consistent with those used in the previous year.

2.1 Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) on 'Consolidated Financial Statements' and on the basis of the separate audited financial statements of AGC Networks Limited and its subsidiary. Reference in the notes to 'the Company' shall mean to include AGC Networks Limited and 'Group' shall include AGC Networks Limited and its subsidiaries consolidated in these financial statements unless otherwise stated.

The consolidated financial statements of the Group are combined on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with AS-21.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, have been made in consolidated financial statements.

Foreign subsidiaries considered in the consolidated financial statements

Name of the subsidiary	Country of incorporation	Extent of holding as on 31 March 2013	Extent of holding as on 31 March 2012
AGC Networks Australia Pty Limited*	Australia	100%	100%
AGC Networks Pte Ltd.**	Singapore	100%	100%
AGC Networks Inc.*** (wholly owned subsidiary of AGC Networks Pte. Ltd.)	USA	100%	100%

* Incorporated on September 03, 2004 under the Corporation Act, 2001, Australia.
** Acquisition on May 01, 2011, the Company incorporated in Singapore.
*** Incorporated on February 22, 2012, the Company registered in Delaware, USA.

Foreign Currency Translation:

The consolidated financial statements are prepared in Indian Rupees which is the reporting currency for AGC Networks Limited. However, AUD is the reporting currency for its foreign subsidiary located in Australia and USD is the reporting currency for its foreign subsidiaries located in Singapore and USA. The translation of the reporting currency of the foreign subsidiary into the reporting currency is performed:

(a) for assets and liabilities using the exchange rate in effect at the balance sheet date

(b) for revenues, costs and expenses using average rate prevailing during the reporting months and

(c) for share capital, using the exchange rate at the date of transaction.

The resultant translation exchange gain / loss has been disclosed as Foreign Currency Translation Reserve under Reserves and Surplus.

Notes to consolidated financial statements for the year ended 31 March 2013

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods.

(c) Tangible assets

Tangible assets are stated at cost of acquisition or construction, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on straight-line basis using the rates arrived at based on useful life estimated by the management, or those prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. The company depreciates its assets over the useful lives as detailed below:

Assets	No. of Years
Leasehold improvements	6 years
Buildings	20 years
Plant and Equipment	3 to 5 years
Furniture, Fixtures and Office Equipments	5 years
Computers	4 years
Vehicles	4 years
Electrical Installations	5 years

Cost of leasehold land is amortised over the period of lease (generally 99 years).
Assets purchased specifically for projects are depreciated over the life of the projects.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

A summary of amortization policies applied to the company's intangible assets is as below:

Assets	No. of Years
Computers Softwares	4 years
Goodwill on acquisition	5 years

(f) Impairment of tangible and intangible assets

The carrying amounts of tangible assets are reviewed at each reporting date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the consolidated financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(h) Inventories

Inventories are valued at cost or net realisable value, whichever is lower. The cost is determined on weighted average basis, and includes all costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and finished goods, cost also includes costs of conversion.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(i) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provision for warranties

The Company accrues provision for estimated future warranty costs based upon its historical relationship of warranty claims to sales. The Company periodically reviews the adequacy of its product warranties and adjusts, if necessary, the warranty percentage and accrued warranty provision, for actual experience. The estimate of such warranty-related costs is revised annually.

(j) Foreign currency translation

Foreign currency transactions and balances

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

The company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

Notes to consolidated financial statements for the year ended 31 March 2013

2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

   For the purpose of 2 and 3 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(k) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of product is recognized when the ownership and title is transferred on invoicing based on confirmed purchase orders / sales contract which generally coincides with delivery. Sales include excise duty but excludes sales tax.

The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from Services

1. Services including "installation and commissioning" related to products supplied or on a stand-alone basis are recognized based on proportionate completion method where revenue is recognized proportionately with the degree of completion of services. The purchase price of the products and services sold directly typically includes a warranty for a period up to one year.
2. Revenue from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered.
3. Service Income is recognized on performance of the services as defined in the contractual terms. In case where services are availed from the vendors to service confirmed customer orders and the Company does not carry obligation to serve, revenue is recognized at the time of raising of invoices.
4. Service Income of a periodic nature which is not accrued during the year is disclosed as Unearned Revenue.
5. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head " Other income " in the statement of profit & loss.

Other Income

Other income is accounted on accrual basis except where receipt of income is uncertain.

(l) Taxes on Income

Tax expense comprises of current and deferred tax. For the companies incorporated in India, current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and in case of forgin subsidiaries, tax expense is measured in accordance with the prevailing tax laws in country in which the subsidiary is domiciled. Tax rate and tax laws used to compute the amount are those that are enacted by the reporting date. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(m) Leases

Where the company is lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

(n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The company operates one defined benefit plans for its employees, viz., gratuity. The costs of providing benefit under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which it occurs in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Notes to consolidated financial statements for the year ended 31 March 2013

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(o) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(p) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(q) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(r) Segment reporting

Identification of segments

The Company operates in single segment as Technology and Network Solution Integrator. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers, if any, at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the company as a whole.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to consolidated financial statements for the year ended 31 March 2013

3. Share capital

	31 March 2013	31 March 2012
Authorised shares	**₹ Millions**	**₹ Millions**
3,00,00,000 (31 March 2012: 2,50,00,000) equity shares of ₹ 10 / - each	300	250
10,00,000 (31 March 2012: 10,00,000) cumulative redeemable preference shares of ₹ 100 / - each	100	100
Issued, subscribed and fully paid-up shares		
2,84,66,464 (31 March 2012 : 1,42,33,232) equity shares of ₹ 10 / - each fully paid up	285	142
Total issued, subscribed and fully paid-up share capital	**285**	**142**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	31 March 2013		31 March 2012	
	No. of shares	**₹ Millions**	**No. of shares**	**₹ Millions**
At the beginning of the period	14,233,232	142	14,233,232	142
Issued during the period - Bonus issue	14,233,232	143	-	-
Outstanding at the end of the period	**28,466,464**	**285**	**14,233,232**	**142**

The Company has allotted 14,233,232 Bonus shares in the proportion of 1:1. One new equity bonus share of ₹ 10 / - each is issued for every 1 existing equity share of ₹ 10 / - each fully paid-up by capitalization of securities premium account, based on shareholders' approval.

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ Nil (31 March 2012: ₹ 15).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding Company

Out of equity shares issued by the Company, shares held by its holding Company are as below:

Name of Shareholder	31 March 2013	31 March 2012
	₹ Millions	**₹ Millions**
Aegis Limited, (Holding Company w.e.f. 3 June 2011)		
21,349,848 (31 March 2012: 10,674,924) equity shares of ₹ 10 each fully paid	213	107

(d) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	31 March 2013	31 March 2012
	No. of shares	**No. of shares**
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	14,233,232	-

(e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of shares	**% holding in the class**	**No. of shares**	**% holding in the class**
Equity shares of ₹ 10 each fully paid				
Aegis Limited, (Holding Company w.e.f. 3 June 2011) held	21,349,848	75.00%	10,674,924	75.00%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to consolidated financial statements for the year ended 31 March 2013

4. Reserves and surplus

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Capital reserve		
Balance as per the last financial statements	380	226
Add: Additions during the year (Refer note below)	-	154
Closing Balance	**380**	**380**
Securities premium account		
Balance as per the last financial statements	463	463
Less: amounts utilized towards issue of fully paid bonus shares	142	-
Closing Balance	**321**	**463**
Foreign currency translation reserve		
Balance as per the last financial statements	69	12
Add: Additions during the year	49	57
Closing Balance	**118**	**69**
General reserve		
Balance as per the last financial statements	1,006	990
Add: amount transferred from surplus balance in the statement of profit and loss	-	16
Closing Balance	**1,006**	**1,006**
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,165	794
Profit / (loss) for the year	(219)	635
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ Nil (31 March 2012: ₹ 15))	-	213
Tax on proposed equity dividend	-	35
Transfer to general reserve	-	16
Total appropriations	**-**	**264**
Net surplus in the statement of profit and loss	**946**	**1,165**
Total reserves and surplus	**2,771**	**3,083**

Note : During the previous year, on 01 May 2011, the Company has acquired ownership interest of AGC Networks Pte. Ltd. (formerly known as Aegis Tech Singapore Pte. Ltd.) resulting in accounting of capital reserve computed as given below.

The details of the acquisition date financial information are provided below:

Particulars	**₹ Millions**
Net assets	224
Purchase consideration	70
Capital reserve	154

Notes to consolidated financial statements for the year ended 31 March 2013

5.1. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Term loan				
Loan from Cisco Systems Capital (I) Private Ltd (unsecured)	21	-	12	-
Other loans and advances				
Finance lease obligation (secured)	16	-	11	-
	37	-	23	-
The above amount includes				
Secured borrowings	16	-	11	-
Unsecured borrowings	21	-	12	-
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(23)	-
Net amount	**37**	**-**	**-**	**-**

Loan from Cisco Systems Capital (I) Private Ltd. is repayable in 12 quarterly installments of ₹ 3 Million each starting from 14 February 2013.

Finance lease obligation is secured by fixed assets taken on lease. The interest rate implicit in the lease is 8% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 37 monthly installments of ₹ 0.8 Million each.

5.2. Short-term borrowings

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Cash credit from banks (Secured)	2,365	965
Buyers credit from banks (Secured)	362	323
Indian Rupee Term loan from bank (Secured)	400	-
	3,127	**1,288**
The above amount includes		
Secured borrowings	3,127	1,288
Unsecured borrowings	-	-

Cash credit and buyers credit from banks is secured by first exclusive charge on entire current assets of the Company (present and future) including stocks of raw material, WIP, finished goods, book debts, insurances, etc. and by second charge on all moveable fixed assets of the Company. The cash credit is repayable on demand. Buyers credit is repayable on due date.

Cash credit facility of ₹ 805 Millions from Axis Bank is fully secured by first lien security interest of equivalent margin money deposit.

Indian rupee term loan from bank is secured by first charge on all moveable fixed assets of the Company and by corporate guarantee of Aegis Ltd. (holding company). Same is repayable 10 weekly installments of ₹ 40 Million each starting from 16 April 2013.

6. Other long-term liabilities

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Unearned revenue	-	40
	-	**40**

Notes to consolidated financial statements for the year ended 31 March 2013

7.1. Deferred tax liability (net)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Deferred tax liability		
Deferred tax liability on non-repatriation of profits	28	53
Gross deferred tax liability	**28**	**53**
Gross deferred tax assets	**-**	**-**
Deferred tax liability (Net)	**28**	**53**

7.2. Deferred tax asset (net)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-	24
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	-	45
Provision for doubtful debts and advances	-	42
Other provisions	-	14
Gross deferred tax asset	**-**	**125**
Gross deferred tax liability	**-**	**-**
Deferred tax asset (Net)	**-**	**125**

8. Provisions

	Long-term		Short-term	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Provision for employee benefits				
Provision for gratuity (refer note 28)	30	12	-	-
Provision for superannuation benefit	-	-	4	-
Provision for leave benefits	49	36	49	20
	79	48	53	20
Other provisions				
Provision for warranties	-	-	18	22
Provision for provident funds	-	-	9	5
Provision for tax	-	-	52	103
Proposed equity dividend	-	-	-	213
Provision for tax on proposed equity dividend	-	-	-	35
	-	**-**	**79**	**378**
	79	**48**	**132**	**398**

Notes to consolidated financial statements for the year ended 31 March 2013

8. Provisions (Contd.)

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the last one year, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within a year after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the one-year warranty period for all products sold. The table below gives information about movement in warranty provisions.

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
At the beginning of the year	22	27
Arising during the year	-	7
Utilized during the year	-	-
Unused amounts reversed	(4)	(12)
At the end of the year	**18**	**22**
Current portion	18	22
Non-current portion	-	-

9. Other current liabilities

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Trade payables (including acceptances)	3,604	2,870
Other liabilities		
Current maturities of long-term borrowings (note 5.1) (Includes current maturity of finance lease obligation ₹ 11 million (31 March 2012: ₹ Nil million))	23	-
Interest accrued but not due on borrowings	10	2
Accrued expenses	425	385
Unearned revenue on AMC Services	56	65
Unearned revenue on Others	457	198
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	5	3
Advances from customers	811	276
Statutory Dues Payable*	59	61
TDS payable	68	32
Other current liabilities	55	298
	1,969	**1,320**
	5,573	**4,190**

*It includes Service / VAT / Sales tax / Professional tax / WCT payable.

