

Annual Report
2014–15

AGC NETWORKS LIMITED

AGC 
Accelerating Business



**AGC'S EVOLUTION AS A GLOBAL SOLUTION
INTEGRATOR OF CHOICE**

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In times of Volatility, Uncertainty, Complexity and Ambiguity (VUCA), embracing change is the best way to keep a business moving with positive momentum. AGC's adaptive approach in a world filled with multiple challenges and scarce resources has ensured stability through optimization. Collaborative and systematic approaches have focused your Company on solutions. Consequently, when others may have stagnated, we have favored acceleration.

Business is increasingly interconnected and the rate of flux is multiplying exponentially. AGC is anticipating and leading this ever changing landscape with dynamism in decision making, while mitigating risk.

As AGC Networks enters its 30th year, we have learnt many valuable lessons about seizing emerging opportunities while focusing on the larger objective - of delivering innovative solutions to enhance the customer's technology landscape.

This change in attitude and approach has ignited AGC's evolution into becoming a **Global Solution Integrator of Choice**.

Forward looking statement

We, AGC Networks in this Annual Report have shared information and made forward looking statements to enable investors to know our services portfolio, business logic 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.

MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

Leaving the past behind, steadying for growth this year, and ready to aim for consistent growth and increased value - your Company is ready to transform!

The last year was one fraught with challenges. It was a year of economic uncertainty - especially in the telecom and foreign exchange markets, exceptional items and write-offs made conservatively, and a deep clean-up exercise to prepare a stable ground for doing profitable business.

This year, under new and able leadership, your Company has managed to catch up significantly, as you will see from this Annual Report. The focus on ROTI (**Return on Technology Investment**) and CuSat (**Customer Satisfaction**) are two driving forces to

discipline all operations, being monitored microscopically to ensure that AGC is THE preferred partner across the globe. The several prestigious awards and orders won by your Company bear testimony to what is possible. Our past investments in overseas operations are beginning to bear fruit now.

The coming years will be of expanding global presence and delivering precise solutions and services to customer needs across the globe. **As of March 2015, all global geographic units have broken even or are generating profits.** Debt is being managed effectively, and calibrated growth is planned keeping profitability, as well as your Company's appetite for risk in mind.

Your Company will continue with its thrust on increasing service revenues. Given the inherent expertise that your Company possesses, Cyber Security Service Offerings, Cloud Services, Managed Services and AMCs should consistently increase share of revenues. These being annuity based and sticky businesses, the aim is to reduce volatility in earnings, besides improving margins.

To this end, your Company plans to enter into strategic partnerships and alliances in these areas, just like the existing and established partnerships and alliances in the Networking and Unified Communications business.

The overall objective would be to create an asset light Company with renewed efforts to increase cash flow and to manage debt judiciously. Most importantly, your Company will continue to follow best governance practices and keep a watchful eye on costs.

For achieving the above, your Company has the correct and capable leadership in place with laser sharp focus on the daunting task ahead, in the ever evolving and competitive ICT marketplace.

All these efforts, on a continued basis, will ensure that your Company builds stronger relations with customers and vendors alike, as well as with all stakeholders, thereby improving value.

Thank you shareholders for your continuing support.

Here's to exciting times ahead!

With Best Wishes,

Sujay R. Sheth

MESSAGE FROM THE MANAGING DIRECTOR AND CEO



Dear Stakeholders,

AGC has undergone a tectonic shift and we're profitable again.

Our last Annual Report talked about the formidable challenges before us with AGC having lost Rs. 282 Cr. in FY14. I'm glad to report that we returned to operating profits in the quarter ended Sep14, my first quarter after commencing the journey, ending FY15 with a PAT of Rs. 14.7 Cr. As you know, any tectonic shift hinges on rapid decisioning with certainty in an ever volatile, unpredictable, hyper-competitive environment!

Our turnaround involved seven steps:

First, ensuring our **leadership** is right, is aligned, teams are toned up and motivated to give their best.

Second, being clear about all elements of **strategy**, including organizational purpose, positioning and differentiation.

Third, **engaging** and **communicating** it to every AGCian so that it becomes a way of life, intrinsic to culture, along with our values which are our behavioral protocol.

Fourth, **optimization** across the board, especially cash flows, team structures, partnerships and our product portfolio.

Fifth, **sharpening** all systems including clean order booking, logistics, performance management and communication.

Sixth and seventh, **reinforcing** our bonds with partners and customers, so that we **collaborate** closely to win big.

We've created a robust operating framework

In a year of consolidation, we have defined the future path explicitly so that every AGCian knows the role he or she can play for the greater, collective good of the enterprise! Every AGCian across the world, bar none, has a page on which they can imprint the badge of their performance and feel proud of what we've created together, in a culture that is demanding but meritocratic. We're well on our way to realizing our aspiration of becoming a charismatic organization that stakeholders, partners, customers and employees respect and enjoy associating with. Results will always be an outcome of that.

Becoming the client's trusted technology advisor

We already represent the world's best technology brands and offer clients evolved, leading-edge choices. Our journey to becoming an enterprise solution integrator involves knowing the technology landscape of our clients and the brands constituting that landscape intimately. Providing guidance to ensure **Return on Technology Investment (ROTI)** for clients while being relatively brand agnostic is our niche.

OUR ASPIRATION IS TO BECOME A CHARISMATIC ORGANIZATION THAT STAKEHOLDERS, PARTNERS, CUSTOMERS AND EMPLOYEES RESPECT AND ENJOY ASSOCIATING WITH.

Resolving the CIO's dilemma

We help resolve the modern day enterprise CIO's dilemma as he grapples with getting more from less in a commoditized world! AGC's aim is give the CIO and business managers more context for technology investments through verticalized solutions that give them the competitive edge. We also help transition all technology elements - usually part obsolete, part end-of-life, part mismatched for interworking, some current. For this, we deploy client-relevant, cost effective managed / other service models, guiding the transformation to new technologies, whether they be premise based, in the cloud or hybrid solutions.

FY16 is a year of transformation

Our agenda for action is that we plan to expand our geo footprint, improve productivity and all key operational indices. We will continue to showcase leading edge technologies from global OEMs at our customer studios. And in terms of differentiation, we will leverage **RED** - proactive **Response**, **Execution** excellence and **Design** superiority for competitive advantage.

In the pages to follow, my colleagues will elaborate on their plans to enrich this tapestry.

The AGC brand stands for fulfilling commitments

You will continue to see evidence of this in all we do, internally and externally. I thank you for your confidence in us, your support and abundant good wishes. With the active support of our Promoters and Board of Directors, we look forward with great confidence to the future.

While FY16 is our year of transformation, we believe FY17 will be our year of growth!

With Best Wishes,

Anil Nair

MESSAGE FROM OUR LEADERS



THE INTERNATIONAL SPECTRUM

Sanjeev Verma

CEO (Americas) & President - International Operations

FY15 has been a year of stability and profitability for AGC's International Business, achieved through consolidation and alignment to AGC's focus on accelerating the customer's business across the markets that we operate in.

The key growth drivers of **consistency, homogeneity, relevance** and **process efficiency** have led to the international business of AGC Networks gaining momentum and scale. Garnering the customer's faith through relevant solutions and services being delivered impeccably within the customer's technology roadmap has been the hallmark of establishing our identity.

The international business spanning the **Americas, Middle East & Africa, Australia & New Zealand** and **Philippines** is now poised to deliver greater value leveraging our stronghold in India. We continue to innovatively engage with CIO's across industry verticals to align technology solutions to positively impact their business.

AGC's emergence as a global solution integrator of choice has been achieved through a dual approach - that of being adaptive to the customers' requirement across each unique market and blending a global customer's multi-geography requirement. Our mantra of **'think global and act local'** has started to pay dividends as our teams of solution architects, certified engineers and project specialists combine to create a global pool of resources delivering value to the customer.

Anticipating our customer's need to stay ahead of the technology curve, AGC has launched its **Cloud IVR services** through a state-of-the-art and fully redundant infrastructure which can be integrated into an existing technology setup without additional hardware. Through cloud services, AGC further strengthens its positioning as a **brand of choice** for enterprise and mid-market customers across verticals. AGC's customers will now have unprecedented access to a **global tech resource pool** delivered in the US and across the globe for a seamless experience.



BUILDING A STRONGER FINANCIAL FOUNDATION

Amal Thakore

Chief Financial Officer

The finance function at AGC Networks works in collaboration with customers, vendors, investor community and the market at large to streamline and strengthen our association. Deep industry knowledge and financial management skills are AGC's assets that have helped streamline operations, processes and aligned initiatives to deliver value to our stakeholders.

Your Company has been able to achieve both - break-even at the EBIDTA level in Q2 FY15 and improve QaQ (Quarter after Quarter) across identified business parameters. Strengthening **corporate governance, financial controls** and **cash flows** have been the foundation for meeting our near and longer term growth objectives across all geographies that we operate in.

Moreover, being cash flow positive in all geographies is reflective of sustainable customer satisfaction. The Company will also strive to be an asset light organization, with focus on reducing debt judiciously.

Our on-going priority on the journey to establishing AGC as a global solution integrator of choice will be to build a robust financial foundation to sustain this turnaround and maintain customer confidence in AGC.



HUMAN RESOURCES - A KEY ENABLER

Mahua Mukherjee
Chief People Officer

FY15 was a year of change for AGC, where we emerged with optimism and renewed vigor. Driven by the need to deliver value to business, HR has positioned itself to meet the business needs towards differentiation through **Responsiveness, Execution & superior Design (RED)**. At AGC, HR plays the role of a strategic business partner to build a successful global organization.

Our prime focus has been on building a **strong ecosystem** for employees through the right structures and effective leadership communication systems delivering HR practices and services to support the organization's business and global employees. The thrust is on building a value based culture to reinforce the core drivers of success through our **values**.

Today, in our journey to achieving business goals and targets, it is imperative that we enhance organizational effectiveness with sharp focus on outcomes. Our differential strategy will create a **high performance management culture** through a defined set of practices to enable, empower and engage employees to achieve the organizational purpose with greater involvement and accountability. This would provide the impetus to business to scale up and drive unprecedented success.

Our third core focus area is to develop and **enhance capability** throughout AGC, our ability to respond to changes in an agile and flexible way and facilitate a collaborative global '**One AGC**' workplace culture. We have developed and strengthened expertise at leadership levels for accelerated growth through succession planning, creating a leadership pipeline and on-boarding the right talent, particularly for emerging geographies. Our **learning strategy** focuses on enhancing versatility of middle management through capability building & job enrichment, and provides a multitude of growth opportunities within AGC through a defined competency matrix and career path.

As we enter new global markets and foray into new business segments, the above imperatives are the core enablers of our redefined HR strategy for global success. We are now poised to take challenges head on and thrive in a challenging and rapidly transforming world.



MESSAGE FROM OUR LEADERS



INTEGRATING TECHNOLOGY RESOURCES FOR COMPETITIVE ADVANTAGE

Samir Sayed

Global Head - Projects and Services

The charter for AGC global services is to enable profitable growth through differentiated customer experience. At AGC, we believe skilled resources are our core assets. We aim to be best of the best in our customer engagements and truly live up to our differentiation theme, RED. It is this combination of our core assets and strategy which is AGC's value proposition in the marketplace. AGC operates in 5 key geographies of India, Middle East & Africa, Australia & New Zealand, Philippines and the Americas where our technical expertise and domain knowledge in each geography is unique and unparalleled. This expertise is leveraged across geographies and in the true sense available as a globally networked resource pool for customers across the globe. Importantly, key operational metrics that are monitored and optimized include improving productivity, efficiency, competency and CuSat (Customer Satisfaction).

A formal CuSat survey to capture the Voice of the Customer for geographies outside India through an independent agency is a priority area for FY16. In India it is a well institutionalized process. In the last survey conducted in February 2015, 88% of our customers have rated us 8 or more on a scale of 10 in terms of their overall satisfaction in engaging with AGC, an improvement of 12.8% over the previous survey. On the revenue front, the focus of the services team is to significantly enhance the long term annuities through managed services, cloud offerings, multi-year maintenance contracts and most importantly, inducting a slew of new brands.

Our endeavor is to keep the customer at the forefront, always!



HELPING CUSTOMERS STAVE OFF A GLOBAL THREAT

Atul Khatavkar

Global Head – Cyber Security

The fast-evolving and increasing use of business collaboration tools like social media and IT delivery models such as cloud and mobility are all raising the security stakes for businesses today. Cyber Security threats have increased exponentially in the last few years. AGC Cyber Security is playing a key role in helping customers build their holistic advanced threat management strategy for the business to share information intelligently, work in harmony and meet the compliance and regulatory requirements for business to run smoothly.

Prominent among key projects that AGC has undertaken includes building the cyber security strategy for a critical infrastructure company in Saudi Arabia. The strategy included building robust processes and implementing key technology solutions. In Africa, AGC has helped one of the largest Banks build their Security Operations Center (SOC). The project included building world class SOC processes/procedures and implementing high end solutions like SIEM/WAF/DAM, Integrating applications and the IT infrastructure, and training key stakeholders to be operational 24*7.

Our Cyber Security technology solutions include SIEM, APT, NAC, NG FW, MDM and our advisory services include VA/PT, ISO 27001, PCI DSS, BCMS and ITSM.



OUR CUSTOMER'S TRUSTED TECHNOLOGY ADVISOR

Vinod K

Vice President & Head - Consulting, Applications and Design (CAD)

The CAD function has enabled AGC to become the customer's trusted technology advisor and an expert provider of hybrid solutions in the Customer's Technology Landscape. A Consulting (Business + Technology) approach helps AGC Consultants deep-dive and understand the business and technological requirements of the customer. This is remarkably different from just fitting solutions into customer's network.

Applications enable AGC to further differentiate our customers, providing them the edge not only through System Integration but also Solution Integration. These applications fall in the areas of Customer Service, Customer Experience and SMAC (Social Media, Mobile, Analytics and Cloud).

Superior **Design** enables our customers to have the best of technologies customized to their business needs with an optimized Bill of Material (BOM). AGC passionately strives to keep its pool of Certified Resources updated on all leading technology platforms. In this manner we ensure that the Solutions we design for customers helps accelerate their business and we evolve the Return on Technology Investment (ROTI) for the same. Consulting Application Design (CAD) catalyzes AGC's differentiation strategy of RED, with exemplary **Responsiveness**, sharp project **Execution** vis-à-vis implementation of any project and superior **Design** with the best of technologies.

Business models for organizations are evolving and with the use of right technology organizations can keep themselves ahead of competition. Along with this, the need arises for a relevant solution integrator who can provide solutions to overcome organizational challenges - a key driver for CAD @ AGC.



ESTABLISHING THE AGC IDENTITY AND BRAND GLOBALLY

Neelam Kapoor

Vice President & Head - Marketing

The marketing function has been the underlying fabric in the evolution of AGC Networks being perceived as a global solution integrator of choice across customers and geographies. We have taken the formulation and articulation of the messaging to key stakeholders - both internal and external. Internal are the AGC message bearers who focus on accelerating our customers' business and external are our stakeholders - customers, the market, partners and shareholders. Maintaining uniformity across geos while imbibing cultural nuances is what has helped AGC emerge as a global brand.

As a brand protector and a brand architect, marketing communications captures AGC's unique value efficiently across platforms and tools, whether in the form of informative communications within the organization and across offices efficiently, capturing the customer's voice or articulating our unique value proposition. Connecting the old world of conventional communications with the new world of socially relevant communications is the key to AGC's uniform message of driving the Purpose of our organization - that of accelerating our customer's business.



Marketing acts as a business enabler across departments and functions globally, ensuring visibility of Brand AGC in all customer-focused activities and events. Communicating the brand messages prominently on the website, through email campaigns and social networks, all symbolize a 'happy' operational efficiency and create high brand association. The team also works closely with technology partners to maximise visibility jointly in the market place.



WINNING A SEAT AT THE GLOBAL HI-TABLE OF THE BEST GLOBAL BRANDS

Pranav Trivedi

Vice President - Strategy & Alliances

The Strategy & Alliances function at AGC is focused on evolving a market-centric, competitive business strategy for **profitable growth and value creation**. It also galvanizes and manages Original Equipment Manufacturer (OEM) & SI-SP (Solution Integrator-Solution Provider) alliances in line with the business strategy. Target market addressability, competitiveness and portfolio adequacy - all play a key role in identifying potential alliance partners. The emphasis is always on ensuring that these partnerships are mutually significant, relevant and fulfilling. Currently, AGC has 5 Core, 4 Strategic and 19 Value partnerships across its solution quadrants. While most OEMs engage with multiple resellers in a volume driven industry, with its focus on business acceleration for customers, AGC fills the void of a Solutions Partner for its leading OEM alliances. Reciprocally, OEM partners too on their part have invested in AGC for joint market activation, profitability, internal enablement and business value creation. The best is yet to come!



SHARPENING RETURN ON RESOURCES

Manoj Kar

Vice President - Business Analytics & Program Management

Leveraging Business Analytics to **estimate potential gaps in results and recommending corrective actions to revenue leaders** to bridge the gap is one of the key result areas for the Business Analytics function.

This has been achieved through initiatives like **'Appreciative Inquiry'** - a search for the best in people to discover what fuels business when people are most effective, with the objective of heightening positive potential. This initiative is to gain a deeper comprehension of not only the good practices but the obstacles being faced by individuals to achieve their business objectives. Information sharing will enrich understanding and provide alternative ways to enhance effectiveness and performance of individuals.

Inquiry findings will enable the back office to make necessary changes in the processes and systems resulting in continuous improvement in cycle time and productivity which will finally enable the organization to exceed its time bound objectives.

Another important Analytics and business enabler is the prudent use of business tools (SFDC/SAP) to track and update business of the key parameters and configure enablers to achieve business objectives. Our future plan includes 'Outage Management' to alert key managers when business parameters are breached and warrant interventions.



WIDENING THE SPAN OF OUR TECHNOLOGY EXPERTISE

Jagdish Mhalgi

Vice President & Head - Customer Support & Services (CSS)

The Customer Support Services function includes teams working on **Projects** and providing **24*7 customer support**. The teams ensure that various technical essentials in a customer organization relating to solutions and their usage are integrated in deploying solutions, making sure that the customers get **Return on Technology Investment (ROTI)**.

24*7 support through our G-NOC (Global-Network Operating Center) enables proactive monitoring of the customer's entire setup on a continuous basis. AGC thus makes sure that the solution deployed is available for use at the most optimal level. This evolved level of service is delivered to 2500+ customer sites across the country by a team of 50+ certified project professionals and 200+ certified support engineers.

Solutions supported by the CSS team comprise products from global technology leaders across AGC's UC (Unified Communications) and NI & DC (Network Infrastructure and Data Center) quadrants and customized applications to integrate various technologies and solutions within the customer ecosystem.

This team differentiates Services through **RED** - rapid Responsiveness, Execution excellence and Design superiority. The **Voice of Customer (VoC)** is captured through various modes for continuous improvement across delivery parameters. These include capturing feedback during meetings and calls, project led e-mail communications, feedback forms after project execution and periodic external surveys from reputed external research agency CSMM (a unit of IMRB) and customer testimonial letters.

A key focus areas for the India CSS team is expanding our projects and services skills across a variety of global brands and a wide span of technologies.

THE AGC VALUE CHAIN

At AGC, teams across functions and geos - from Sales to Solution Design specialists to Project Managers, Alliance (OEM support) team or the backend support across HR, Marketing or Finance, are all part of what we call The 'AGC Value Chain'. It is here that the (internal) teams align their processes to enable a hassle free experience across the value chain. This value chain seeks to create a seamless front-end for the customer, thus making the process of doing business with AGC easier, going beyond transactions to creating **customers-for-life**. And of course, aligned dreams help the cause of force multiplication.



CREATING PROFITABLE GROWTH IN A HYPER COMPETITIVE WORLD



INDIA - AGC's STRONG HOLD

Animesh Shrivastava
Vice President & Head - India

AGC which in prior avatars was Tata Telecom and Avaya Global Connect, has been and continues to be the pivot for the evolution of an India-led global solution integration practice across industry verticals.

AGC India serves both multinational and transnational customers across the domains of BFSI, IT/ITES and Manufacturing, delivering services seamlessly across the globe with a unified architecture that is easy to deploy and maintain. With AGC expanding its skills and presence across new geographies around the globe, customers' feel more secure and confident about AGC as a partner of choice.

AGC India, with its GTM through eight locations and able support from its core technology partners, is now able to fulfill end-to-end requirements of global customers in collaboration with AGC's global team. This is enabled through well defined systems and processes like SFDC and SAP allowing easy data and information flow and sharing across AGC teams, enabling us to transform the customer's technology landscape. Our regional leaders are:



Abhinav Sharma,
Regional VP
(North)



Murali Krishna S.,
Regional AVP
(South)



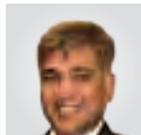
Nikhilesh G. Vinod,
Regional AVP
(Mumbai)



Sandeep Kerulkar,
Regional AVP
(Pune)



John Philip,
Regional AVP
(Bangalore)



Srinivas Adhikari,
Regional AVP
(Hyderabad)



Sumanta Datta,
Regional AVP
(East)



Shirish Deodhar,
Regional AVP
Gujarat



WIDENING THE SPAN OF OUR TECHNOLOGY EXPERTISE

Tim Linson
Senior Vice President - US

The US technology landscape is ever-evolving while keeping pace with customer expectations of technology solutions that are dynamic and adaptive to their business needs. As leader of AGC US Sales, my team and I are creating a stable environment, building on our UC (Unified Communications) core quadrant skills into growth mode in fiscal 2016 with a focus on venturing further into other AGC quadrants. This is done using the simple approach of asking our customers about their business issues and what is preventing them from growing their own business, while coming up with relevant solutions focused on accelerating their business. Leading the transformation of the sales group by coaching them to learn and integrate more quadrant discussions into our current discussions, our focus is always on crafting and delivering innovative solutions to better our customer's technology landscape. We truly believe this will be the key to achieving the growth AGC US is aiming for this year.



MARQUEE CUSTOMERS ACROSS QUADRANTS

Sanjay Ahuja

Vice President - Middle East & Africa

AGC MEA started its operations 4 years back from Dubai, expanding into countries like Kenya. With support from customers and the unprecedented growth over the last few years, AGC has successfully ventured into newer territories - Rwanda, Ethiopia, Tanzania and Abu Dhabi in the last year. AGC's expanding footprints in the region has enabled AGC to be recognized as a global solution integrator leveraging on our **global talent pool** to offer best in class services to **accelerate our clients' business**.

There has been significant progress in these markets through project wins with marquee customers like the building of a **Global Command Centre** in Rwanda, an **AV project** for a leading university in Ethiopia and a **Large Data Center Migration** project in Abu Dhabi.

AGC MEA has also had significant wins in **Cyber Security and Audio-Video** solutions in these markets and is becoming a partner of choice for customers across verticals. We have also extended our **managed services** capability in these accounts to provide operational services addressing the day to day requirements of an increasing list of diverse and satisfied customers.



INCREASING EFFICIENCY THROUGH GLOBAL LEVERAGE

Tony Heywood

Vice President & Country Manager - Australia

AGC Australia is operating in a regional and global marketplace. Asia is fast becoming the largest growth economy and Australia is central to our growth in the region. To this end, AGC has worked extensively to clearly understand and exploit the capability and capacity of the mature Indian business with the view to enhancing our local offerings. This has resulted in the promulgation of our **Cyber Security** offerings, an increased focus and demonstrable results in the **Networking and Infrastructure** space and an increasing percentage of our business coming from global customers that are serviced in India and the United States, apart from Australia.

We are increasingly reliant upon global systems and infrastructure to reduce operational costs and increase local efficiency.



ADDRESSING CRM THROUGH TECHNOLOGY

Mark Maddren

Vice President - New Zealand

AGC New Zealand is a specialist Contact Centre and CRM solution integrator, working with long term customers in industries such as Banking, Finance, Insurance, Travel, Agri-business, Services and Retail. AGC NZ provides a broad range of consulting services to compliment its core partners in the theatre.

In keeping with AGC's evolution into a 'Global Solution Integrator of Choice', AGC NZ understands that rapidly changing business communications require application solution experts to transform and improve customer operations. The team specialises in bringing together systems and applying their knowledge to call center challenges by delivering **ROTI (Return on Technology Investment)** to ensure success for our clients, accelerating their business.

AGC NZ continues to enjoy a steady stream of contact center integration projects from its core customer base, and in FY16, AGC NZ looks to broaden its market proposition and leverage the broader global capabilities of AGC's global operations.

TECHNOLOGY DIRECTIONS AT AGC

The Z-Curve

AGC has been one of the early adopters of industry solutions and business-value based selling. A decade ago, while enjoying the market leadership in the Unified Communications (UC) space, AGC repositioned Communication - from merely being a customer service tool (and hence a cost element) to being a business accelerator (and hence a revenue element). By embedding pertinent UC solutions, AGC has been able to devise solutions for market activation, supply chain, field force, retail automation etc., with the underlying philosophy that communication can help loosely-couple business processes, thereby improving agility.

While this has helped our customers accelerate their business, technology and market forces have led AGC to look beyond UC offerings. We call this the Z-Curve. With mobility / smart phones / devices & consumerisation of IT at the access and virtualisation at the core, technology has been getting increasingly federated. This meant that voice & video communication channels were no longer a wrap-around layer around business processes. Communication was now deeply embedded across an imploding set of touch points interspersed across the entire infrastructure layer and touched both on-premise tech & the data center. Thus AGC's active play in the UC and Network Infrastructure & Data Center quadrants helped customers accelerate their business. The Cyber Security quadrant provides the required security to the infrastructure. **Social media, Federation of Technology, Internet of Things (IOT)** & advent of **cloud/utility models** also meant an increasing play for AGC in connecting infra with business applications through a basket of service offerings and consumption models. Applications & Services with offerings like SMAC, M2M, UC Apps, AGC GUARDIAN & Managed Services are the fourth quadrant.

Becoming the Trusted Advisor

With increasing user demands and shrinking budgets, today's CIO do a tight-rope walk more than ever before. AGC continues to work towards becoming a trusted advisor for its customer – a partner who can help sweat the capital already invested, thus improving ROTI (Return on Technology Investment). AGC has taken various initiatives in this direction (Tech Landscaping, Advanced Design Services, Customer Experience Centre, Tech Days, ideation forums like Xcelerate and TechFutures).

From International to Global

Having increased its footprint across continents, AGC now has formidable presence in India, North America, Australia / New Zealand, Middle East / Africa. AGC has now networked its engineering and design resources and follows a 'Central Kitchen' model out of India for continuous skill building and refresh thanks to the availability of skilled manpower and the potential cost arbitrage. AGC also has a central Solution Design Centre (SDC) based out of Pune in India that architects solutions across geographies. This team has crafted over 6000 technology solutions in the financial year. While AGC builds services-led local partnerships and skills in each geo in a calibrated fashion, its major focus remains on a set of key alliance partners and skills. This helps attract inbound investments and a seat on the global high table with OEMs and customers, slowly but surely transforming AGC into a global brand. Our increasing ability to absorb the service related skills of newer brands reinforces both our solution integration abilities and our competitive advantage.

Shaping the Future

Technology decisions of the future are going to be consumption-led, software-defined and device-delivered. With mega trends like all-things-digital and SD-X, CIOs will increasingly focus on delivering business outcomes. Cloud is likely to be the key enabler of this business outcome focused IT. The next phase of technology evolution will witness a well-balanced co-existence of traditional model (CapEx) and emerging models (**Cloud & Managed Services**). AGC is prepared to offer both the traditional as well as the newer models to its customers by building its own Cloud offerings, re-selling Public Clouds and offering Advanced Services around building / managing Hybrid Clouds along side its traditional CapEx offerings.



AGC TECHNOLOGY SHOWCASE

As a technology solution integrator, AGC has state-of-the-art Network Operations Center (NOC) & Global-Security Operations Center (G-SOC) setups

- **G-SOC** - As a Managed Security Service Provider (MSSP), AGC provides outsourced monitoring and management of security devices and systems to global customers.
- **Response Centers in USA and India** - The AGC Response Center consists of two 24x7x365 Active-Active NOCs (TX & PA) with a third NOC in India, focusing on Proactive Monitoring, Carrier Management, Ticket Management and Desktop Support.
- **CEC** - The Customer Experience Centre reflects AGC's philosophy of 'Accelerating Business' by showcasing customized solutions for its customers.



ORGANIZATIONAL INITIATIVES

WORLD ENVIRONMENT DAY

AGC, being a responsible corporate citizen, celebrates World Environment Day on 5th June every year globally to sensitize employees to be environment conscious and support a sustainable green environment. A series of go green initiatives were conducted that included - AGC Recycle Drive, AGC Tree Plantation Drive, AGC Car Pooling Initiative etc.

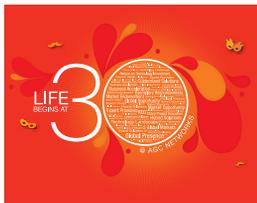


EMPLOYEE CONNECT INITIATIVES



QUEST (for Q&A)

Quest is an employee connect initiative in Q&A format with our MD & CEO initiated for all global employees to freely ask questions. The sessions helped gain meaningful insights across all geos to align all AGCians towards a common purpose.



AGC ANNUAL DAY

With AGC entering its 30th year of serving customers in the ICT space, AGCians came together to celebrate a fun-filled day. It was an opportunity to connect with AGC's senior leadership, esteemed OEMs / Partners and customers, and applaud fellow AGCians for their exemplary performance and witness an exceptional talent show. This facilitated collaboration and built camaraderie, as employees engaged in a range of activities encompassing celebrations and fun events.





ENVISION (for ideation)

Envision is an ideation meet with the MD & CEO, to discuss ideas and brainstorm suggestions, communicate strategic views and future plans and discuss ways to accelerate business; a platform to gather market intelligence, ignite creative thinking, ideate and build new pathways to the market and better understand the needs of customers and vendors.



Global Outreach (for updates)

Global Outreach is a worldwide MD & CEO all hands communication platform. It is a live session connecting AGCians across geos virtually through video and audio, scheduled periodically, to share updates at a global level.



CUSTOMER CONNECT INITIATIVES

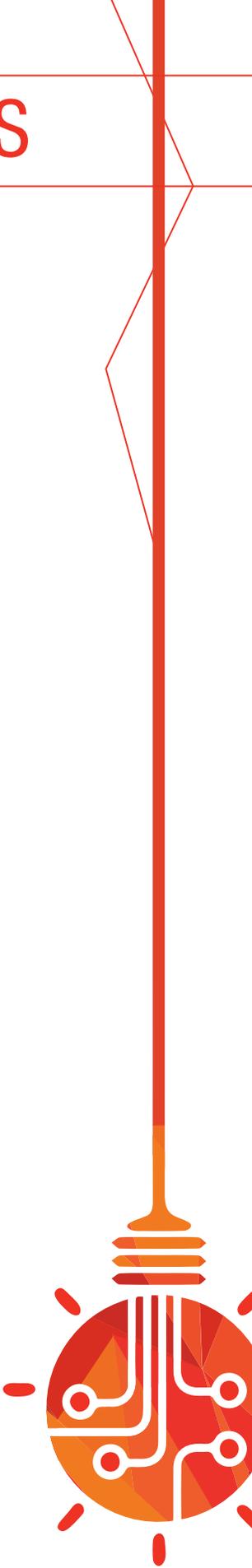
iAUG CONVERGE

AGC participated in the International Avaya User's Group Converge 2014 at Dallas, Texas.



TASTE OF TEXAS

AGC's Taste of Texas was a customer event hosted in April 2014, held in conjunction with the International Avaya Users Group's Converge 2014 conference in Dallas, Texas. At the event, AGC hosted our enterprise customers at our US headquarters and entertained them with an evening of Texas-themed food, drinks and activities which included a "quick draw gun fight," cowboy band serenades, and armadillo racing. It was an unforgettable, uniquely-Texan experience.



INDIA CYBER SECURITY SUMMIT

AGC participated in the India Cyber Security Summit, a multi-stakeholder consortium that brings together industry and government interests in an effort to improve the state of Cyber Security at domestic and international levels. AGC actively promoted Cyber Security during the event with Atul Kataavkar - Global Head - Cyber Security as a key speaker. Exito provided a unique networking platform for active engagement with all 120 stakeholders, including entities and organizations – across industries.



IDC MIDDLE EAST EVENT

AGC participated in the IDC Middle East CIO Summit 2015 in Dubai. The event provided thought provoking and actionable insights to AGC through a mix of end user presentations and case studies, It gave the opportunity to hear about the latest global trends, learn from ICT best practices and share AGC's offerings with key delegates. The event enabled us to be involved in general discussions with customers, colleagues and peers during the dedicated networking breaks. Sanjay Ahuja, VP – Middle East and Africa was a key speaker at the event.





Xcelerate is an active and on-going customer engagement platform conducted in the CEC (Customer Experience Center) where eminent industry stalwarts participate as panelists to share their views and interact with AGC's customers to keep them ahead of the technology curve.



EMPLOYEE TRAINING INITIATIVES

AGC VALUES TO ACTION TRAINING PROGRAM

The 7 core values of the organization are the foundation on which we work and conduct ourselves to achieve our purpose of accelerating our customers' business. The *values to action* training has enabled AGCians imbibe our core values that help guide our decisions, actions and behaviors and is at the core of our collective aspirations.

The Program 'Values to Action' enabled awareness, defined expected behavioral attributes that need to be exhibited by everyone and helped people embody and demonstrate these values through interactive discussions and business examples.



REFLECTIONS OF FAITH IN AGC

WORK ENTHUSIASM AND PASSION



“AGC support team has done a wonderful job with HCL. They have given their best availability as required being a partner. We have had a wonderful work experience journey with AGC team where they **supported us** irrespective of the timings and without caring about the **day-night hours**.”

I expect the same work **enthusiasm and passion** of resolving and keeping the customer happy in future as well. Special thanks to Ravi & Tamal for their dedication and the tremendous performance for HCL. Keep it up!”

Priyabandhu Bhardwai
Operations - Group Manager

RESPONSIVE & APPROACHABLE



“AGC Support team has been extending a great support for our Avaya deployment at Infogain. They have been extremely **responsive and approachable and promptly resolve** all our concerns.

Their unwavering support, passion and commitment to provide excellent customer service are highly appreciated. We look forward to do more business with AGC & hope to get the same level of service & attention in future as well.

Special thanks to Virendra, Madhur & Yogesh who are very responsive & responsible team towards our **implicit and obvious needs**. Keep up the good work.”

Sankarshan Upadhyay
Assistant Manager Admin

PROACTIVE APPROACH



Enduring Value

“This is to express my gratitude for the outstanding quality service provided to ITC Lucknow branch till now. AGC should be proud of such employees who are always there to support their clients and help to make their work easier & faster.

AGC has helped us in implementing and running world class solutions with **minimum glitches due to their proactive approach**. We would like to thank and appreciate the efforts of Tanjeet under the guidance of Sunil for his dedicated hard work and focus on customer service and satisfaction.

We highly appreciate the efforts of AGC Networks and look forward to continue our business relationship with AGC in times to come.”

Manish Kumar
IT Admin

TRANSFORMING A RELATIONSHIP



"We would like to appreciate the excellent performance and support rendered by the AGC executive for 'State Bank of India' in the video segment.

*The consultative approach by AGC Services team is **transforming our relationship** from vendor to partner. The faith, the trust that AGC has put in us and worked for our company is sometimes overwhelming.*

The AGC Mumbai video services team led by Jignesh is very supportive, skilled and prompt in addressing our service support requirements.

We expect the same kind of service and support in future as well."

Asif Hameed
Manager (Computer and Communications)

TURNING UP AT CRITICAL OCCASIONS



*"This is to certify that services provided by AGC Services team is best to Tech Mahindra and the AGC team is very **prompt** in providing resolutions to our issues. We appreciate the **professionalism** which AGC Engineer carries with them along with their **patience** to work in the tough time wherein the operation is impacted but focus is to get the **issue resolved within no time.***

*Thanks a lot AGC for **turning up at major and critical occasions** and we believe that you are only a call away from our issues to get resolved both on Voice and AV fronts.*

Special thanks to Ravi, Yogesh, Pankaj and Madhur for the support extended to us.

Thanks AGC and we expect that we get the same kind of support with same rigor."

Umeet Kumar Pathak
Sr. Manager

RESPONSIVENESS & COLLABORATION



*"We would like to thank and appreciate the outstanding support extended by AGC services for our **contact center installation** across multiple locations.*

*AGC Service team's responsiveness & collaboration have helped in resolving the **business impacting issues** on several occasions. Their skills coupled with **right attitude** for customer service is remarkable and highly appreciated.*

*Many thanks to Virendra, Madhur & Yogesh for extending **brilliant** support to us. Keep it up!"*

Sandip Gangurde
DM Telecom



BOARD OF DIRECTORS

(in alphabetical order)



Anil Nair
MD & CEO

Anil Nair has over 30 years of experience in strategy, execution, solution integration, sales, marketing and operations.

Anil, most recently served as the President & CEO at Securitas India till April 2014. From July 2011 to Jun 2012, he set up and ran Aegis Consulting, winning contracts in Healthcare, Automotive, Retail, Airlines and Manufacturing verticals in India, US and the Middle East. Prior to that, he was Managing Director at Avaya Global Connect Ltd.

In his career, he has also held executive leadership positions for over 20 years with the Tata Group at Tata Telecom and Bradma of India Ltd. His industry exposure includes Enterprise Communications, Consulting, Business Automation, IT and Services.

Anil has an MBA degree from XIM Bhubaneswar and did his Advanced Management Program at ISB-Kellogg Business School, Chicago.



Jango Dalal
Additional (Independent)
Director

Jango Dalal is an IT Industry veteran and has wide ranging experience throughout India, SAARC and Asia-Pacific, and was based out of Mumbai, Bangalore and Singapore at different times in his career.

He held the position of President - India and SAARC at Cisco. Later, he was the Managing Director of D-link India Limited, a diversified listed company involved in the areas of manufacturing and distribution of Networking products, PC components and subsystems. He was also President - India & SAARC at Avaya India Pvt. Ltd. Currently he is the Co-founder and CEO at insightGURU.com and also works as an independent management consultant and mentor with select companies.



Manhar Mandaliya
Non - Executive &
Independent Director

Manhar Mandaliya is a Commerce Graduate and a Lawyer. He is also a Fellow member of the Institute of Chartered Accountants of India.

Manhar Mandaliya has over 30 years of experience in the said domains and in Auditing, Taxation, Management Consultancy Services, Financial Consultancy Services and Business Advisory Services.

Manhar Mandaliya has also been a Financial Advisor to large corporate groups in India. He has served as President of Rotary Club of Mumbai Kandivali West in the Rotary Centennial Year (2004-05), and is actively involved in activities in Rotary District 3140.



Neeraj Gupta
Non - Executive Director

Neeraj has nearly 25 years of experience in the Corporate Finance arena. He has worked with Ernst & Young, American Express Bank, GE Capital and N M Rothschild prior to joining Essar Group.

Neeraj has held various responsibilities at Essar. He was President for the Telecommunications business where the key responsibility was to realize value from the investments in telecom businesses. He has been Managing Director of Essar Global where he setup the Group's presence in Singapore. Presently, as Executive Director, he is responsible for strategic transactions across the Group.

Neeraj holds a commerce degree from Shri Ram College of Commerce and is a qualified Chartered Accountant.



Sanjeev Verma
President &
Executive Director

Sanjeev is a technology veteran with over 21 years of extensive global experience in the ICT Domain.

He has deep understanding of various geographies. In his current role as President & Executive Director at AGC Networks, he has been an asset to the company's roadmap in India and now, its expansion to foreign shores. Prior to joining AGC, Sanjeev has significantly contributed to the progress and establishment of a global technology giant in India in the ICT space.

Earlier, Sanjeev has held senior management roles in India and overseas and used his entrepreneurial skills, playing an instrumental role in starting up and establishing companies.



Shuva Mandal
Non-Executive &
Independent

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

Mandal's practice includes Inbound Investment to India including strategy, corporate governance, corporate finance, M&A, Joint Ventures, disposal of private companies, private equity & securities transactions, 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.



Sujay R. Sheth
Chairman - Non-Executive
& Independent

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, he is the Managing Partner of J. K. Doshi & Co., Chartered Accountants, a reputed firm established in 1955.

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 for a wide selection of Indian and multi-national clients.



Sujaya Banerjee
Non-Independent &
Non-Executive

Dr. Sujaya Banerjee has been a Human Resources professional for over 24 years and has transformed the HR function in several leading organizations during her career.

She has set up world class Performance and Talent Management programs through her assignments at ADNOC and as Head at HR at Lowe Lintas and Partners and Director HR of British Gas. Sujaya has also been listed among the Top 40 HR professionals in Asia, has won the Youth Icon Award for 2009 and the Contribution to HR Community Award given by the Government of Malaysia in 2012, besides winning several International accolades like the Learning Elite Award - CLO USA, Best Business Adoption Award-Success Factors (2011) and the SAP Ace Award 2013. She currently works with the Essar Group.

She has presented white papers and chaired conferences around the world at GE's John F. Welch Leadership Center (Crotonville), at the CLO Summit-Harvard Business School, ASTD Denver Conference 2012, SkillSoft Perspectives Florida and Success Connect Sydney. She also chairs the Emerging Markets HR Summit in the UK every year.

Pratik Bhanushali is a Company Secretary and Law Graduate having more than 8 years experience in the field. He also holds an MBA degree in Finance.

Corporate Governance, Listing Compliance and Compliance under other Corporate Laws are his forte.



Pratik Bhanushali
Company Secretary

CORPORATE SNAPSHOT

AGC Networks Limited (AGC), (BSE: 500463 and NSE: AGCNET), is a global solution integrator delivering technology solutions in Unified Communications, Network Infrastructure & Data Center, Cyber Security and Enterprise Applications & Services across markets and verticals. AGC is a leader in Enterprise Communications in India and has a significant presence in the Middle East / Africa, North America, Australia / New Zealand and Philippines. Your company has a differentiated approach to solution integration and offers domain-focused, flexible and customized technology solutions and seamless services in collaboration with global technology partners to accelerate our customer's business.

Your company currently serves more than 3000 customers worldwide, including Fortune 500 companies. AGC is ISO 9001 and 27001 certified.



PURPOSE

We accelerate our customer's business with customized technology solutions



VALUES

- Integrity and Fairness
- Innovation
- Will to Win
- Continuous Improvement
- Responsiveness and Collaboration
- Empowerment and Accountability
- Differentiation

SOLUTION QUADRANTS



CORPORATE INFORMATION

Directors (in alphabetical order)

| | |
|-------------------------|--|
| Anil Nair | Managing Director & CEO (w.e.f. 16 th June, 2014) |
| Jangoo Dalal | Independent Non-Executive Director (w.e.f. 27 th May, 2015) |
| Manhar Mandaliya | Independent Non-Executive Director (w.e.f. 28 th May, 2014) |
| Neeraj Gupta | Non-Executive Director (w.e.f. 22 nd April, 2014) |
| Sanjeev Verma | Executive Director (Whole Time Director) (w.e.f. 15 th May, 2014 till 19 th October, 2014) Non-Executive Director (w.e.f. 20 th October, 2014) |
| Shuva Mandal | Independent Non-Executive Director |
| Sujaya Banerjee | Non-Executive Director (w.e.f. 12 th March, 2015) |
| Sujay R. Sheth | Chairman - Independent Non-Executive Director |

Company Secretary

Pratik Bhanushali

Auditors

M/s. Walker Chandiok & Co LLP

Registered office

Equinox Business Park (Peninsula Techno Park),
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,
Philippines, Saudi Arabia, Singapore, South Africa,
Sri Lanka, UAE, USA

Bankers

Yes Bank Limited, IDBI Bank Limited, Bank of India

Registered and share transfer agents

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

Audit Committee

Manhar Mandaliya, Neeraj Gupta, Shuva Mandal
Sujay R. Sheth

Stakeholders Relationship Committee

Anil Nair, Sanjeev Verma (till 16th June 2014),
Sujay R. Sheth

Ethics and Compliance Committee

Shuva Mandal, Sujay R. Sheth

Nomination and Remuneration Committee

Shuva Mandal, Sujay R. Sheth, Manhar Mandaliya

Executive Committee

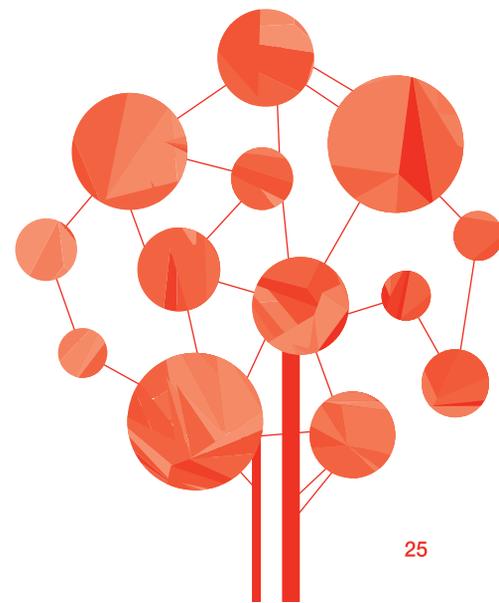
Anil Nair, Sanjeev Verma, Amal Thakore

Corporate Social Responsibility Committee

Shuva Mandal, Sujay R. Sheth, Neeraj Gupta

Risk Management Committee

Sujay R. Sheth, Anil Nair, Amal Thakore



NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the members of **AGC NETWORKS LIMITED** will be held on Thursday, August 6, 2015 at 11.00 A.M. at Banquet Hall, Equinox Business Park, Off B.K.C, LBS Marg, Kurla West, Mumbai 400070 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2015, 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. Neeraj Gupta (DIN 00317395), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjeev Verma (DIN 06871685), who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint the retiring Auditors M/s. Walker Chandiook & Co. LLP, Chartered Accountants (ICAI Registration No. 001076N) 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, with or without modifications(s):

"RESOLVED THAT M/s. Walker Chandiook & Co. LLP , Chartered Accountants (ICAI Registration No. 001076N), be and are hereby re-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, on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors in addition to reimbursement of out-of-pocket expenses in connection with the work of audit to be carried out by them."

SPECIAL BUSINESS:

5. 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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Jango Dalal (DIN: 01683803), who was appointed by the Board, with effect from 27th May, 2015 as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 27th May, 2015 to hold office for 5 (five) consecutive years commencing from 27th May, 2015."

6. 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 Sections 149 and 152 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mrs. (Dr.) Sujaya Banerjee (DIN: 06814544) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 12th March, 2015 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013 (“the Act”), but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director (Non-executive) of the Company whose office shall be liable to retirement by rotation.

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

Sd/-
Pratik Bhanushali
Company Secretary

Place: Mumbai.
Dated: June 25, 2015

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, 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, 2015, 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 31.07.2015 (Friday) to 06.08.2015 (Thursday) (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 the Companies Act, 2013 by the Company to “The Investor Education & Protection Fund” constituted by the Central Government. 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 get the all the information of the Company at the click of the mouse and 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 dematerialization of the Company’s shares on either of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

INSTRUCTIONS FOR E-VOTING

The voting period begins on 9.00 a.m. on Monday, August 3, 2015 and ends on 5.00 p.m. on Wednesday August 5, 2015. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, July 30, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The instructions for shareholders voting electronically are as under:

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders.
- (iii) Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

- c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|------------------------------|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank details or DOB | <p>Enter the Dividend Bank details or DOB (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login</p> <p>If both the details are not recorded with the depositories or the Company, please enter the member ID/folio No in the dividend bank details field as mentioned above.</p> |

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <AGC Networks Limited> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

The Board of Directors of the Company appointed Mr. Jango Dalal as an Additional Director of the Company with effect from 27th May, 2015 pursuant to the provisions of Section 161(1) of the Act. In terms of the provisions of Section 161(1) of the Act, Mr. Dalal would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Dalal for the office of Director of the Company. Mr. Dalal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company from the effective date of appointment and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Dalal stating that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Mr. Dalal possesses appropriate skills, experience and knowledge, inter alia, in the Company related business.

In the opinion of the Board, Mr. Dalal fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Dalal is independent of the management.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Dalal is appointed as an Independent Director. Copy of the draft letter for appointment of Mr. Dalal as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Save and except Mr. Dalal and his relatives, to the extent of their shareholding interest, if any, in the Company,

none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

Item No. 6

The Board of Directors at their meeting held on 12th March, 2015 appointed Mrs. (Dr.) Sujaya Banerjee as an Additional Director of the Company with immediate effect. Under Section 161(1) of the Companies Act, 2013, Mrs. Banerjee holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing Mrs. Banerjee as a candidate for the office of Director of the Company. Brief resume of Mrs. Banerjee, nature of her expertise in specific functional areas and names of companies in which she holds directorships and shareholding in the Company is provided in the annexure to this notice.

The Board considers that the appointment of Mrs. Banerjee as a Director (non-executive) of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends her appointment as a Director of the Company whose period of office is liable to determination by retirement of directors by rotation.

Except Mrs. Banerjee, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

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

Sd/-
Pratik Bhanushali
Company Secretary

Place: Mumbai.

Dated: June 25, 2015

Registered Office:

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

ANNEXURE TO NOTICE

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

| | |
|--|---|
| Name of Director | Mr. Neeraj Gupta |
| Age | 47 Years |
| Date of Appointment | 22nd April, 2014 |
| Expertise in specific functional areas and Qualifications | As mentioned on page No. 22-23 of the Annual Report 2014-15 of AGC Networks Limited |
| List of other Companies in which Directorship held as on 22nd April, 2014 | <ol style="list-style-type: none"> 1. The MobileStore Services Limited 2. Ample Holdings Pvt Ltd 3. Essar Satvision Limited 4. Chilloda Farms Limited 5. Rupa Investments Limited 6. Essar Capital Limited 7. Essar Capital Holdings (India) Limited 8. Meradata Private Limited 9. Essar Securities Ltd 10. Techprimus Solutions India Pvt Ltd |
| Shareholding in the Company as on 22nd April, 2014 | NIL |

| | |
|--|---|
| Name of Director | Mr. Sanjeev Verma |
| Age | 48 Years |
| Date of Appointment | 15th May, 2014 |
| Expertise in specific functional areas and Qualifications | As mentioned on page No. 22-23 of the Annual Report 2014-15 of AGC Networks Limited |
| List of other Companies in which Directorship held as on 15th May, 2014 | NIL |
| Shareholding in the Company as on 15th May, 2014 | NIL |

| | |
|--|---|
| Name of Director | Mr. Jangoo Dalal |
| Age | 49 Years |
| Date of Appointment | 27th May, 2015 |
| Expertise in specific functional areas and Qualifications | As mentioned on page No. 22-23 of the Annual Report 2014-15 of AGC Networks Limited |
| List of other Companies in which Directorship held as on 27th May, 2015 | <ul style="list-style-type: none"> Smartlink Network Systems Limited iguru Ventures Private Limited |
| Shareholding in the Company as on 27th May, 2015 | NIL |

| | |
|--|---|
| Name of Director | Dr. (Mrs.) Sujaya Banerjee |
| Age | 48 Years |
| Date of Appointment | 12th March, 2015 |
| Expertise in specific functional areas and Qualifications | As mentioned on page No. 22-23 of the Annual Report 2014-15 of AGC Networks Limited |
| List of other Companies in which Directorship held as on 12th March, 2015 | Capstone People Consulting Private Limited |
| Shareholding in the Company as on 12th March, 2015 | NIL |

DIRECTORS' REPORT

The Directors hereby present the 29th Annual Report and the audited financial statements of the Company for the year ended March 31 2015.

1. Financial Results

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

₹/Cr.

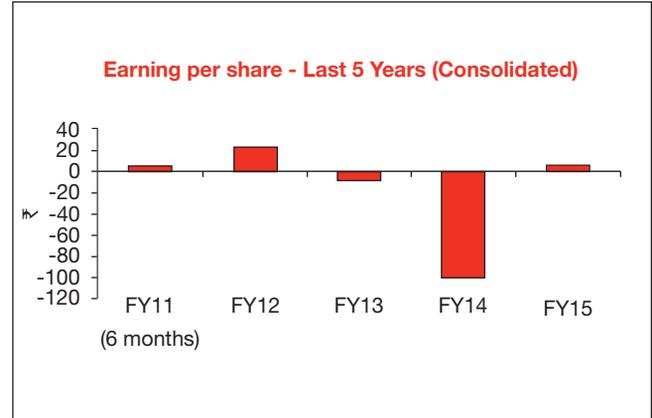
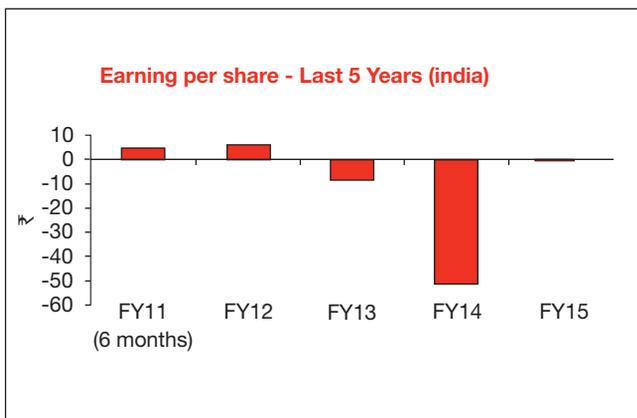
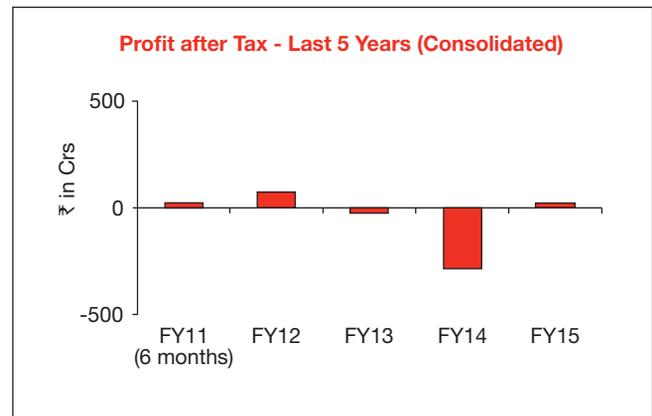
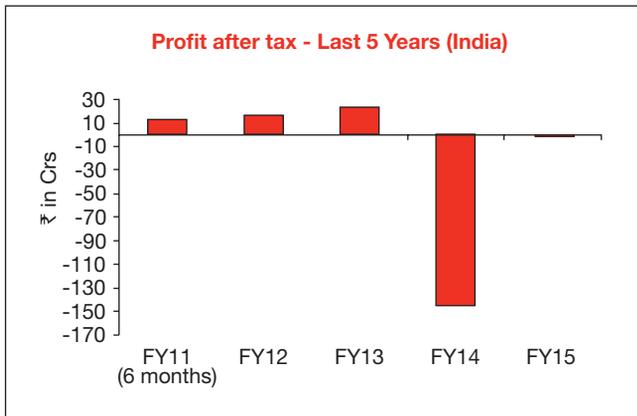
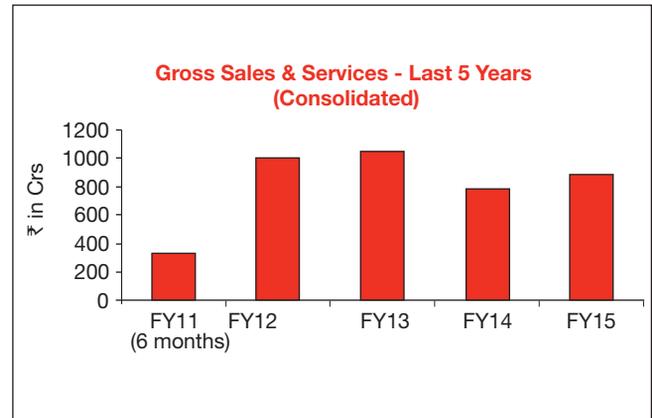
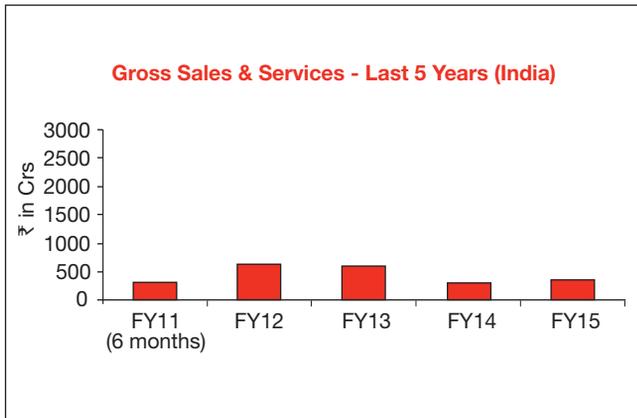
| | Standalone | | Consolidated | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Year ended 31/03/2015 | Year ended 31/03/2014 | Year ended 31/03/2015 | Year ended 31/03/2014 |
| Sales & Services (Gross) | 341.27 | 306.23 | 892.04 | 775.80 |
| Sales & Services (Net) | 350.83 | 323.75 | 897.17 | 794.42 |
| Profit before interest, depreciation & tax (EBIDTA) | 31.63 | -106.57 | 62.04 | -197.52 |
| Less : Interest and finance charges (Net) | 24.17 | 29.29 | 25.92 | 36.39 |
| Less : Depreciation | 5.13 | 9.04 | 18.44 | 40.14 |
| Profit before tax from continuing operations | 2.33 | -144.90 | 17.68 | -274.05 |
| Less : Provision for tax (including Deferred tax) | 2.71 | 0.18 | 2.91 | -2.46 |
| Profit after tax from continuing operations | -0.38 | -145.08 | 14.77 | -271.59 |
| Profit after tax from discontinuing operations | 0.00 | 0.00 | 0.00 | -10.60 |
| Profit after tax | -0.38 | -145.08 | 14.77 | -282.19 |
| Balance brought forward from previous year | -89.90 | 55.18 | -148.30 | 94.60 |
| Amount available for appropriation | -90.28 | -89.90 | -133.53 | -187.59 |
| Appropriations : | | | | |
| Profit on Demerger/Additional Depreciation | 0.00 | 0.00 | 0.59 | -39.29 |
| Transfer to General Reserve | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance carried to Balance Sheet | -90.28 | -89.90 | -134.12 | -148.30 |

2. Dividend

In view of the losses, your Directors have not recommended any dividend for the financial year ended March 31, 2015.

3. Financial Performance

The Company, for the year ended March 31, 2015 recorded a gross turnover of ₹ 341.27 Crores as against ₹ 306.23 Crores for the period ended March 31, 2014. The profit before tax is ₹ 2.33 Crores for the period ended March 31, 2015 as against loss before tax of ₹ 144.90 Crores for the previous period. The net loss for period ended March 31, 2015 ₹ 0.38 Crores as against net loss of ₹ 145.08 Crores for the previous period.



4. Operations

According to **IMF, World Economic Outlook**, global growth in 2014 was a modest 3.4 percent, reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies. Complex forces that affected global activity in 2014 are still shaping the outlook. Growth is projected to be stronger in 2015 relative to 2014 in advanced economies, but weaker in emerging markets, reflecting more subdued prospects for some large emerging market economies and oil exporters.