10. Tangible assets

₹ Millions

	Leasehold Land	Leasehold Improvement	Freehold Land	Buildings	Plant and equipment	Computers	Electrical Installations	Furniture and fixtures	Office Equipments	Vehicles	Exchange fluctuation on consolidation of non-integral foreign subsidiary	Total
Cost or valuation												
At 1 April 2011	4	-	1	33	322	131	23	40	157	3	7	721
Additions	-	-	-	-	107	38	10	25	51	-	-	231
Assets acquired on business combination	-	-	-	-	-	77	-	-	47	-	18	142
Assets transferred to stock (refer note 2 below)	-	-	-	-	51	-	-	-	-	-	-	51
Disposals	-	-	-	1	2	14	4	18	9	-	4	52
At 31 March 2012	**4**	**-**	**1**	**32**	**376**	**232**	**29**	**47**	**246**	**3**	**21**	**991**
Additions	-	9	-	-	144	14	1	1	9	-	10	188
Additions through business purchase (refer note 35)	-	-	-	-	-	-	-	5	55	0	-	60
Disposals	-	-	-	-	6	25	4	5	6	1	-	47
At 31 March 2013	**4**	**9**	**1**	**32**	**514**	**221**	**26**	**48**	**304**	**2**	**31**	**1,192**
Depreciation												
At 1 April 2011	1	-	-	20	157	109	17	33	126	2	5	470
Charge for the year	0	-	-	1	78	40	3	6	24	-	-	152
Assets acquired on business combination	-	-	-	-	-	2	-	-	1	-	-	3
Assets transferred to stock (refer note 2 below)	-	-	-	-	16	-	-	-	-	-	-	16
Disposals	-	-	-	-	2	14	2	16	9	-	(4)	39
At 31 March 2012	**1**	**-**	**-**	**21**	**217**	**137**	**18**	**23**	**142**	**2**	**9**	**570**
Charge for the year	0	0	-	1	72	40	4	7	24	0	2	150
Disposals	-	-	-	-	6	18	4	5	6	1	-	40
At 31 March 2013	**1**	**0**	**-**	**22**	**283**	**159**	**18**	**25**	**160**	**1**	**11**	**680**
Net Block												
At 31 March 2012	**3**	**-**	**1**	**11**	**159**	**95**	**11**	**24**	**104**	**1**	**12**	**421**
At 31 March 2013	**3**	**9**	**1**	**10**	**231**	**62**	**8**	**23**	**144**	**1**	**20**	**512**

1. Building includes those constructed on leasehold land.
2. In previous year, assets transferred to inventory represents the assets released from one of the customers location (net of depreciation thereon till the date of transfer) which are identified to be usable as inventory and can be consumed for other commercial contracts.

Notes to consolidated financial statements for the year ended 31 March 2013

11. Intangible assets

₹ Millions

	Goodwill	Computer Software	Total
Gross Block			
At 1 April 2011	-	117	117
Purchase	-	14	14
Assets transferred to stock (refer note below)	-	22	22
At 31 March 2012	**-**	**109**	**109**
Purchase	-	5	5
Additions through business purchase (refer note 35)	760	-	760
Exchange fluctuation on consolidation of non-integral foreign subsidiary	-	1	1
At 31 March 2013	**760**	**115**	**875**
Amortization			
At 1 April 2011	-	81	81
Charge for the year	-	13	13
Assets transferred to stock (refer note below)	-	7	7
At 31 March 2012	**-**	**87**	**87**
Charge for the year	-	13	13
At 31 March 2013	**-**	**100**	**100**
Net Block			
At 31 March 2012	**-**	**22**	**22**
At 31 March 2013	**760**	**15**	**775**

Note:

In previous year, assets transferred to inventory represents the assets released from one of the customers location (net of depreciation thereon till the date of transfer) which are identified to be usable as inventory and can be consumed for other commercial contracts.

12. Investments

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Trade investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in holding company				
Nil (31 March 2012: 57,14,285) Equity shares of ₹ 140 each fully paid-up in Aegis Limited	-	-	-	800
	-	**-**	**-**	**800**
Non-trade investments (valued at cost unless stated otherwise)				
Government and trust securities (unquoted)				
Investment in Rural Electrification Corporation Limited Bonds	5	5	-	-
	5	**5**	**-**	**-**
	5	**5**	**-**	**800**
Aggregate amount of unquoted investments	5	5	-	800
Aggregate provision for diminution in value of investments	-	-	-	-

Notes to consolidated financial statements for the year ended 31 March 2013

13. Trade receivables (current)

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good (refer note 33.2)	1,315	1,041
Doubtful	471	136
	1,786	**1,177**
Provision for doubtful receivables	471	136
	1,315	**1,041**
Other receivables		
Unsecured, considered good	4,405	4,137
	4,405	**4,137**
	5,720	**5,178**

14. Loans and advances

	Non-Current		Current	
	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Capital advances				
Unsecured, considered good	0	4	-	-
	0	**4**	**-**	**-**
Deposits				
Unsecured, considered good	42	19	36	45
	42	**19**	**36**	**45**
Loan and advances to related parties (note 31)				
Unsecured, considered good	27	27	947	228
	27	**27**	**947**	**228**
Advances recoverable in cash or kind				
Unsecured, considered good	20	2	425	566
	20	**2**	**425**	**566**
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	587	398	-	-
Prepaid expenses	25	7	178	48
Balances with statutory / government authorities	-	-	58	2
	612	**405**	**236**	**50**
	701	**457**	**1,644**	**889**

15. Other assets

	Non-Current		Current	
	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 17)	**11**	**7**	**-**	**-**
Others				
Interest accrued on fixed deposits	0	-	41	6
Interest accrued on Inter-Corporate Deposits	-	-	-	17
Interest accrued on investments	0	0	-	-
Interest accrued on others	-	-	36	-
	0	**0**	**77**	**23**
	11	**7**	**77**	**23**

Notes to consolidated financial statements for the year ended 31 March 2013

16. Inventories (valued at lower of cost and net realizable value)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Raw materials and components (includes in transit inventory of ₹ 9 Million (31 March 2012: ₹ 0 Millions)) (refer note 20)	13	3
Work-in-progress (refer note 21)	60	44
Traded goods (refer note 21)(including stock-in-transit inventory of ₹ 6 Millions (31 March 2012: ₹ 64 Millions))	1,118	462
Stock at Customer site (Due to unearned revenue) (refer note 21)	241	179
	1,432	**688**

17. Cash and bank balances

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	274	310
– On unpaid dividend account	-	-	5	3
Cheques / drafts on hand	-	-	65	8
Cash on hand	-	-	0	0
	-	**-**	**344**	**321**
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	811	306
Margin money deposit*	11	7	-	-
	11	**7**	**811**	**306**
	11	**7**	**1,155**	**627**
Amount disclosed under other non-current assets (note 15)	**(11)**	**(7)**	**-**	**-**
	-	**-**	**1,155**	**627**

***Margin money deposits given as security**

Margin money deposits with a carrying amount of ₹ 11 Millions (31 March 2012 : ₹ 7 Millions) are given against bank guarantees issued.

It includes deposit with the original maturity of less than 12 months which is rolled over till the maturity of the bank guarantee.

Notes to consolidated financial statements for the year ended 31 March 2013

18. Revenue from operations

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Revenue from operations		
Sale of products		
Finished goods	306	352
Traded goods	6,688	6,697
Sale of services	3,618	2,927
Revenue from operations (gross)	**10,612**	**9,976**
Less: Excise duty #	32	30
Revenue from operations (net)	**10,580**	**9,946**

Excise duty on sales amounting to ₹ 32 Million (31 March 2012 : ₹ 30 Million) has been reduced from sales in statement of profit & loss and excise duty on increase / decrease in stock amounting to ₹ 1 Million (31 March 2012 : ₹ 1 Million) has been considered as expense in the statement of profit and loss.

Detail of products sold

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Finished goods sold		
Enterprise Communication and Solution Integration	306	352
	306	**352**
Traded goods sold		
Enterprise Communication and Solution Integration	6,688	6,697
	6,688	**6,697**
	6,994	**7,049**

Detail of services rendered

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Maintenance services	2,268	1,899
Implementation services	1,350	1,028
	3,618	**2,927**

19. Other income

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Interest income on		
Bank deposits	83	14
Long-term investments	0	0
Inter-Corporate Deposits	23	18
Interest received on Income Tax Refund	15	-
Others	40	1
Net gain on sale of current investments	263	-
Commission income	2	-
Liabilities for earlier years no longer required written back	73	72
Profit on sale of fixed assets	0	2
Other non-operating income	16	22
	515	**129**

Notes to consolidated financial statements for the year ended 31 March 2013

20. Cost of raw material and components consumed

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Inventory at the beginning of the year	3	7
Add: Purchases	237	233
	240	240
Less: Inventory at the end of the year	13	3
Cost of raw material and components consumed	**227**	**237**

Details of raw material and components consumed

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Printed circuit boards	105	149
Static converters	7	7
Cabinet	47	61
Peripherals	5	9
Others	63	11
	227	**237**

21. (Increase) / decrease in inventories

	31 March 2013	31 March 2012	(Increase) / decrease
	₹ Millions	₹ Millions	₹ Millions
Inventories at the end of the year			31 March 2013
Traded goods	1,118	462	(656)
Stocks at Customer sites	241	179	(62)
Work-in-progress	60	44	(16)
	1,419	**685**	**(734)**
Inventories at the beginning of the year			31 March 2012
Traded goods	462	133	(329)
Stocks at Customer sites	179	143	(36)
Work-in-progress	44	39	(5)
	685	**315**	**(370)**
	(734)	**(370)**	

Details of inventory

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Traded goods and stock at customer site		
Enterprise Communication and Solution Integration	1,359	641
	1,359	**641**
Work-in-progress		
Enterprise Communication and Solution Integration	60	44
	60	**44**
	1,419	**685**

Details of Purchase of Traded goods

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Enterprise Communication and Solution Integration	6,390	5,846
	6,390	**5,846**

Notes to consolidated financial statements for the year ended 31 March 2013

22. Employee benefits expense

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Salaries, wages and bonus	2,095	1,292
Contribution to provident and other funds	15	13
Gratuity expenses (refer note 28)	18	(1)
Staff welfare expenses	68	59
	2,196	**1,363**

23. Depreciation and amortization expense

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Depreciation of tangible assets	150	149
Amortization of intangible assets	13	13
	163	**162**

24. Finance costs

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Interest and other charges*	362	85
	362	**85**

*₹ 6 Millions (31 March 2012 : ₹ 2 Millions) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2013 is included in Exchange differences (net) in note no. 25.

25. Other expenses

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Service charges	1,378	1,134
Installation and commissioning expenses	56	72
	1,434	1,206
Consumption of stores and spares	1	1
Power and water charges	22	21
Rent	160	136
Rates and taxes	17	20
Insurance	14	2
Repairs and maintenance:		
- Plant and Machinery	1	3
- Other	65	48
Travelling and conveyance	222	137
Telephone, telex and fax	61	35
Printing and stationery	7	7
Legal and professional fees	53	40
Advertisement and sales promotion	30	16
Outward freight, clearing and forwarding charges	73	34
Commission to others	14	9
Directors' sitting fees	1	1
Exchange differences (net)*	26	30
Provision for doubtful debts and advances	335	74
Other expenses	53	48
	2,589	**1,868**

*Includes ₹ 6 Millions (31 March 2012 : ₹ 2 Millions) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2013.

Notes to consolidated financial statements for the year ended 31 March 2013

26. Exceptional items

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Employee Separation Scheme	-	20

In the previous year, in order to right size the workforce, the company had announced Employee Separation Scheme. The aggregate expenditure of ₹ 20 million was charged to the statement of profit and loss for the year ended 31 March 2012.

27. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Total operations for the year from continuing operations		
Net profit for calculation of basic and diluted EPS	(219)	635
	No. millions	No. millions
Weighted average number of equity shares in calculating basic and diluted EPS	28,466,464	28,466,464
Basic and diluted earnings per share (in ₹)	(7.69)	22.32
Nominal Value per share (in ₹)	10.00	10.00

28. Employee benefits plan

(a) Defined contribution plan - The Company has recognised the following amount in the statement of profit and loss for the year ended:

Particulars	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Contribution to provident fund	15	12

Above amount has been included in the line item 'Contribution to provident and other funds' in note 22 to the financial statements.

(b) Defined benefit plan - The company has one defined plan, i.e. Gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Current service cost	9	8
Interest cost on benefit obligation	4	5
Expected return on plan assets	(3)	(4)
Net actuarial (gain) / loss recognized in the year	8	(10)
Net benefit expense	**18**	**(1)**

Balance sheet

Benefit asset / liability

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Present value of defined benefit obligation	58	48
Fair value of plan assets	28	36
Funded status [surplus / (deficit)]	(30)	(12)
Plan asset / (liability)	**(30)**	**(12)**

Notes to consolidated financial statements for the year ended 31 March 2013

28. Employee benefits plan (Contd.)

Changes in the present value of the defined benefit obligation are as follows:

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Opening defined benefit obligation	48	65
Current service cost	9	8
Interest cost	4	5
Benefits paid	(11)	(19)
Actuarial (gains) / losses on obligation	8	(10)
Closing defined benefit obligation	**58**	**48**

Changes in the fair value of plan assets are as follows:

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Opening fair value of plan assets	36	51
Expected return	3	4
Contributions by employer	-	-
Benefits paid	(11)	(19)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	**28**	**36**

The company expects to contribute ₹ Nil to gratuity in the next year (31 March 2012 : ₹ Nil).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	31 March 2013	31 March 2012
Investments with insurer	100%	100%

Following are the principal assumptions used as at the Balance Sheet date:

	Gratuity	
	31 March 2013	31 March 2012
Discount rate	8.20%	8.40%
Expected rate of return on assets	8.50%	8.50%
Salary escalation rate	6.00%	6.00%
Mortality rate	Indian Assured Lives Mortality (2006-08) (modified) ult.	Indian Assured Lives Mortality (1994-96) (modified) ult.
Withdrawal rate	Upto age 26 years 0.10%	Upto age 26 years 0.10%
	Upto age 27-34 years 2.50%	Upto age 27-34 years 2.50%
	Upto age 35-44 years 6.50%	Upto age 35-44 years 6.50%
	Upto age 45-54 years 1.50%	Upto age 45-54 years 1.50%
	Above age 54 years 0.50%	Above age 54 years 0.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Notes to consolidated financial statements for the year ended 31 March 2013

28. Employee benefits plan (Contd.)

Amounts for the current and previous four periods are as follows:

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions	31 March 2011 ₹ Millions	30 September 2010 ₹ Millions	30 September 2009 ₹ Millions
Gratuity					
Defined benefit obligation	58	48	65	53	53
Plan assets	28	36	52	53	54
Deficit / (surplus)	30	12	13	-	(1)
Present value of unfunded obligations	30	12	13	-	(1)
Experience adjustments on plan liabilities	(7)	(10)	-	-	-
Experience adjustments on plan assets	-	1	-	-	-
Actuarial gain / (loss) due to change in assumptions	(1)	-	-	-	-

29. Leases

Operating lease: company as lessee

The Group has entered into various leasing agreement classified as operating leases for residential, office, warehouse premises and vehicles which are renewable by mutual consent on mutually agreeable terms. These agreement generally range between 11 months to 4 years. The Group does not have sub-leasing agreements. Lease payments are recognised in the statement of profit and loss under 'Rent' in note 25.

The future minimum lease payments under non-cancellable operating leases are:-

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Within one year	104	63
After one year but not more than five years	199	186
More than five years	5	-

Finance lease: company as lessee

The Group has finance leases for certain items of computer equipment. These leases has bargain purchase option at end of the term.

Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	31 March 2013		31 March 2012	
	Minimum payments ₹ Millions	Present value of MLP ₹ Millions	Minimum payments ₹ Millions	Present value of MLP ₹ Millions
Within one year	13	11	-	-
After one year but not more than five years	18	16	-	-
Total minimum lease payments	31	27	-	-
Less: amounts representing finance charges	4	-	-	-
Present value of minimum lease payments	27	27	-	-

Notes to consolidated financial statements for the year ended 31 March 2013

30. Segment information

(a) Primary Segment

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed for Technology and Networks solutions integrations and accordingly there is only one Primary Business segment i.e. Technology and Networks solutions.

(b) Secondary Segment: Geographical segments

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Revenues - Within India	8,017	8,050
- Within Singapore	91	52
- Within USA	548	130
- Others	2,027	1,776
Less: Intercompany transactions	71	32
Total	**10,612**	**9,976**

The company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The following tables present revenue, expenditure and certain asset information regarding the company's geographical segments:

Year ended 31 March 2013

	India	Singapore	USA	Others	Eliminations	Total
Revenue						
External sales	8,003	50	545	2014	-	10,612
Inter segment sales	14	41	3	13	71	-
Total revenue	**8,017**	**91**	**548**	**2,027**	**71**	**10,612**
Segment assets	8,534	1,572	1,779	1,465	1,318	12,032
Total assets	**8,534**	**1,572**	**1,779**	**1,465**	**1,318**	**12,032**
Other segment information						
Capital expenditure:						
Tangible assets	68	8	172	0	-	248
Intangible assets	-	-	765	-	-	765

Year ended 31 March 2012

	India	Singapore	USA	Others	Eliminations	Total
Revenue						
External sales	8,050	20	130	1,776	-	9,976
Inter segment sales	-	32	-	-	32	-
Total revenue	**8,050**	**52**	**130**	**1,776**	**32**	**9,976**
Segment assets	7,104	712	55	1,721	350	9,242
Total assets	**7,104**	**712**	**55**	**1,721**	**350**	**9,242**
Other segment information						
Capital expenditure:						
Tangible assets	123	-	-	70	-	193
Intangible assets	14	-	-	-	-	14

Notes to consolidated financial statements for the year ended 31 March 2013

31. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company	Aegis Limited (w.e.f. 03 June 2011)
	Aegis Limited - Subsidiary of holding company (w.e.f. 20 January 2011 till 02 June 2011)
	AGC Holdings Limited [(formerly known as Essar Services Holdings Limited) upto 02 June 2011]
	Essar Telecom Limited (Subsidiary of Essar Global Limited)
Ultimate holding company	Essar Global Limited

Related parties with whom transactions have taken place during the year

Fellow subsidiaries	Aegis Tech Limited
	Aegis Tech Pty Ltd., Australia
	Actionline De Argentina S.A.
	Aegis Communication Group LLC
	Aegis Services Australia Pty Ltd
	Aegis Services Philippines Inc
	Aegis Philippines Inc
	Aegis Aspire Consultancy Services Limited
	Aegis Outsourcing South Africa (Pty) Ltd
	Aegis BPO (Costa Rica) SRL
	Aegis Global Services FZ LLC
	Aegis Outsourcing UK Ltd
	Aegis People Support Inc
	Aegis USA Inc
	Aegis Services Lanka Pvt Limited
	Contact Centre Company
	Global Vantedge Private Limited
	Equinox Business Parks Pvt Limited
	Essar Services (Mauritius)
	Essar Oil Limited
	Essar Project (India) Limited
	Essar Projects Singapore Pte Ltd
	Essar Power Gujarat Limited
	Essar Power (Jharkhand) Limited
	Essar Steel India Limited
	Essar Telecom Kenya Limited
	Essar Power Transmission Company Limited
	Essar Power MP Limited
	Aegis Argentina S.A.
	Vadinar Power Company Limited
Key management personnel	Mr. S. K. Jha Managing director (w.e.f. 31 August 2010) Remuneration (w.e.f. 01 December 2011)
	Mr. Anil Nair (upto 31 August 2011)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Remuneration to key managerial personnel

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Mr. S. K. Jha Managing director		
Salary, bonus and contribution to PF	20	5
Payable	4	1
Mr. Anil Nair		
Salary, bonus and contribution to PF	-	5
Payable	-	3

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Notes to consolidated financial statements for the year ended 31 March 2013

b. Transactions and Balances with Related Parties

₹ Millions

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Interest received / receivable	Dividend Paid / payable	Loans & advances and other assets	Investment made	Investment sold	Sale of Investment to	Profit on Sale of Investment	Inter-Corporate Deposits receivables	Inter-Corporate Deposits withdrawn	Trade receivables	Amount owed to related parties*
Holding and ultimate holding companies																	
Essar Global Limited	31 March 13	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
Aegis Limited	31 March 13	162	126	4	-	129	-	-	2	-	800	-	-	-	-	52	299
	31 March 12	347	163	-	-	38	-	160	2	800	-	-	-	-	-	303	38
Fellow subsidiaries																	
Aegis Tech Limited	31 March 13	-	-	20	-	-	36	-	932	-	-	1,063	263	-	-	9	48
	31 March 12	7	51	23	17	-	-	-	-	-	-	-	-	-	-	45	44
Aegis Tech Pty Ltd, Australia	31 March 13	(0)	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actionline De Argentina S.A.	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
Aegis Communication Group LLC	31 March 13	153	17	-	42	91	-	-	-	-	-	-	-	-	-	162	149
	31 March 12	84	11	-	-	-	-	-	-	-	-	-	-	-	-	4	33
Aegis Services Australia Pty Ltd	31 March 13	338	-	-	-	30	-	-	24	-	-	-	-	-	-	118	226
	31 March 12	30	1	-	-	-	-	-	23	-	-	-	-	-	-	36	189
Aegis Services Philippines Inc	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	29
	31 March 12	49	-	-	-	-	-	-	-	-	-	-	-	-	-	0	27
Aegis Philippines Inc	31 March 13	108	-	38	-	0	-	-	-	-	-	-	-	-	-	106	38
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Vantedge Private Limited	31 March 13	-	-	-	-	-	23	-	-	-	-	-	-	-	200	-	-
	31 March 12	-	-	-	-	-	19	-	-	-	-	-	-	200	-	-	-
Aegis Outsourcing South Africa (Pty) Ltd	31 March 13	330	-	-	-	-	-	-	-	-	-	-	-	-	-	159	-
	31 March 12	30	-	-	-	-	-	-	-	-	-	-	-	-	-	14	-
Aegis BPO (Costa Rica) SRL	31 March 13	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Global Services FZ LLC	31 March 13	32	-	-	-	11	-	-	-	-	-	-	-	-	-	88	6
	31 March 12	137	-	-	-	-	-	-	-	-	-	-	-	-	-	137	-
Aegis Outsourcing UK Ltd	31 March 13	15	-	-	-	-	-	-	-	-	-	-	-	-	-	55	-
	31 March 12	32	-	-	-	-	-	-	-	-	-	-	-	-	-	38	-
Aegis People Support Inc	31 March 13	0	-	-	-	-	-	-	-	-	-	-	-	-	-	23	-
	31 March 12	128	-	-	-	-	-	-	4	-	-	-	-	-	-	21	1
Aegis Aspire Consultancy Services Limited	31 March 13	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	0
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

b. Transactions and Balances with Related Parties

₹ Millions

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Interest received / receivable	Dividend Paid / payable	Loans & advances and other assets	Investment made	Investment sold	Sale of Investment to	Profit on Sale of Investment	Inter-Corporate Deposits receivables	Inter-Corporate Deposits withdrawn	Trade receivables	Amount owed to related parties*
Aegis USA Inc	31 March 13	152	-	-	-	7	-	-	-	-	-	-	-	-	-	26	227
	31 March 12	53	-	-	-	-	-	-	-	-	-	-	-	-	-	(0)	150
Aegis Services Lanka Pvt Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equinox Business Parks Pvt Limited	31 March 13	6	-	-	-	59	-	-	28	-	-	-	-	-	-	-	-
	31 March 12	3	-	-	-	60	-	-	27	-	-	-	-	-	-	3	-
Essar Services (Mauritius)	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81
Essar Oil Limited	31 March 13	48	2	-	-	-	-	-	-	-	-	-	-	-	-	43	-
	31 March 12	18	1	-	-	-	-	-	-	-	-	-	-	-	-	15	-
Essar Power Transmission Company Limited	31 March 13	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Project (India) Limited	31 March 13	3	-	-	-	-	-	-	8	-	-	-	-	-	-	8	-
	31 March 12	4	-	-	-	-	-	-	3	-	-	-	-	-	-	5	-
Essar Projects Singapore Pte Ltd	31 March 13	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
	31 March 12	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Essar Power MP Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Power Gujarat Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Power (Jharkhand) Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Steel India Limited	31 March 13	8	2	-	-	-	-	-	-	-	-	-	-	-	-	1	-
	31 March 12	55	3	-	-	-	-	-	-	-	-	-	-	-	-	30	-
Essar Telecom Kenya Limited	31 March 13	-	-	-	-	-	-	-	13	-	-	-	-	-	-	0	-
	31 March 12	-	3	-	0	-	-	-	10	-	-	-	-	-	-	0	(10)
Vadinar Power Company Limited	31 March 13	18	-	-	-	-	-	-	-	-	-	-	-	-	-	18	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Argentina S.A.	31 March 13	(21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contact Centre Company	31 March 13	28	-	-	-	-	-	-	-	-	-	-	-	-	-	45	17
	31 March 12	88	-	-	-	2	-	-	-	-	-	-	-	-	-	88	2

* These amounts includes trade payables, other liabilities and advances from customers.

Notes to consolidated financial statements for the year ended 31 March 2013

32. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 13 Million (31 March, 2012: ₹ 32 Million)

(b) For commitments relating to lease arrangements, please refer note 29.

33.1 Contingent liabilities

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Contingent liabilities in respect of disputed demands of:		
(a) Income tax authorities	194	236
(b) Excise and Customs authorities	242	83
(c) Sales tax matters	16	14
(d) Bills Discounted	-	19

Income tax:

The demand is raised mainly on deferred profit due to change in revenue recognition policy and other cases for the assessment years 2005-06 till 2009-10 for ₹ 194 Million (31 March 2012 ₹ 236 Million). This is a timing difference liability and appeal is filed before Commissioner of appeals and other adjudicating authorities as required.

Excise, Service tax and Customs:

The amount is reported as contingent liability as an abundant caution for :

₹ 67 Million (31 March 2012 ₹ 67 Millions) for applicability of Custom duty on royalty remittance, appeal is filed by the Customs department with CESTAT, the order from the lower authority is issued in favour of the company.

₹ 7 Million (31 March 2012 ₹ 7 Million) for demand of Service tax on Royalty payments, the matter is pending before the Commissioner Appeals.

₹ 4 Million (31 March 2012 ₹ 4 Million) for Service tax Demand on RTU Charges, the matter is remanded back by Commissioner Appeals for fresh adjudication

₹ 5 Million (31 March 2012 ₹ 5 Million) related to Excise duty demand on sales of Software. The company has filed appeal before CESTAT.

₹ 42 Million (31 March 2012 ₹ Nil) for Service tax Demand on RTU Charges, the matter is pending before the CESTAT.