Span of Projects undertaken across the globe

Despite the overall challenging market conditions, your Company has been able to sustain and win a significant number of contracts and project wins across verticals and geographies. Some of the prominent wins of varying sizes during the year were:

India

- Deployed a high performance server solution for a leading global bank
- Implemented a comprehensive communication solution including Voice, Video and underlying intelligent network for a leading steel manufacturer
- Enhanced the customer service capability of a leading computer peripherals manufacturer with AGC's service wrap around the call management suite
- Deployed Call center application services for a MNC Insurance company

Nepal

- Dynamic services on IVR for the first private mobile operator in the country

Bangladesh

- Enabled a virtualized environment for the country's second largest cellular service provider

USA

- Deployed communication systems for a Republic & wealth management bank in the US
- Completed a UC solution and professional services implementation for the tenth largest accountancy firm in the US
- Implemented a UC system for one of the largest financial services companies in US
- Won a large multi OEM services contract in the Midwest and Southeast USA
- Implemented a significant enterprise project win in a competitive city government bid in the Southwest and got a customer satisfaction score of 9.5 on a scale of 10
- Got a UC deal from one of the largest banking organizations headquartered in Atlanta, serving a broad range of consumer, commercial, corporate and institutional clients
- Wireless and data infrastructure project for a medium player in the gaming industry in the Midwest
- UC and contact center deployment with a State / Local entity in the Southeast
- Large maintenance and AGC services contract with a large Nationwide manufacturer
- Accomplished successful AV design integration and solutioning for a global leader in multichannel customer experience

Australia

- Deployed a large Unified Communications upgrade across 12 countries and signed an exclusive deal with a large BPO for their infrastructure
- Successfully completed a video conferencing project as a fully integrated UC service for an international university with campuses in Melbourne and Vietnam

Middle East & Africa

- Secured a large contract from a leading University of Ethiopia for a student information system
- Implemented the entire data centre with servers, storage & contact centre for one of the biggest car rental companies in Saudi Arabia.
- Enhanced AGC's foot print across Africa in Kenya, Ethiopia & Rwanda
- Cyber Security solutions (setting up of SOC, database activity monitoring and security information management services) being implemented for three leading banks across Kenya and the Middle East
- Won a video conferencing deal from a diversified business conglomerates in Africa
- Awarded a large deal of Data Center Virtualization from a leading developer in UAE

5. Awards And Recognitions

Recognition from the partner community includes,

- ANZ Top Networking Partner from **Avaya**
- ANZ Partner of the Year 2014-15 from **Avaya**
- Partner of the Year – Western Region, India from **Juniper**
- Partner of the Year – Eastern Region, India from **HP**

6. Value Creation Through Technology Solutions

Your Company seeks to differentiate itself by being **responsive** while delivering **superior technology solutions** to accelerate our customers' business. To accomplish this, your Company has built a strong and experienced global leadership team to cultivate and grow durable bonds with OEMs and technology partners, who have consistently helped us identify emerging technologies that we integrate for customers globally to guide them with respect to their technology landscape. Focus on your Company's key areas of operations, supply chain efficiency and execution effectiveness have contributed to last mile efficiencies positively impacting the customers' business outcomes.

At AGC teams across functions and geos – from Sales to Solution Design specialists to Project Managers, the Alliance (OEM support) team, or backend support across HR, Marketing and Finance that impact customers, are all part of what we call **The AGC Value Chain**. When internal teams align their processes to enable a hassle free experience for the end customer, when this value chain seeks to create a seamless front-end for the customer, the process of doing business with AGC gets easier, going beyond transactions to create **customers-for-life**.

This spans the following four areas of focus for AGC.

The Z-Curve

AGC has been one of the early adopters of industry solutions and business-value based selling. A decade ago, while enjoying the market leadership in the Unified Communications (UC) space, AGC repositioned *Communication* - from merely being a customer service tool (and hence a cost element) to being a **business accelerator** (and hence a revenue element). By understanding process delays and embedding pertinent UC solutions, AGC was able to devise solutions for market activation, supply chain, field force, retail automation etc., with the underlying philosophy that communication can help loosely-couple business processes, thereby improving agility.

While this did help our customers accelerate their business and helped AGC diversify revenue streams, there were technology and market forces at work, more importantly in past few years that led AGC to look beyond UC offerings. We call this the **Z-Curve**. With mobility / smart phones / devices & consumerisation of IT at the access and virtualisation at the core, technology has been getting increasingly federated. This meant that voice & video communication channels were no longer a wrap-around layer around business processes. Communication was now deeply embedded across an imploding set of touch points interspersed across the entire infrastructure layer and touched both on-premise tech & the data center. Thus AGC's active play in the UC and NI & DC quadrants helped customers accelerate their business. The Cyber Security quadrant provides the required security to the infrastructure. **Social media, federation of technology, Internet of Things (IOT) & advent of cloud/utility** models also meant an increasing play for AGC in connecting infra with business applications through a basket of service offerings and consumption models. Applications & Services with offerings like SMAC, M2M, UC Apps, AGC GUARDIAN & Managed Services are the fourth quadrant.

Becoming the *Trusted Advisor*

With increasing user demands and shrinking budgets, today's CIO do a tight-rope walk more than ever before. AGC continues to work towards becoming a *trusted advisor* for its customer – a partner who can help sweat the capital already invested, thus improving ROTI (**Return on Technology Investment**). AGC has taken various initiatives in this direction (Tech Landscaping, Advanced Design Services, Customer Experience Centre, Tech Days, ideation forums like Xcelerate and TechFutures).

From International to Global

Having increased its footprint across continents, AGC now has formidable presence in India, North America, Australia / New Zealand, Middle East / Africa. AGC has now networked its engineering and design resources and follows a 'Central Kitchen' model out of India for continuous skill building and refresh thanks to the availability of skilled manpower and the potential cost arbitrage. AGC also has a central **Solution Design Centre (SDC)** based out of Pune in India that architects solutions across geographies. This team has crafted over 6000 technology solutions in the financial year. While AGC builds services-led local partnerships and skills in each geo in a calibrated fashion, its major focus remains on a set of key alliance partners and skills. This helps attract inbound investments and a seat on the global high table with OEMs and customers, slowly but surely transforming AGC into a global brand. Our increasing ability to absorb the service related skills of newer brands reinforces both our solution integration abilities and our competitive advantage.

Shaping the Future

Your Company enables technology decisions that are consumption-led, software-defined and device-delivered. With traditional models (CapEx), mega trends like all-things-digital, SDX and emerging models (Cloud & Managed Services) as a key enabler for business, AGC helps CIOs deliver business outcomes. AGC is prepared to offer both the traditional as well as the newer models to its customers by building its own Cloud offerings, re-selling Public Clouds and offering Advanced Services around building / managing Hybrid Clouds along side its traditional CapEx offerings.

7. Organizational Initiatives

At AGC, we place utmost importance on our people and constantly work towards building and maintaining a progressive working environment. HR policies are continuously aligned with the organization's strategy to drive company values and culture to benefit the employee and our business needs.

During this year, the Company initiated measures to **optimize resource utilization**. The Company's employee strength was optimized to promote productivity and growth. Aligned to this agenda, **Global Talent Exchange (GTE)** and **Internal Job Postings (IJP)** have been initiated for fulfilling global resource requirements. This helped support our agenda for individual growth and team development.

Other organizational initiatives have been:

- **World Environment Day** - AGC being a responsible corporate citizen celebrated World Environment Day on 5th June globally with the intent to sensitize employees to be environment conscious and support a sustainable green environment. A series of go green initiatives were conducted that included – AGC Recycle Drive, AGC Tree Plantation Drive, AGC Car Pooling Initiative etc.
- **Outreach** – A global all hands communication platform.
- **Quest** – An employee connect initiative in Q& A format with our MD & CEO initiated for all global employees to freely ask questions. The session helped gain meaningful insight across all geos to align all AGCians towards a common purpose.
- **AGC Annual Day** – With AGC entering its 30th year of serving customers in the ICT space; AGCians came together to celebrate a fun-filled day. It was an opportunity to connect with AGC senior leadership, esteemed OEMs / Partners and Customers, and applaud fellow AGCians for their exemplary performance and witness exceptional talent through the AGC Talent show. This facilitated a collaborative work culture and built camaraderie as employees engaged in a range of activities encompassing both celebrations and fun events.
- **Envision** - an ideation meet with MD& CEO, to discuss ideas and brainstorm suggestions, communicate strategic views and future plans and discuss ways to accelerate business; a platform to gather market intelligence, ignite creative thinking, brainstorm and ideate to build new pathways to the market and understand the needs of customers and vendors.
- **Our Learning and development offerings** - have been customized for employees across career levels, skill and domains. Learning expertise has been cultivated in-house, in the form of dedicated internal trainers and lab modules. New learning and development methodologies were launched to maximize individual capability and performance. In FY15, 1861 training mandays were clocked covering 90% unique employees with 363 key OEM certifications.
- **Talent Engagement** - is a key imperative to build employee connect through communication and employee interventions. We have established multiple channels to connect employees with leaders as well as peer groups and enable continuous and transparent communication.
- **CSR** - As a responsible corporate organization, AGC has been consistently working towards adding value to the society through some of its community initiatives such as, 'Recycle Karo Drive' for paper and electronic waste and 'Hastashilp' a carnival of arts and crafts.

Our Annual Employee Engagement Survey - is used as a tool to assess employees' attitudes, beliefs and perceptions about AGC, identify key engagement drivers and recognize opportunity areas. The global employee engagement score for FY15 was at 84%, reflecting a highly engaged and motivated workforce.

8. Management's Discussion and Analysis report

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming integral part of the Annual Report.

9. Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were reviewed and no reportable material weakness in the design or operation was observed.

10. Fixed Deposits

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

11. 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.

During the year, AGCNETWORKS Philippines INC. became subsidiary of the Company through its Singapore Wholly Owned Subsidiary. A statement containing salient features of the financial statements of each of the subsidiaries of the Company in Form No. AOC-1 is presented on page No. 136 of this Annual Report.

12. Particulars of Loans given, investments made, Guarantees given and securities provided

Particulars of Loans given, investments made, Guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the notes to financial statements.

13. Statutory Auditors and their report

M/s. Walker Chandiook & Co LLP, Chartered Accountants, Mumbai, Statutory Auditors of the Company shall hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The Notes to financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. Following were the reservation/qualifications mentioned in their Audit Report for the financial year ended 31st March, 2015, along with Company's explanation for the same.

A. Standalone Audit report

As stated in Note 28(d) to the financial statements, during the year the Company has recognized sale of properties having aggregate carrying value of ₹ 1.09 crores and profit on such sale amounting to ₹ 46.04 crores (net of incidental selling expenses amounting to ₹ 3.39 crores) under 'exceptional items'. In our opinion, as the significant risks and rewards for the said property have not been transferred during the year ended 31 March 2015, recognition of such sale is not in accordance with the principles laid

under Accounting Standard (AS) 9 Revenue Recognition. Had the Company not recognized such sale, loss after tax for the year ended 31 March 2015 would have been higher by ₹ 46.04 crores; tax expense would have been lower by ₹ 3.27 crores; non-current loans and advances would have been higher by ₹ 3.27 crores and the reserves and surplus, other current assets and other current liabilities as at that date would have been lower by ₹ 42.77 crores, ₹ 50.52 crores and ₹ 3.39 crores, respectively. Further the carrying value of tangible assets as at 31 March 2015 would have been higher by ₹ 1.09 crores

B. Consolidated Audit report

As stated in Note 26(d) to the financial statements, during the year the Company has recognized sale of properties having aggregate carrying value of ₹ 1.09 crores and profit on such sale amounting to ₹46.04 crores (net of incidental selling expenses amounting to ₹ 3.39 crores) under 'exceptional items'. In our opinion, as the significant risks and rewards for the said property have not been transferred during the year ended 31 March 2015, recognition of such sale is not in accordance with the principles laid under Accounting Standard (AS) 9 Revenue Recognition. Had the Company not recognized such sale, loss after tax for the year ended 31 March 2015 would have been higher by ₹ 46.04 crores; tax expense would have been lower by ₹ 3.27 crores; non-current loans and advances would have been higher by ₹ 3.27 crores and the reserves and surplus, other current assets and other current liabilities as at that date would have been lower by ₹ 42.77 crores, ₹ 50.52 crores and ₹ 3.39 crores, respectively. Further the carrying value of tangible assets as at 31 March 2015 would have been higher by ₹ 1.09 crores.

Management's explanation with reference to A and B above

The Company has entered into deeds of assignment during the year to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company. Subsequent to the year end, the lender to whom these assets were provided as security has provided its in-principal approval for the said transfer subject to fulfillment of conditions stated therein. The said transfer is pending approval from the relevant government authority and transfer of legal title ,that are considered to be procedural in nature. Company has recognized profit on sale of Fixed Assets of ₹ 46.04 Crores disclosed under the head "Exceptional Item".

14. Secretarial Auditors and their report

The Board has appointed Dr. S. K. Jain and Co., Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as Annexure I to this Report.

15. Corporate Governance

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally. The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report. The certificate required under clause 49(XI)(A) from Practicing Company Secretaries confirming compliance with the conditions of corporate governance is annexed herewith marked as Annexure II.

16. Number of Board meetings

During the F.Y. 2014-15, Seventeen (17) Board meetings were held. Further detail on the same is available in Corporate Governance Report which forms part of this Annual Report.

17. Employees' Stock Option Scheme

Pursuant to the shareholders approval dated April 21 2015, the Nomination and Remuneration Committee of

the board of directors of the Company granted 1,004,866 stock options equivalent to 3.53% of equity paid-up capital of the Company on 14th May, 2015 as per the terms of ESOP Scheme 2015 approved on April 21 2015.

18. Vigil Mechanism

The Vigil Mechanism of the Company in terms of the Listing Agreement is incorporated under whistle blower policy. Protected disclosures can be made by a whistle blower through an e-mail, or a letter to the Ethics Officer or to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link <http://www.agcnetworks.com/home/policies>.

19. Extract of Annual Return

Extract of the Annual Return of the Company in Form No. MGT-9 is annexed herewith as Annexure III of this report.

20. Directors and Key Managerial Personnel

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Neeraj Gupta and Mr. Sanjeev Verma, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

During the year at 28th Annual General Meeting of the Company, members of the Company appointed Mr. Anil Nair (as Managing Director and Chief Executive Officer), Mr. Manhar Mandaliya (as Independent Director), Mr. Neeraj Gupta (as Non-executive Director), Mr. Sanjeev Verma [as whole time director, who on 19th October, 2014, resigned from his whole-time directorship and continued to be Director (non-executive)] of the Company, and re-appointed Mr. Shuva Mandal and Mr. Sujay Sheth (Independent Directors of the Company).

The Board has appointed Dr. (Mrs.) Sujaya Banerjee (as Non-Executive Director of the Company) during the year, and Mr. Jangoo Dalal was appointed as Additional Director (to be designated as Independent Director) by the Board on 27th May, 2015.

The Board also approved appointment of Mr. Amal Thakore as Chief Financial Officer of the Company during the year.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company has devised a Policy for performance evaluation of Directors, Board and senior management which include various criteria for performance evaluation of the same. The Company has also devised remuneration policy. These policies are annexed to this report as Annexure IV and V respectively.

21. 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 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report. Kindly refer Annexure VI of this report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

22. 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 VII to this report.
- (iii) Part C pertaining to foreign exchange earnings and outgoings is as mentioned below.

| Expenditure in foreign currency (accrual basis) | 31-Mar-15 | 31-Mar-14 |
|--|--------------|--------------|
| | ₹ in Crores | ₹ in Crores |
| Training and software support upgrades | 9.88 | 17.14 |
| Maintenance services | 8.74 | 10.14 |
| Travelling expenses | 1.28 | 2.85 |
| Other matters | 0 | 0.01 |
| | 19.91 | 30.14 |
| Earnings in foreign currency (accrual basis) | ₹ in Crores | ₹ in Crores |
| Sale of goods and services | 11.03 | 18.74 |
| (Including sale from overseas branch and to Export Oriented Units) | | |
| Interest and commission income | 6.12 | - |
| | 17.15 | 18.74 |

23. Corporate Social Responsibility (CSR)

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link <http://www.agcnetworks.com/in/en/corporate-governance>.

The Report on CSR activities is annexed herewith marked as Annexure VIII.

24. Risk Management Policy

During the year, your Directors have constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. A Group Risk Management Policy was reviewed and approved by the Committee.

25. Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Most of these are one time purchase/sales transactions except Loans and Advances transactions which are

repayable on demand, and maintenance services transactions which are of the duration of 3 months to 12 months. Your Directors draw attention of the members to Note 32 to the financial statement which sets out related party disclosures.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.agcnetworks.com/home/policies>.

26. Directors' Responsibility Statement

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and 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 as at March 31, 2015 and of the profit/(loss) of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

27. Committees of the Company

The details relating to all the Committees constituted by the Company are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

28. 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
AGC Networks Limited

Anil Nair
 Managing Director & CEO

Neeraj Gupta
 Director

Mumbai
 June 25, 2015

ANNEXURE I TO DIRECTORS' REPORT

Secretarial Audit Report for the Financial year ended 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Board of Directors,

AGC NETWORKS LIMITED

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

Dear Sir/(s),

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by AGC NETWORKS LIMITED (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by AGC NETWORKS LIMITED ("the Company"), as given in **Annexure A**, for the financial year ended on 31st March, 2015, according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the Rules made thereunder for specified Sections notified and came into effect from 12th September, 2013 and Sections and Rules notified and came into effect from 1st April, 2014;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
 - (iii) The Depositories Act, 1996 and Regulations and the Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - iv. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

- v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable as the Company has not issued any Debt Securities during the Financial Year under review)
 - vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agent) Regulations, 1993 regarding the Companies Act and dealing with client;
 - vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable as the Company has not delisted/proposed to delist its Equity Shares from any Stock Exchange during the Financial Year under review)
 - vii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable as the Company has not bought back/proposed to Buy-back any of its Securities during the Financial Year under review)
- (vi) Other laws applicable specifically to the Company namely:
- i. Information Technology Act, 2000 as amended up to date and the Rules made thereunder.
 - ii. Copy Rights Act.
 - iii. The Patents Act, 1970.
 - iv. The Trademarks Act, 1999.
2. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of Laws and Rules specifically applicable to the Company is given in **Annexure B**.
3. In case of Direct and Indirect Tax Laws like Income Tax Act, Service Tax Act, Excise & Custom Acts I have relied on the Reports given by the Statutory Auditors of the Company.
- I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 1956; (Not notified and hence not applicable to the Company during Audit period) and
 - (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange, National Stock Exchange;

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate Notice was given to all directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the year under Report except the following events there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having major bearing on the Company's affairs:

1. The Authorised Share Capital of the Company has been increased during the year under Report as under:
 - i. From Rs. 40,00,00,000/- (Rupees Forty Crores) only divided into 3,00,00,000 Equity Shares of Rs. 10/- each and 10,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each to 80,00,00,000/- (Rupees Eighty Crores) only divided into 4,50,00,000 Equity Shares of Rs. 10/- each and 35,00,000 Cumulative/Non Cumulative Redeemable Preference Shares of Rs. 100/- each and necessary resolutions under the Companies Act, 2013 read with Rules made thereunder as applicable have been passed through Postal Ballot on 15/07/2014
 - ii. From Rs. 80,00,00,000/- (Rupees Eighty Crores) only divided into 4,50,00,000 Equity Shares of Rs. 10/- each and 35,00,000 Cumulative/Non Cumulative Redeemable Preference Shares of Rs. 100/- each to 145,00,00,000/- (Rupees One Forty Five Crores) only divided into 4,50,00,000 Equity Shares of Rs. 10/- each and 1,00,00,000 Cumulative/Non Cumulative Redeemable Preference Shares of Rs. 100/- each and necessary Resolutions under Companies Act, 2013 read with Rules made thereunder as applicable have been passed in the Annual General Meeting on 07/08/2014
2. The Board of Directors of the Company in its Meeting held on 08/05/2014 has allotted 15,00,000 1% Non Cumulative, Non-Convertible Redeemable Preference Shares of Rs. 100/- each aggregating to Rs. 15,00,00,000/- (Rupees Fifteen Crores) only to M/s. Essar Information Technology Limited and has complied the relevant provisions of the Companies Act, 2013 read with Rules made thereunder and under any other law, rules and regulations.
3. The Board of Directors in its Meeting held on 12/03/2015 decided to introduce Employee Stock Option Scheme to be called as '**AGC NETWORKS EMPLOYEES STOCK OPTION SCHEME 2015**' and to seek consent of the Shareholders for grant of 14,23,323 options to the Permanent Employees, Existing and Future Directors including Whole-Time Directors but excluding the Independent Directors of the Company and also of its existing and future Subsidiary Companies whether in or outside India as may be decided solely by the Board. The Result of the Postal Ballot was announced on 21/04/2015 at the Registered Office of the Company.

Place: Mumbai
Date: 24th June, 2015

For S. K. Jain & Co.

(Dr. S. K. Jain)
Proprietor
Company Secretary
FCS: 1473

COP: 3076

ANNEXURE - A**List of documents verified**

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March, 2014.
3. Minutes of the Meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Share Transfer Committee and Stakeholders' Relationship Committee along with Attendance Register held during the Financial Year under report.
4. Minutes of General Body Meetings held during the Financial Year under report.
5. Statutory Registers.
6. Agenda papers submitted to all the Directors/Members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013 and attachments thereto during the Financial Year under Report.
8. e-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
9. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the financial year under report.

Place: Mumbai
Date: 24th June, 2015

For S. K. Jain & Co.

(Dr. S. K. Jain)
Proprietor
Company Secretary
FCS: 1473

ANNEXURE - B**OTHER LAWS AND RULES APPLICABLE SPECIFICALLY TO THE COMPANY:**

- i. Information Technology Act, 2000 as amended up to date and the Rules made thereunder.
- ii. Copy Rights Act.
- iii. The Patents Act, 1970.
- iv. The Trademarks Act, 1999.

Place: Mumbai
Date: 24th June, 2015

For S. K. Jain & Co.

(Dr. S. K. Jain)
Proprietor
Company Secretary
FCS: 1473

ANNEXURE II TO DIRECTORS' REPORT

Certificate on Corporate Governance Report

To

The Members of
AGC NETWORKS LIMITED
Equinox Business Park (Peninsula Techno Park),
Off Bandra-Kurla Complex, LBS Marg, Kurla - West,
Mumbai- 400070

We have examined the compliance of conditions of Corporate Governance by **AGC NETWORKS LIMITED** for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the Stock Exchange(s).

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 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 condition of Corporate Governance as stipulated in Clause 49 of 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.

Place: Mumbai
Date: 18th June, 2015

For S. K. Jain & Co.

(Dr. S. K. Jain)
Proprietor
Company Secretary
FCS: 1473

ANNEXURE III TO DIRECTORS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|--|--|
| 1. | CIN | L32200MH1986PLC040652 |
| 2. | Registration Date | 19-08-1986 |
| 3. | Name of the Company | AGC Networks Limited |
| 4. | Category/Sub-category of the Company | Public Company / Limited by shares |
| 5. | Address of the Registered office & contact details | Equinox Business Park,(Peninsula Techno Park) Off. Bandra Kurla Complex, LBS Marg, Kurla West. Mumbai - 400070 - Maharashtra, India Tel: +91 22 6661 72 72 Fax: +91 22 6704 58 88 |
| 6. | Whether listed company | Yes |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Datamatics Financial Services Limited, Plot No. B-5, MIDC, Part B Cross Lane, Andheri (East), Mumbai – 400 093 Tel: +91 22 6671 2001 Fax: +91 22 6671 2011 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1 | Other telecommunications activities | 619 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| S. No. | Name of the Company | Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|---------------------------|---|---------------|--------------------------------|------------------|--------------------|
| 1. | Essar Telecom Limited | Essar House, 10 Frere Felix de Valois Street, Port Louis, Mauritius | 079880 C1/GBL | Holding | 75% | 2(46) |
| 2. | AGC Networks Pte. Limited | 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 | 200921052H | Subsidiary | 100% | 2(87)(ii) |

| | | | | | | |
|----|------------------------------------|---|-------------|------------|------|-----------|
| 3. | AGC Networks Australia Pty Limited | G Avaya House , 123 Epping road , Macquarie Park, NSW 2113 | 110 810 298 | Subsidiary | 100% | 2(87)(ii) |
| 4. | AGC Networks INC | 222 W. Las Colinas Blvd. Suite 200 North Tower Irving, Texas 75039 USA | N.A. | Subsidiary | 100% | 2(87)(ii) |
| 5. | AGC Networks Philippines INC. | 8/F Jaka Building 6780, Ayala Avenue, Makati City Philippines 1226 | CS201503880 | Subsidiary | 100% | 2(87)(ii) |

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

A) Categorywise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year[As on April 1, 2014] | | | | No. of Shares held at the end of the year[As on March 31, 2015] | | | | % Change |
|------------------------------------|--|----------|----------|-------------------|---|----------|----------|-------------------|-----------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | during the year |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 21349848 | - | 21349848 | 75 | 21349848 | - | 21349848 | 75 | NIL |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) | 21349848 | - | 21349848 | 75 | 21349848 | - | 21349848 | 75 | NIL |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 100 | 10128 | 10228 | 0.04 | 100 | 10128 | 10228 | 0.04 | NIL |
| b) Banks / FI | 400 | 1400 | 1800 | 0.01 | 400 | 1400 | 1800 | 0.01 | NIL |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | 285068 | 42766 | 327834 | 1.15 | 285068 | 42766 | 327834 | 1.15 | NIL |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|--|----------|--------|----------|-------|----------|--------|----------|-------|-------|
| f) Insurance Companies | 100 | 100 | 200 | 0.001 | 100 | 100 | 200 | 0.001 | NIL |
| g) FIIs | 1987542 | 1100 | 1988642 | 6.98 | 2006220 | 1100 | 2007320 | 7.05 | 0.07 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | 2273210 | 55494 | 2328704 | 8.18 | 2291888 | 55494 | 2347382 | 8.25 | 0.07 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 977536 | 3736 | 981272 | 3.45 | 838369 | 3735 | 842104 | 2.96 | -0.49 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 2539344 | 522150 | 3061494 | 10.75 | 2426981 | 508609 | 2935590 | 10.31 | -0.44 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 541833 | - | 541833 | 1.9 | 796731 | - | 796731 | 2.8 | 0.9 |
| c) Others (OCB) | - | 600 | 600 | 0.002 | - | 600 | 600 | 0.002 | NIL |
| Non Resident Indians | 197329 | 5384 | 202713 | 0.71 | 188825 | 5384 | 194209 | 0.68 | -0.03 |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | 4256042 | 531870 | 4787912 | 16.82 | 4250906 | 518328 | 4769234 | 16.75 | -0.07 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 6529252 | 587364 | 7116616 | 25.00 | 6542794 | 573822 | 7116616 | 25.00 | NIL |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 27879100 | 587364 | 28466464 | 100 | 27892642 | 573822 | 28466464 | 100 | NIL |

B) Shareholding of Promoter

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|----|-----------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Essar Telecom Limited | 21349848 | 75.00 | 75.00 | 21349848 | 75.00 | 75.00 | NIL |

C) Change in Promoters' Shareholding (please specify, if there is no change)

| SN | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 21349848 | 75.00 | 21349848 | 75.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | There is no change | | | |
| | At the end of the year | 21349848 | 75.00 | 21349848 | 75.00 |

D) Shareholding Pattern of top ten Shareholders:

| SN | Name | Remarks | Date | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|----|---|------------------------------|-------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | India Opportunities Growth Fund Ltd - Pinewood Strategy | At the beginning of the Year | 04-APR-2014 | 1364630 | 4.794 | 1364630 | 4.794 |
| | | Increase | 30-JAN-2015 | 13500 | 0.047 | 1378130 | 4.841 |
| | | Increase | 06-FEB-2015 | 5178 | 0.018 | 1383308 | 4.859 |
| | | At the END of the Year | 31-MAR-2015 | | | 1383308 | 4.859 |
| 2 | Emerging India Focus Funds | At the beginning of the Year | 04-APR-2014 | 315895 | 1.110 | 315895 | 1.110 |
| | | At the END of the Year | 31-MAR-2015 | | | 315895 | 1.110 |

| SN | Name | Remarks | Date | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|----|--|------------------------------|-------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 3 | Leman Diversified Fund | At the beginning of the Year | 04-APR-2014 | 264960 | 0.931 | 264960 | 0.931 |
| | | At the END of the Year | 31-MAR-2015 | | | 264960 | 0.931 |
| 4 | Life Insurance Corporation of India | At the beginning of the Year | 04-APR-2014 | 194968 | 0.685 | 194968 | 0.685 |
| | | At the END of the Year | 31-MAR-2015 | | | 194968 | 0.685 |
| 5 | Gandiv investment pvt. Ltd. | At the beginning of the Year | 04-APR-2014 | 5740 | 0.020 | 5740 | 0.020 |
| | | Decrease | 30-JUN-2014 | 1343 | 0.005 | 4397 | 0.015 |
| | | Decrease | 04-JUL-2014 | 400 | 0.001 | 3997 | 0.014 |
| | | Increase | 11-JUL-2014 | 9939 | 0.035 | 13936 | 0.049 |
| | | Increase | 31-JUL-2014 | 5983 | 0.021 | 19919 | 0.070 |
| | | Increase | 12-SEP-2014 | 155050 | 0.545 | 174969 | 0.615 |
| | | Decrease | 06-MAR-2015 | 11320 | 0.040 | 163649 | 0.575 |
| | | At the END of the Year | 31-MAR-2015 | | | 163649 | 0.575 |
| 6 | Leena Investments Consultancy LLP | At the beginning of the Year | 04-APR-2014 | 100000 | 0.351 | 100000 | 0.351 |
| | | At the END of the Year | 31-MAR-2015 | | | 100000 | 0.351 |
| 7 | United India Insurance Company Limited | At the beginning of the Year | 04-APR-2014 | 90100 | 0.317 | 90100 | 0.317 |
| | | At the END of the Year | 31-MAR-2015 | | | 90100 | 0.317 |
| 8 | Manoj J Bagadia | At the beginning of the Year | 04-APR-2014 | 17186 | 0.060 | 17186 | 0.060 |
| | | Increase | 13-JUN-2014 | 1039 | 0.004 | 18225 | 0.064 |
| | | Increase | 20-JUN-2014 | 4141 | 0.015 | 22366 | 0.079 |
| | | Increase | 30-JUN-2014 | 249 | 0.001 | 22615 | 0.079 |
| | | Increase | 04-JUL-2014 | 1702 | 0.006 | 24317 | 0.085 |
| | | Increase | 11-JUL-2014 | 3457 | 0.012 | 27774 | 0.098 |
| | | Increase | 18-JUL-2014 | 3384 | 0.012 | 31158 | 0.109 |
| | | Increase | 25-JUL-2014 | 1765 | 0.006 | 32923 | 0.116 |
| | | Increase | 31-JUL-2014 | 2237 | 0.008 | 35160 | 0.124 |
| | | Increase | 08-AUG-2014 | 11937 | 0.042 | 47097 | 0.165 |
| | | Increase | 14-AUG-2014 | 3916 | 0.014 | 51013 | 0.179 |
| | | Increase | 22-AUG-2014 | 6088 | 0.021 | 57101 | 0.201 |

| SN | Name | Remarks | Date | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|----|----------------------|------------------------------|-------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | | Increase | 29-AUG-2014 | 11719 | 0.041 | 68820 | 0.242 |
| | | Increase | 05-SEP-2014 | 6399 | 0.022 | 75219 | 0.264 |
| | | Increase | 12-SEP-2014 | 2086 | 0.007 | 77305 | 0.272 |
| | | Increase | 19-SEP-2014 | 50 | 0.000 | 77355 | 0.272 |
| | | Increase | 30-SEP-2014 | 326 | 0.001 | 77681 | 0.273 |
| | | Increase | 03-OCT-2014 | 128 | 0.000 | 77809 | 0.273 |
| | | Increase | 10-OCT-2014 | 2716 | 0.010 | 80525 | 0.283 |
| | | Increase | 16-JAN-2015 | 2000 | 0.007 | 82525 | 0.290 |
| | | Increase | 23-JAN-2015 | 2750 | 0.010 | 85275 | 0.300 |
| | | At the END of the Year | 31-MAR-2015 | | | 85275 | 0.300 |
| 9 | Arun Kumar Khemka | At the beginning of the Year | 04-APR-2014 | 76430 | 0.268 | 76430 | 0.268 |
| | | At the END of the Year | 31-MAR-2015 | | | 76430 | 0.268 |
| 10 | Cyrus Kershasp Birdy | At the beginning of the Year | 04-APR-2014 | 65000 | 0.228 | 65000 | 0.228 |
| | | Increase | 23-JAN-2015 | 2000 | 0.007 | 67000 | 0.235 |
| | | Increase | 30-JAN-2015 | 600 | 0.002 | 67600 | 0.237 |
| | | Increase | 27-FEB-2015 | 400 | 0.001 | 68000 | 0.239 |
| | | At the END of the Year | 31-MAR-2015 | | | 68000 | 0.239 |

E) Shareholding of Directors and Key Managerial Personnel:

| SN | Name | Remarks | Date | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|----|---|------------------------------|-------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Anil Nair ¹ (Managing Director and CEO) | At the beginning of the Year | 04-APR-2014 | N.A | - | NIL | - |
| | | At the END of the Year | 31-MAR-2015 | NIL | - | NIL | - |
| 2 | Manhar Mandaliya ² (Independent Director) | At the beginning of the Year | 04-APR-2014 | N.A | - | NIL | - |

| | | | | | | | |
|---|--|------------------------------|-------------|-----|---|-----|---|
| | | At the END of the Year | 31-MAR-2015 | NIL | - | NIL | - |
| 3 | Neeraj Gupta ³ (Non-executive Director) | At the beginning of the Year | 04-APR-2014 | N.A | - | NIL | - |
| | | At the END of the Year | 31-MAR-2015 | NIL | - | NIL | - |
| 4 | Sanjeev Verma ⁴ (Non-executive Director) | At the beginning of the Year | 04-APR-2014 | N.A | - | NIL | - |
| | | At the END of the Year | 31-MAR-2015 | NIL | - | NIL | - |
| 5 | Shuva Mandal (Independent Director) | At the beginning of the Year | 04-APR-2014 | NIL | - | NIL | - |
| | | At the END of the Year | 31-MAR-2015 | NIL | - | NIL | - |
| 6 | Sujay Sheth (Independent Director) | At the beginning of the Year | 04-APR-2014 | NIL | - | NIL | - |
| | | At the END of the Year | 31-MAR-2015 | NIL | - | NIL | - |
| 7 | Sujaya Banerjee ⁵ (Non-executive Director) | At the beginning of the Year | 04-APR-2014 | N.A | - | NIL | - |
| | | At the END of the Year | 31-MAR-2015 | NIL | - | NIL | - |
| 8 | Amal Thakore ⁶ (Chief Financial Officer) | At the beginning of the Year | 04-APR-2014 | N.A | - | 200 | - |
| | | At the END of the Year | 31-MAR-2015 | NIL | - | NIL | - |
| 9 | Pratik Bhanushali (Company Secretary) | At the beginning of the Year | 04-APR-2014 | NIL | - | NIL | - |
| | | At the END of the Year | 31-MAR-2015 | NIL | - | NIL | - |

- Note:
1. Mr. Anil Nair was appointed to the Board w.e.f.16th June, 2014.
 2. Mr. Manhar Mandaliya was appointed to the Board w.e.f.28th May, 2014.
 3. Mr. Neeraj Gupta was appointed to the Board w.e.f. 22nd April, 2014.
 4. Mr. Sanjeev Verma was appointed to the Board w.e.f.15th May, 2014.
 5. Dr. (Mrs.) Sujaya Banerjee was appointed to the Board w.e.f.12th March, 2015.
 6. Mr. Amal Thakore was appointed as CFO of the Company w.e.f. 16th June, 2014.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

₹/Cr.