₹ 47 Million (31 March 2012 ₹ Nil), related to order passed by Commissioner of Central Excise towards excise duty on CT3 cases and incorrect input tax credit of service tax paid on foreign service providers for the matter is pending before CESTAT.

₹ 70 Million (31 March 2012 ₹ Nil), related to incorrect utilization of Input Credit of Service tax, the CESTAT has remanded back the matter to the Commissioner for fresh adjudication.

Sales tax:

This represents ₹ 8 Millions (31 March 2012 ₹ 8 Millions) on account of non-receipt of ‘F’ form which is based on abundant precaution. ‘F’ forms are to be received from company’s own branches. Balance amount of ₹ 8 Millions (31 March 2012 ₹ 6 Millions) is sales tax liability in the state of Kerala, West Bengal, Uttar Pradesh and Gujarat against which we have filed appeal before competent authority.

The Company is contesting all of the above demands in respect of Income tax, Excise, Service tax, Custom duty and Sales tax and the management, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company’s financial position and results of operations.

Bills Discounted:

Bill discounted represents sales bills discounted with banks against receivables from customers.

Notes to consolidated financial statements for the year ended 31 March 2013

33.2 The company had entered into a sale agreement for ₹ 565 Millions with one of its customer for supply of products and services under deferred payment consideration. The company has received ₹ 320 Millions under the sale agreement and the settlement agreement with the customer. As at year end, the receivables include ₹ 245 Millions recoverable from such customer. The company has not received the money as per the settlement agreement and therefore the company has initiated legal proceedings against the customer. Based on the advice of the external legal counsel the company has merits and stands a good chance of being able to recover the said outstanding dues from this customer. Accordingly a provision of ₹ 122 Millions is accounted against such receivables during the year and no further provision is considered necessary by the management.

34.1 Hedged foreign currency exposure

Details of foreign currency exposures that are hedged by a derivative instrument or otherwise are as follows:

	31 March 2013		31 March 2012	
	Foreign Currency	**₹ Millions**	**Foreign Currency**	**₹ Millions**
Trade Payables	3,785,593 USD	206	-	-

34.2 Unhedged foreign currency exposure

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

	31 March 2013		31 March 2012	
	Foreign Currency	**₹ Millions**	**Foreign Currency**	**₹ Millions**
Trade Payables	7,563,335 USD	411	12,302,602 USD	629
	106,856 GBP	9	1,300 GBP	0
	311,526 EUR	22	14,026 EURO	1
	3,148,543 SAR	46		
	422,117 SGD	18		
	29,341 HKD	0		
	147,000 JPY	0		
	5,785 NZD	0		
Bank Balances	706,363 USD	38	2,391,653 USD	122
	490,953 AED	7		
Trade Receivables	2,599,161 USD	141	3,504,514 USD	178
	3,397,963 AED	50	9,900 AUD	1
	51,824 GBP	4		
	33,304 SGD	1		
Short term borrowings	6,653,002 USD	362	4,106,586 USD	210
Short Term Loans & advances	2,361,196 USD	128		
Other current liabilities	2,457,870 USD	134	121,686 USD	6

Notes to consolidated financial statements for the year ended 31 March 2013

35. On 15 March 2013, the company has acquired business of Transcend United Technologies, LLC, USA.

The details of the acquisition date financial information are as provided below:

Particulars	**₹ Millions**
Assets	
Fixed assets	60
Inventories	101
Trade receivables	265
Cash and bank balances	12
Short-term loans and advances	68
Liabilities	
Long-term borrowing	(27)
Trade payables	(486)
Other current liabilities	(301)
Net Liabilities acquired	(308)
Purchase consideration paid	452
Goodwill on acquisition	760

The net liabilities of Transcend United Technologies, LLC, USA, as on 31 March 2013 are ₹ 313 Million, net revenue for the period from 15 March 2013 to 31 March 2013 is ₹ 66 Million and the net profit after tax during the period from 15 March 2013 to 31 March 2013 is ₹ 3 Million.

36. As per the transfer pricing rules prescribed under the Income Tax Act, 1961, the Company is examining domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustments with regard to the transaction involved.

37. During the previous year ended 31 March 2012

a) The Company has entered into a 60:40 joint venture agreement with a Saudi Arabian Company for developing the Saudi Arabian market for the products and services of AGC or any of its affiliates. For this purpose, it has committed ₹ 37 Million (SAR 2.7 Million) towards initial share capital in the joint venture comprising 27 thousand shares of 100 SAR each.

b) The Company, through its wholly owned subsidiary in Singapore has entered into a 42:40:18 joint venture agreement with an enterprise in UAE for execution of implementation projects in Dubai offering technology, infrastructure, integration, operation and management services.

38. Previous year figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification. The current year financial information is not comparable with previous year since the company has acquired business of Transcend United Technologies, LLC, USA w.e.f. 15 March 2013 for which numbers are included in the current year and which were not part of previous year numbers.

39. All amounts are in Rupees (in Million) except otherwise stated specifically - '0' denotes amounts less than a Million rupees.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place: Mumbai
Date : 28 May 2013

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

SUDIP RUNGTA
Director

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 28 May 2013

CEO / CFO CERTIFICATE

To the Board of Directors of AGC Networks Limited

Dear Sirs,

Sub: CEO / CFO Certificate
(Issued accordance with provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with cash flow statement of AGC Networks Limited for the year ended March 31, 2013 and that to the best of our knowledge and belief, we state that;

(a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.

(d) We have indicated to the auditors and the Audit committee

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours sincerely,

S. K. Jha
Managing Director & CEO
AGC Networks Limited

Kunjal Mehta
VP & Head Finance
AGC Networks Limited

Place: Mumbai
Date: 28 May 2013

CERTIFICATE FROM THE COMPANY SECRETARY

I, Pratik Bhanushali, Company Secretary of AGC Networks Limited, hereby confirm that the Company has:

a. Filed the

   (i) Annual Return for the year 2011-12 as per the Provision of Section 159 of the Companies Act, 1956; and

   (ii) Balance Sheet and Profit and Loss Accounts for the financial year 2011-12 as per the Provisions of Section 220 of the Companies Act, 1956;

b. Filed all other forms and returns and furnished all necessary particulars to the office of Registrar of Companies and / or authorities as required under the Companies Act, 1956.

c. Maintained all the Books of accounts and Statutory register under the Companies Act, 1956;

d. Conducted all the Board Meetings and Annual General Meeting as per the Companies Act, 1956 and the minutes thereof are properly recorded in the minutes Book;

e. Effected the Share Transfers and dispatched the Share Certificates within the time limit prescribed by various authorities;

f. Exercised all powers as per the Provisions of the Act and has not exceeded the borrowing powers;

g. Not invited and hence not defaulted in payment of any interests and principals against any fixed deposits;

h. Not issued and hence not defaulted in payment of interest and principals against any fixed deposits;

i. Paid dividend to the shareholders within the time limit prescribed and will transfer the unpaid / un-claimed dividends within the time limit prescribed to the Investor Education Protection Fund;

j. Complied with the Regulations prescribed by the Stock Exchanges, SEBI, and other Statutory Authorities and Statutory requirement under the Companies Act, 1956 and other applicable statutes in force;

The Certificate is given by the undersigned according to the best of his knowledge and belief, knowing fully well that on the faith and strength of what is stated above, the Shareholders of the Company will place fully reliance on it.

Pratik Bhanushali
Company Secretary

Place : Mumbai
Dated : 28 May 2013

Statement regarding Subsidiary Companies

Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

₹ Million

Sr. no.	Name of Subsidiary Company	Reporting currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding investment in subsidiaries)	Turnover	Profit/ (loss) before Taxation	Provision For Taxation	Profit/ (loss) After Taxation	Proposed Dividend	Country
1	AGC NETWORKS AUSTRALIA PTY LIMITED	AUD	56.7341	240	(116)	322	199	-	645	74	-	74	-	AUSTRALIA
2	AGC NETWORKS SINGAPORE PTE LIMITED	USD	54.3893	358	939	3,578	2,281	-	3,793	243	41	202	-	SINGAPORE
3	AGC NETWORKS INC. USA	USD	54.3893	0	(267)	1,607	1,873	-	307	(267)	-	(267)	-	USA

NOTE:

The Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rate as on 31.03.2013.

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

SUDIP RUNGTA
Director

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 28 May 2013

Financial highlights - Consolidated

₹ Million

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Fixed Assets (Net) and Investment	**1,292**	1,158	1,026	217	199	272	264	322	267	298
Net Current Assets	**4,956**	3,283	1,463	2,191	1,937	1,739	1,642	1,315	1,179	1,239
Total Capital Employed	**3,056**	3,225	2,627	2,530	2,257	2,154	2,040	1,733	1,513	1,573
Shareholders' Funds										
I. Equity	**285**	142	142	142	142	142	142	142	142	142
II. Reserves and Surplus	**2,771**	3,083	2,485	2,388	2,115	2,010	1,892	1,579	1,349	1,189
Total	**3,056**	3,225	2,627	2,530	2,257	2,152	2,034	1,721	1,491	1,331
Sales (including excise)	**10,612**	9,976	3,255	5,404	5,584	6,372	9,247	4,779	3,386	4,019
Other Income	**515**	129	31	103	42	34	83	166	48	770
Profit Before Tax	**(99)**	863	192	524	232	286	690	523	363	527
Provision for Tax										
I. Current Tax	**70**	217	76	178	51	108	282	227	160	228
II. Deferred Tax	**50**	11	(16)	-	21	(9)	(36)	(29)	(30)	(27)
III. Fringe Benefit Tax	**-**	-	-	-	5	12	17	17	-	-
Profit After Tax	**(219)**	635	132	346	155	175	427	309	233	327
Dividend (%)	**-**	150	22.50	45	35	35	67.50	45	45	45
Debt Equity Ratio	**-**	0.40	-	-	-	-	-	0.01	0.01	0.02
Earning per share (₹)	**(7.69)**	22.32	9.24	24.31	10.90	12.30	30.01	21.69	16.39	22.96
Cash Earning per share (₹)	**(1.98)**	52.85	11.94	29.79	18.13	20.80	42.29	29.25	23.90	31.29
Book Value per share (₹)	**107.22**	226.63	184.57	177.78	158.60	151.21	142.91	120.94	104.77	93.77

ACCOUNTANT'S REPORT ON COMPILATION OF CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTANT'S REPORT ON COMPILATION OF CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors of AGC Networks Limited

We have compiled the accompanying consolidated balance sheet of AGC n etworks l imited as at March 31, 2013, the related consolidated profit and loss account and the consolidated cash flow statement for the year then ended (together referred to as 'consolidated financial statements'). t hese consolidated financial statements were prepared on the basis of accounting records and other information and explanations provided by management as stated in the basis of preparation in note 2(a) and accounting policies in note 2.1 in the accompanying notes to these consolidated financial statements.

t he management of the AGC n etworks l imited is responsible for:

(a) the accuracy and completeness of the underlying data and complete disclosure of all material and relevant information to the accountant;

(b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;

(c) preparation and presentation of the consolidated financial statements, in accordance with the applicable laws and regulations, if any;

(d) establishing controls to safeguard the assets of the entity and preventing and detecting frauds, errors or other irregularities; and

(e) establishing controls for ensuring that the activities of the entity are carried out in accordance with applicable laws and regulations and preventing and detecting any non compliance.

o ur responsibility is to conduct the compilation in accordance with the Standard on Related Service (SRS 4410), "engagements to Compile Financial Information," issued by the Institute of Chartered Accountants of India.t he objective of a compilation is to assist management in presenting financial information in the form of consolidated financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements.

Since the consolidated financial statements have been compiled for the purpose stated in note 2(b) and have been drawn up on the basis described in note 2(a), these consolidated financial statements do not comply with the generally accepted accounting principles in India.

The consolidated balance sheet, the consolidated profit & loss account and the consolidated cash flow statement, read with the preceding paragraph, are in agreement with the books of account. We have not audited or reviewed the accompanying consolidated financial statements, and accordingly, do not express an opinion.

For S.R. BATLIBOI & ASSOCIATES LLP
Firm registration number:101049W
Chartered Accountants

per Shyamsundar Pachisia
Partner
Membership Number: 49237
Place: Mumbai
Date: 23 July 2013

Compiled Consolidated Balance sheet as at 31 March 2013

	Notes	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Equity and liabilities			
Shareholders' funds			
Share capital	3	285	142
Reserves and surplus	4	3,027	3,083
		3,312	**3,225**
Non-current liabilities			
Long-term borrowings	5.1	37	-
Other long-term liabilities	6	-	40
Deferred tax liabiliity (net)	7.1	28	53
Long-term provisions	8	79	48
		144	**141**
Current liabilities			
Short-term borrowings	5.2	3,127	1,288
Trade payables	9	3,516	2,870
Other current liabilities	9	1,734	1,320
Short-term provisions	8	132	398
		8,509	**5,876**
TOTAL		**11,965**	**9,242**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	512	421
Intangible assets	11	775	22
Capital work-in-progress		0	0
Non-current investments	12	5	5
Deferred tax assets (net)	7.2	-	125
Loans and advances	14	701	457
Other non-current assets	15	11	7
		2,004	**1,037**
Current assets			
Current investments	12	-	800
Inventories	16	1,432	688
Trade receivables	13	5,653	5,178
Cash and bank balances	17	1,155	627
Loans and advances	14	1,644	889
Other current assets	15	77	23
		9,961	**8,205**
TOTAL		**11,965**	**9,242**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the compiled consolidated financial statements.

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 23 July 2013

Compiled Consolidated Statement of profit and loss for the year ended 31 March 2013

	Notes	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Income			
Revenue from operations (gross)	18	10,444	9,976
Less: excise duty	18	32	30
Revenue from operations (net)		**10,412**	**9,946**
Other income	19	515	129
Total revenue (I)		**10,927**	**10,075**
Expenses			
Cost of raw material and components consumed	20	227	237
Purchase of traded goods	21	6,390	5,846
(Increase) / decrease in inventories of finished goods, work-in-progress and stock at customer sites	21	(734)	(370)
Excise duty	18	1	1
Employee benefits expense	22	1,823	1,363
Depreciation and amortization expense	23	163	162
Finance costs	24	362	85
Other expenses	25	2,538	1,868
Exceptional items	26	-	20
Total expenses (II)		**10,770**	**9,212**
Profit / (Loss) before tax (I-II)		157	863
Tax expenses			
Current tax		70	184
Short/(Excess) provision of tax for earlier years		(47)	33
Deferred tax		97	11
Total tax expense		**120**	**228**
Profit / (Loss) for the year		**37**	**635**
Earnings per equity share [nominal value of share ₹ 10 (31 March 2012 : ₹ 10)]	**27**		
Basic and diluted earning per share (in ₹)		₹ 1.30	₹ 22.32
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the compiled consolidated financial statements.

For and on behalf of the Board of Directors of AGC Networks Limited

S. K. JHA
MD & CEO

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 23 July 2013

Compiled Consolidated Cash flow statement for the year ended 31 March 2013

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Cash flow from operating activities		
Profit before tax	**157**	**863**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	163	162
Loss / (profit) on sale of fixed assets	(0)	(2)
Provision for warranties	(4)	(5)
Provision for doubtful debts and advances	335	74
Liabilities for earlier years no longer required written back	(73)	(72)
Unrealized foreign exchange loss / (gain)	17	(30)
Net (gain) / loss on sale of current investments	(263)	-
Interest expense	362	85
Interest income	(161)	(33)
Operating profit before working capital changes	**533**	**1,042**
Movements in working capital:		
Increase / (decrease) in trade payables	177	1,971
Increase / (decrease) in long-term provisions	31	(0)
Increase / (decrease) in short-term provisions	38	7
Increase / (decrease) in other current liabilities	154	(151)
Increase / (decrease) in other long-term liabilities	(40)	16
Decrease / (increase) in trade receivables	(549)	(2,571)
Decrease / (increase) in inventories	(643)	(280)
Decrease / (increase) in long-term loans and advances	(55)	(17)
Decrease / (increase) in short-term loans and advances	13	(380)
Decrease / (increase) in other non-current assets	(4)	(1)
Cash generated from / (used in) operations	(345)	(364)
Direct taxes paid (net of refunds)	(263)	(98)
Net cash flow from / (used in) operating activities (A)	**(608)**	**(462)**
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(194)	(293)
Proceeds from sale of fixed assets	7	50
Proceeds from sale of unquoted equity instruments in holding company	168	-
Acquisition of subsidiary, net of cash acquired	-	(60)
Acquisition of business, (net of cash acquired of ₹ 12 Million) (refer note 35)	(440)	-
Investment in bank deposits (having original maturity of more than three months but less than twelve months)	(505)	(306)
Redemption / maturity of Inter Corporate Deposits	200	-
Interest received	107	10
Net cash flow from / (used in) investing activities (B)	**(657)**	**(599)**

Compiled Consolidated Cash flow statement for the year ended 31 March 2013 (Contd.)

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Cash flows from financing activities		
Proceeds from long-term borrowings	33	-
Proceeds from short-term borrowings	1,853	1,288
Interest paid	(354)	(85)
Dividend paid on equity shares	(213)	(32)
Tax on equity dividend paid	(35)	(5)
Net cash flow from / (used in) in financing activities (C)	**1,284**	**1,166**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**19**	**105**
Effect of exchange differences on cash & cash equivalents held in foreign currency	4	5
Cash and cash equivalents at the beginning of the year	321	211
Cash and cash equivalents at the end of the year	**344**	**321**
Components of cash and cash equivalents		
Cash on hand	0	0
Cheques / drafts on hand	65	8
With banks- on current account	274	310
- unpaid dividend accounts*	5	3
Total cash and cash equivalents (refer note 17)	**344**	**321**

Summary of significant accounting policies 2.1

*The company can utilize these balances only towards settlement of respective unpaid dividend liabilities.

For and on behalf of the Board of Directors of
AGC Networks Limited

S. K. JHA
MD & CEO

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
VP & Head - Finance

Place : Mumbai
Date : 23 July 2013

Notes to compiled consolidated financial statements for the year ended 31 March 2013

1. Corporate information

(a) AGC Networks Limited ('the Company') or 'AGC' is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in manufacturing, trading and integrating network solutions and selling reputed brand of Video Conference, Voice and Data Products. The Company caters to both domestic and international markets. The Company also provides annual maintenance service for telecom, networking and electronic products.

(b) **Demerger of the Specialised Managed Services Division**

In order to ensure focused operational approach on technology business, the board of directors of AGC Networks Inc. on 08 July 2013 has approved the demerger of the Specialised Managed Services Division (Captive Division) of the Company. The Company has transferred the specialized resources of the said division along with identified assets and liabilities, to Aegis Global Inc at carrying value, for USD 1,000 with effect from 01 April 2012.

The demerger of the Division from AGC Networks Inc to Aegis Global Inc will help the Company to focus on developing customer relationship in technology space to enhance profitability and tapping high market potential.

The compiled consolidated financial statements of AGC Network Ltd and its subsidiaries (the "Group") are drawn up after giving retrospective effect and to reflect the impact of transfer of the following assets and liabilities of the Captive Division on the financial statements for the year ended 31 March 2013.

Summary of Demerged Division Balance Sheet	**31 March 2013**
	₹ Millions
Assets	
Trade receivables	67
Total	**67**
Shareholders' funds	
Reserves and surplus	(256)
Liabilities	
Trade payables	88
Other current liabilities	235
Total	**67**

Summary of Demerged Division Profit and Loss accounts	**31 March 2013**
	₹ Millions
Income	
Revenue from operations (net)	168
Total revenue (I)	**168**
Expenses	
Employee benefits expense	373
Other expenses	51
Total expenses (II)	**424**
Profit/(loss) for the year (I-II)	**(256)**

2. (a) Basis of preparation of Compiled Consolidated Financial Statements

The compiled consolidated financial statements of the company have been prepared after deducting the Income, Expenses, Assets and Liabilities, of Specialised Managed Services Division (Captive Division) of a subsidiary, from the Audited consolidated financial statements (basis of preparation as stated below) of the group as at 31 March 2013, with retrospective effect from 01 April 2012. Since the Compiled Consolidated Financial Statements are prepared excluding the Income, Expenses, Assets and Liabilities of a Captive division, these financial statements, accordingly, do not comply with the generally accepted accounting principles in India to that extent.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

Basis of preparation of Audited Consolidated Financial Statements

The Consolidated Financial Statements of the company (referred in preceding paragraph) have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 (the `Act'). The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made. The accounting policies adopted in preparation of consolidated financial statements are consistent with those used in the previous year.

Basis of preparation of Management numbers of Captive Division

The Income, Expenses, Assets and Liabilities of the Captive Division are as accounted in relation to Specialised Managed Services Division (Captive Division) during the year, in the books of AGC Networks Inc. a subsidiary Company operating in United States of America.

(b) Purpose of Compiled Consolidated Financial Statements

The Compiled consolidated financial statements are prepared to provide additional information to the investors on its state of affairs as at year end as if Captive Division would not have been part of the Company since beginning of the financial year ended 31 March 2013.

2.1 Summary of Significant Accounting Policies

(a) Use of Estimates

The estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods.

(b) Tangible assets

Tangible assets are stated at cost of acquisition or construction, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on straight-line basis using the rates arrived at based on useful life estimated by the management, or those prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. The company depreciates its assets over the useful lives as detailed below:

Assets	No. of Years
Leasehold improvements	6 years
Buildings	20 years
Plant and Equipment	3 to 5 years
Furniture, Fixtures and Office Equipments	5 years
Computers	4 years
Vehicles	4 years
Electrical Installations	5 years

Cost of leasehold land is amortised over the period of lease (generally 99 years).

Assets purchased specifically for projects are depreciated over the life of the projects.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

A summary of amortization policies applied to the company's intangible assets is as below:

Assets	No. of Years
Computer Softwares	4 years
Goodwill on acquisition	5 years

(e) Impairment of tangible and intangible assets

The carrying amounts of tangible assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the compiled consolidated financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(g) Inventories

Inventories are valued at cost or net realisable value, whichever is lower. The cost is determined on weighted average basis, and includes all costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and finished goods, cost also includes costs of conversion.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(h) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow ofresources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provision for warranties

The Company accrues provision for estimated future warranty costs based upon its historical relationship of warranty claims to sales. The Company periodically reviews the adequacy of its product warranties and adjusts, if necessary, the warranty percentage and accrued warranty provision, for actual experience. The estimate of such warranty-related costs is revised annually.

(i) Foreign currency translation

Foreign currency transactions and balances

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

The company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 2 and 3 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period.In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of product is recognized when the ownership and title is transferred on invoicing based on confirmed purchase orders / sales contract which generally coincides with delivery. Sales include excise duty but excludes sales tax.

The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from Services

1. Services including "installation and commissioning" related to products supplied or on a stand-alone basis are recognized based on proportionate completion method where revenue is recognized proportionately with the degree of completion of services. The purchase price of the products and services sold directly typically includes a warranty for a period up to one year.
2. Revenue from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered.
3. Service Income is recognized on performance of the services as defined in the contractual terms. In case where services are availed from the vendors to service confirmed customer orders and the Company does not carry obligation to serve, revenue is recognized at the time of raising of invoices.
4. Service Income of a periodic nature which is not accrued during the year is disclosed as Unearned Revenue.
5. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head " Other income " in the statement of profit & loss.

Other Income

Other income is accounted on accrual basis except where receipt of income is uncertain.

(k) Taxes on Income

Tax expense comprises of current and deferred tax. For the companies incorporated in India, current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India and in case of foreign subsidiaries, tax expense is measured in accordance with the prevailing tax laws in country in which the subsidiary is domiciled. Tax rate and tax laws used to compute the amount are those that are enacted by the reporting date. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(l) Leases

Where the company is lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The company operates one defined benefit plans for its employees, viz., gratuity. The costs of providing benefit under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which it occurs in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(n) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(o) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(p) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(q) Segment reporting

Identification of segments

The Company operates in single segment as Technology and Network Solution Integrator. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers, if any, at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the compiled consolidated financial statements of the company as a whole.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

3. Share capital

	31 March 2013	31 March 2012
Authorised shares	**₹ Millions**	**₹ Millions**
3,00,00,000 (31 March 2012: 2,50,00,000) equity shares of ₹ 10 / - each	300	250
10,00,000 (31 March 2012: 10,00,000) cumulative redeemable preference shares of ₹ 100 / - each	100	100
Issued, subscribed and fully paid-up shares		
2,84,66,464 (31 March 2012 : 1,42,33,232) equity shares of ₹ 10 / - each fully paid up	285	142
Total issued, subscribed and fully paid-up share capital	**285**	**142**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	31 March 2013		31 March 2012	
	No. of shares	**₹ Millions**	**No. of shares**	**₹ Millions**
At the beginning of the period	14,233,232	142	14,233,232	142
Issued during the period - Bonus issue	14,233,232	143	-	-
Outstanding at the end of the period	**28,466,464**	**285**	**14,233,232**	**142**

The Company has allotted 14,233,232 Bonus shares in the proportion of 1:1. One new equity bonus share of ₹ 10 / - each is issued for every 1 existing equity share of ₹ 10 / - each fully paid-up by capitalization of securities premium account, based on shareholders' approval.