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year (01.04.2014) | | | | |
| i) Principal Amount | 144.57 | 2.14 | - | 146.71 |
| ii) Interest due but not paid | 0.39 | - | - | 0.39 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 144.96 | 2.14 | - | 147.10 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 0.55 | - | - | 0.55 |
| Reduction | 9.65 | 0.92 | - | 10.57 |
| Exchange Difference | - | - | - | - |
| Net Change | (9.10) | (0.92) | - | (10.02) |
| Indebtedness at the end of the financial year (31.03.2015) | | | | |
| i) Principal Amount | 134.92 | 1.22 | - | 136.14 |
| ii) Interest due but not paid | 0.94 | - | - | 0.94 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 135.86 | 1.22 | - | 137.08 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹/Cr.

| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount |
|-----|---|--|------------------------|------------------------|-----------------|
| | | Sanjeev Verma ¹ | Anil Nair ² | S. K. Jha ³ | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1.04 | 0.61 | 0.194 | 1.844 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.03 | 0.06 | 0.004 | 0.094 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission - as % of profit - others, specify... | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total (A) | 1.07 | 0.67 | 0.19 | 1.938 |
| | Ceiling as per the Act | As per SH V part II of the Companies Act, 2013 | | | |

Note

1. Mr. Sanjeev Verma was appointed as an Executive (whole time director) w.e.f. 15th May, 2014, and on 19th October, 2014, he resigned from his whole time directorship and continued to be Non-Executive Director of the Company.
2. Mr. Anil Nair was appointed as MD & CEO w.e.f. 16th June, 2014.
3. Mr. S. K. Jha ceased to be MD and CEO of the Company w.e.f. 22nd April, 2015

B. Remuneration to other directors

₹/Cr.

| SN. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|-----|--|-------------------|--------------|-------------|--------------|
| | | Manhar Mandaliya | Shuva Mandal | Sujay Sheth | |
| 1 | Independent Directors | | | | |
| | Fee for attending board committee meetings | 0.06 | 0.07 | 0.11 | 0.24 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | 0.06 | 0.07 | 0.11 | 0.24 |
| 2 | Other Non-Executive Directors | - | - | - | - |
| | Fee for attending board committee meetings | - | - | - | - |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Total (B)=(1+2) | 0.06 | 0.07 | 0.11 | 0.24 |
| | Total Managerial Remuneration | - | - | - | - |
| | Overall Ceiling as per the Act | - | - | - | - |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

₹/Cr.

| SN | Particulars of Remuneration | Key Managerial Personnel | | | |
|----|---|---------------------------------------|--|--|-------|
| | | Pratik Bhanushali (Company Secretary) | Amal Thakore (Chief Financial Officer, w.e.f. 16th June, 2014) | V Srinivasa R (Chief Financial Officer, till 11th May, 2014) | Total |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.15 | 0.71 | 0.16 | 1.02 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | 0.001 | - | 0.001 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | others, specify... | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | 0.15 | 0.712 | 0.16 | 1.021 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

ANNEXURE IV TO DIRECTORS' REPORT

Policy for Evaluation of Performance of the Board of Directors of AGC NETWORKS LIMITED

1. INTRODUCTION

AGC NETWORKS LIMITED (hereinafter referred to as “**the Company**”) believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior, in consonance with the Company’s Code of Conduct policy for its Board of Directors and Senior Management Personnel. The honesty, integrity and sound judgment and performance of the Directors and the Senior Management are key criteria for the success and for building a good reputation of the Company. Each Director and executive in the Senior Management is expected to comply with the letter and spirit of this Policy. Any actual or potential violation of this Code by the Board Directors would be the matter of serious concern for the Company.

Therefore, the Company has made this Policy to comply with various provisions under the clause 49 of the Listing Agreement entered into by the Company and Stock Exchanges in India as per the SEBI Regulations published vide its Circular No. CIR / CFD / POLICY CELL / 2 / 2014 dated April 17, 2014 as amended and published vide its Circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 and also the formal annual evaluation made by the Board of Directors of its own performance (self-appraisals) and that of its committees and individual Directors as mentioned under the clause (p) of sub-section (3) of Section 134 of the Companies Act, 2013. The Nomination & Remuneration Committee shall evaluate the performance of the each Board of Director as per subsection (2) of Section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (as per section 149) annexed to the Companies Act, 2013 and the Rules made thereunder.

2. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“**The Company**” shall mean **AGC NETWORKS LIMITED**

“**The Director**” or “**the Board**” in relation to the Company shall mean and deemed to include the collective body of the Board of Directors of the Company including the Chairman of the Company.

“**The Independent Director**” shall mean an Independent Director as defined under section 2 (47) read with section 149 (6) of the Act.

“**The Policy**” or “**This Policy**” shall mean the Policy for Evaluation of performance of Board of Directors of the Company.

“**The Committee**” or “**This Committee**” shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of Companies Act, 2013.

3. OBJECTIVE

The Board is ultimately responsible for the sound and prudential management of the Company.

Performance evaluation is the process of both formally and informally providing feedback about an individual’s implementation of his / her responsibilities. The Object of this policy is to formulate procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board of the Company.

4 VARIOUS KINDS OF PERFORMANCE EVALUATION

A. EVALUATION OF THE PERFORMANCE

The Committee shall evaluate the performance of each Director and Senior Management of the Company on the basis of the criteria of Evaluation and rating of Performance as per clause 6 and 7 of this Policy.

Based on the performance evaluation of each and every Director and Senior Management of the Company, the Committee shall provide the ratings based on each criteria and sub-criteria. The detail process of evaluation and ratings thereon are mentioned in the clause 6 and 7 of this policy respectively.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

B. EFFECTIVENESS OF THE BOARD

Based on the ratings given by the Nomination & Remuneration Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company.

5. SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS

Evaluation of the Executive Directors of the Company shall be carried out by entire Board except the Director being evaluated. The meeting for the purpose of evaluation of performance of Board Members shall be held at least once in a year and the Company shall disclose the criteria laid down by the Nomination and Remuneration Committee for performance evaluation on its web site for the reference and also in the Annual Report of the Company.

6. CRITERIA FOR EVALUATION OF PERFORMANCE

The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Independent Directors and the Board specified in Annexure 1 (Board Member Feedback) as available on the website of the company.

7. PROCEDURE TO RATE THE PERFORMANCE

Based on evaluation criteria, the Nomination & Remuneration Committee and the Board shall rate the performance of each and every Director.

The performance rating shall be given within minimum 1 and maximum 10 categories, the rating 1 being least effective and 10 being most effective. Based on the rating of performance the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or Retirement of the member based on his/her performance rating as to create and maintain the most effective and powerful top level management of the Company for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the Company.

8. AMENDMENTS

The Company reserves its right to amend or modify this Policy as may be considered appropriate at any time.

ANNEXURE V TO DIRECTORS' REPORT

Remuneration Policy for Directors, Key Managerial Personnel and other Employees of AGC NETWORKS LIMITED

| Policy Name | Nomination & Remuneration Policy |
|---------------------------------|--|
| Purpose | To provide guidelines and restrictions with regards to the appointment and compensation of Directors, Key Managerial Personnel and other senior employees for fulfillment of their employment obligations within AGC Networks Limited (“the Company”) |
| Aims and Objectives | <p>This policy is intended to ensure that :</p> <ul style="list-style-type: none"> • All Directors and Executives of the Company are recognized and rewarded for their performance in a fair and equitable manner; • To ensure that remuneration paid to Directors and Executives is competitive, enabling the Company to attract and retain employees capable of meeting the Company’s needs and service delivery obligations; and • To reward Directors and Executives for achieving pre-determined Company, Departmental as well as personal/individual performance targets and goals. |
| Policy Custodian | Compliance Officer |
| Approving Authority | Recommended by Nomination and Remuneration Committee (“the Committee”) and approved by the Board |
| Applicability | This policy applies to all the Directors, Key Managerial Personnel and other permanent senior employees as may be decided by the Committee. |
| Policy Benchmark and References | As required under section 178 of the Companies Act, 2013 (“the Act”) and under clause 49 of the Listing Agreement entered into the Stock Exchanges where the securities of the Company are traded and listed. |

PREFACE

AGC Networks Limited (hereinafter called and referred to as “the Company”) believes in conducting its affairs in a fair and transparent manner by adopting highest standard of professionalism and good Corporate Governance Practices. The Company is committed to ensure that equitable remuneration is paid to all directors and employees of the Company. In order to attract and retain qualified and skilled directors and executives, to fill vacancies at all levels, it is the Company’s aim to maintain fair and competitive remuneration consistent with industry practices and all necessary regulations.

APPLICABILITY OF THIS POLICY

Directors, Key Managerial Personnel and other Senior Employees as may be decided by the Committee or Board of the Company, subject to the approval of members in the General Meeting for their appointment wherever applicable and subject to the provisions of the Companies Act, 2013 shall be remunerated in line with the service agreement.

CATEGORIES OF EMPLOYEES COVERED UNDER THIS POLICY

- Directors which includes Whole Time or Executive Directors and Non-Executive or Independent Directors.
- Key Managerial Personnel as defined under Section 2 (51) of the Act.
- Senior Management i.e. the employees designated as Vice-President and above (normally include the first layer of the management below the Board level).
 “key managerial personnel”, in relation to a company, means—
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the company secretary;
 - (iii) the whole-time director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed;

GENERAL POLICY STATEMENT

The role of the committee shall, inter-alia, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

The Nomination and Remuneration Committee shall ensure that—

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

Provided that such policy shall be disclosed in the Board’s report.

The Nomination and Remuneration Policy of the Company is performance driven and is structured to motivate directors and employees, recognize their merits and achievements and promote excellence in their performance. Individual performance pay is determined by business performance and the performance of the individuals is measured through the annual appraisal process. Through compensation program, the Company endeavors to attract, retain, develop and motivate a high performance workforce that will ensure the long term sustainability of the Company and create a competitive advantage in the development field.

The remuneration of the Board members and the senior executives is based on the Company’s size and global presence, its economic and financial position, industrial trends, compensation paid by the peer companies etc. Compensation reflects the Board members and executives responsibility and performance.

TERMS OF REFERENCE

- i. To identify persons who are qualified to become directors and who may be appointed in senior management level in accordance with the criteria laid down in Schedule I of this policy.
- ii. To recommend to the Board, appointment and removal of the directors and evaluation of every director's performance as laid down in Scheduled I of this policy.
- iii. To formulate the criteria for determining qualifications and positive attributes of the Directors.
- iv. To deal with the matters relating to the remuneration payable to Whole time Directors, Key Managerial Personnel and Senior Management Executives and commission, if any, to be paid to Non-Executive directors, apart from sitting fees.
- v. To review the overall compensation policy, service agreement and other employment conditions of Whole time Directors, Key Managerial Personnel and Senior Management Executives which include the employees designated as Vice-President and above (normally include the first layer of management below the Board level),
- vi. To deal with other matters as the Board may refer to the Nomination and Remuneration Committee ("the Committee") from time to time.

THE LEVEL AND COMPONENTS OF REMUNERATION

Remuneration of Whole-time Directors, Key Managerial Personnel and Senior Executives of the Company

Role and Type of Remuneration

The Company recognizes the competitive nature of the current professionally/ academically qualified work force and this requires to the Company to provide competitive remuneration offering to directors and employees to ensure that a high caliber of staff is attracted to the Company and retained. The Company further acknowledges that it can only excel in service delivery through the exceptional performance of its people and that the remuneration offering to the directors and employees plays a substantial motivational role when exceptional performance is compensated with exceptional rewards.

The Remuneration of Whole time Directors, Key Managerial Personnel and Senior Executives of the Company are decided based on criteria stated in Schedule I (as available on website of the company) of this policy and as per the recommendation of the Committee. The Company will pay remuneration to Whole time Directors, Key Managerial Personnel and Senior Executives by way of salary, retirement benefits perquisites, allowances (fixed component), incentives and commission (variable component) based on the recommendation of the Committee and approval of the Board of Directors and shareholders, if applicable.

Fixed Component of Remuneration

Whole Time Directors and Employees are receiving fixed of their Total package on a monthly basis. The total package includes in it guaranteed benefits such as employer's contribution to retirement funds i.e. provident fund and/or pension & gratuity and/or medical aid funds and/or group life insurance fund contribution etc. as applicable.

Variable Component of Remuneration

Annual performance linked incentive / increment for exceptional performance above the accepted standard and is variable. These rewards are based on individual, departmental or Company' performance relative to predefined targets. Performance is measured over a year's period.

The remuneration policy should accordingly be considered in the greater human resource context.

The Committee shall consult the Chairman and/or Managing Director about their proposals relating to the remuneration of other Whole time Directors, Key Managerial Personnel and Senior Executives.

Remuneration of Executive Directors

For deciding remuneration of the Executive Directors, the Committee shall consider the performance of the Company, the current trends in the industry, their experience, past performance and other relevant factors. The Committee shall regularly keep track of the market trends in terms of compensation levels and practices in relevant industries.

Remuneration of Non-Executive Directors

Non-Executive Directors are paid remuneration by way of sitting fees. The Company pays a sitting fee per meeting of the Board and the Committee (as may be decided from time to time) to the Non-Executive Directors for attending the meetings within the limit prescribed under the Act.

The remuneration by way of Annual Commission to the Non-Executive Directors shall be decided by the Board of Directors and will be paid to them based on their participation and contribution at the Board/Committee meetings and the time spent on matters other than at meetings.

An independent director may receive remuneration by way fees provided under sub-section (5) of Section 197 of the Act, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members of the Company.

The Company shall disclose in the Board's report, the ratio of the remuneration of each director to the median employee's remuneration and such other details as may be prescribed under the Act.

Where any insurance is taken by a company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel:

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

COST MANAGEMENT

The objective of remuneration cost management is the importance of the directors and employee's role, thereby reflecting their relative worth to the Company. Cost management does not necessarily imply a reduction of overall salary and bill but rather the correct allocation thereof. The Finance and Budget Department in conjunction with Human Resource Department should manage remuneration cost within budgetary constraints, while ensuring the remuneration levels of competent, exceptional performers and key employees are positioned competitively against the market.

As per Provisions of sub-section (9) of Section 197 of the Companies Act, 2013, if any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without the prior sanction of the Central Government, where it is required, he shall refund such sums to the company and until such sum is refunded, hold it in trust for the company. The company shall not waive the recovery of any sum refundable to it, unless permitted by the Central Government.

The Board of Directors of the Company has power to reconstitute the Committee as and when think fit so or as may be required under the law.

ANNEXURE VI TO DIRECTORS' REPORT

[Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. Ratio of the remuneration to each executive Director to the median remuneration of the employees of the Company for FY 2014-15:

MD & CEO – 10:1. This includes the remuneration of Mr. Anil Nair (MD and CEO of the Company) and Mr. SK Jha (MD and CEO of the Company till 22nd April, 2014). Mr. Sanjeev Verma (Executive Director of the Company till 19th October, 2014 – 9:1.

2. % increase in remuneration Executive Directors, CFO and CS during the FY 2014-15:

Executive Directors – No Increase, CFO – Not Applicable, CS – 6%

3. % increase in median remuneration of the employees for the FY 2014-15: 6.7%

4. Total permanent employees on role of AGC Networks Limited as on 31.3.2015: 527 employees

5. Relationship between average increase in remuneration and Company's performance: Remuneration of employee has close linkage with two aspects; performance of the Company and performance of the employee. Increase in employees' pay and payment of variable part of employees' remuneration are related to the performance of the Company as well as their individual performance.

6. Comparison of the remuneration of the KMPs against the performance of the Company: Performance of the Company was duly considered while approving the variable pay and increase in remuneration of KMPs.

7. The key parameters for any variable component of remuneration: The employees are paid variable components only after ascertaining their individual performance rating for the year in addition to their job fundamentals. At start of the year, every employee is required to set key targets and goals for the year. And payment of variable component is linked to their achievement of set targets and goals in addition to performance of the Company. It is hereby affirmed that the remuneration paid during the year is as per remuneration policy of the Company.

ANNEXURE VII 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. |

ANNEXURE VIII TO DIRECTORS' REPORT

Report on Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

- A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs** – The CSR policy of the Company, as approved by the Board is available on website of the Company at the link <http://www.agcnetworks.com/home/policies>.
- The Composition of the CSR Committee** – Please refer to the Corporate Governance Report for Composition of the CSR Committee

| Item No. | Description | ₹/Crores |
|----------|--|----------|
| 3. | Average net profit (loss) of the company for last 3 financial years | (56.22) |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | NIL |
| 5. | Details of CSR spent during the financial year 2014-15 | |
| | a) Total amount to be spent for the financial year; | N.A. |
| | b) Total amount spent during the year | N.A. |
| | c) Amount unspent, if any; | NIL |

c) Manner in which the amount spent during the financial year is detailed below.

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|----------------|------------------------------------|--|---|---|---|---|---|
| S. No | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto to the reporting period | Amount spent : Direct or through implementing agency* |
| NOT APPLICABLE | | | | | | | |

For and on behalf of the Board of Directors

Anil Nair
Managing Director & CEO

Sujay Sheth
Chairman of the CSR Committee

Mumbai
June 25, 2015

For and on behalf of the Board of Directors

Anil Nair
Managing Director & CEO

Neeraj Gupta
Director

Mumbai
June 25, 2015

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW

The purpose of your Company is **accelerating businesses** with customized technology solutions.

AGC NETWORKS Limited (AGC) is a Global ICT Solution Integrator seamlessly delivering technology solutions across global markets and verticals. It is a leader in Enterprise Communications in India with a global footprint spanning Australia / New Zealand, Middle East / Africa, North America, Philippines and India. We offer differentiated, domain-focused, flexible, customized solutions and seamless services to customers across the globe. Your Company, which is ISO 9001 and 27001 certified, currently serves more than 3000 customers worldwide, including Fortune 500 companies.

Your Company is part of the Essar group. Essar is a multinational corporation with annual revenues of US\$35 billion and investments in Steel, Energy, Infrastructure and Services. With operations in more than 29 countries, it employs over 60,000 people.

AGC's laser focus on accelerating businesses has now enhanced our market traction across geographies. AGC is positioned strongly as the enterprise customer's trusted advisor, rendering objective, relatively brand-agnostic consulting advice and support across his technology landscape. The reinforcement of core values at AGC and differentiation through **RED** – exemplary **Responsiveness**, sharp project **Execution** and **Design** superiority, are making a significant difference.

The AGC brand resonance around fulfilling commitments internally and externally is winning attention and accolades.

TECHNOLOGY QUADRANTS

The core business of your Company spans four solution quadrants. They are,

1. Unified Communications

AGC has empowered enterprises across verticals like BFSI, Manufacturing, Healthcare, Government and Public Sector Units, IT & ITES for nearly three decades with effective, relevant unified communication and collaboration platforms, offering varied technologies from global technology OEMs. AGC's UC solutions suite comprises:

- a. **IP Communications** – Simplified communications with hybrid architecture for telephony that functionally enhances the user experience across management levels in an enterprise, cost effectively.
- b. **Collaboration** – AGC Networks looks at corporate collaboration with a futuristic perspective with the objective of accelerating business for our clients. We see video as a logical extension of voice where the voice of tomorrow is video enabled. With our extensive core experience in IP and converged communications, AGC enables delivery of collaboration solutions by managing the overall integrated experience.
- c. **Contact Center** – Your company's strategic partnerships with leading contact center OEMs has enabled AGC to offer best-of-breed solutions delivering a seamless experience to our clients' end-customers.

- d. **Multimedia Integration** – AGC equips enterprises with best-in-class board room and training solutions, effectively creating an environment that blends voice, video and information, virtually eliminating geographical boundaries, while enabling force multiplication through collaboration.

2. **Network Infrastructure & Data Center**

As part of the network infrastructure solutions, AGC has developed and implemented effective, holistic and flexible solutions through the use of appropriate technologies. We deliver on the expectations enterprises have from their network infrastructure through our strong alliances with global OEM brands. Our solution span includes the following:

- a. **Switching & Routing** – Switching & Routing are the basic but most important elements in network infrastructure. We help organizations focus on building simplified, flexible, high performance networks that allow the rolling out new services with relative ease as opposed to detailed analysis of infrastructure readiness every time a need arises.
- b. **Wireless & Mobility** - With the proliferation of smart handheld devices, enterprises are placing higher focus on mobility. At the same time, business demands availability of information anywhere, anytime and across platforms. Mobility solutions coupled with a tight security framework is how AGC addresses this. AGC has expertise in providing mobility solutions across verticals primarily comprising WLAN and SSL VPN solutions. With multiple devices being connected to enterprise networks to access information, the demands on a CIO are increasing. By partnering with AGC for their mobility solutions, customers have been able to transform their IT infrastructure to becoming a business enabler with a competitive edge.
- c. **Virtualization** - Virtualization is the first step in building cloud ready infrastructure which reduces the hardware footprint and energy consumption too. AGC's expertise in design and implementation across multiple technologies has helped deliver large-scale, multi-location projects for clients globally. These solutions have helped customers improve productivity and run applications smoothly.
- d. **Data Center** – As a global solution integrator, AGC provides computing, storage and virtualization solutions in the Data Center and virtualization space.

3. **Cyber Security**

AGC's Cyber 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 a secure experience. AGC has built a team of experienced professionals with preferred certifications like CISA, CISSP, CRISC, CEH, OSCP, and Lead Auditors for ISO 27001, ISO 20000, ISO 22301 and ISO 9001, ITILv3 in addition to its vast expertise in the GRC (Governance, Risk & Compliance) domain. Services include:

- a. **Certification** - Specialization 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.
- b. **Compliance** - Compliance services suite offerings include PCI DSS, HIPAA, SAS70 where AGC brings 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.
- c. **Implementation** - Implementation services include offerings like DLP, NAC, Bandwidth Management & WAN Accelerator, GRC Tools, ITIL guidelines, etc.
- d. **Management** - Compliance solutions and services for Vulnerability Management, IMS and implementation and management assistance.
- e. **Audit** – Audit services include Database, Network, Internal IT Audits, Applications (SAP, ERP) and Code review audits for enterprises, combined with remediation options.

4. **Enterprise Applications & Services**

a. **Unified Communication & Contact Centre Applications**

b. **SMAC** - Social, Mobile, Analytics and Cloud Solutions

c. **IoE / IoT Applications**

d. **CRM** (Customer Relationship Management)

e. **ERP** (Enterprise Resource Planning) Integration

AGC offers business applications and customer experience applications to enterprises. With the philosophy of accelerating businesses, key applications are built and developed to enhance the experience of end customers. Key applications like social media analytics and customer self service interfaces among others are applications that form an integral part of the customer care strategy of any enterprise, across verticals.

SERVICES

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

a. **GUARDIAN Support Services** - Uniquely focused on customer satisfaction to ensure complete on-site support.

b. **RMIA (Remote Maintenance of Infrastructure and Application support)** - AGC provides vendor agnostic IT maintenance services that reduce cost of management to ensure best of breed SLA based practices aligning to business needs. The customer's investment in technology infrastructure is maintained ranging from IP Phones, desktop to servers, network and security equipment and data center. This includes complete hardware coverage in warranty support, hardware replacements in post warranty support, and OEM agnostic upgrades or failures. The global talent pool available 24x7 help clients keep maintain their multivendor operating environment up and running at peak efficiency.

c. **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 include:

*Enterprise Service Management – The offerings cover IT Service & Management

*Business Service Management including Program Management

*Integrated Management Data Center Services – This suite has Information Management Services and Technology Management Services including Remote Infrastructure Management & NOC.

d. **Cloud Computing Services** - With CapEx budgets shrinking, AGC offers both the traditional and newer models to its customers by building its own Cloud offerings, re-selling Public Clouds and offering Advanced Services around building / managing Hybrid Clouds along side its traditional CapEx offerings.

e. **Professional Services**

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

i. **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 clients to utilize our domain expertise for their complete business needs.

- ii. **Deployment Services** – We bring together the multiple stages of deployment under the project management framework and align them to production seamlessly. These involve staging, installation, integration, commissioning and testing, as required.
- iii. **Customization and Integration** – Our vendor-agnostic, pragmatic approach helps build ICT applications and infrastructure to address critical business needs and meet desired business outcomes (such as infrastructure for medical help which enables a seamless connect of rural India to an urban doctor checking for ailments).
- iv. **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.

Advanced Design Consulting Services (ADCS)

AGC solution architects are trusted technology advisors to customers. We engage to understand the customer's entire, complex technology landscape and advise them on extending existing technology for best results while helping build the technology roadmap for the future keeping in mind industry best practices and benchmarks. This enables us to craft customized technology solutions to satisfy evolving needs and accelerate customer businesses.

GLOBAL ECONOMIC, TECHNOLOGY OUTLOOK & ADDRESSABLE MARKETS

Global Economic Outlook

2014: According to the **World Bank**, global growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. Growth picked up only marginally in 2014, to 2.6 percent from 2.5 percent in 2013. Beneath these headline numbers, increasingly divergent trends are at work in major economies.

2015: Global growth is forecast by the **IMF** at 3.5 percent in 2015 and 3.8 percent in 2016, with uneven prospects across the main countries and regions of the world. The distribution of risks to near-term global growth has become more balanced but is still tilted to the downside. The decline in oil prices could boost activity more than expected. Geopolitical tensions continue to pose threats, and risks of disruptive shifts in asset prices remain relevant. In some advanced economies, protracted low inflation or deflation also pose risks. The **Conference Board** predicts that downward revisions are primarily due to a major GDP decline in Russia and moderate declines in the Euro Area, Japan and Brazil while upward revisions include the United States, Mexico and India.

Outlook by relevant regions is as below, predicted by **PWC**:

USA : US economic growth expected to be the fastest since 2005. US unemployment has fallen during 2014 to below 6%, and we expect this, combined with lower oil prices, to contribute to rising household consumption. In line with this, we expect the US to contribute around 23% of global GDP growth in 2015.

Eurozone : We expect both inflation and growth to remain very low in the Eurozone in 2015. We therefore expect the ECB to undertake a quantitative easing program involving the purchase of government bonds, in an attempt to boost demand and head off deflation.

India : Expected to resume growing at above 6%. After growing at below 6% since 2012, we think 2015 could be the year that India turns the corner, posting growth of around 7%. In the short-term, low oil prices are likely to increase GDP growth, ease the pressures of India's high current account deficit and help bring down inflation. Looking towards the longer-term, we could see India take a step towards implementing new structural reforms which will boost the economy.