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ Nil (31 March 2012: ₹ 15).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding Company

Out of equity shares issued by the Company, shares held by its holding Company are as below:

Name of Shareholder	31 March 2013	31 March 2012
	₹ Millions	**₹ Millions**
Aegis Limited, (Holding Company w.e.f. 3 June 2011)		
21,349,848 (31 March 2012: 10,674,924) equity shares of ₹ 10 each fully paid	213	107

(d) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	31 March 2013	31 March 2012
	No. of shares	**No. of shares**
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	14,233,232	-

(e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of shares	**% holding in the class**	**No. of shares**	**% holding in the class**
Equity shares of ₹ 10 each fully paid				
Aegis Limited, (Holding Company w.e.f. 3 June 2011) held	21,349,848	75.00%	10,674,924	75.00%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

4. Reserves and surplus

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Capital reserve		
Balance as per the last financial statements	380	226
Add: Additions during the year (Refer note below)	-	154
Closing Balance	**380**	**380**
Securities premium account		
Balance as per the last financial statements	463	463
Less: amounts utilized towards issue of fully paid bonus shares	142	-
Closing Balance	**321**	**463**
Foreign currency translation reserve		
Balance as per the last financial statements	69	12
Add: Additions during the year	49	57
Closing Balance	**118**	**69**
General reserve		
Balance as per the last financial statements	1,006	990
Add: amount transferred from surplus balance in the statement of profit and loss	-	16
Closing Balance	**1,006**	**1,006**
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,165	794
Profit / (loss) for the year	37	635
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ Nil (31 March 2012: ₹ 15))	-	213
Tax on proposed equity dividend	-	35
Transfer to general reserve	-	16
Total appropriations	**-**	**264**
Net surplus in the statement of profit and loss	**1,202**	**1,165**
Total reserves and surplus	**3,027**	**3,083**

Note : During the previous year, on 01 May 2011, the Company has acquired ownership interest of AGC Networks Pte. Ltd. (formerly known as Aegis Tech Singapore Pte. Ltd.) resulting in accounting of capital reserve computed as given below.

The details of the acquisition date financial information are provided below:

Particulars	**₹ Millions**
Net assets	224
Purchase consideration	70
Capital reserve	154

Notes to compiled consolidated financial statements for the year ended 31 March 2013

5.1. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Term loan				
Loan from Cisco Systems Capital (I) Private Ltd (unsecured)	21	-	12	-
Other loans and advances				
Finance lease obligation (secured)	16	-	11	-
	37	-	23	-
The above amount includes				
Secured borrowings	16	-	11	-
Unsecured borrowings	21	-	12	-
Amount disclosed under the head “other current liabilities” (note 9)	-	-	(23)	-
Net amount	**37**	**-**	**-**	**-**

Loan from Cisco Systems Capital (I) Private Ltd. is repayable in 12 quarterly installments of ₹ 3 Million each starting from 14 February 2013.

Finance lease obligation is secured by fixed assets taken on lease. The interest rate implicit in the lease is 8% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 37 monthly installments of ₹ 0.8 Million each.

5.2. Short-term borrowings

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Cash credit from banks (Secured)	2,365	965
Buyers credit from banks (Secured)	362	323
Indian Rupee Term loan from bank (Secured)	400	-
	3,127	**1,288**
The above amount includes		
Secured borrowings	3,127	1,288
Unsecured borrowings	-	-

Cash credit and buyers credit from banks is secured by first exclusive charge on entire current assets of the Company (present and future) including stocks of raw material, WIP, finished goods, book debts, insurances, etc. and by second charge on all moveable fixed assets of the Company. The cash credit is repayable on demand. Buyers credit is repayable on due date.

Cash credit facility of ₹ 805 Millions from Axis Bank is fully secured by first lien security interest of equivalent margin money deposit.

Indian rupee term loan from bank is secured by first charge on all moveable fixed assets of the Company and by corporate guarantee of Aegis Ltd. (holding company). Same is repayable 10 weekly installments of ₹ 40 Million each starting from 16 April 2013.

6. Other long-term liabilities

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Unearned revenue	-	40
	-	**40**

Notes to compiled consolidated financial statements for the year ended 31 March 2013

7.1. Deferred tax liability (net)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Deferred tax liability		
Deferred tax liability on non-repatriation of profits	28	53
Gross deferred tax liability	**28**	**53**
Gross deferred tax assets	**-**	**-**
Deferred tax liability (Net)	**28**	**53**

7.2. Deferred tax asset (net)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-	24
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	-	45
Provision for doubtful debts and advances	-	42
Other provisions	-	14
Gross deferred tax asset	**-**	**125**
Gross deferred tax liability	**-**	**-**
Deferred tax asset (Net)	**-**	**125**

8. Provisions

	Long-term		Short-term	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Provision for employee benefits				
Provision for gratuity (refer note 28)	30	12	-	-
Provision for superannuation benefit	-	-	4	-
Provision for leave benefits	49	36	49	20
	79	48	53	20
Other provisions				
Provision for warranties	-	-	18	22
Provision for provident funds	-	-	9	5
Provision for tax	-	-	52	103
Proposed equity dividend	-	-	-	213
Provision for tax on proposed equity dividend	-	-	-	35
	-	**-**	**79**	**378**
	79	**48**	**132**	**398**

Notes to compiled consolidated financial statements for the year ended 31 March 2013

8. Provisions (Contd.)

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the last one year, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within a year after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the one-year warranty period for all products sold. The table below gives information about movement in warranty provisions.

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
At the beginning of the year	22	27
Arising during the year	-	7
Utilized during the year	-	-
Unused amounts reversed	(4)	(12)
At the end of the year	**18**	**22**
Current portion	18	22
Non-current portion	-	-

9. Other current liabilities

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Trade payables (including acceptances)	3,516	2,870
Other liabilities		
Current maturities of long-term borrowings (note 5.1) (Includes current maturity of finance lease obligation ₹ 11 million (31 March 2012: ₹ Nil million))	23	-
Interest accrued but not due on borrowings	10	2
Accrued expenses	421	385
Unearned revenue on AMC Services	56	65
Unearned revenue on Others	457	198
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	5	3
Advances from customers	597	276
Statutory Dues Payable*	42	61
TDS payable	68	32
Other current liabilities	55	298
	1,734	**1,320**
	5,250	**4,190**

*It includes Service / VAT / Sales tax / Professional tax / WCT payable.

10. Tangible assets

₹ Millions

	Leasehold Land	Leasehold Improvement	Freehold Land	Buildings	Plant and equipment	Computers	Electrical Installations	Furniture and fixtures	Office Equipments	Vehicles	Exchange fluctuation on compiled consolidation of non-integral foreign subsidiary	Total
Cost or valuation												
At 1 April 2011	4	-	1	33	322	131	23	40	157	3	7	721
Additions	-	-	-	-	107	38	10	25	51	-	-	231
Assets acquired on business combination	-	-	-	-	-	77	-	-	47	-	18	142
Assets transferred to stock (refer note 2 below)	-	-	-	-	51	-	-	-	-	-	-	51
Disposals	-	-	-	1	2	14	4	18	9	-	4	52
At 31 March 2012	**4**	**-**	**1**	**32**	**376**	**232**	**29**	**47**	**246**	**3**	**21**	**991**
Additions	-	9	-	-	144	14	1	1	9	-	10	188
Additions through business purchase (refer note 35)	-	-	-	-	-	-	-	5	55	0	-	60
Disposals	-	-	-	-	6	25	4	5	6	1	-	47
At 31 March 2013	**4**	**9**	**1**	**32**	**514**	**221**	**26**	**48**	**304**	**2**	**31**	**1,192**
Depreciation												
At 1 April 2011	1	-	-	20	157	109	17	33	126	2	5	470
Charge for the year	0	-	-	1	78	40	3	6	24	-	-	152
Assets acquired on business combination	-	-	-	-	-	2	-	-	1	-	-	3
Assets transferred to stock (refer note 2 below)	-	-	-	-	16	-	-	-	-	-	-	16
Disposals	-	-	-	-	2	14	2	16	9	-	(4)	39
At 31 March 2012	**1**	**-**	**-**	**21**	**217**	**137**	**18**	**23**	**142**	**2**	**9**	**570**
Charge for the year	0	0	-	1	72	40	4	7	24	0	2	150
Disposals	-	-	-	-	6	18	4	5	6	1	-	40
At 31 March 2013	**1**	**0**	**-**	**22**	**283**	**159**	**18**	**25**	**160**	**1**	**11**	**680**
Net Block												
At 31 March 2012	**3**	**-**	**1**	**11**	**159**	**95**	**11**	**24**	**104**	**1**	**12**	**421**
At 31 March 2013	**3**	**9**	**1**	**10**	**231**	**62**	**8**	**23**	**144**	**1**	**20**	**512**

1. Building includes those constructed on leasehold land.
2. In previous year, assets transferred to inventory represents the assets released from one of the customers location (net of depreciation thereon till the date of transfer) which are identified to be usable as inventory and can be consumed for other commercial contracts.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

11. Intangible assets

₹ Millions

	Goodwill	Computer Software	Total
Gross Block			
At 1 April 2011	-	117	117
Purchase	-	14	14
Assets transferred to stock (refer note below)	-	22	22
At 31 March 2012	**-**	**109**	**109**
Purchase	-	5	5
Additions through business purchase (refer note 35)	760	-	760
Exchange fluctuation on compiled consolidation of non-integral foreign subsidiary	-	1	1
At 31 March 2013	**760**	**115**	**875**
Amortization			
At 1 April 2011	-	81	81
Charge for the year	-	13	13
Assets transferred to stock (refer note below)	-	7	7
At 31 March 2012	**-**	**87**	**87**
Charge for the year	-	13	13
At 31 March 2013	**-**	**100**	**100**
Net Block			
At 31 March 2012	**-**	**22**	**22**
At 31 March 2013	**760**	**15**	**775**

Note:

In previous year, assets transferred to inventory represents the assets released from one of the customers location (net of depreciation thereon till the date of transfer) which are identified to be usable as inventory and can be consumed for other commercial contracts.

12. Investments

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Trade investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in holding company				
Nil (31 March 2012: 57,14,285) Equity shares of ₹ 140 each fully paid-up in Aegis Limited	-	-	-	800
	-	**-**	**-**	**800**
Non-trade investments (valued at cost unless stated otherwise)				
Government and trust securities (unquoted)				
Investment in Rural Electrification Corporation Limited Bonds	5	5	-	-
	5	**5**	**-**	**-**
	5	**5**	**-**	**800**
Aggregate amount of unquoted investments	5	5	-	800
Aggregate provision for diminution in value of investments	-	-	-	-

Notes to compiled consolidated financial statements for the year ended 31 March 2013

13. Trade receivables (current)

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good (refer note 33.2)	1,315	1,041
Doubtful	471	136
	1,786	**1,177**
Provision for doubtful receivables	471	136
	1,315	**1,041**
Other receivables		
Unsecured, considered good	4,338	4,137
	4,338	**4,137**
	5,653	**5,178**

14. Loans and advances

	Non-Current		Current	
	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Capital advances				
Unsecured, considered good	0	4	-	-
	0	**4**	**-**	**-**
Deposits				
Unsecured, considered good	42	19	36	45
	42	**19**	**36**	**45**
Loan and advances to related parties (note 31)				
Unsecured, considered good	27	27	947	228
	27	**27**	**947**	**228**
Advances recoverable in cash or kind				
Unsecured, considered good	20	2	425	566
	20	**2**	**425**	**566**
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	587	398	-	-
Prepaid expenses	25	7	178	48
Balances with statutory / government authorities	-	-	58	2
	612	**405**	**236**	**50**
	701	**457**	**1,644**	**889**

15. Other assets

	Non-Current		Current	
	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 17)	**11**	**7**	**-**	**-**
Others				
Interest accrued on fixed deposits	0	-	41	6
Interest accrued on Inter-Corporate Deposits	-	-	-	17
Interest accrued on investments	0	0	-	-
Interest accrued on others	-	-	36	-
	0	**0**	**77**	**23**
	11	**7**	**77**	**23**

Notes to compiled consolidated financial statements for the year ended 31 March 2013

16. Inventories (valued at lower of cost and net realizable value)

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Raw materials and components (includes in transit inventory of ₹ 9 Million (31 March 2012: ₹ 0 Millions)) (refer note 20)	13	3
Work-in-progress (refer note 21)	60	44
Traded goods (refer note 21)(including stock-in-transit inventory of ₹ 6 Millions (31 March 2012: ₹ 64 Millions))	1,118	462
Stock at Customer site (Due to unearned revenue) (refer note 21)	241	179
	1,432	**688**

17. Cash and bank balances

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	274	310
– On unpaid dividend account	-	-	5	3
Cheques / drafts on hand	-	-	65	8
Cash on hand	-	-	0	0
	-	**-**	**344**	**321**
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	811	306
Margin money deposit*	11	7	-	-
	11	**7**	**811**	**306**
	11	**7**	**1,155**	**627**
Amount disclosed under other non-current assets (note 15)	**(11)**	**(7)**	**-**	**-**
	-	**-**	**1,155**	**627**

***Margin money deposits given as security**

Margin money deposits with a carrying amount of ₹ 11 Millions (31 March 2012 : ₹ 7 Millions) are given against bank guarantees issued.

It includes deposit with the original maturity of less than 12 months which is rolled over till the maturity of the bank guarantee.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

18. Revenue from operations

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Revenue from operations		
Sale of products		
Finished goods	306	352
Traded goods	6,688	6,697
Sale of services	3,450	2,927
Revenue from operations (gross)	**10,444**	**9,976**
Less: Excise duty #	32	30
Revenue from operations (net)	**10,412**	**9,946**

Excise duty on sales amounting to ₹ 32 Million (31 March 2012 : ₹ 30 Million) has been reduced from sales in statement of profit & loss and excise duty on increase / decrease in stock amounting to ₹ 1 Million (31 March 2012 : ₹ 1 Million) has been considered as expense in the statement of profit and loss.

Detail of products sold

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Finished goods sold		
Enterprise Communication and Solution Integration	306	352
	306	**352**
Traded goods sold		
Enterprise Communication and Solution Integration	6,688	6,697
	6,688	**6,697**
	6,994	**7,049**

Detail of services rendered

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Maintenance services	2,100	1,899
Implementation services	1,350	1,028
	3,450	**2,927**

19. Other income

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Interest income on		
Bank deposits	83	14
Long-term investments	0	0
Inter-Corporate Deposits	23	18
Interest received on Income Tax Refund	15	-
Others	40	1
Net gain on sale of current investments	263	-
Commission income	2	-
Liabilities for earlier years no longer required written back	73	72
Profit on sale of fixed assets	0	2
Other non-operating income	16	22
	515	**129**

Notes to compiled consolidated financial statements for the year ended 31 March 2013

20. Cost of raw material and components consumed

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Inventory at the beginning of the year	3	7
Add: Purchases	237	233
	240	240
Less: Inventory at the end of the year	13	3
Cost of raw material and components consumed	**227**	**237**

Details of raw material and components consumed

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Printed circuit boards	105	149
Static converters	7	7
Cabinet	47	61
Peripherals	5	9
Others	63	11
	227	**237**

21. (Increase) / decrease in inventories

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions	(Increase) / decrease ₹ Millions
Inventories at the end of the year			**31 March 2013**
Traded goods	1,118	462	(656)
Stocks at Customer sites	241	179	(62)
Work-in-progress	60	44	(16)
	1,419	**685**	**(734)**
Inventories at the beginning of the year			**31 March 2012**
Traded goods	462	133	(329)
Stocks at Customer sites	179	143	(36)
Work-in-progress	44	39	(5)
	685	**315**	**(370)**
	(734)	**(370)**	

Details of inventory

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Traded goods and stock at customer site		
Enterprise Communication and Solution Integration	1,359	641
	1,359	**641**
Work-in-progress		
Enterprise Communication and Solution Integration	60	44
	60	**44**
	1,419	**685**

Details of Purchase of Traded goods

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Enterprise Communication and Solution Integration	6,390	5,846
	6,390	**5,846**

Notes to compiled consolidated financial statements for the year ended 31 March 2013

22. Employee benefits expense

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Salaries, wages and bonus	1,726	1,292
Contribution to provident and other funds	15	13
Gratuity expenses (refer note 28)	18	(1)
Staff welfare expenses	64	59
	1,823	**1,363**

23. Depreciation and amortization expense

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Depreciation of tangible assets	150	149
Amortization of intangible assets	13	13
	163	**162**

24. Finance costs

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Interest and other charges*	362	85
	362	**85**

*₹ 6 Millions (31 March 2012 : ₹ 2 Millions) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2013 is included in Exchange differences (net) in note no. 25.

25. Other expenses

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Service charges	1,372	1,134
Installation and commissioning expenses	56	72
	1,428	1,206
Consumption of stores and spares	1	1
Power and water charges	22	21
Rent	155	136
Rates and taxes	16	20
Insurance	14	2
Repairs and maintenance:		
- Plant and Machinery	1	3
- Other	65	48
Travelling and conveyance	204	137
Telephone, telex and fax	54	35
Printing and stationery	7	7
Legal and professional fees	50	40
Advertisement and sales promotion	24	16
Outward freight, clearing and forwarding charges	73	34
Commission to others	14	9
Directors' sitting fees	1	1
Exchange differences (net)*	26	30
Provision for doubtful debts and advances	335	74
Other expenses	48	48
	2,538	**1,868**

*Includes ₹ 6 Millions (31 March 2012 : ₹ 2 Millions) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2013.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

26. Exceptional items

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Employee Separation Scheme	-	20

In the previous year, in order to right size the workforce, the company had announced Employee Separation Scheme. The aggregate expenditure of ₹ 20 million was charged to the statement of profit and loss for the year ended 31 March 2012.

27. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Total operations for the year from continuing operations		
Net profit for calculation of basic and diluted EPS	37	635
	No. millions	No. millions
Weighted average number of equity shares in calculating basic and diluted EPS	28,466,464	28,466,464
Basic and diluted earnings per share (in ₹)	1.30	22.32
Nominal Value per share (in ₹)	10.00	10.00

28. Employee benefits plan

(a) Defined contribution plan - The Company has recognised the following amount in the statement of profit and loss for the year ended:

Particulars	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Contribution to provident fund	15	12

Above amount has been included in the line item 'Contribution to provident and other funds' in note 22 to the financial statements.

(b) Defined benefit plan - The company has one defined plan, i.e. Gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Current service cost	9	8
Interest cost on benefit obligation	4	5
Expected return on plan assets	(3)	(4)
Net actuarial (gain) / loss recognized in the year	8	(10)
Net benefit expense	**18**	**(1)**

Balance sheet

Benefit asset / liability

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Present value of defined benefit obligation	58	48
Fair value of plan assets	28	36
Funded status [surplus / (deficit)]	(30)	(12)
Plan asset / (liability)	**(30)**	**(12)**

Notes to compiled consolidated financial statements for the year ended 31 March 2013

28. Employee benefits plan (Contd.)

Changes in the present value of the defined benefit obligation are as follows:

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Opening defined benefit obligation	48	65
Current service cost	9	8
Interest cost	4	5
Benefits paid	(11)	(19)
Actuarial (gains) / losses on obligation	8	(10)
Closing defined benefit obligation	**58**	**48**

Changes in the fair value of plan assets are as follows:

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Opening fair value of plan assets	36	51
Expected return	3	4
Contributions by employer	-	-
Benefits paid	(11)	(19)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	**28**	**36**

The company expects to contribute ₹ Nil to gratuity in the next year (31 March 2012 : ₹ Nil).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	31 March 2013	31 March 2012
Investments with insurer	100%	100%

Following are the principal assumptions used as at the Balance Sheet date:

	Gratuity	
	31 March 2013	31 March 2012
Discount rate	8.20%	8.40%
Expected rate of return on assets	8.50%	8.50%
Salary escalation rate	6.00%	6.00%
Mortality rate	Indian Assured Lives Mortality (2006-08) (modified) ult.	Indian Assured Lives Mortality (1994-96) (modified) ult.
Withdrawal rate	Upto age 26 years 0.10%	Upto age 26 years 0.10%
	Upto age 27-34 years 2.50%	Upto age 27-34 years 2.50%
	Upto age 35-44 years 6.50%	Upto age 35-44 years 6.50%
	Upto age 45-54 years 1.50%	Upto age 45-54 years 1.50%
	Above age 54 years 0.50%	Above age 54 years 0.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

28. Employee benefits plan (Contd.)

Amounts for the current and previous four periods are as follows:

	31 March 2013	31 March 2012	31 March 2011	30 September 2010	30 September 2009
	₹ Millions	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Gratuity					
Defined benefit obligation	58	48	65	53	53
Plan assets	28	36	52	53	54
Deficit / (surplus)	30	12	13	-	(1)
Present value of unfunded obligations	30	12	13	-	(1)
Experience adjustments on plan liabilities	(7)	(10)	-	-	-
Experience adjustments on plan assets	-	1	-	-	-
Actuarial gain / (loss) due to change in assumptions	(1)	-	-	-	-

29. Leases

Operating lease: company as lessee

The Group has entered into various leasing agreement classified as operating leases for residential, office, warehouse premises and vehicles which are renewable by mutual consent on mutually agreeable terms. These agreement generally range between 11 months to 4 years. The Group does not have sub-leasing agreements. Lease payments are recognised in the statement of profit and loss under 'Rent' in note 25.

The future minimum lease payments under non-cancellable operating leases are:-

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Within one year	104	63
After one year but not more than five years	199	186
More than five years	5	-

Finance lease: company as lessee

The Group has finance leases for certain items of computer equipment. These leases has bargain purchase option at end of the term.

Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	31 March 2013		31 March 2012	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
	₹ Millions	₹ Millions	₹ Millions	₹ Millions
Within one year	13	11	-	-
After one year but not more than five years	18	16	-	-
Total minimum lease payments	31	27	-	-
Less: amounts representing finance charges	4	-	-	-
Present value of minimum lease payments	27	27	-	-

Notes to compiled consolidated financial statements for the year ended 31 March 2013

30. Segment information

(a) Primary Segment

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed for Technology and Networks solutions integrations and accordingly there is only one Primary Business segment i.e. Technology and Networks solutions.

(b) Secondary Segment: Geographical segments

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Revenues - Within India	8,017	8,050
- Within Singapore	91	52
- Within USA	380	130
- Others	2,027	1,776
Less: Intercompany transactions	71	32
Total	**10,444**	**9,976**

The company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The following tables present revenue, expenditure and certain asset information regarding the company's geographical segments:

Year ended 31 March 2013

	India	Singapore	USA	Others	Eliminations	Total
Revenue						
External sales	8,003	50	377	2014	-	10,444
Inter segment sales	14	41	3	13	71	-
Total revenue	**8,017**	**91**	**380**	**2,027**	**71**	**10,444**
Segment assets	8,534	1,572	1,712	1,465	1,318	11,965
Total assets	**8,534**	**1,572**	**1,712**	**1,465**	**1,318**	**11,965**
Other segment information						
Capital expenditure:						
Tangible assets	68	8	172	0	-	248
Intangible assets	-	-	765	-	-	765

Year ended 31 March 2012

	India	Singapore	USA	Others	Eliminations	Total
Revenue						
External sales	8,050	20	130	1,776	-	9,976
Inter segment sales	-	32	-	-	32	-
Total revenue	**8,050**	**52**	**130**	**1,776**	**32**	**9,976**
Segment assets	7,104	712	55	1,721	350	9,242
Total assets	**7,104**	**712**	**55**	**1,721**	**350**	**9,242**
Other segment information						
Capital expenditure:						
Tangible assets	123	-	-	70	-	193
Intangible assets	14	-	-	-	-	14

Notes to compiled consolidated financial statements for the year ended 31 March 2013

31. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company	Aegis Limited (w.e.f. 03 June 2011) Aegis Limited - Subsidiary of holding company (w.e.f. 20 January 2011 till 02 June 2011) AGC Holdings Limited [(formerly known as Essar Services Holdings Limited) upto 02 June 2011] Essar Telecom Limited (Subsidiary of Essar Global Limited)
Ultimate holding company	Essar Global Limited

Related parties with whom transactions have taken place during the year

Fellow subsidiaries	Aegis Tech Limited Aegis Tech Pty Ltd, Australia Actionline De Argentina S.A. Aegis Communication Group LLC Aegis Services Australia Pty Ltd Aegis Services Philippines Inc Aegis Philippines Inc Aegis Aspire Consultancy Services Limited Aegis Outsourcing South Africa (Pty) Ltd Aegis BPO (Costa Rica) SRL Aegis Global Services FZ LLC Aegis Outsourcing UK Ltd Aegis People Support Inc Aegis USA Inc Aegis Services Lanka Pvt Limited. Contact Centre Company Global Vantedge Private Limited Equinox Business Parks Pvt Limited Essar Services (Mauritius) Essar Oil Limited Essar Project (India) Limited Essar Projects Singapore Pte Ltd Essar Power Gujarat Limited Essar Power (Jharkhand) Limited Essar Steel India Limited Essar Telecom Kenya Limited Essar Power Transmission Company Limited Essar Power MP Limited Aegis Argentina S.A. Vadinar Power Company Limited
Key management personnel	Mr. S. K. Jha Managing director (w.e.f. 31 August 2010) Remuneration (w.e.f. 01 December 2011) Mr. Anil Nair (upto 31 August 2011)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Remuneration to key managerial personnel

	31 March 2013 ₹ Millions	31 March 2012 ₹ Millions
Mr. S. K. Jha Managing director		
Salary, bonus and contribution to PF	20	5
Payable	4	1
Mr. Anil Nair		
Salary, bonus and contribution to PF	-	5
Payable	-	3