Africa: Economic growth in Sub-Saharan Africa (SSA) is expected to outpace global growth for the 15th year in a row. We also expect the combined GDP of SSA's 4 largest economies (in purchasing power parity terms) – Nigeria, South Africa, Angola and Ethiopia – to overtake the economic output of Italy in 2015 when measured in constant 2013 international dollars. For businesses, this is a further sign of the potential of SSA as a region in which to invest.

New geographies: for growth, such as parts of Asia, offer opportunities to build sustainable growth models but they also bring challenges on economic, legal, and institutional fronts, as per **The Conference Board**.

Global Technology Outlook

The global Unified Communication (UC) Market 2015-2019, according to **Reportsnreports** is seeing increasing adoption of hosted UC. Mobility helps enterprises establish connections with businesses, workplace, and customers without time and location constraints. Analysts forecast the Global Unified Communication (UC) market will grow at a CAGR of 14.08% over the period 2014-2019. The infrastructure cost of the workplace is increasing rapidly owing to the increased employee strength in enterprises. As a result, enterprises are looking to reduce their operational costs to maintain healthy profit margins. UC helps companies reduce their infrastructure costs as well as their communication and transportation costs. The market can be segmented as On Premise and Hosted. In addition, it can also be segmented into Enterprise and Government based on user application. Based on enterprise components, the market is segmented into Telephony, Email, Unified Communication, Web Conferencing, Video Conferencing, Instant, Messaging, Wireless Email Services, Audio conferencing, and other. Also, based on end-user industry, the market is segmented as IT Industry, BFSI Industry, Healthcare Industry, Telecommunication Industry, and Others.

As world economies recover, the global IT industry was expected to receive a boost of growth as dollar-valued IT spending grows by between 3.2 and 3.7 per cent to US\$3.8 trillion during FY 2014, according to **Gartner**. Tremendous opportunity is also observed in the industry with the growing popularity of voice conferences, IP telephony and VoIP services, according to Gartner. The greater adoption of mobile devices has fueled demand for VoIP services. Prices of smartphone devices are becoming more affordable and more Indians are switching to the data-intensive devices. According to **BCG**, by 2016 nearly 60 per cent of India's online consumers will access the Internet via their smartphone devices. IP telephony is another key driver of UC. More businesses are transiting from the traditional telephony to IP telephony to reap the benefits of lower networking cost, lower network equipment administration cost, enhanced communication capabilities and greater productivity for remote and mobile employees.

Global Addressable Markets

Addressable Market in India

The rapidly growing IT market in India has developed into the third largest market amongst emerging economies and the fourth largest worldwide. According to **Gartner**, spending in the sector is projected to reach a cumulative US\$71.3 billion, rising by 5.9 per cent from the previous year. IT services will record the strongest increase of 12.1 per cent. The rising use of devices and growing need for technology integration will fuel demand for Unified Communication and Network Infrastructure services. Business confidence remains buoyant with expectations of the IT and ITeS industry to grow non-linearly through greater platform and product usage and automation. According to **NASSCOM**, this will value the IT and ITeS industry at US\$118 billion in revenues.

Addressable Market in the US

The IT segment in the US represents a critical market with its share of 40 per cent in the global IT space. As the US economy gears back on its growth trajectory enterprises that had been withholding on IT expenditures amidst slow business activities began reallocating their budget to communications equipment in the latter half of 2014. According to Gartner, this will boost IT spending in the US by 8.1 per cent in 2015, up from 1.6 per cent in

2013. Although the numbers humble in comparison to the prolific growth rates observed in the 1990s and 2000s, the increases projected still fuels hope and optimism in businesses and investors. IT consulting and integration services will account for US\$421 billion in spending with a growth rate of 6.6 per cent and communications equipment will account for a further US\$373 billion in the pie, based on data from **Forrester's** report.

Addressable Market in Middle East and Africa

Surprisingly, the IT segment in the Middle East and Africa is poised to overtake the growth rate of the US IT sector. Spending in the market was projected to exceed US\$32 billion in 2014, increasing by 7.3 per cent year on year. The growing integration of mobile devices with electronic self-service transactions has been a key driver of automation and online transactional government services, leading to a positive impact on ICT spending. ICT spending has also been fuelled by the growing adoption of cloud computing, data analytics and social network platforms with rising levels of mobility and the focus of telecommunication providers on expanding their ICT services portfolio. However, growth in the domestic ICT market has been hampered by inadequate local ICT workers, resulting in the need for expatriates to develop and innovate ICT services.

Addressable Market in Australia and New Zealand

Australia is at the forefront of enterprise mobility solution maturity and vision according to **IDC's** Asia/Pacific Mobile MaturityScape 2014. Enterprise Mobility Solutions (EMS) consistently tops the list of business and ICT investment priorities in Australia, and IDC estimates the enterprise mobility total addressable market for Australia, which includes devices, applications, security, middleware and professional services, will grow from US\$2.8 billion in 2014 to US\$3.5 billion by 2018.

We believe the market in New Zealand is smaller, but similar and will seek to expand our presence there with the addition of new brands.

Addressable Market in Philippines

As per **IDC**, the ICT industry in the Philippines is projected to be in a continued upswing in 2015. With the country's gross domestic product (GDP) predicted to grow at 6.3% in 2015, the ICT industry will continue to ride the growth momentum recorded over the recent years. The economic outlook for the Philippines is underpinned by a robust growth in domestic demand, a strong infrastructure spending, and the implementation of structural economic reforms. A huge majority of Philippine companies are looking to increase ICT budget and spending in 2015.

TECHNOLOGY DIRECTIONS AT AGC

The Z-Curve

AGC has been one of the early adopters of industry solutions and business-value based selling. A decade ago, while enjoying the market leadership in the Unified Communications (UC) space, AGC repositioned Communication - from merely being a customer service tool (and hence a cost element) to being a **business accelerator** (and hence a revenue element) across customer's value chain. By understanding the process delays and embedding pertinent UC solutions, AGC was able to devise solutions for market activation, supply chain, field force & retail automation etc., with an underlying philosophy that communication can help loosely-couple business processes thereby improving agility. Few examples – a solution like **IVR for Reverse Replenishment** can help improve secondary and tertiary sale and improve inventory turns in CPG and Retail. A **Contact Centre for Patient Diary Management** during clinical trials in Pharmaceuticals can improve adherence and time to market during drug discovery process in Pharmaceuticals. A **Speech-enabled IVR for Human Resources** can help improve employee on-boarding and retention in a people-intensive IT & BPO space. A **Kiosk with Video Contact Centre** can help convert an ATM into a virtual, 24x7 branch while significantly reducing the transaction cost in Banking.

While this did help our customers accelerate their business and helped AGC diversify revenue streams, there were technology and market forces at work, more importantly in past few years that led AGC to look beyond UC offerings. We call this the **Z-Curve**. With mobility / smart phones / devices & consumerisation of IT at the access and virtualisation at the core, technology has been getting increasingly federated. This meant that voice & video communication channels were no longer a wrap-around layer around business processes. Communication was now deeply embedded across an imploding set of touch points interspersed across the entire infrastructure layer and touched both on-premise tech & the Data Center. Thus AGC had to actively play across UC, Network Infrastructure (NI) & Data Center (DC) in order to continue being a Solution Integrator that **helped customers accelerate its business**. Thus AGC added the NI & DC quadrant. While selling Infra was important, the need for securing the same became paramount and hence Cyber Security quadrant was added. Addition of these two quadrants also doubled AGC's addressable market. Last but not the least, **social media, federation of technology, Internet of Things (IOT) & advent of cloud/utility** models also meant an increasing play for AGC in connecting infra with business applications through a basket of service offerings and consumption models. This translated to AGC adding the fourth quadrant i.e. Applications & Services with offerings like SMAC, M2M, UC Apps, AGC GUARDIAN & Managed Services.

Becoming the *Trusted Advisor*

So far, having had a look at *what* AGC sells and *why*, let's also look at *how* AGC does go about delivering this. With increasing user demands and shrinking budgets, today's CIO do a tight-rope walk more than ever before. With competing platforms for every solution, being a Solution Integrator doesn't suffice. AGC thus continues to work towards becoming a 'trusted advisor' for its customer – a partner who can help sweat the capital already invested, thus improving ROTI (Return on Technology Investment). AGC has taken various initiatives in this direction (Tech Landscaping, Advanced Design Services, Customer Experience Centre, Tech Days, Ideation forums like Xcelerate, etc).

From *International to Global*

Having increased its footprint across continents, AGC now has formidable presence in India, North America, Australia / New Zealand, Middle East / Africa and is expanding its presence to Philippines. In order to remain competitive, building scale and increasing relevance with its OEM partners, AGC is putting in place a global alliance template by attaining the highest level of partnership with OEMs at a global level. Cost control & % utilization remain important levers for scalability in this business and hence AGC has networked all its resources and follows a 'Central Kitchen' model out of India for continuous skill building and refresh thanks to the availability of skilled manpower and the cost arbitrage. AGC also has a central Solution Design Centre (SDC) based out of Pune in India that architects solutions across geographies. This team has crafted over 6000 technology solutions in the financial year. While AGC builds services-led local partnerships and skills in each geo in a calibrated fashion - its major focus remains on a set of key alliance partners and skills. This helps attract inbound investments and a seat on the global high table with its OEM partners and customers and transform AGC into a global brand. Our increasing ability to absorb the service related skills of newer brands reinforces both our solution integration abilities and our competitive advantage.

Shaping the future

Technology decisions of the future are likely to be different from the way they are made today. They are going to be consumption-led, software-defined and device-delivered. With mega trends like all-things-digital and SDX, CIOs will increasingly focus on delivering business outcomes. Cloud is likely to be the key enabler of this business outcome focused IT. The next phase of technology evolution, in AGC's view, will witness a well-balanced co-existence of traditional models (CapEx) and emerging models (Cloud & Managed Services). Core, relatively secure parts of technology will remain on CapEx or gravitate towards Private Cloud while scale / commodity / cost driven technologies will move towards Public Cloud. Managed Services and Hybrid Clouds may proliferate when it comes to transient / burst capacities or de-risking a GTM. AGC is prepared to offer both the traditional

as well as the newer models to its customers by building its own Cloud offerings, re-selling Public Clouds and offering Advanced Services around building / managing Hybrid Clouds along side its traditional CapEx offerings.

THE AGC VALUE CHAIN

At AGC teams across functions and geos – from Sales to Solution Design specialists to Project Managers or the Alliance (OEM support) team or the backend support across HR, Marketing or Finance that impact a customer are all part of what we call The **AGC Value Chain**. It is here that the (internal) teams align their processes to enable a hassle free experience for the end customer. This value chain seeks to create a seamless front-end for the customer, thus making the process of doing business with AGC easier thus going beyond transactions to creating customers-for-life.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

At AGC, we place utmost importance on its people and constantly work towards building and maintaining a progressive working environment. It is believed that an organization's policies and practices are one of the most important factors to create a visible output of the business performance. Thereby, the HR policies were continuously aligned with the organization's strategy to drive company values and culture to benefit the employee and business needs.

During this year, the Company initiated measures to **optimize resource utilization**. The Company's employee strength was optimized to promote productivity and growth. Aligned to this agenda, **Global Talent Exchange (GTE)** and **Internal Job Postings (IJP)** have been initiated for fulfilling global resource requirements. This helped support our agenda for individual growth and team development.

Learning and development offerings have been customized for employees across career levels, skill and domains. Learning expertise has been cultivated in-house, in the form of dedicated internal trainers and labs. New learning and development methodologies were launched to maximize individual capability and performance. In FY15, trainings of 1861 Mandays were clocked covering 90% unique employees with 363 key certifications to provide key partnerships with OEMs.

Talent Engagement is a key imperative to build employee connect through communication and employee interventions. We have established multiple channels to connect employees with leaders as well as peer groups and enable continuous and transparent communication. Forums such as **Outreach** (Global All Hands communication) and interactive platforms like **Quest** (Q&A session with MD & CEO) have been launched for sharing information, voicing feedback and conferring reward and recognition. To facilitate a collaborative work culture and building camaraderie, we engage our employees through a range of activities encompassing celebrations & events like the **AGC Annual day** celebrations & **Employee Talent shows**. As a responsible corporate organization, AGC has been consistently working towards adding value to the society through some of its community initiatives such as, 'Recycle Karo Drive' for paper & electronic waste and 'Hastashilp' - a carnival of arts and crafts.

The annual Employee Engagement Survey is used as a tool to assess employees' attitudes, beliefs and perceptions about AGC and identify the key engagement drivers and recognize areas of opportunities. The global employee engagement score for FY15, was at 84%, reflecting a highly engaged and motivated workforce.

RISKS

a) Geographical concentration

The world economy today is deeply interconnected with any surprises or shocks in one region quickly ricocheting to other economies. Though the Company has spread its portfolio worldwide, it still has to source for more and newer pools of clients to shield itself from the devastating impact of a downturn in connected regions.

b) Competition

The threat of competition is persistent and serious in the lucrative IT industry. The Company is motivated to stay ahead of competitors through continued research and innovation. Furthermore, it is key to stay updated on latest technology advancements to ensure the business model of the Company stays relevant with customer needs.

c) Foreign Currency Fluctuation

The spread of revenues around the globe increases the Company's exposure to currency risk. The Company performs due diligence by keeping up-to-date with current affairs in the regional and global economy. This enables the Company to take steadfast measures in hedging against currency volatility and protecting its revenues.

d) Employee Retention

The Company values its employees as its key capital and asset. Skilled employees who feel valued are better engaged with the goals of the Company and will deliver better performance. The Company thus emphasizes on skills upgrading through regular trainings and certifications to align employees skill sets to keep your company's customers ahead of the technology curve. Furthermore, the Company monitors the Employee Engagement Score to ensure all employees are constantly motivated and delivering performance.

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 of disposition, and that transactions are authorized, recorded and reported correctly.

The Company engages a detailed process of internal audits, reviews by management, and documented policies, guidelines and procedures to ensure that the financial records are relevant and reliable.

The Company has implemented an integrated SAP and SFDC business management system, providing system-based checks and controls. This results in increased efficiency and effectiveness of AGC Networks' internal control systems.

The Company's internal audit systems independently oversee the operations of the organization regularly.

The top management and the Audit Committee of the Board review internal audit findings and recommendations. The Audit Committee is authorized by the Board to investigate any matter pertaining to the internal control and audit. The Committee also ensures compliance of internal control systems in addition to the quarterly, semi-annual and annual financial statements before submission to the Board.

REVENUE BREAK-UP

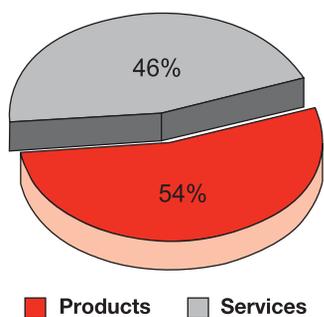
The break-up of the year's revenue is given below:

| Revenue Streams | ₹/Cr. | |
|-----------------|---------------|---------------|
| | India FY15 | India FY14 |
| Products | 183.83 | 183.38 |
| Services | 156.68 | 119.18 |
| TOTAL | 340.51 | 302.56 |

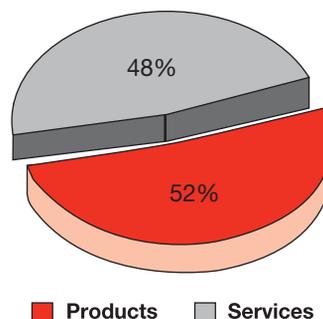
₹/Cr.

| Revenue Streams | Consolidated | Consolidated |
|-----------------|---------------|---------------|
| | FY15 | FY14 |
| Products | 465.19 | 461.27 |
| Service | 423.59 | 310.37 |
| TOTAL | 888.78 | 771.64 |

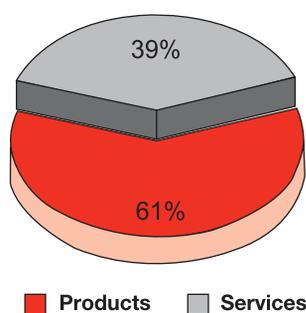
**Performance by Revenue Streams-FY15
(India)**



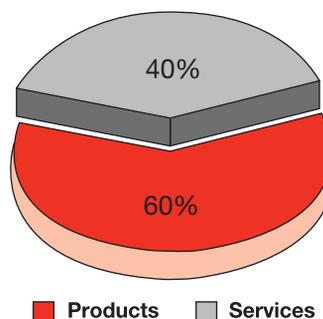
**Performance by Revenue Streams -FY15
(Consolidated)**



**Performance by Revenue Streams-FY14
(India)**



**Performance by Revenue Streams -FY14
(Consolidated)**



SHARE CAPITAL

As on 31st March, 2015, the Issued, Subscribed and Paid-up Equity share capital of the Company is Rs. 28,46,64,640/- (28466464 Equity shares having face value of Rs. 10/- each), and the Issued, Subscribed and Paid-up preference share capital of the Company is Rs. 15,00,00,000/- (15,00,000 preference shares having face value of Rs. 100/- each). The Company has not issued any other class of shares.

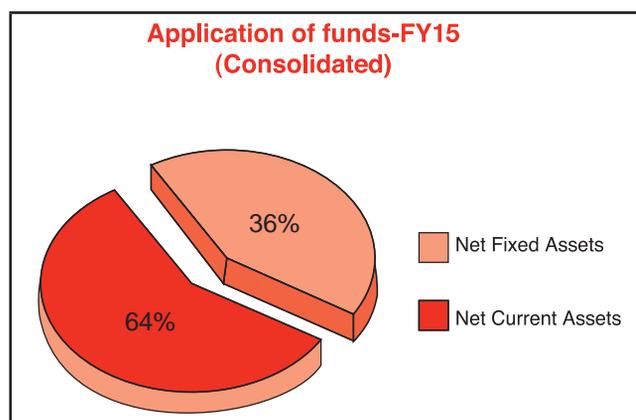
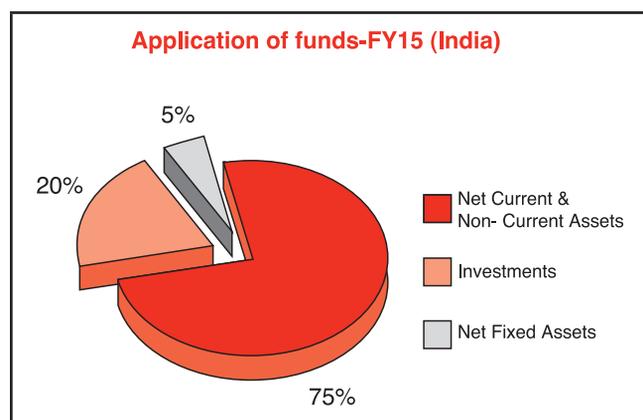
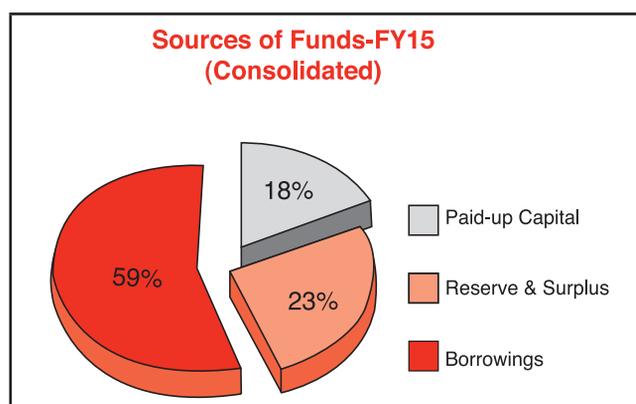
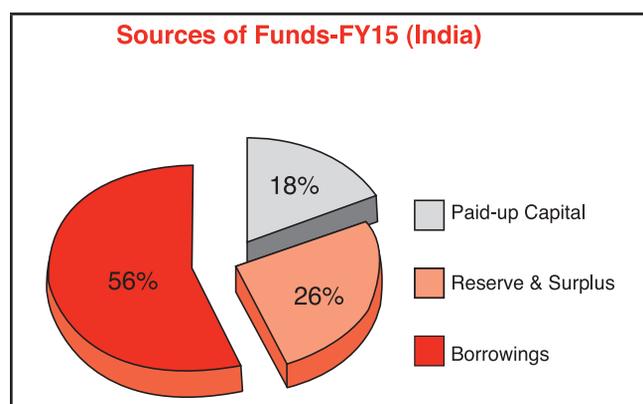
RESERVES AND SURPLUS

India:

Capital Reserve of the Company stands at Rs. 22.64 Crores. The General Reserve of the Company stands at Rs. 100.58 Crores.

Consolidated:

Capital Reserve of the Company stands at Rs. 38.04 Crores. The General Reserve of the Company stands at Rs. 100.58 Crores.



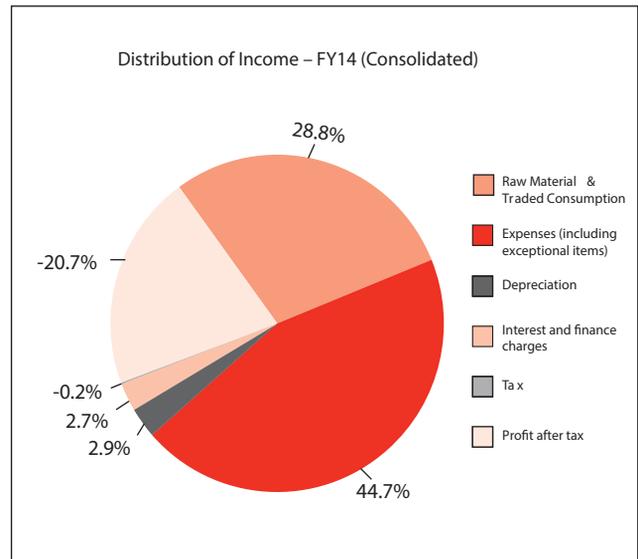
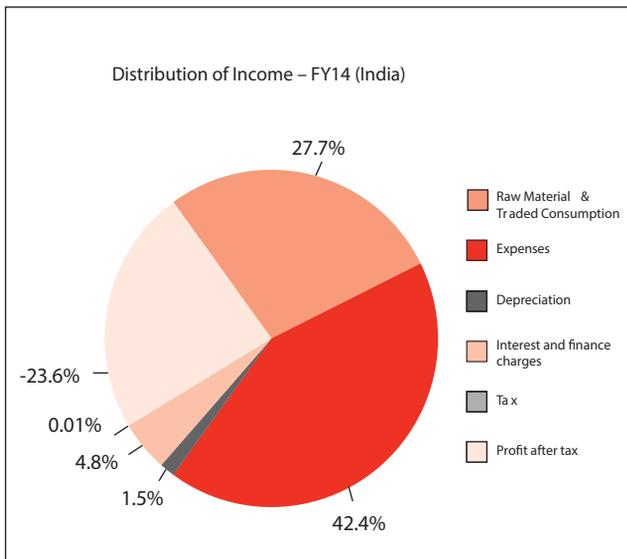
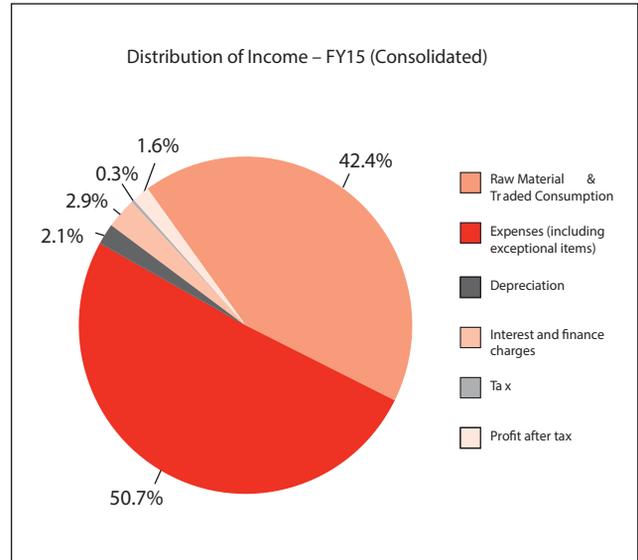
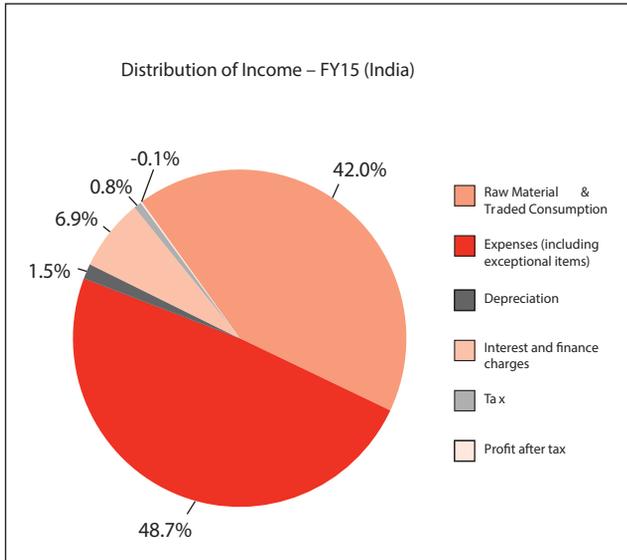
LOANS

India

The Company has secured loans of Rs. 136.14 Crores as on March 31, 2015, as against Rs. 145.79 Crores as on March 31, 2014 used for Working Capital requirements.

Consolidated

The Company has secured loans of Rs. 144.28 Crores as on March 31, 2015, as against Rs. 233.81 as on March 31, 2014 used for Working Capital requirements.



FIXED ASSETS

India

The fixed assets (net block including capital work-in-progress) have decreased by Rs. 8.87 Crores during the year.

Consolidated

The fixed assets (net block including capital work-in-progress) have decreased by Rs. 30.19 Crores during the year.

INVESTMENTS

India:

The total investment by the Company in subsidiaries as on March 31, 2015, is at Rs. 48.72 Crores.

Consolidated:

The total investment of the Company as on March 31, 2015, is NIL.

OPERATING RESULTS (CONSOLIDATED)

The Gross revenue for the financial year 2014-15, stood at Rs. 891.96 Crores, as against Rs. 775.80 Crores for the financial year ended March 31, 2014. The net profit is Rs. 14.77 Crores for the financial year ended March 31, 2015, as against loss of Rs. 282.19 Crores for the financial year ended March 31, 2014.

Employee cost constitutes 21.46% of the total income as against 27.88% in the previous period. The operating & administration expenses are at 32.80% of the total income as against 42.96% in the previous period.

Depreciation and amortization constituted 2.06% of the total income as against 5.05% in the previous period.

KEY RATIOS

| Financial Performance | FY 2014-15 | | FY 2013-14 | |
|--|------------|--------------|------------|--------------|
| | India | Consolidated | India | Consolidated |
| Gross Margin % | 18.1 | 24.4 | 6.9 | 15.3 |
| EBITDA % | 9.3% | 7.0% | -34.8% | -25.5% |
| PBT/ Revenue % | 0.7% | 2.0% | -47.3% | -35.3% |
| PAT/ Revenue % | -0.1% | 1.7% | -47.4% | -36.4% |
| PAT/Networth % | -0.4% | 14.5% | -154.7% | -381.5% |
| Revenue per Employee (₹/Cr)-Annualised | 0.65 | 1.24 | 0.41 | 0.82 |
| Head count | 527 | 720 | 745 | 948 |
| Income tax/PBT % | 116.3% | 16.5% | -0.1% | 0.9% |
| Net working capital/Revenue % | 48.2% | 28.5% | 66.0% | 42.9% |

CAUTIONARY STATEMENT

This report contains forward looking statements that involve risks and uncertainties including, but not limited to, risk inherent in the Company's growth strategy, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto.

CORPORATE GOVERNANCE REPORT

Governance provides the structure through which corporations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment. Governance is a mechanism for monitoring the actions, policies and decisions of corporations. Governance involves the alignment of interests among the stakeholders. Corporate governance is the system of structures, rights, duties, and obligations by which corporations are directed and controlled, keeping in mind long-term interest of stakeholders, which encourages and moves a viable and accessible financial reporting structure and which enables a transparent system. The governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board of directors, employees, shareholders, creditors, auditors, regulators, and other stakeholders, and specifies the rules and procedures for making decisions in corporate affairs.

We, at AGC, are driven by the six 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.

Over the years, we have strengthened governance practices. These practices define the way business is conducted and value is generated. Stakeholders' interests are taken into account, before making any business decision.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Our multiple initiatives towards maintaining the highest standards of governance are detailed in the following pages.

2. BOARD OF DIRECTORS

As on March 31, 2015, the Board comprises 7 members and is responsible for management of the Company's Business. The Board's role, functions, responsibility and accountability are clearly defined and are as per Clause 49 of the Listing Agreement and Companies Act, 2013. 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, 2015 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. Anil Nair | Executive | Managing Director & CEO | NIL | NIL | NIL |
| Mr. Manhar Mandaliya | Non-Executive & Independent | Non-Executive & Independent Director | NIL | NIL | NIL |
| Mr. Neeraj Gupta | Non-Executive & Non-Independent | Non-Executive & Non-Independent Director | 10 | NIL | NIL |
| Mr. Sanjeev Verma | Non-Executive & Non-Independent | Non-Executive & Non-Independent Director | NIL | NIL | NIL |
| Mr. Shuva Mandal | Non-Executive & Independent | Non-Executive & Independent Director | 13 | NIL | NIL |
| Mr. Sujay R. Sheth | Non-Executive & Independent | Chairman and Non-Executive & Independent Director | 2 | 2 | 2 |
| Dr. (Mrs.) Sujaya Banerjee | Non-Executive & Non-Independent | Non-Executive & Non-Independent Director | 1 | NIL | NIL |

During the F.Y. 2014-15, Seventeen (17) Board meetings were held, on the following dates:

22nd April, 2014, 29th April, 2014, 30th April, 2014, 8th May, 2014, 23rd May, 2014, 28th May, 2014, 30th May, 2014, 2nd June, 2014, 11th June, 2014, 16th June, 2014, 26th June, 2014, 12th August, 2014, 26th September, 2014, 13th October, 2014, 10th November, 2014, 10th February, 2015 and 12th March, 2015.