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

b. Transactions and Balances with Related Parties

₹ Millions

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Interest received/ receivable	Dividend Paid/ payable	Loans & advances and other assets	Investment made	Investment sold	Sale of Investment to	Profit on sale of Investment	Inter-Corporate Deposits receivables	Inter-Corporate Deposits withdrawn	Trade receivables	Amount owed to related parties*
Holding and ultimate holding companies																	
Essar Global Limited	31 March 13	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
Aegis Limited	31 March 13	162	126	4	-	129	-	-	2	-	800	-	-	-	-	52	299
	31 March 12	347	163	-	-	38	-	160	2	800	-	-	-	-	-	303	38
Fellow subsidiaries																	
Aegis Tech Limited	31 March 13	-	-	20	-	-	36	-	932	-	-	1,063	263	-	-	9	48
	31 March 12	7	51	23	17	-	-	-	-	-	-	-	-	-	-	45	44
Aegis Tech Pty Ltd, Australia	31 March 13	(0)	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actionline De Argentina S.A.	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
Aegis Communication Group LLC	31 March 13	33	17	-	42	-	-	-	-	-	-	-	-	-	-	95	67
	31 March 12	84	11	-	-	-	-	-	-	-	-	-	-	-	-	4	33
Aegis Services Australia Pty Ltd	31 March 13	338	-	-	-	30	-	-	24	-	-	-	-	-	-	118	226
	31 March 12	30	1	-	-	-	-	-	23	-	-	-	-	-	-	36	189
Aegis Services Philippines Inc	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	29
	31 March 12	49	-	-	-	-	-	-	-	-	-	-	-	-	-	0	27
Aegis Philippines Inc	31 March 13	108	-	38	-	0	-	-	-	-	-	-	-	-	-	106	38
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Vantedge Private Limited	31 March 13	-	-	-	-	-	23	-	-	-	-	-	-	-	200	-	-
	31 March 12	-	-	-	-	-	19	-	-	-	-	-	-	200	-	-	-
Aegis Outsourcing South Africa (Pty) Ltd	31 March 13	330	-	-	-	-	-	-	-	-	-	-	-	-	-	159	-
	31 March 12	30	-	-	-	-	-	-	-	-	-	-	-	-	-	14	-
Aegis BPO (Costa Rica) SRL	31 March 13	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Global Services FZ LLC	31 March 13	32	-	-	-	11	-	-	-	-	-	-	-	-	-	88	6
	31 March 12	137	-	-	-	-	-	-	-	-	-	-	-	-	-	137	-
Aegis Outsourcing UK Ltd	31 March 13	15	-	-	-	-	-	-	-	-	-	-	-	-	-	55	-
	31 March 12	32	-	-	-	-	-	-	-	-	-	-	-	-	-	38	-
Aegis People Support Inc	31 March 13	0	-	-	-	-	-	-	-	-	-	-	-	-	-	23	-
	31 March 12	128	-	-	-	-	-	-	4	-	-	-	-	-	-	21	1
Aegis Aspire Consultancy Services Limited	31 March 13	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	0
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

b. Transactions and Balances with Related Parties

₹ Millions

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Interest received/ receivable	Dividend Paid/ payable	Loans & advances and other assets	Investment made	Investment sold	Sale of Investment to	Profit on sale of Investment	Inter-Corporate Deposits receivables	Inter-Corporate Deposits withdrawn	Trade receivables	Amount owed to related parties*
Aegis USA Inc	31 March 13	104	-	-	-	-	-	-	-	-	-	-	-	-	-	26	6
	31 March 12	53	-	-	-	-	-	-	-	-	-	-	-	-	-	(0)	150
Aegis Services Lanka Pvt Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equinox Business Parks Pvt Limited	31 March 13	6	-	-	-	59	-	-	28	-	-	-	-	-	-	-	-
	31 March 12	3	-	-	-	60	-	-	27	-	-	-	-	-	-	3	-
Essar Services (Mauritius)	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81
Essar Oil Limited	31 March 13	48	2	-	-	-	-	-	-	-	-	-	-	-	-	43	-
	31 March 12	18	1	-	-	-	-	-	-	-	-	-	-	-	-	15	-
Essar Power Transmission Company Limited	31 March 13	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Project (India) Limited	31 March 13	3	-	-	-	-	-	-	8	-	-	-	-	-	-	8	-
	31 March 12	4	-	-	-	-	-	-	3	-	-	-	-	-	-	5	-
Essar Projects Singapore Pte Ltd	31 March 13	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
	31 March 12	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Essar Power MP Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Power Gujarat Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Power (Jharkhand) Limited	31 March 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Steel India Limited	31 March 13	8	2	-	-	-	-	-	-	-	-	-	-	-	-	1	-
	31 March 12	55	3	-	-	-	-	-	-	-	-	-	-	-	-	30	-
Essar Telecom Kenya Limited	31 March 13	-	-	-	-	-	-	-	13	-	-	-	-	-	-	0	-
	31 March 12	-	3	-	0	-	-	-	10	-	-	-	-	-	-	0	(10)
Vadinar Power Company Limited	31 March 13	18	-	-	-	-	-	-	-	-	-	-	-	-	-	18	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Argentina S.A.	31 March 13	(21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contact Centre Company	31 March 13	28	-	-	-	-	-	-	-	-	-	-	-	-	-	45	17
	31 March 12	88	-	-	-	2	-	-	-	-	-	-	-	-	-	88	2

* These amounts includes trade payables, other liabilities and advance from customers.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

32. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 13 Million (31 March, 2012: ₹ 32 Million)

(b) For commitments relating to lease arrangements, please refer note 29.

33.1 Contingent liabilities

	31 March 2013	31 March 2012
	₹ Millions	₹ Millions
Contingent liabilities in respect of disputed demands of:		
(a) Income tax authorities	194	236
(b) Excise and Customs authorities	242	83
(c) Sales tax matters	16	14
(d) Bills Discounted	-	19

Income tax:

The demand is raised mainly on deferred profit due to change in revenue recognition policy and other cases for the assessment years 2005-06 till 2009-10 for ₹ 194 Million (31 March 2012 ₹ 236 Million). This is a timing difference liability and appeal is filed before Commissioner of appeals and other adjudicating authorities as required.

Excise, Service tax and Customs:

The amount is reported as contingent liability as an abundant caution for:

₹ 67 Million (31 March 2012 ₹ 67 Millions) for applicability of Custom duty on royalty remittance, appeal is filed by the Customs department with CESTAT, the order from the lower authority is issued in favour of the company.

₹ 7 Million (31 March 2012 ₹ 7 Million) for demand of Service tax on Royalty payments, the matter is pending before the Commissioner Appeals.

₹ 4 Million (31 March 2012 ₹ 4 Million) for Service tax Demand on RTU Charges, the matter is remanded back by Commissioner Appeals for fresh adjudication

₹ 5 Million (31 March 2012 ₹ 5 Million) related to Excise duty demand on sales of Software. The company has filed appeal before CESTAT.

₹ 42 Million (31 March 2012 ₹ Nil) for Service tax Demand on RTU Charges, the matter is pending before the CESTAT.

₹ 47 Million (31 March 2012 ₹ Nil), related to order passed by Commissioner of Central Excise towards excise duty on CT3 cases and incorrect input tax credit of service tax paid on foreign service providers for the matter is pending before CESTAT.

₹ 70 Million (31 March 2012 ₹ Nil), related to incorrect utilization of Input Credit of Service tax, the CESTAT has remanded back the matter to the Commissioner for fresh adjudication.

Sales tax:

This represents ₹ 8 Millions (31 March 2012 ₹ 8 Millions) on account of non-receipt of 'F' form which is based on abundant precaution. 'F' forms are to be received from company's own branches. Balance amount of ₹ 8 Millions (31 March 2012 ₹ 6 Millions) is sales tax liability in the state of Kerala, West Bengal, Uttar Pradesh and Gujarat against which we have filed appeal before competent authority.

The Company is contesting all of the above demands in respect of Income tax, Excise, Service tax, Custom duty and Sales tax and the management, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

Bills Discounted:

Bill discounted represents sales bills discounted with banks against receivables from customers.

Notes to compiled consolidated financial statements for the year ended 31 March 2013

33.2 The company had entered into a sale agreement for ₹ 565 Millions with one of its customer for supply of products and services under deferred payment consideration. The company has received ₹ 320 Millions under the sale agreement and the settlement agreement with the customer. As at year end, the receivables include ₹ 245 Millions recoverable from such customer. The company has not received the money as per the settlement agreement and therefore the company has initiated legal proceedings against the customer. Based on the advice of the external legal counsel the company has merits and stands a good chance of being able to recover the said outstanding dues from this customer. Accordingly a provision of ₹ 122 Millions is accounted against such receivables during the year and no further provision is considered necessary by the management.

34.1 Hedged foreign currency exposure

Details of foreign currency exposures that are hedged by a derivative instrument or otherwise are as follows:

	31 March 2013		31 March 2012	
	Foreign Currency	**₹ Millions**	**Foreign Currency**	**₹ Millions**
Trade Payables	3,785,593 USD	206	-	-

34.2 Unhedged foreign currency exposure

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

	31 March 2013		31 March 2012	
	Foreign Currency	**₹ Millions**	**Foreign Currency**	**₹ Millions**
Trade Payables	7,563,335 USD	411	12,302,602 USD	629
	106,856 GBP	9	1,300 GBP	0
	311,526 EUR	22	14,026 EURO	1
	3,148,543 SAR	46		
	422,117 SGD	18		
	29,341 HKD	0		
	147,000 JPY	0		
	5,785 NZD	0		
Bank Balances	706,363 USD	38	2,391,653 USD	122
	490,953 AED	7		
Trade Receivables	2,599,161 USD	141	3,504,514 USD	178
	3,397,963 AED	50	9,900 AUD	1
	51,824 GBP	4		
	33,304 SGD	1		
Short term borrowings	6,653,002 USD	362	4,106,586 USD	210
Short Term Loans & advances	2,361,196 USD	128		
Other current liabilities	2,457,870 USD	134	121,686 USD	6

Notes to compiled consolidated financial statements for the year ended 31 March 2013

35. o n 15 March 2013, the company has acquired business of t ranscend u nited t echnologies, ll C, u SA.

t he details of the acquisition date financial information are as provided below:

Particulars	**₹ Millions**
Assets	
Fixed assets	60
Inventories	101
t rade receivables	265
Cash and bank balances	12
Short-term loans and advances	68
Liabilities	
l ong-term borrowing	(27)
t rade payables	(486)
o ther current liabilities	(301)
Net Liabilities acquired	(308)
purchase consideration paid	452
Goodwill on acquisition	760

t he net liabilities of t ranscend u nited t echnologies, ll C, u SA, as on 31 March 2013 are ₹ 313 Million, net revenue for the period from 15 March 2013 to 31 March 2013 is ₹ 66 Million and the net profit after tax during the period from 15 March 2013 to 31 March 2013 is ₹ 3 Million.

36. As per the transfer pricing rules prescribed under the Income t ax Act, 1961, the Company is examining domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. t he management does not anticipate any material adjustments with regard to the transaction involved.

37. During the previous year ended 31 March 2012

a) t he Company has entered into a 60:40 joint venture agreement with a Saudi Arabian Company for developing the Saudi Arabian market for the products and services of AGC or any of its affiliates. For this purpose, it has committed ₹ 37 Million (SAR 2.7 Million) towards initial share capital in the joint venture comprising 27 thousand shares of 100 SAR each.

b) t he Company, through its wholly owned subsidiary in Singapore has entered into a 42:40:18 joint venture agreement with an enterprise in u Ae for execution of implementation projects in Dubai offering technology, infrastructure, integration, operation and management services.

38. Previous year figures

previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification. t he current year financial information is not comparable with previous year since the company has acquired business of t ranscend u nited t echnologies, ll C, u SA w.e.f. 15 March 2013 for which numbers are included in the current year and which were not part of previous year numbers.

39. All amounts are in Rupees (in Million) except otherwise stated specifically - '0' denotes amounts less than a Million rupees.

For and on behalf of the Board of Directors of
AGC Networks Limited

S. K. JHA
MD & Ceo

PRATIK BHANUSHALI
Company Secretary

KUNJAL MEHTA
Vp & Head - Finance

place : Mumbai
Date : 23 July 2013

Notes

AGC NETWORKS LIMITED

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

ATTENDANCE SLIP

ANNUAL GENERAL MEETING - AUGUST 27, 2013 AT 11.00 A.M

REGD. FOLIO NO. CLIENT ID:	
DP ID NO:	NO. OF SHARES:
NAME & ADDRESS OF REGISTERED SHARE HOLDER:	

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTY-SEVENTH ANNUAL GENERAL MEETING of the Company at Rangaswar Hall, Chavan Centre, General Jagannath Bhosale Marg, Mumbai 400 021 on Tuesday, August 27, 2013.

NAME OF THE SHAREHOLDER (IN BLOCK CAPITALS)	SIGNATURE OF THE SHAREHOLDER OR PROXY

Note: Please complete this and hand it over at the entrance of the hall.

AGC NETWORKS LIMITED

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

PROXY FORM

ANNUAL GENERAL MEETING - AUGUST 27, 2013 AT 11.00 A.M

I/We ………………………………………………………………………………………………… of ………………………… in the district of …………………………being a member/members of **AGC NETWORKS LIMITED** hereby appoint ………………………………………………… of …………………………………….. in the district of ……………………....................... or failing him …………………………………of ……………………….in the district of ……………………...…….as my/our proxy to vote for me/us on my/our behalf at the TWENTY- SEVENTH ANNUAL GENERAL MEETING of the Company to be held at Rangaswar Hall, Chavan Centre, General Jagannath Bhosale Marg, Mumbai 400 021 on Tuesday, August 27, 2013 and at any adjournment thereof.

Signed this ……………….. day of ………………. 2013.

Reg. Folio/Client ID No.:
DP ID No.:
No. of Shares:
Signature of the Proxy Holder: .... Signature of the Member: ....

Affix
1 Rupee
Revenue
Stamp

This form is to be used * In favour / * against of the resolution. Unless otherwise instructed, the proxy will act as he/she thinks fit.

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* Strike out which ever not desired

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

AGC
Enabling Experience

Registered Office
Equinox Business Park
(Peninsula Techno Park), Tower 1,
Off Bandra Kurla Complex, LBS Marg,
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Download the report here:
http://www.agcnetworks.com/AR-2013

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