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, 2015 (No. of shares) |
|---|-------------------------|-----------------------------|-------------------|--|
| Mr. Anil Nair ¹ | 17 | 8 | Yes | NIL |
| Mr. Manhar Mandaliya ² | 17 | 10 | Yes | NIL |
| Mr. Neeraj Gupta ³ | 17 | 7 | No | NIL |
| Mr. Sanjeev Verma ⁴ | 17 | 10 | Yes | NIL |
| Mr. Shuva Mandal | 17 | 9 | Yes | NIL |
| Mr. Sujay R. Sheth | 17 | 16 | Yes | NIL |
| Dr. (Mrs.) Sujaya Banerjee ⁵ | 17 | 0 | N.A. | NIL |
| Mr. S. K. Jha ⁶ | 17 | 1 | N.A. | N.A. |

- Note:
1. Mr. Anil Nair was appointed to the Board w.e.f. 16th June, 2014.
 2. Mr. Manhar Mandaliya was appointed to the Board w.e.f. 28th May, 2014.
 3. Mr. Neeraj Gupta was appointed to the Board w.e.f. 22nd April, 2014.
 4. Mr. Sanjeev Verma was appointed to the Board w.e.f. 15th May, 2014.
 5. Dr. (Mrs.) Sujaya Banerjee was appointed to the Board w.e.f. 12th March, 2015.
 6. Mr. S. K. Jha ceased to be the director w.e.f. 22nd April, 2014

Details of Directors being re-appointed and appointed

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

Familiarization programmes for Board Members

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views, to Review the performance of non-independent directors and the Board as a whole, to review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors and to assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

3. BOARD COMMITTEES:

As of March 31, 2015, the Company has following Board Committees.

1. Audit Committee
2. Nomination and Remuneration Committee
3. Ethics and Compliance Committee
4. Stakeholders Relationship Committee
5. Corporate Social Responsibility Committee
6. Risk Management Committee
7. Executive Committee

Meetings of Board Committees held during the year and Directors' attendance:

| Board Committees | Audit Committee | Nomination and Remuneration Committee | Ethics and Compliance Committee | Stakeholders Relationship Committee | Corporate Social Responsibility Committee |
|------------------------------|-----------------|---------------------------------------|---------------------------------|-------------------------------------|---|
| Meetings held | 8 | 6 | 4 | 4 | 1 |
| Directors' attendance | | | | | |
| Mr. Anil Nair | N.A. | N.A. | N.A. | 3 | N.A. |
| Mr. Manhar Mandaliya | 8 | 6 | N.A. | N.A. | N.A. |
| Mr. Neeraj Gupta | 0 | N.A. | N.A. | N.A. | 1 |
| Mr. Sanjeev Verma | N.A. | N.A. | N.A. | 1 | N.A. |
| Mr. Shuva Mandal | 4 | 3 | 4 | N.A. | 1 |
| Mr. Sujay R. Sheth | 8 | 6 | 4 | 4 | 1 |

Terms of Reference and other details of Board Committees:**Audit Committee**

Constitution of the Audit Committee as on 31st March, 2015

| | |
|----------------------|--|
| Mr. Manhar Mandaliya | Non-Executive & Independent Director |
| Mr. Neeraj Gupta | Non-Executive & Non-Independent Director |
| Mr. Shuva Mandal | Non-Executive & Independent Director |
| Mr. Sujay R. Sheth | Non-Executive & Independent Director (Chairman of the Committee) |

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Members of the Audit Committee possess financial / accounting expertise / exposure.

Powers of the Audit Committee

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

Role of the Audit Committee, inter alia, includes the following:

- 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
- Recommending the appointment, remuneration and terms of appointment of statutory auditors including cost auditors of the Company
- Approving payment to statutory auditors, including cost auditors, for any other services rendered by them
- Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by the management;
 - Significant adjustments made in financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Qualifications in draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Monitoring and 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 utilised 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

- Reviewing and monitoring the auditors independence and performance, and effectiveness of audit process
- Approval or any subsequent modification of transactions of the Company with related parties
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the Company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems
- Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems
- Formulating the scope, functioning, periodicity and methodology for conducting the internal audit
- 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
- Discussion with internal auditors of any significant findings and follow-up thereon
- 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
- 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
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- To review the functioning of the Vigil Mechanism and Whistle Blower mechanism
- Approval of appointment of the CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background, etc. of the candidate
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries
- Reviewing the following information:
 - The Management Discussion and Analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - Reviewing the appointment, removal and terms of remuneration of the Chief internal auditor / internal auditor(s).

Nomination and Remuneration Committee

Constitution of the Nomination and Remuneration Committee as on 31st March, 2015

| | |
|----------------------|--|
| Mr. Manhar Mandaliya | Non-Executive & Independent Director |
| Mr. Shuva Mandal | Non-Executive & Independent Director (Chairman of the Committee) |
| Mr. Sujay R. Sheth | Non-Executive & Independent Director |

The Committee's composition meets with requirements of Section 178 of the Companies Act, 2013, Clause 49 of the Listing Agreement and (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.

Terms of Reference of the Committee, inter alia, includes the following

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal
- To carry out evaluation of every Director's performance
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees
- To formulate the criteria for evaluation of Independent Directors and the Board
- To devise a policy on Board diversity
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria
- To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including:
 - the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
 - the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - the exercise period within which the employee should exercise the option, and that the option would lapse on failure to exercise the option within the exercise period;
 - the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - the right of an employee to exercise all options vested in him at one time or various points of time within the exercise period;
 - the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others;
 - the granting, vesting and exercising of options in case of employees who are on long leave; and
 - the procedure for cashless exercise of options.

The details in respect of the remuneration paid to the independent directors (sitting fees) during the period from 1st April 2014 to 31st March 2015 are as under:

| Name | Designation | Amount (₹) |
|----------------------|------------------------------------|------------|
| Mr. Manhar Mandaliya | Non Executive Independent Director | 6,00,000 |
| Mr. Shuva Mandal | Non Executive Independent Director | 7,40,000 |
| Mr. Sujay R. Sheth | Non Executive Independent Director | 11,20,000 |

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 2014 to 31st March 2015 are as under:

| Name | Designation | Amount (₹)* |
|-------------------|--|-------------------|
| Mr. Anil Nair | Managing Director & CEO (w.e.f. 16/06/2014) | 6,650,000 |
| Mr. Sanjeev Verma | Executive Director (w.e.f. 15/05/2015 till 19/10/2015) | 10,686,175 |
| Mr. S. K. Jha | MD and CEO (till 22/04/2015) | 1,925,000 |
| Total | | 19,261,175 |

* Break-up of the above remuneration is as under.

| Particulars/Head | Amount (₹) | | |
|--------------------------------|------------------|-------------------|------------------|
| | Anil Nair | Sanjeev Verma | S. K. Jha |
| Salary | 6,635,060 | 10,679,845 | 1,924,220 |
| Perquisites | 0 | 0 | 0 |
| Other Allowances | 0 | 0 | 0 |
| Contribution to Gratuity | 0 | 0 | 0 |
| Contribution to Provident fund | 14,940 | 6,330 | 780 |
| Total | 6,650,000 | 10,686,175 | 1,925,000 |

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

Ethics and Compliance Committee

Constitution of the Ethics and Compliance Committee as on 31st March, 2015

| | |
|--------------------|--|
| Mr. Shuva Mandal | Non-Executive & Independent Director (Chairman of the Committee) |
| Mr. Sujay R. Sheth | Non-Executive & Independent Director |

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, as amended from time to time, 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.).

Stakeholders Relationship Committee

Constitution of the Stakeholders Relationship Committee as on 31st March, 2015

| | |
|--------------------|--|
| Mr. Anil Nair | Managing Director & CEO |
| Mr. Sujay R. Sheth | Non-Executive & Independent Director (Chairman of the Committee) |

The Stakeholders Relationship Committee's composition and the terms of reference meet with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013.

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 and any other related issues

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, 2014 to March 31, 2015, was 85. There was no outstanding complaint / query or request for transfer as on 31st March, 2015.

Corporate Social Responsibility Committee

Constitution of the Corporate Social Responsibility Committee as on 31st March, 2015

| | |
|--------------------|--|
| Mr. Neeraj Gupta | Non-Executive & Independent Director |
| Mr. Shuva Mandal | Non-Executive & Independent Director |
| Mr. Sujay R. Sheth | Non-Executive & Independent Director (Chairman of the Committee) |

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy', observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary. The Board has also empowered the Committee to look into matters related to sustainability and overall governance.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

Terms of Reference of the Committee, inter alia, includes the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made thereunder
- To recommend the amount of expenditure to be incurred on the CSR activities
- To monitor the implementation of the CSR Policy of the Company from time to time

Risk Management Committee

Constitution of the Risk Management Committee as on 31st March, 2015

| | |
|------------------|--|
| Mr. Sujay Sheth | Non-Executive & Independent Director (Chairman of the Committee) |
| Mr. Anil Nair | Managing Director and CEO |
| Mr. Amal Thakore | CFO |

The Risk Management Committee was constituted by the Board adhering to the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company. The Committee's constitution meets with the requirements of Clause 49 of the Listing Agreement.

Role and Responsibilities of the Committee includes the following:

- Framing of Risk Management Plan and Policy
- Overseeing implementation of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy
- Validating the process of risk management
- Validating the procedure for Risk Minimization
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed
- Performing such other functions as may be necessary or appropriate for the performance of its oversight function

Executive Committee

Constitution of the Executive as on 31st March, 2015

| | |
|-------------------|---|
| Mr. Anil Nair | Managing Director & CEO (Chairman of the Committee) |
| Mr. Amal Thakore | CFO |
| Mr. Sanjeev Verma | Non-Executive Director |

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

4. 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/s |
|-------------------------------|--|----------|-----------------------------|
| 7 th August, 2014 | Rangaswar Hall, Chavan Center, General Jagannath Bhosale Marg, Mumbai - 400021 | 11.00 AM | 7 |
| 27 th August, 2013 | Rangaswar Hall, Chavan Center, General Jagannath Bhosale Marg, Mumbai - 400021 | 11.00 AM | 1 |
| 27 th July, 2012 | Rangaswar Hall, Chavan Center, General Jagannath Bhosale Marg, Mumbai - 400021 | 11.00 AM | 3 |

Resolution passed by Postal Ballot

During the year, following resolution was passed by way of postal ballot.

| Effective Date | Description | Voting details |
|-----------------|---|---|
| 15th July, 2014 | Increase in Authorized Share Capital under Section 13 and 61 of the Companies Act, 2013 | Passed by 99.98% majority on valid votes polled |
| | Issue of 1 % Non-Cumulative Non-Convertible Redeemable preference Shares of ₹ 100/- (Rupees Hundred) each | Passed by 99.98% majority on valid votes polled |
| | Authorization for Borrowings under Section 180(1)(c) of the Companies Act, 2013 | Passed by 99.89% majority on valid votes polled |
| | Creation of Charge under Section 180(1)(a) of the Companies Act, 2013 | Passed by 99.89% majority on valid votes polled |

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, and based on the said Report, the Chairman of the Board of Directors declared Result of the Postal Ballot.

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. Details with regards to Related Party Transactions are provided under Financial section of this report.

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 have 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) Separate personnel are appointed to the post of Chairman and Managing Director/CEO, (ii) Company strives to move towards a regime of unqualified financial statements, and (ii) Internal Auditor of the Company reports directly to Audit Committee of the Company.

Means of Communication

The quarterly results (including half-yearly and annual results) are usually published in 'The Economic Times' / 'Freepress Journal' (English Daily) and 'Maharashtra Times' / 'Nav Shakti' (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.

5. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting (AGM)

The AGM of the Company for the financial year ended 31st March, 2015 shall be held on Thursday, 6th August, 2015 at 11.00 A.M. at Banquet Hall, Equinox Business Park, Off B.K.C, LBS Marg, Kurla West, Mumbai 400070

Following are the other general shareholder information.

| | |
|---|--|
| Financial Year | April 1 to March 31 |
| Dates of Book Closure | 31.07.2015 (Friday) to 06.08.2015 (Thursday) (Both days inclusive) |
| Dividend Payment Date | Not applicable |
| 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 2014 - 2015 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 | Shed No, A - 78/4/3, A - 78/4/4, A - 78/5/3, A - 78/5/5, A - 78/3/4, A - 78/4/6, GIDC Electronics Estate, Sector No. 25, Gandhinagar, 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 2014-2015 and stock performance comparison with BSE Sensex

| Month | BSE | | NSE | |
|----------------|--------|-------|--------|-------|
| | High | Low | High | Low |
| April 2014 | 57.50 | 49.15 | 58.80 | 48.00 |
| May 2014 | 78.05 | 50.10 | 79.65 | 49.20 |
| June 2014 | 84.80 | 58.55 | 84.00 | 59.60 |
| July 2014 | 77.80 | 62.90 | 76.00 | 62.55 |
| August 2014 | 68.00 | 58.15 | 67.00 | 58.05 |
| September 2014 | 74.20 | 58.00 | 74.60 | 58.55 |
| October 2014 | 76.50 | 64.60 | 75.50 | 64.05 |
| November 2014 | 102.15 | 66.00 | 102.30 | 65.00 |
| December 2014 | 94.00 | 73.60 | 96.00 | 73.30 |
| January 2015 | 95.10 | 72.55 | 96.90 | 73.10 |
| February 2015 | 117.90 | 83.30 | 117.80 | 81.65 |
| March 2015 | 124.00 | 90.45 | 124.20 | 90.15 |

Stock performance comparison with BSE Sensex

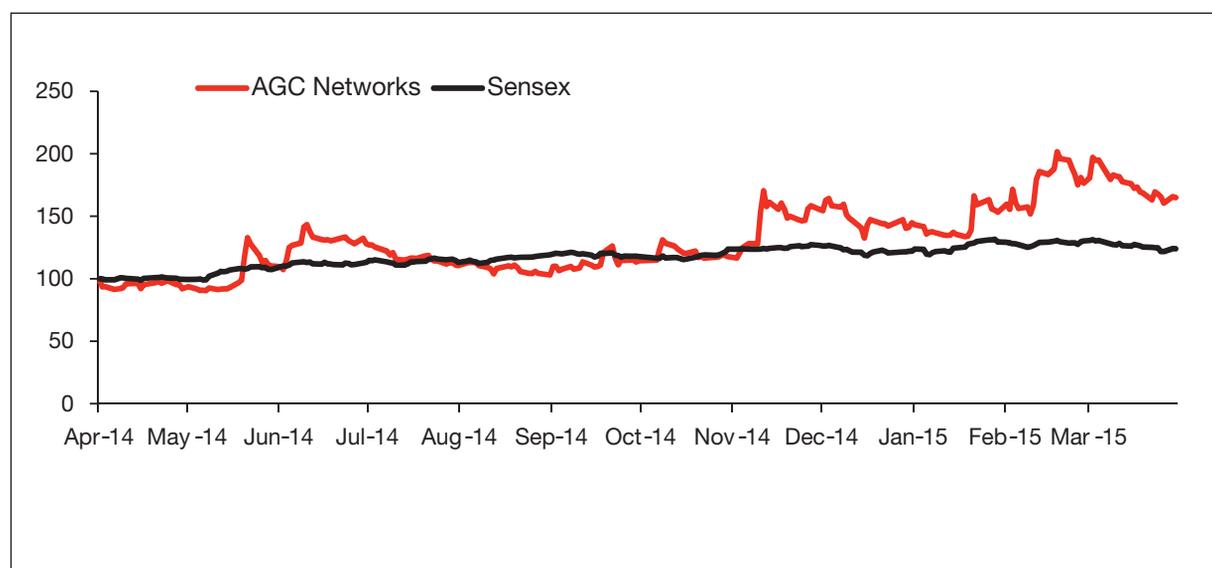


Table No. 2 - Distribution of shareholding as on 31st March, 2015

| Sr. No. | Shares Range | | No. of Shares held | % of total shares | No. of Holders | % of total shareholders |
|---------|--------------|------------|--------------------|-------------------|----------------|-------------------------|
| | From | To | | | | |
| 1 | 1 | 100 | 209580 | 0.74 | 4215 | 40.37 |
| 2 | 101 | 500 | 1282290 | 4.51 | 4782 | 45.80 |
| 3 | 501 | 1000 | 665014 | 2.34 | 932 | 8.93 |
| 4 | 1001 | 5000 | 798734 | 2.81 | 410 | 3.93 |
| 5 | 5001 | 10000 | 300085 | 1.05 | 40 | 0.38 |
| 6 | 10001 | 100000 | 1538133 | 5.40 | 56 | 0.54 |
| 7 | 100001 | 9999999999 | 23672628 | 83.16 | 6 | 0.06 |
| | TOTAL | | 28466464 | 100 | 11353 | 100 |

Table No. 3 - Category-wise distribution as on 31st March, 2015

| Sr. No. | Category of Security Holders | No. of Shareholders | No. of Shares held | % to Capital |
|---------|--|---------------------|--------------------|---------------|
| 1 | Promoter Companies | 1 | 21349848 | 75.00 |
| 2 | FII's and OCBs | 10 | 2007920 | 7.05 |
| 3 | Banking / Financial Institutions / Insurance Companies | 10 | 329834 | 1.16 |
| 4 | Mutual Funds | 11 | 10228 | 0.04 |
| 5 | Bodies Corporate/Trusts | 258 | 842104 | 2.96 |
| 6 | Non-Resident Individuals | 192 | 194209 | 0.68 |
| 7 | Resident Individuals | 9959 | 3732321 | 13.11 |
| | TOTAL | 10441 | 28466464 | 100.00 |

Shareholding pattern as on 31st March, 2015

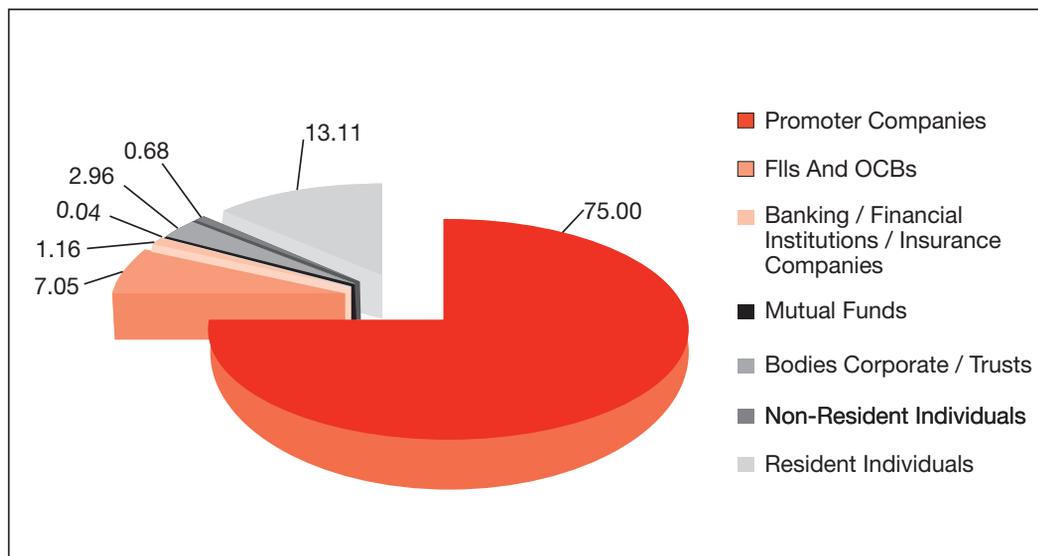


Table No. 4 - Dematerialization of shares and liquidity

| Mode | No. of Shares | % of Total Shares | No. of Shareholders | % of Total Shareholders |
|--------------|----------------------|--------------------------|----------------------------|--------------------------------|
| Physical | 573822 | 2.02 | 1909 | 18.28 |
| Electronic | 27892642 | 97.98 | 8532 | 81.72 |
| Total | 28466464 | 100.00 | 10441 | 100.00 |

Anil Nair

Managing Director and Chief Executive Officer

AGC Networks Limited

Independent Auditor's Report

To the Members of AGC Networks Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of AGC Networks Limited. ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Basis for Qualified Opinion

8. As stated in Note 28(d) to the financial statements, during the year the Company has recognized sale of properties having aggregate carrying value of Rs 1.09 crores and profit on such sale amounting to Rs.46.04 crores (net of incidental selling expenses amounting to Rs 3.39 crores) under 'exceptional items'. In our opinion, as the significant risks and rewards for the said property have not been transferred during the year ended 31 March 2015, recognition of such sale is not in accordance with the principles laid under Accounting Standard (AS) 9 Revenue Recognition. Had the Company not recognized such sale, loss after tax for the year ended 31 March 2015 would have been higher by Rs 46.04 crores; tax expense would have been lower by Rs 3.27 crores; non-current loans and advances would have been higher by Rs 3.27 crores and the reserves and surplus, other current assets and other current liabilities as at that date would have been lower by Rs 42.77 crores, Rs 50.52 crores and Rs 3.39 crores, respectively. Further the carrying value of tangible assets as at 31 March 2015 would have been higher by Rs 1.09 crores.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

Other Matter

10. The audit of financial statements for the year ended 31 March 2014, included in the Statement was carried out and reported by S.R. Batliboi & Associates LLP vide their qualified audit report dated 30 May 2014 respectively, whose audit report has been furnished to us and which has been relied upon by us for the purpose of our audit of the Statement. Our audit report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. as detailed in Note 36 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840

Place : Mumbai
Date : 27 May 2015

Annexure to the Independent Auditor's Report of even date to the members of AGC Networks Limited on the standalone financial statements for the year ended 31 March 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit and stocks lying with customers.
- (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 between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (the Act). Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. In our opinion, there is no continuing failure to correct major weakness in the internal control system.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Annexure to the Independent Auditor's Report of even date to the members of AGC Networks Limited on the standalone financial statements for the year ended 31 March 2015

| Name of the statute | Nature of dues | Amount (₹ in crores) | Amount Paid Under Protest (₹ in crores) | 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 | 0.47 | 0.04 | 1991-92 to 1996-97 | Customs, Excise & Service Tax Appellate Tribunal |
| Finance Act, 1994 | Service tax on RTU activation and penalty thereon | 0.40 | 0.05 | 2006-07 and 2007-08 | Joint Commissioner of Central Excise |
| Finance Act, 1994 | Service tax on RTU activation and penalty thereon | 4.17 | 0.35 | 2003-04 to 2006-07 | Customs, Excise & Service Tax Appellate Tribunal |
| Finance Act, 1994 | Service tax Demand on Royalty Payment | 0.74 | - | 2004-05 to 2006-07 | Commissioner of Central Excise & Service tax Appeals |
| Finance Act, 1994 | Excise Duty on CT 3 Clearance and Incorrect Input Tax Credit of Service Tax paid on Foreign Service Provider | 4.73 | 0.05 | 2003-04 to 2007-08 | Customs, Excise & Service Tax Appellate Tribunal |
| Finance Act, 1994 | Service tax demand along with penalty on excess CEN VAT utilization | 7.04 | 0.50 | 2004-05 to 2007-08 | Commissioner of Central Excise |
| The Customs Act, 1962 | Demand of payment of Customs Duty on Royalty Payments | 6.60 | - | Various financial Years | 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 | 0.06 | 0.03 | 2005-06 | Commissioner of Central Excise – Appeals |
| West Bengal Sales Tax Act, 1994 | Interest on works Contract tax/Sales tax | 0.03 | - | 2003-04, 2005-06 and 2006-07 | Assistant Commissioner Commercial Taxes |
| Kerala Value Added Tax Act, 2003 | Differential VAT rate demand | 0.08 | - | 2008-09 | Karnataka VAT Tribunal |
| Gujarat Value Added Tax Act, 2003 | VAT & Interest payable on the basis of Regular Assessment | 0.22 | 0.01 | 2008-09 | Joint Commissioner Of Commercial Tax |
| Uttar Pradesh Value Added Tax Act, 2008 | VAT & Interest payable on the basis of Regular Assessment | 0.28 | 0.08 | 2008-09 | Additional Commissioner Appeals |
| Maharashtra Value Added Tax Act, 2002 | Demand on account of disallowance of Works Contract Tax TDS credit and applicability of VAT on service tax | 0.09 | 0.02 | 2002-03 | Joint Commissioner of Sales Tax Appeals |
| Kerala Value Added Tax Act, 2003 | Non – Submission of F-forms | 0.05 | 0.02 | 2011-12 | Assistant Commissioner Appeals |
| Kerala Value Added Tax Act, 2003 | Non – Submission of F-forms | 0.03 | 0.01 | 2008-09 | Assistant Commissioner Appeals |
| Maharashtra Value Added Tax Act, 2002 | Demand on account of disallowance of Works Contract Tax TDS credit and applicability of VAT on service tax | 0.54 | 0.20 | 2008-09 | Joint Commissioner of Sales Tax |
| Income Tax Act, 1961 | Tax and Penalty on Deferred revenue treated as revenue based on Billing | 21.00 | 14.83 | 2004-05, 2005-06, 2007-08, 2009-10, 2010-11 | CIT (A) for FY 2009-10 and 2010-11 and ITAT for other financial years. |

Annexure to the Independent Auditor's Report of even date to the members of AGC Networks Limited on the standalone financial statements for the year ended 31 March 2015

- (c) The Company has transferred the amount required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time.
- (viii) In our opinion and after considering the effect of the qualification stated in paragraph 8 of the Independent Auditors Report on the figures of accumulated losses, net-worth and cash losses, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.
- (ix) The Company has not defaulted in repayment of dues to any bank. The Company did not have any loans from financial institutions or any outstanding debentures during the year.
- (x) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xi) In our opinion, the Company has applied the term loan for the purpose for which the loan was obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840

Place : Mumbai
Date : 27 May 2015

Balance Sheet as at 31 March 2015

| | Notes | As at 31 March 2015 ₹ in Crore | As at 31 March 2014 ₹ in Crore |
|--------------------------------|-------|--------------------------------------|--------------------------------------|
| Equity and liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 43.47 | 28.47 |
| Reserves and surplus | 4 | 65.04 | 65.42 |
| | | 108.51 | 93.89 |
| Non-current liabilities | | | |
| Long-term borrowings | 5.1 | - | 0.92 |
| Other long-term liabilities | 6 | 1.65 | 3.37 |
| Long-term provisions | 7 | 5.88 | 6.73 |
| | | 7.53 | 11.02 |
| Current liabilities | | | |
| Short-term borrowings | 5.2 | 136.14 | 145.79 |
| Trade payables | 8 | 115.56 | 174.98 |
| Other current liabilities | 9 | 54.71 | 107.15 |
| Short-term provisions | 7 | 0.52 | 3.69 |
| | | 306.93 | 431.61 |
| TOTAL | | 422.97 | 536.52 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 10 | 10.61 | 16.05 |
| Intangible assets | 11 | 1.60 | 2.51 |
| Capital work-in-progress | | - | 2.52 |
| Non-current investments | 12 | 48.72 | 48.72 |
| Long-term loans and advances | 14 | 75.31 | 81.31 |
| Trade receivables | 17 | 2.09 | 2.54 |
| Deferred tax assets (net) | 13 | - | - |
| Other non-current assets | 15 | 4.68 | 5.85 |
| | | 143.01 | 159.50 |
| Current assets | | | |
| Inventories | 16 | 18.09 | 61.61 |
| Trade receivables | 17 | 124.19 | 168.80 |
| Cash and bank balances | 18 | 4.75 | 72.09 |
| Short-term loans and advances | 14 | 67.48 | 66.16 |
| Other current assets | 15 | 65.45 | 8.36 |
| | | 279.96 | 377.02 |
| TOTAL | | 422.97 | 536.52 |

Notes 1 to 46 form an integral part of the financial statements.

This is the balance sheet referred to in our report of even date

For Walker Chandio & Co LLP
(Formerly known as Walker, Chandio & Co)
Chartered Accountants

ADI P. SETHNA
Partner

Place: Mumbai
Date : 27 May 2015

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

ANIL NAIR
Managing Director & CEO

PRATIK BHANUSHALI
Company Secretary

Place : Mumbai
Date : 27 May 2015

NEERAJ GUPTA
Director

AMAL THAKORE
Chief Financial Officer

Statement of Profit and Loss for the year ended 31 March 2015

| | Notes | 31 March 2015 | 31 March 2014 |
|---|-------|----------------|-----------------|
| | | ₹ in Crore | ₹ in Crore |
| Income | | | |
| Revenue from operations (gross) | 19 | 341.27 | 306.23 |
| Less: Excise duty | 19 | 1.15 | 0.96 |
| Revenue from operations (net) | | 340.12 | 305.27 |
| Other income | 20 | 10.71 | 18.48 |
| Total revenue (I) | | 350.83 | 323.75 |
| Expenses | | | |
| Cost of materials and components consumed | 21 | 5.63 | 4.45 |
| Purchase of stock-in-trade | | 103.94 | 162.39 |
| (Increase) / decrease in inventories of work-in-progress and stock-in-trade | 22 | 38.27 | 2.93 |
| Service charges | | 87.68 | 85.52 |
| Employee benefits expense | 23 | 57.82 | 73.97 |
| Finance costs | 24 | 24.17 | 29.29 |
| Depreciation and amortisation expense | 25 | 5.13 | 9.04 |
| Other expenses | 26 | 59.55 | 91.60 |
| Prior period items | 27 | 1.66 | - |
| Total expenses (II) | | 383.85 | 459.19 |
| Profit / (Loss) before exceptional items and tax (I-II) | | (33.02) | (135.44) |
| Exceptional items | 28 | 35.35 | (9.46) |
| Profit / (Loss) before tax | | 2.33 | (144.90) |
| Tax expenses / (credits) | | | |
| Current tax | | 3.27 | 0.18 |
| Short/(Excess) provision of tax for earlier years | | (0.56) | - |
| Total tax expense / (credits) | | 2.71 | 0.18 |
| Profit / (Loss) for the year | | (0.38) | (145.08) |
| Earnings per equity share [nominal value of share ₹ 10 (31 March 2014 : ₹ 10)] | | | |
| Basic (in ₹) | 29 | (0.13) | (50.97) |
| Diluted (in ₹) | | (0.13) | (50.97) |

Notes 1 to 46 form an integral part of the financial statements.

This is the statement of profit & loss referred to in our report of even date

For Walker Chandiook & Co LLP
(Formerly known as Walker, Chandiook & Co)
Chartered Accountants

ADI P. SETHNA
Partner

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

ANIL NAIR
Managing Director & CEO

NEERAJ GUPTA
Director

PRATIK BHANUSHALI
Company Secretary

AMAL THAKORE
Chief Financial Officer

Place: Mumbai
Date : 27 May 2015

Place : Mumbai
Date : 27 May 2015

Cash Flow Statement for the year ended 31 March 2015

| | 31 March 2015 | 31 March 2014 |
|---|----------------|-----------------|
| | ₹ in Crore | ₹ in Crore |
| Cash flow from operating activities | | |
| Profit / (Loss) before tax | 2.33 | (144.90) |
| Adjustments for: | | |
| Depreciation and amortisation | 5.13 | 9.04 |
| Loss / (profit) on sale of fixed assets | (0.02) | 0.01 |
| Provision for warranties | (0.10) | (0.52) |
| Provision for doubtful debts and advances | 5.35 | 23.50 |
| Liabilities for earlier years no longer required written back | (0.76) | (3.67) |
| Unrealised foreign exchange loss / (gain) | (2.60) | 3.43 |
| Corporate Guarantee Commission | (2.92) | - |
| Finance cost | 24.17 | 29.29 |
| Interest income | (7.77) | (18.48) |
| Exceptional items (Refer note 28) | (35.35) | 9.46 |
| Operating profit before working capital changes | (12.54) | (92.84) |
| Movements in working capital | | |
| Decrease / (Increase) in trade receivables | 39.31 | 129.46 |
| Decrease / (Increase) in inventory | 39.51 | 5.18 |
| Decrease / (Increase) in Loans, advances and other assets | 15.47 | 71.07 |
| Increase / (Decrease) in Trade payables | (61.34) | (34.27) |
| Increase / (Decrease) in Other liabilities and provisions | (58.83) | 15.98 |
| Cash generated from / (used in) operations | (38.42) | 94.58 |
| Direct taxes paid (net of refunds) | (0.41) | (12.20) |
| Net cash flow - operating activities (A) | (38.83) | 82.38 |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (1.08) | (7.97) |
| Proceeds from sale of fixed assets | 0.32 | 0.49 |
| Proceeds from sale of unquoted equity instruments | - | 0.50 |
| Interest on bank deposits & others | 7.48 | 19.94 |
| Interest on income tax refund | 2.65 | - |
| Loan to AGC Networks Pte Ltd | (43.25) | - |
| Repayment of loan from AGC Networks Pte Ltd | 22.47 | - |
| Margin money and term deposits with bank | 69.50 | 11.52 |
| Net cash flow - investing activities (B) | 58.09 | 24.48 |

Cash Flow Statement for the year ended 31 March 2015

| | 31 March 2015 | 31 March 2014 |
|---|----------------|-----------------|
| | ₹ in Crore | ₹ in Crore |
| Cash flows from financing activities | | |
| Proceeds from issuance of preference share capital | 15.00 | - |
| Proceeds / (Repayment) from long-term borrowings | (1.22) | (1.22) |
| Proceeds / (Repayment) from short-term borrowings | (9.65) | (86.34) |
| Finance cost paid | (22.40) | (29.42) |
| Net cash flow - financing activities (C) | (18.27) | (116.98) |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | 0.99 | (10.12) |
| Cash and cash equivalents at the beginning of the year | 3.18 | 13.30 |
| Cash and cash equivalents at the end of the year (Refer note 18) | 4.17 | 3.18 |

This is the statement of cash flow referred to in our report of even date

For Walker Chandio & Co LLP
(Formerly known as Walker, Chandio & Co)
Chartered Accountants

ADI P. SETHNA
Partner

Place: Mumbai
Date : 27 May 2015

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

ANIL NAIR
Managing Director & CEO

PRATIK BHANUSHALI
Company Secretary

Place : Mumbai
Date : 27 May 2015

NEERAJ GUPTA
Director

AMAL THAKORE
Chief Financial Officer

Notes to Financial Statements for the year ended 31 March 2015

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, along with its foreign subsidiaries, is a global information, communications technology (ICT) solutions provider and integrator seamlessly delivering technology based solutions across global markets and verticals layered with a spectrum of applications and services. The Company is the leader in Enterprise Communications in India with global footprint in locations spanning India, Middle East/Africa, North America and Australia/New Zealand.

2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements are prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies applied are consistent with those used in the previous year.

All assets and liabilities are classified as current if they are expected to be realised or settled within the operating cycle, which is up to 12 months.

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 disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

Notes to Financial Statements for the year ended 31 March 2015

(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 II of the Companies Act, 2013 whichever is higher. The Company depreciates its assets over the useful lives as detailed below:

| Assets | No. of Years |
|--------------------------|----------------|
| Buildings | 30 to 60 years |
| Plant and Equipment | 3 to 5 years |
| Furniture and Fixtures | 5 years |
| Office Equipments | 3 to 5 years |
| Computers & Servers | 3 to 4 years |
| Vehicles | 4 years |
| Electrical Installations | 5 years |

Cost of leasehold land is amortised over the period of lease.

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 amortised on a straight line basis over the estimated useful economic life. The amortisation period and the amortisation method are reviewed at least at each financial year end. Gains or losses arising from disposal 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 disposed.

A summary of amortisation policies applied to the Company's intangible assets is as below:

| Assets | No. of Years |
|--------------------|--------------|
| Computer Softwares | 4 years |

Assets purchased specifically for projects are depreciated over the life of the projects.

(e) Impairment of tangible and intangible assets

The carrying amounts of tangible and intangible assets are reviewed at each reporting date if there is any indication of impairment based on internal and external factors. An impairment loss is recognised 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 or 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 realisable 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.

Notes to Financial Statements for the year ended 31 March 2015

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.

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 of materials and components, work-in-progress and stock-in-trade 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, cost also includes costs of conversion.

Net realisable 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.

Further, inventory contains service spares which are used as replacement stocks by the Company for servicing the customers' repairs and maintenance requirements during the service period. Adequate allowances are recognised as a measure of consumption over their expected life based on their usage.

(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 reviewed 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.

Notes to Financial Statements for the year ended 31 March 2015

(ii) Conversion

Foreign currency monetary items are restated 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

Exchange differences arising on translation/settlement of foreign currency monetary items are recognized as income or as expenses in the period in which they arise.

(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 significant risk and rewards of ownership and title of the product is transferred to the buyer which generally coincides with acknowledgement of 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. Revenue from implementation services (including installation and commissioning) related to products supplied or on a standalone basis, are recognized based on proportionate completion method where revenue is recognized proportionately with the degree of completion of services.
2. Revenue from maintenance contracts are recognized on a straight line basis over the contract term or on performance of the services as specified in the contract.
3. Service Income of a periodic nature which has not accrued during the year is disclosed as Unearned Revenue.
4. 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 and loss.

Other Income

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

Notes to Financial Statements for the year ended 31 March 2015

(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

Salaries, wages etc. which are defined as short term benefits, are recognised as expenses on an undiscounted basis, in the statement of profit and loss of the period in which the related service is rendered.

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.

Notes to Financial Statements for the year ended 31 March 2015

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 to determine the present value of the obligation. The fair value of the plan assets is reduced from the gross obligation to recognise the same on a net basis. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they arise 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 recognised in the statement of profit and loss during the period in which they arise.

(n) Earnings Per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year 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 which are available for use.

(p) Borrowing costs

Borrowing costs include interest, amortisation 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) 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 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 2015

3. Share capital

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Authorized shares | | |
| 45,000,000 (31 March 2014: 30,000,000) equity shares of ₹ 10/- each | 45.00 | 30.00 |
| 10,000,000 (31 March 2014: Nil) 1% Non-cumulative, non-convertible, redeemable preference shares of ₹ 100/- each | 100.00 | - |
| Nil (31 March 2014: 1,000,000) cumulative redeemable preference shares of ₹ 100/- each | - | 10.00 |
| Issued, subscribed and fully paid-up shares | | |
| 28,466,464 (31 March 2014: 28,466,464) equity shares of ₹ 10/- each | 28.47 | 28.47 |
| 1,500,000 (31 March 2014: Nil) 1% Non-cumulative, non-convertible, redeemable preference shares of ₹ 100/- each | 15.00 | - |
| Total issued, subscribed and fully paid-up share capital | 43.47 | 28.47 |

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

| | 31 March 2015 | | 31 March 2014 | |
|---|-------------------|--------------|-------------------|--------------|
| | No. of shares | ₹ in Crore | No. of shares | ₹ in Crore |
| At the beginning of the year | 28,466,464 | 28.47 | 28,466,464 | 28.47 |
| Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 28,466,464 | 28.47 | 28,466,464 | 28.47 |

1% Non-cumulative, non-convertible, redeemable preference shares

| | 31 March 2015 | | 31 March 2014 | |
|---|------------------|--------------|---------------|------------|
| | No. of shares | ₹ in Crore | No. of shares | ₹ in Crore |
| At the beginning of the year | - | - | - | - |
| Issued during the year | 1,500,000 | 15.00 | - | - |
| Outstanding at the end of the year | 1,500,000 | 15.00 | - | - |

During the year the Company issued 1,500,000 1% Non-cumulative Non-convertible redeemable preference shares having face value of ₹ 100 at par for a total consideration of ₹ 15 Crore to Essar Information Technology Limited.

(b) Right, preference and restriction on 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.

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

Notes to Financial Statements for the year ended 31 March 2015

The Company has one class of preference shares i.e. 1% non-cumulative non-convertible redeemable preference shares. The preference shares have preferred right on payment of dividend and repayment of capital over equity shareholders.

The preference shares shall be redeemed at the option of Investor in one or more tranches at any time between 5th year from the date of allotment and before expiry of 7th year from the date of allotment and the shares shall be redeemed at par. If the option is not exercised by the investor it will automatically redeem at par at the end of the 7th year from the date of allotment.

(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 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Essar Telecom Limited (Holding Company w.e.f. 28 March 2014) 21,349,848 (31 March 2014 : 21,349,848) equity shares of ₹ 10 each fully paid | 21.35 | 21.35 |

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

14,233,232 Equity shares allotted as fully paid bonus shares by capitalization of securities premium during the year ended 31 March 2013

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

| Name of the shareholder | As at 31 March 2015 | | As at 31 March 2014 | |
|--|---------------------|------------------------|---------------------|------------------------|
| | No. of shares | % holding in the class | No. of shares | % holding in the class |
| <i>Equity shares of ₹ 10 each fully paid</i> Essar Telecom Limited (Holding Company w.e.f. 28 March 2014) | 21,349,848 | 75.00% | 21,349,848 | 75.00% |
| <i>Preference shares of ₹ 100 each fully paid</i> Essar Information Technology Limited | 1,500,000 | 100.00% | - | - |

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 2015

4. Reserves and surplus

| | 31 March 2015 | 31 March 2014 |
|---|----------------|----------------|
| | ₹ in Crore | ₹ in Crore |
| Capital reserve | | |
| As at the beginning of the year | 22.64 | 22.64 |
| As at the end of the year | 22.64 | 22.64 |
| Securities premium account | | |
| As at the beginning of the year | 32.10 | 32.10 |
| As at the end of the year | 32.10 | 32.10 |
| General reserve | | |
| As at the beginning of the year | 100.58 | 100.58 |
| As at the end of the year | 100.58 | 100.58 |
| Surplus / (deficit) in the statement of profit and loss | | |
| As at the beginning of the year | (89.90) | 55.18 |
| Profit / (Loss) for the year | (0.38) | (145.08) |
| Additional depreciation as per schedule II of Companies Act, 2013 | 0.00 | - |
| As at the end of the year | (90.28) | (89.90) |
| Total reserves and surplus | 65.04 | 65.42 |

5.1 Long-term borrowings

| | Non-current portion | | Current maturities | |
|--|---------------------|---------------|--------------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | ₹ in Crore | ₹ in Crore | ₹ in Crore | ₹ in Crore |
| Loan from Cisco Systems Capital (I) Private Ltd (Unsecured) (Refer footnote) | - | 0.92 | 0.92 | 1.22 |
| | - | 0.92 | 0.92 | 1.22 |
| Amount disclosed under the head "other current liabilities" (refer note 9) | - | - | (0.92) | (1.22) |
| Net amount | - | 0.92 | - | - |

Footnote:

Interest free loan from Cisco Systems Capital (I) Private Ltd. is repayable in 12 quarterly installments of ₹ 0.30 Crore each which started from 14 February 2013.

5.2 Short-term borrowings

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Working capital loan from bank (Secured) (Refer footnote 1) | 45.00 | - |
| Loan repayable on demand | | |
| Cash credits from banks (Secured) (Refer footnote 2) | 91.14 | 145.79 |
| | 136.14 | 145.79 |

Notes to Financial Statements for the year ended 31 March 2015

Footnotes:

- Working capital loan from bank is secured against first pari-passu charge on Lease hold land, Free hold land and buildings situated at Gandhinagar, Gujarat, second pari-passu charge on entire current assets (present and future) including stocks of materials and components, work-in-progress, stock-in-trade, trade receivables, etc. and corporate guarantee from a fellow subsidiary. The Company has transferred its Gandhinagar properties vide deed of assignment (Refer Note 28 (d)). However, the loan is considered as secured since these properties have not been discharged as securities by the lender and continuance of the other assets as security.

As per the original payment schedule loan is repayable in 14 quarterly installments starting from 9 February, 2016. 6 installments of ₹ 2.25 Crore each, 4 installments of ₹ 3.375 Crore each and 4 installments of ₹ 4.50 Crore each. The same has been classified under "Short term borrowings" in view of the intention of the Company to expire the borrowing either by way of assignment to the buyer of the aforesaid property or by way of repayment of the loan from the sale consideration. The effective rate of interest is base rate of the lending bank which is 10.75% plus spread 1.5%. Hence current effective rate is 12.25% p.a..

- Cash credits from banks are secured by first exclusive pari-pasu charge on entire current assets of the Company (present and future) including stocks of materials and components, work in progress, stock-in-trade, trade receivables, insurances, etc. and by second pari-pasu charge on all moveable fixed assets of the Company, and corporate guarantee from a fellow subsidiary. The cash credit is repayable on demand and carries average interest @ 13.5% p.a.

6. Other long-term liabilities

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Unearned revenue on maintenance services | 1.19 | 3.37 |
| Unearned revenue on Others | 0.46 | - |
| | 1.65 | 3.37 |

7. Provisions

| | Long-term | | Short-term | |
|---|---------------|---------------|---------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | ₹ in Crore | ₹ in Crore | ₹ in Crore | ₹ in Crore |
| Provision for employee benefits | | | | |
| Provision for gratuity (refer note 30) | 4.12 | 3.52 | - | - |
| Provision for compensated absences | 1.76 | 3.21 | 0.14 | 0.32 |
| | 5.88 | 6.73 | 0.14 | 0.32 |
| Other provisions | | | | |
| Provision for warranties | - | - | 0.38 | 0.48 |
| Provision for tax (net of advance taxes of ₹ Nil) | - | - | - | 2.89 |
| | - | - | 0.38 | 3.37 |
| | 5.88 | 6.73 | 0.52 | 3.69 |

Notes to Financial Statements for the year ended 31 March 2015

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 2015 | 31 March 2014 |
|-------------------------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| At the beginning of the year | 0.48 | 1.00 |
| Recognised during the year | 0.38 | 0.48 |
| Utilised during the year | - | - |
| Unused amounts reversed | (0.48) | (1.00) |
| At the end of the year | 0.38 | 0.48 |

8. Trade payables

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Dues to micro and small enterprises (refer note no 38) | 1.93 | 1.89 |
| Dues to others | | |
| - for product | 92.07 | 155.58 |
| - for services and others | 21.56 | 17.51 |
| | 115.56 | 174.98 |

9 Other current liabilities

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Current maturities of long-term borrowings (note 5.1) | 0.92 | 1.22 |
| Interest accrued but not due on borrowings | 0.94 | 0.39 |
| Employee related / other payables | 14.92 | 20.71 |
| Unearned revenue on maintenance services | 13.47 | 10.68 |
| Unearned revenue on products | 8.27 | 43.53 |
| Unpaid dividend | 0.34 | 0.44 |
| Advances from customers | 4.04 | 9.79 |
| Statutory dues payable | 3.80 | 3.56 |
| Advance for expenses | - | 13.64 |
| Other current liabilities | 8.01 | 3.19 |
| | 54.71 | 107.15 |

Notes to Financial Statements for the year ended 31 March 2015

10 Tangible assets

| | ₹ in Crore | | | | | | | | | |
|-------------------------|------------------|-----------------|------------------------|-----------------------|-----------------------|---------------------------------------|---------------------------------|--------------|-------------|--------------|
| | Leasehold Land * | Freehold Land * | Buildings* Equipment # | Plant and Equipment # | Computers and Servers | Electrical Installations and Fixtures | Furniture and Office Equipments | Vehicles | Total | |
| Cost | | | | | | | | | | |
| At 01 April 2013 | 0.40 | 0.10 | 3.19 | 42.47 | 10.61 | 2.63 | 4.33 | 14.07 | 0.20 | 78.00 |
| Additions | - | - | - | 3.53 | 0.05 | 0.01 | 0.08 | 0.14 | - | 3.81 |
| Disposals | - | - | - | 0.40 | 2.40 | 0.40 | 0.14 | 1.20 | - | 4.54 |
| At 31 March 2014 | 0.40 | 0.10 | 3.19 | 45.60 | 8.26 | 2.24 | 4.27 | 13.01 | 0.20 | 77.27 |
| Additions | - | - | - | 6.57 | 0.04 | 0.01 | - | 0.19 | - | 6.81 |
| Disposals / adjustment | 0.40 | 0.10 | 2.62 | 18.38 | 0.05 | 0.09 | - | 0.03 | 0.13 | 21.80 |
| At 31 March 2015 | - | - | 0.57 | 33.79 | 8.25 | 2.16 | 4.27 | 13.17 | 0.07 | 62.28 |
| Depreciation | | | | | | | | | | |
| At 01 April 2013 | 0.10 | - | 2.19 | 28.21 | 9.42 | 1.79 | 2.47 | 12.44 | 0.12 | 56.74 |
| Charge for the year | - | - | 0.10 | 6.52 | 0.36 | 0.24 | 0.59 | 0.60 | 0.01 | 8.42 |
| Disposals / adjustments | - | - | - | 0.18 | 2.25 | 0.30 | 0.08 | 1.13 | - | 3.94 |
| At 31 March 2014 | 0.10 | - | 2.29 | 34.55 | 7.53 | 1.73 | 2.98 | 11.91 | 0.13 | 61.22 |
| Charge for the year | - | - | 0.10 | 2.64 | 0.41 | 0.23 | 0.55 | 0.51 | - | 4.44 |
| Disposals / adjustments | 0.10 | - | 1.90 | 11.70 | 0.04 | 0.09 | - | 0.03 | 0.13 | 13.99 |
| At 31 March 2015 | - | - | 0.49 | 25.49 | 7.90 | 1.87 | 3.53 | 12.39 | - | 51.67 |
| Net Block | | | | | | | | | | |
| At 31 March 2014 | 0.30 | 0.10 | 0.90 | 11.05 | 0.73 | 0.51 | 1.29 | 1.10 | 0.07 | 16.05 |
| At 31 March 2015 | - | - | 0.08 | 8.30 | 0.35 | 0.29 | 0.74 | 0.78 | 0.07 | 10.61 |

Building includes those constructed on leasehold land.

Above assets are given as security for borrowings (refer note 5.2)

Refer footnote under note 16

* Refer note 28(d)

Notes to Financial Statements for the year ended 31 March 2015

11 Intangible assets

| | Computer Software | ₹ in Crore Total |
|-------------------------|----------------------|---------------------|
| Cost | | |
| At 01 April 2013 | 10.90 | 10.90 |
| Additions | 1.70 | 1.70 |
| Disposals / adjustments | 0.60 | 0.60 |
| At 31 March 2014 | 12.00 | 12.00 |
| Additions | - | - |
| Disposals | 1.20 | 1.20 |
| At 31 March 2015 | 10.80 | 10.80 |
| Amortisation | | |
| At 01 April 2013 | 9.70 | 9.70 |
| Charge for the year | 0.62 | 0.62 |
| Disposals / adjustments | 0.83 | 0.83 |
| At 31 March 2014 | 9.49 | 9.49 |
| Charge for the year | 0.69 | 0.69 |
| Disposals / adjustments | 0.98 | 0.98 |
| At 31 March 2015 | 9.20 | 9.20 |
| Net Block | | |
| At 31 March 2014 | 2.51 | 2.51 |
| At 31 March 2015 | 1.60 | 1.60 |

12 Non-current investments

| | 31 March 2015 ₹ in Crore | 31 March 2014 ₹ in Crore |
|---|-----------------------------|-----------------------------|
| Trade investments (valued at cost unless stated otherwise) | | |
| Unquoted equity shares | | |
| Investment in subsidiaries | | |
| 100 (31 March 2014: 100) ordinary shares of SGD 1 each, 4 (31 March 2014 : 4) ordinary shares of SGD 481,111 each, 10 (31 March 2014 : 10) ordinary shares of SGD 607,870 each fully paid-up in AGC Networks Pte. Ltd. | 34.22 | 34.22 |
| 42,24,993 (31 March 2014: 42,24,993) equity shares of AUD 1 each fully paid-up in AGC Networks Australia Pty. Limited | 14.50 | 14.50 |
| | 48.72 | 48.72 |

13 Deferred tax assets (net)

The Company does not have any deferred tax liability as at 31 March 2015 and as at 31 March 2014. The Company has not recognised deferred tax assets in the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Notes to Financial Statements for the year ended 31 March 2015

14 Loans and advances

| | Non-current | | Current | |
|---|---------------|---------------|---------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | ₹ in Crore | ₹ in Crore | ₹ in Crore | ₹ in Crore |
| Unsecured, considered good | | | | |
| Capital advances | 0.00 | 0.01 | - | - |
| Deposits | 4.64 | 4.00 | 2.01 | 3.05 |
| Deposits with related party | - | 2.70 | 2.70 | - |
| Loan and advances to related parties (refer note 33) | - | - | 46.52 | 32.56 |
| Advances to vendors | 3.61 | 3.39 | 9.19 | 14.85 |
| Other loans and advances | | | | |
| Advance income-tax (net of provision for taxation ₹ 7.44 Crore) (31 March 2014: ₹ 115.37 Crore) | 64.45 | 70.20 | - | - |
| Prepaid expenses | 2.61 | 1.01 | 3.10 | 7.98 |
| Balances with statutory / government authorities | - | - | 3.96 | 7.72 |
| | 75.31 | 81.31 | 67.48 | 66.16 |

Disclosure as per clause 32 of the Listing Agreement:

Name of subsidiary

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| AGC Networks Pte Ltd | | |
| Loan outstanding | 37.87 | 17.09 |
| Maximum amount outstanding during the year | 61.07 | 17.09 |

Disclosure of Section 186(4) of the Companies Act, 2013

Name of subsidiary

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| AGC Networks Pte Ltd | | |
| Loan outstanding | 37.87 | 17.09 |
| The loan is given for business purposes and is repayable on demand and carries a interest of 7% per annum. | | |
| Guarantee given / Security provided | 112.66 | 108.18 |

The guarantee is given for the loan availed by subsidiary and a guarantee commission @ 1.75% per annum is charged thereon.

For investments in subsidiaries refer note 12.

Notes to Financial Statements for the year ended 31 March 2015

15 Other assets

| | Non-current | | Current | |
|---|---------------|---------------|---------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | ₹ in Crore | ₹ in Crore | ₹ in Crore | ₹ in Crore |
| Unsecured, considered good | | | | |
| Margin money deposits with banks* | 4.68 | 5.85 | - | - |
| Others | | | | |
| Interest accrued on fixed deposits | - | - | 0.68 | 6.29 |
| Excess remuneration recoverable from Managing Director (refer note 35(b)) | - | - | 1.34 | - |
| Other receivables from related party | - | - | 3.72 | - |
| Receivable for sale of fixed assets | - | - | 50.52 | - |
| Deferred cost for maintenance contracts | - | - | 9.19 | 2.07 |
| | - | - | 65.45 | 8.36 |
| | 4.68 | 5.85 | 65.45 | 8.36 |

Margin money deposits with a carrying amount of ₹ 4.68 Crore (31 March 2014 : ₹ 5.85 Crore) are liened against bank guarantees issued.

16 Inventories (valued at lower of cost and net realisable value)

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Materials and components (includes in transit ₹ Nil (31 March 2014: ₹ 0.80 Crore)) (refer note 21) | 0.16 | 0.96 |
| Work-in-progress (refer note 22) | 2.31 | 5.12 |
| Stock-in-trade (includes in transit ₹ 0.53 Crore (31 March 2014: ₹ 0.30 Crore)) (refer note 22) | 9.38 | 55.53 |
| Stores and spares (Refer footnote) | 6.24 | - |
| | 18.09 | 61.61 |

Footnote:

“Disposal / adjustments” under plant and equipment relate to re-classification of spares utilised for servicing maintenance contracts with customers, to inventory. The management believes this to be a more appropriate classification owing to the nature of its usage.

Accordingly, the net carrying value as at 1 April 2014 amounting to ₹ 6.94 Crore has been transferred to inventory and the amount consumed during the year ended 31 March 2015 amounting to ₹ 2.83 Crore, has been disclosed under “Consumption of stores and spares” (as a part of “Other Expenses”), which was disclosed under “Depreciation and amortisation expense” till the earlier year (₹ 3.16 Crore for the year ended 31 March 2014). There is no impact of the same on the statement of profit and loss account for the year or the previous year except that the respective expenses are not comparable to this extent.

Notes to Financial Statements for the year ended 31 March 2015

17 Trade receivables

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Non-current | | |
| Unsecured, considered good | 2.09 | 2.54 |
| | 2.09 | 2.54 |
| Current | | |
| Receivables outstanding for a period exceeding six months from the due date for payment | | |
| Unsecured, considered good | 31.81 | 65.40 |
| Unsecured, considered doubtful | 39.10 | 35.89 |
| | 70.91 | 101.29 |
| Less: Provision for doubtful receivables | 39.10 | 35.89 |
| | 31.81 | 65.40 |
| Others | | |
| Unsecured, considered good | 92.38 | 103.40 |
| | 124.19 | 168.80 |

18 Cash and bank balances

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Cash and cash equivalents | | |
| <i>Balances with banks:</i> | | |
| – In current accounts | 0.99 | 2.74 |
| – In deposit accounts | 2.77 | - |
| Cheques / drafts on hand | 0.35 | 0.42 |
| Cash on hand | 0.06 | 0.02 |
| | 4.17 | 3.18 |
| Other bank balances | | |
| Deposits with maturity of more than 3 months and less than 12 months | 0.18 | - |
| Margin money deposits with maturity less than 12 months | - | 68.47 |
| Unpaid dividend accounts | 0.40 | 0.44 |
| | 0.58 | 68.91 |
| | 4.75 | 72.09 |

Margin money deposits with a carrying amount of ₹ Nil Crore (31 March 2014 : ₹ 68.47 Crore) are liened against bank guarantees issued.

Notes to Financial Statements for the year ended 31 March 2015

19. Revenue from operations

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Revenue from operations | | |
| Sale of products | | |
| - Finished goods* | 13.52 | 9.69 |
| - Traded goods* | 170.31 | 173.69 |
| Sale of services | 156.68 | 119.18 |
| | 340.51 | 302.56 |
| Less : Excise Duty# | 1.15 | 0.96 |
| | 339.36 | 301.60 |
| Other operating revenue | | |
| Liabilities for earlier years no longer required written back | 0.76 | 3.67 |
| Revenue from operations (net) (refer note below) | 340.12 | 305.27 |

Note: During the year, the Company has reversed the sales pertaining to earlier years aggregating ₹ Nil (31 March 2014 : ₹ 18.00 Crore).

Excise duty on sales amounting to ₹ 1.15 Crore (31 March 2014 : ₹ 0.96 Crore) has been reduced from sales in the statement of profit and loss and excise duty on increase/decrease in stock amounting to ₹ 0.16 Crore (31 March 2014 : ₹ 0.14 Crore) has been considered as expense in the statement of profit and loss.

* The Company is an global ICT solution provider and integrator operating in various quadrants and the solutions sold to customers are configured as per specific customer requirements. The heterogeneous mix of components in solution are offered to customers makes it difficult to establish a meaningful/homogenous relationship for providing break up of goods purchased/sold during the year and the stock position. Consequently, it is neither feasible nor meaningful to give the category-wise details of goods purchased and sold during the year and stock position for all its product solutions.

Detail of services rendered

| | 31 March 2015 | 31 March 2014 |
|-------------------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Maintenance services | 78.08 | 76.02 |
| Implementation services | 78.60 | 43.16 |
| | 156.68 | 119.18 |

20. Other income

| | 31 March 2015 | 31 March 2014 |
|-------------------------------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Interest income on | | |
| Bank deposits | 1.40 | 7.94 |
| Inter-corporate deposits | - | 0.96 |
| Income tax refund | 2.65 | 0.95 |
| Others | 3.72 | 8.63 |
| Corporate Guarantee Commission | 2.92 | - |
| Surplus on disposal of fixed assets | 0.02 | - |
| | 10.71 | 18.48 |

Notes to Financial Statements for the year ended 31 March 2015

21. Cost of material and components consumed

| | |
|--|--|
| Inventory at the beginning of the year | |
| Add: Purchases | |
| Less: Inventory at the end of the year | |
| Cost of material and components consumed | |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 0.96 | 1.28 |
| 4.83 | 4.13 |
| 5.79 | 5.41 |
| 0.16 | 0.96 |
| 5.63 | 4.45 |

Details of material and components consumed

| | |
|------------------------|--|
| Printed circuit boards | |
| Static converters | |
| Cabinet | |
| Peripherals | |
| Others | |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 2.81 | 2.44 |
| 0.20 | 0.22 |
| 2.24 | 1.40 |
| 0.32 | 0.20 |
| 0.06 | 0.19 |
| 5.63 | 4.45 |

22. (Increase) / decrease in inventories

| | |
|------------------------------------|--|
| Inventories at the end of the year | |
| Stock-in-trade | |
| Work-in-progress | |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 9.38 | 55.53 |
| 2.31 | 5.12 |
| 11.69 | 60.65 |

| | |
|--|--|
| Inventories at the beginning of the year | |
| Stock-in-trade | |
| Work-in-progress | |

| | |
|--------------|--------------|
| 55.53 | 68.41 |
| 5.12 | 6.17 |
| 60.65 | 74.58 |
| 48.96 | 13.93 |
| (10.69) | (11.00) |
| 38.27 | 2.93 |

Less: Exceptional items disclosed separately (refer note 28(a))

Note: The Company is an global ICT solution provider and integrator operating in various quadrants and the solutions sold to customers are configured as per specific customer requirements. The heterogeneous mix of components in solution are offered to customers makes it difficult to establish a meaningful/homogenous relationship for providing break up of goods purchased/sold during the year and the stock position. Consequently, it is neither feasible nor meaningful to give the category-wise details of goods purchased and sold during the year and stock position for all its product solutions.

23. Employee benefits expense (Refer note 35)

| | |
|---|--|
| Salaries, wages and bonus | |
| Contribution to provident and other funds | |
| Staff welfare expenses | |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 55.25 | 70.58 |
| 0.89 | 1.07 |
| 1.68 | 2.32 |
| 57.82 | 73.97 |

Notes to Financial Statements for the year ended 31 March 2015

24. Finance costs

| |
|----------------------|
| Interest on loans |
| Guarantee commission |
| Others |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 21.21 | 25.76 |
| 1.91 | 2.33 |
| 1.05 | 1.20 |
| 24.17 | 29.29 |

25. Depreciation and amortisation expense

| |
|--|
| Depreciation of tangible assets (Refer footnote under note 16) |
| Amortisation of intangible assets |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 4.44 | 8.42 |
| 0.69 | 0.62 |
| 5.13 | 9.04 |

26. Other expenses

| |
|---|
| Installation and commissioning expenses |
| Consumption of stores and spares (indigenous) |
| Power and water charges |
| Rent |
| Rates and taxes |
| Insurance |
| Repairs and maintenance - others |
| Travelling and conveyance |
| Telephone, telex and fax |
| Printing and stationery |
| Legal and professional fees |
| Advertisement and sales promotion |
| Outward freight, clearing and forwarding charges |
| Commission to others |
| Directors' sitting fees |
| Payments to auditor (refer details below) |
| Exchange differences (net) |
| Provision for doubtful debts and advances |
| Bad debts written off (Net of provision in earlier year ₹ 1.84 Crore; 31 March, 2014 ₹ Nil) |
| Loss on sale of fixed assets (net) |
| Loss on contract cancellation |
| Excise duty |
| Other expenses |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 2.47 | 2.53 |
| 2.87 | 0.03 |
| 2.30 | 2.03 |
| 11.59 | 12.28 |
| 2.07 | 2.34 |
| 0.67 | 1.02 |
| 4.64 | 5.36 |
| 8.73 | 13.03 |
| 2.11 | 2.57 |
| 0.23 | 0.20 |
| 3.34 | 3.61 |
| 1.20 | 0.49 |
| 1.78 | 2.07 |
| 0.21 | 1.75 |
| 0.25 | 0.13 |
| 0.66 | 0.80 |
| 0.75 | 13.78 |
| 5.35 | 23.50 |
| - | - |
| - | 0.01 |
| 2.78 | - |
| 0.16 | 0.14 |
| 5.39 | 3.93 |
| 59.55 | 91.60 |

Notes to Financial Statements for the year ended 31 March 2015

Payment to auditor (including service tax)

As auditors:

| |
|-------------------------------------|
| Audit fee and limited review |
| Other services (certification fees) |
| Reimbursement of expenses |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 0.63 | 0.70 |
| 0.02 | 0.06 |
| 0.01 | 0.04 |
| 0.66 | 0.80 |

27. Prior period Items

| |
|------------|
| Commission |
| Rent |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 1.40 | - |
| 0.26 | - |
| 1.66 | - |

28. Exceptional items

| |
|---|
| (a) Obsolete / non-moving Inventory (refer note a below) |
| (b) Earlier year expense provision (refer note b below) |
| (c) Reversal of provision for doubtful debts on sale of trade receivable (refer note c below) |
| (d) Profit on sale of fixed assets (refer note d below) |

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| (10.69) | (11.00) |
| - | (5.40) |
| - | 6.94 |
| 46.04 | - |
| 35.35 | (9.46) |

Notes:

- The Company has made provision for identified obsolete/slow moving/non-moving inventories aggregating to ₹ 10.69 Crore (previous year ₹ 11 Crore).
- During the previous year, the Company has provided the amounts arising out of vendor reconciliations aggregating to ₹ 5.4 Crore pertaining to earlier years.
- During the previous year, the Company entered into an agreement with another company, whereby it sold certain trade receivables totaling to ₹ 17.84 Crore at a discounted value for cash consideration of ₹ 14.54 Crore on a fully non-recourse basis. Of the total receivables sold, ₹ 10.24 Crore represented old overdue balances for which the Company had previously recorded an allowance for doubtful debts. Accordingly, the Company has reversed the doubtful debt provision and recorded ₹ 6.94 Crore (net of discount of ₹ 3.30 Crore).
- During the year the Company has entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of ₹ 50.52 Crore. Subsequent to the year end, the lender to whom these assets were provided as security, has provided its in-principal approval for the said transfer subject to fulfillment of conditions stated therein. The said transfer is pending approval from the relevant government authority and transfer of legal title, that are considered to be procedural in nature. Company has recognised profit on sale of Fixed Assets of ₹ 46.04 Crore (net of incidental expenses ₹ 3.39 Crore).

Notes to Financial Statements for the year ended 31 March 2015

29. Earnings per share (EPS)

The following reflects the profit used in the computation of basic and diluted EPS:

| | 31 March 2015 | 31 March 2014 |
|---|---------------|----------------|
| | ₹ in Crore | ₹ in Crore |
| Profit / (Loss) for the year | (0.38) | (145.08) |
| | 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 ₹) | (0.13) | (50.97) |
| Nominal value per share (in ₹) | 10.00 | 10.00 |

30. 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

Contribution to provident fund

Above amount has been included in the line item 'Contribution to provident and other funds' in note 23 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 2015 | 31 March 2014 |
| | ₹ in Crore | ₹ in Crore |
| Current service cost | 0.65 | 1.05 |
| Interest cost on benefit obligation | 0.36 | 0.40 |
| Expected return on plan assets | (0.06) | (0.15) |
| Net actuarial (gain) / loss recognized in the year | 0.15 | (0.63) |
| Acquisition / business combination | 0.16 | (0.20) |
| Net benefit expense | 1.26 | 0.47 |

Notes to Financial Statements for the year ended 31 March 2015

Balance sheet

Benefit asset / liability

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Present value of defined benefit obligation | 4.41 | 4.47 |
| Fair value of plan assets | 0.29 | 0.95 |
| Funded status [surplus / (deficit)] | (4.12) | (3.52) |
| Plan asset / (liability) | (4.12) | (3.52) |

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

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Opening defined benefit obligation | 4.47 | 5.82 |
| Current service cost | 0.65 | 1.05 |
| Interest cost | 0.36 | 0.40 |
| Benefits paid* | (1.17) | (1.94) |
| Acquisition / business combination cost | - | (0.20) |
| Actuarial (gains) / losses on obligation | 0.10 | (0.66) |
| Closing defined benefit obligation | 4.41 | 4.47 |

* Included benefits payments made directly by company.

Changes in the fair value of plan assets are as follows:

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Opening fair value of plan assets | 0.95 | 2.77 |
| Acquisition adjustment | (0.16) | - |
| Expected return | 0.06 | 0.15 |
| Contributions by employer | - | - |
| Benefits paid | (0.51) | (1.94) |
| Actuarial gains / (losses) | (0.05) | (0.03) |
| Closing fair value of plan assets | 0.29 | 0.95 |

The Company expects to contribute ₹ Nil to gratuity in the next year (31 March 2014 : ₹ Nil).

Notes to Financial Statements for the year ended 31 March 2015

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

| | Gratuity | |
|--------------------------|---------------|---------------|
| | 31 March 2015 | 31 March 2014 |
| Investments with insurer | 100% | 100% |

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

| | Gratuity | |
|-----------------------------------|--|--|
| | 31 March 2015 | 31 March 2014 |
| Discount rate | 7.90% | 9.20% |
| Expected rate of return on assets | 8.50% | 8.50% |
| Salary escalation rate | 7.00% | 7.00% |
| Mortality rate | Indian Assured Lives Mortality (2006-08) (modified) Ultimate | Indian Assured Lives Mortality (2006-08) (modified) Ultimate |
| Withdrawal rate | Upto age 26 years 5% | Upto age 26 years 5% |
| | Upto age 27-34 years 12% | Upto age 27-34 years 12% |
| | Upto age 35-44 years 5% | Upto age 35-44 years 5% |
| | Above age 44 years 1% | Above age 44 years 1% |

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 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 |
|--|---------------|---------------|---------------|---------------|---------------|
| Gratuity | ₹ in Crore |
| Defined benefit obligation | 4.41 | 4.47 | 5.82 | 4.80 | 6.50 |
| Plan assets | 0.29 | 0.95 | 2.77 | 3.60 | 5.20 |
| Deficit/(surplus) | 4.12 | 3.52 | 3.05 | 1.20 | 1.30 |
| Present value of unfunded obligations | 4.12 | 3.52 | 3.05 | 1.20 | 1.30 |
| Experience adjustments on plan liabilities | 0.41 | 0.42 | (0.70) | (1.00) | - |
| Experience adjustments on plan assets | (0.05) | 0.02 | - | 0.10 | - |
| Actuarial gain / (loss) due to change in assumptions | 0.51 | 0.24 | (0.10) | - | - |

Eligible employees can carry forward and encash leave on superannuation, death, permanent disablement and resignation subject to maximum accumulation as per the Company policy. Benefit would be paid at the time of separation based on the last drawn basic salary. Amount recognised as an expenses in respect of compensated absences is ₹ 1.46 Crore (previous year ₹ 1.71 Crore).

Notes to Financial Statements for the year ended 31 March 2015

31. Leases

Operating lease: Company as lessee

The Company has entered into various leasing agreements classified as operating leases for residential, office and warehouse premises which are renewable by mutual consent on mutually agreeable terms. These agreements generally range between 11 months to 5 years. Company does not have sub-leasing agreements or any contingent arrangements. Lease payments are recognised in the statement of profit and loss under 'Rent' in note 26.

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

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Within one year | 5.22 | 7.01 |
| After one year but not more than five years | 1.62 | 4.25 |

32. Segment information

The Company is a ICT solution provider and integrator delivering technology based solutions across verticals layered with a spectrum of applications and services. All these solutions fall within a single (primary) business segment of Enterprise Communication Solutions and Integration. All the fixed assets are lying in India and the Company's operations are restricted to India, hence there is one geographical segment viz. India. However, segment information for the group has been reported as a part of consolidated financial statements.

33. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company Essar Telecom Limited (w.e.f. 28 March 2014)
Aegis Limited (upto 28 February 2014)

Ultimate holding company Essar Global Fund Limited

Subsidiaries (including step down subsidiaries) AGC Networks Australia Pty. Limited
AGC Networks Pte. Limited
AGC Networks Philippines, Inc. (w.e.f. 3 March 2015)
AGC Networks Inc.

Notes to Financial Statements for the year ended 31 March 2015

Related parties with whom transactions have taken place

Fellow subsidiaries

Aegis Limited (w.e.f. 1 March 2014)
Actionline De Argentina S.A.
Aegis Aspire Consultancy Services Limited
Aegis Outsourcing UK Limited
Aegis Tech Limited
Equinox Business Parks Pvt Limited
Essar Bulk Terminal (Salaya) Limited
Essar Oil Limited
Essar Power (Orissa) Limited
Essar Power Transmission Company Limited
Essar Projects (India) Limited
Essar Steel India Limited
Essar Telecom Kenya Limited
Aegis Communication Group LLC.
Aegis Services Philippines Inc.

Key management personnel Managing / Whole-time Directors

Mr. S. K. Jha, Managing Director (upto 22 April, 2014)
Mr. Anil Nair, Managing Director and CEO (w.e.f. 16 June, 2014)
Mr. Sanjeev Verma, Whole-time Director (w.e.f. 15 May, 2014 to 19 October, 2014)

Others (as per Companies Act, 2013)

Mr. Amal Thakore, Chief Financial Officer (w.e.f. 16 June, 2014)
Mr. Srinivasa Raghavan, Chief Financial Officer (Upto 11 May, 2014)
Mr. Pratik Bhanushali, Company Secretary

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 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Mr. S. K. Jha | | |
| Salary, bonus and contribution to P.F. (Expenses) | 0.26 | 3.15 |
| Payable as at year end | - | 1.14 |
| Mr. Anil Nair | | |
| Salary, bonus and contribution to P.F. (Expenses) | 0.67 | - |
| Excess remuneration recoverable as at year end (Refer note 35(b)) | 1.34 | - |
| Mr. Sanjeev Verma | | |
| Salary, bonus and contribution to P.F. | 1.07 | - |
| Payable as at year end | 0.25 | - |
| Others | | |
| Salary, bonus and contribution to P.F. | 0.87 | - |
| Payable as at year end | 0.14 | - |

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 Financial Statements for the year ended 31 March 2015

₹ in Crore

| | Year ended | Sale of goods* | Sale of services* | Purchase of traded goods | Purchase of capital goods | Services received | Interest received/receivable | Expenses reimbursement received | Guarantees given for loan take by others | Guarantees for loan taken by Company | Commission received on guarantee | Commission paid on guarantee | Loans & Inter-Corporate Deposits Withdrawn | Loan given during the year | Loans repaid by borrower during the year |
|--------------------------------------|----------------------------|----------------|-------------------|--------------------------|---------------------------|-------------------|------------------------------|---------------------------------|--|--------------------------------------|----------------------------------|------------------------------|--|----------------------------|--|
| Subsidiaries | | | | | | | | | | | | | | | |
| AGC Networks Australia Pty. Limited | 31 March 15 31 March 14 | 0.02 0.05 | 0.50 0.13 | - - | - - | - - | - - | 0.55 - | - - | - - | - - | - - | - - | - - | - - |
| AGC Networks Pte. Limited | 31 March 15 31 March 14 | 0.15 - | 0.02 0.15 | 0.28 5.45 | - - | - 0.25 | 3.20 - | 13.26 2.54 | - 108.18 | - - | 2.92 - | - - | - - | 43.25 17.09 | 22.47 - |
| AGC Networks Inc. | 31 March 15 31 March 14 | 0.06 - | 1.06 0.24 | 0.06 0.08 | - - | 0.96 0.03 | - - | 1.07 - | - - | - - | - - | - - | - - | - - | - - |
| Fellow subsidiaries | | | | | | | | | | | | | | | |
| Aegis Limited | 31 March 15 31 March 14 | 0.98 1.40 | 0.83 0.60 | 0.16 - | 3.53 - | 2.86 8.29 | - 0.96 | - - | - - | 100.50 - | - - | 1.21 - | - 64.78 | - - | - - |
| Aegis Tech Limited | 31 March 15 31 March 14 | - - | - - | - - | - - | - - | - 12.09 | - - | - - | - - | - - | - - | - - | - - | - - |
| Equinox Business Parks Pvt Limited | 31 March 15 31 March 14 | - - | - 0.13 | - - | - - | 7.66 7.08 | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Oil Limited | 31 March 15 31 March 14 | 0.00 0.81 | - 0.08 | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Bulk Terminal (Salaya) Limited | 31 March 15 31 March 14 | - 0.06 | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Projects (India) Limited | 31 March 15 31 March 14 | 0.06 - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Steel India Limited | 31 March 15 31 March 14 | - 0.01 | - 0.35 | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - |

*These amounts represent invoices raised during the year which includes invoices where revenue recognition has been deferred.

Notes to Financial Statements for the year ended 31 March 2015

| | | ₹ in Crore | | | | | | |
|---|-------------|------------|---|---|---------------------------------|--|-------------------|----------------------------------|
| | | Year ended | Guarantees given outstanding as at year end | Guarantees taken outstanding as at year end | Advances and other recoverables | Loans & Inter-Corporate Deposits given | Trade receivables | Amount owed to related parties** |
| Subsidiaries | | | | | | | | |
| AGC Networks Australia Pty. Limited | 31 March 15 | - | - | - | 0.35 | - | 0.45 | - |
| | 31 March 14 | - | - | - | - | - | - | 0.01 |
| AGC Networks Pte. Limited | 31 March 15 | 112.66 | - | - | 3.72 | 37.87 | 0.08 | 2.47 |
| | 31 March 14 | 108.18 | - | - | - | 17.09 | 0.15 | 9.50 |
| AGC Networks Inc. | 31 March 15 | - | - | - | 1.15 | - | 0.57 | - |
| | 31 March 14 | - | - | - | - | - | - | 2.35 |
| Fellow subsidiaries | | | | | | | | |
| Aegis Limited | 31 March 15 | - | - | 100.50 | - | - | 1.00 | 8.84 |
| | 31 March 14 | - | - | - | - | - | 0.48 | 3.67 |
| Actionline De Argentina S.A. | 31 March 15 | - | - | - | - | - | - | - |
| | 31 March 14 | - | - | - | - | - | 0.50 | - |
| Aegis Communication Group LLC | 31 March 15 | - | - | - | - | - | - | - |
| | 31 March 14 | - | - | - | - | - | 0.13 | - |
| Aegis Services Philippines Inc. | 31 March 15 | - | - | - | - | - | - | - |
| | 31 March 14 | - | - | - | - | - | 0.13 | - |
| Aegis Outsourcing UK Limited | 31 March 15 | - | - | - | - | - | - | - |
| | 31 March 14 | - | - | - | - | - | 0.90 | - |
| Aegis Aspire Consultancy Services Limited | 31 March 15 | - | - | - | - | - | - | - |
| | 31 March 14 | - | - | - | - | - | - | 0.03 |
| Equinox Business Parks Pvt Limited | 31 March 15 | - | - | - | 8.49 | - | 0.10 | 2.75 |
| | 31 March 14 | - | - | - | 16.89 | - | - | 1.12 |
| Essar Oil Limited | 31 March 15 | - | - | - | - | - | 0.20 | 0.01 |
| | 31 March 14 | - | - | - | - | - | 0.94 | - |
| Essar Bulk Terminal (Salaya) Limited | 31 March 15 | - | - | - | - | - | 0.06 | - |
| | 31 March 14 | - | - | - | - | - | 0.06 | - |
| Essar Power (Orissa) Limited | 31 March 15 | - | - | - | - | - | - | - |
| | 31 March 14 | - | - | - | - | - | 0.00 | - |
| Essar Power Transmission Company Limited | 31 March 15 | - | - | - | - | - | 0.00 | - |
| | 31 March 14 | - | - | - | - | - | 0.00 | - |
| Essar Projects (India) Limited | 31 March 15 | - | - | - | 1.36 | - | 0.78 | - |
| | 31 March 14 | - | - | - | 1.28 | - | 0.77 | - |
| Essar Steel India Limited | 31 March 15 | - | - | - | - | - | 0.24 | - |
| | 31 March 14 | - | - | - | - | - | - | 0.01 |
| Essar Telecom Kenya Limited | 31 March 15 | - | - | - | - | - | 0.00 | - |
| | 31 March 14 | - | - | - | - | - | 0.01 | - |

Foreign currency balance are restated at year end rates

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

Notes to Financial Statements for the year ended 31 March 2015

34. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil (31 March 2014: ₹ 0.10 Crore)
- (b) For commitments relating to lease arrangements, refer note 31.

35. Employee benefit expense for the year ended 31 March 2015 includes:-

- (a) ₹ 1.07 Crore towards remuneration payable by the Company to its erstwhile whole-time Director (now a Non-executive Director) for a part of the financial year 2014-15, as per the shareholders' sanction, which exceeds the limits specified under Schedule V to the Companies Act, 2013 by ₹ 0.72 Crore and against which the Company has paid ₹ 0.82 Crore. In absence of profits, the Company filed an application with the Central Government seeking approval for such excess which is awaited till date. Until such time the excess has not been adjusted and is held in trust for the Company by the Director.
- (b) ₹ 0.67 Crore towards remuneration payable to the Managing Director for a part of the financial year 2014-15. The remuneration payable as per the shareholders' sanction was ₹ 3.19 Crore against which the Company has paid ₹ 2.01 Crore during the year. In absence of profits, the Company filed an application with the Central Government seeking approval for remuneration sanctioned by the shareholders, which exceeds the limits specified under Schedule V to the Companies Act, 2013. However, it has received an approval, subsequent to the year end for ₹ 0.84 Crore per annum. In view of the same, the excess amount has been reversed and disclosed as excess remuneration recoverable under "Other current assets".

36. Contingent liabilities

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Contingent liabilities | | |
| I) In respect of disputed demands of: | | |
| (a) Income tax authorities (refer note (i) below) | 21.00 | 26.25 |
| (b) Excise, service tax and customs authorities (refer note (ii) below) | 24.21 | 24.21 |
| (c) Sales tax matters (refer note (iii) below) | 2.15 | 1.44 |
| II) Corporate Guarantee | 112.66 | 108.18 |
| The Company has given a corporate guarantee of USD 1.8 Crore, equivalent to ₹ 112.66 Crore (31 March 2014: USD 1.8 Crore, equivalent to ₹ 108.18 Crore) towards the financial obligation of M/s AGC Networks Pte. Ltd., Singapore. | | |
| III) Claims against the Company not acknowledge as debt | - | 1.00 |
| (i) 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 2011-12 for ₹ 21.00 Crore (31 March 2014: ₹ 26.25 Crore). This is a timing difference liability and appeal is filed before Commissioner of appeals and other adjudicating authorities as required.

Notes to Financial Statements for the year ended 31 March 2015

(ii) Excise, Service tax and Customs

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

₹ 6.60 Crore (31 March 2014: ₹ 6.60 Crore) 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.

₹ 0.74 Crore (31 March 2014: ₹ 0.74 Crore) for demand of Service tax on Royalty payments, the matter is pending before the Commissioner Appeals.

₹ 0.40 Crore (31 March 2014: ₹ 0.40 Crore) for Service tax Demand on RTU Charges, the matter is remanded back by Commissioner Appeals for fresh adjudication.

₹ 0.47 Crore (31 March 2014: ₹ 0.47 Crore) related to Excise duty demand on sales of Software. The Company has filed appeal before CESTAT.

₹ 4.17 Crore (31 March 2014: ₹ 4.17 Crore) for Service tax Demand on RTU Charges, the matter is pending before the CESTAT.

₹ 4.73 Crore (31 March 2014: ₹ 4.73 Crore) 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 which the matter is pending before CESTAT.

₹ 7.04 Crore (31 March 2014: ₹ 7.04 Crore) related to incorrect utilization of Input Credit of Service tax, the CESTAT has remanded back the matter to the Commissioner for fresh adjudication.

₹ 0.06 Crore (31 March 2014: ₹ 0.06 Crore) related to interest and penalty demand on Foreign Service Provider, the matter is pending before the Commissioner Appeals, Ahmedabad.

(iii) Sales tax:

This represents ₹ 0.83 Crore (31 March 2014: ₹ 0.83 Crore) on account of non-receipt of 'F' form which is treated as contingent liability as an abundant caution. 'F' forms are to be received from Company's own branches. Balance amount of ₹ 1.32 Crore (31 March 2014: ₹ 0.61 Crore) is sales tax liability in the state of Kerala, West Bengal, Uttar Pradesh, Maharashtra and Gujarat against which the Company has filed appeal before the 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, believes 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 and hence no provision has been made.

37 Unhedged foreign currency exposure

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

| | 31 March 2015 | | 31 March 2014 | |
|-------------------------------|----------------------|--------------|----------------------|----------------|
| | Foreign Currency | ₹ | Foreign Currency | ₹ |
| Trade Payables | 0.74 USD | 46.18 | 1.80 USD 0.01 GBP | 107.52 0.60 |
| Bank Balances | 0 USD | 0.00 | 0.01 USD 0.00 KES | 0.89 0.00 |
| Trade Receivables | 0.09 USD 0.01 AED | 5.39 0.15 | 0.14 USD 0.01 AED | 8.47 0.15 |
| Short term loans and advances | 0.69 USD | 43.09 | 0.27 USD | 17.09 |
| Guarantees given | 1.8 USD | 112.66 | 1.8 USD | 108.18 |

Notes to Financial Statements for the year ended 31 March 2015

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

Sundry creditors include –

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Total outstanding dues of micro, small and medium enterprises | 1.93 | 1.89 |

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

| | | 31 March 2015 | 31 March 2014 |
|--|---------------------------|---------------|---------------|
| | | ₹ in Crore | ₹ in Crore |
| 1. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year. | a. Principal | 1.83 | 1.81 |
| | b. Interest | 0.10 | 0.08 |
| | Total | 1.93 | 1.89 |
| 2. 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 | 1.28 | 1.47 |
| | b. Interest | - | - |
| | Total | 1.28 | 1.47 |
| 3. 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. | | - | - |
| 4. The amount of interest accrued and remaining unpaid at the end of the year. | a. Total Interest accrued | 0.02 | 0.03 |
| | b. Total Interest unpaid | 0.02 | 0.03 |

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 ₹ 0.02 Crore (31 March 2014 ₹ 0.03 Crore) being interest on amounts outstanding as at the beginning of the accounting year.

The information has been given in respect of such vendors to the extent they could be identified as “Micro and Small Enterprises” on the basis of information available with the Company.

Notes to Financial Statements for the year ended 31 March 2015

39. Value of imports calculated on CIF basis

| | 31 March 2015 | 31 March 2014 |
|--------------------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Materials and components | 3.85 | 0.04 |
| Stock-in-trade | 59.55 | 173.00 |
| Capital goods | 0.07 | 1.59 |
| | 63.47 | 174.63 |

40. Expenditure in foreign currency (accrual basis)

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Training and software support upgrades | 9.88 | 17.14 |
| Maintenance services | 8.74 | 10.14 |
| Travelling expenses | 1.28 | 2.85 |
| Other matters | 0.00 | 0.01 |
| | 19.91 | 30.14 |

41. Earning in foreign currency (accrual basis)

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Sale of goods and services (Including sale from overseas branch and to Export Oriented Units) | 11.03 | 18.74 |
| Interest and commission income | 6.12 | - |
| | 17.15 | 18.74 |

42. Imported and indigenous materials and components consumed

| | 31 March 2015 | | 31 March 2014 | |
|------------|------------------------|------------------|------------------------|------------------|
| | % of total consumption | Value ₹ in Crore | % of total consumption | Value ₹ in Crore |
| Imported | 98 | 5.52 | 87 | 3.80 |
| Indigenous | 2 | 0.11 | 13 | 0.65 |
| | 100 | 5.63 | 100 | 4.45 |

Notes to Financial Statements for the year ended 31 March 2015

- 43.** As per the transfer pricing rules, 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.
- 44.** Pursuant to the shareholders approval dated 21 April 2015, the Nomination and Remuneration Committee of the Board of Directors granted 1,004,866 stock options equivalent to 3.53% of equity paid-up capital of the Company on 14 May, 2015 as per the terms of ESOP Scheme 2015.
- 45.** Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.
- 46.** All amounts are in Rupees (in Crores) except otherwise stated specifically - '0' denotes amounts less than a Crore rupees.

For Walker Chandiok & Co LLP
(Formerly known as Walker, Chandiok & Co)
Chartered Accountants

ADI P. SETHNA
Partner

Place: Mumbai
Date : 27 May 2015

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

ANIL NAIR
Managing Director & CEO

PRATIK BHANUSHALI
Company Secretary

Place : Mumbai
Date : 27 May 2015

NEERAJ GUPTA
Director

AMAL THAKORE
Chief Financial Officer

AOC-1

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF EACH OF THE SUBSIDIARIES OF THE COMPANY

| Sr. no. | Name of Subsidiary Company | Reporting currency | Exchange Rate | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments (excluding investment in subsidiaries) | Turnover | Profit/(loss) before Taxation | Provision For Taxation | Profit/(loss) After Taxation | Proposed Dividend | % of share holding | Country |
|---------|--------------------------------|--------------------|---------------|---------------|--------------------|--------------|-------------------|--|----------|-------------------------------|------------------------|------------------------------|-------------------|--------------------|-------------|
| 1 | AGC NETWORKS AUSTRALIA PTY LTD | AUD | 48.98 | 14.50 | -0.64 | 33.76 | 19.90 | - | 48.88 | 3.73 | -0.09 | 3.82 | - | 100% | AUSTRALIA |
| 2 | AGC NETWORKS PTE LTD | USD | 62.59 | 34.22 | 16.11 | 182.66 | 132.33 | - | 257.34 | 16.20 | 0.29 | 13.81 | - | 100% | SINGAPORE |
| 3 | AGC NETWORKS INC. USA | USD | 62.59 | 54.29 | -22.35 | 158.08 | 126.17 | - | 254.32 | -2.48 | - | -2.48 | - | 100% | USA |
| 4 | AGC NETWORKS PHILIPPINES, INC. | PHP | 1.40 | 1.26 | - | 1.29 | - | - | - | - | - | - | - | 100% | PHILIPPINES |

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 March 2015.

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

Anil Nair
 Managing Director & CEO

NEERAJ GUPTA
 Director

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)

- (a) We have reviewed the financial statements, read with cash flow statement of AGC Networks Limited for the year ended March 31, 2015 and that to the best of our knowledge and belief, we certify that;
- (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,

Anil Nair
Chief Executive Officer and Managing Director
AGC Networks Limited

Amal Thakore
Chief Financial Officer
AGC Networks Limited

Place: Mumbai

Date: May 27, 2015

Independent Auditor's Report

To the Members of AGC Networks Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of AGC Networks Limited., (“the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associates and jointly controlled entities, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group, are responsible for 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. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiaries are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting

estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

8. As stated in Note 26(d) to the financial statements, during the year the Company has recognized sale of properties having aggregate carrying value of Rs 1.09 crores and profit on such sale amounting to Rs.46.04 crores (net of incidental selling expenses amounting to Rs 3.39 crores) under 'exceptional items'. In our opinion, as the significant risks and rewards for the said property have not been transferred during the year ended 31 March 2015, recognition of such sale is not in accordance with the principles laid under Accounting Standard (AS) 9 Revenue Recognition. Had the Company not recognized such sale, loss after tax for the year ended 31 March 2015 would have been higher by Rs 46.04 crores; tax expense would have been lower by Rs 3.27 crores; non-current loans and advances would have been higher by Rs 3.27 crores and the reserves and surplus, other current assets and other current liabilities as at that date would have been lower by Rs 42.77 crores, Rs 50.52 crores and Rs 3.39 crores, respectively. Further the carrying value of tangible assets as at 31 March 2015 would have been higher by Rs 1.09 crores.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31 March 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

10. The audit of consolidated financial statements for the year ended 31 March 2014, included in the Statement was carried out and reported by S.R. Batliboi & Associates LLP vide qualified audit report dated 30 May 2014 respectively, whose audit report has been furnished to us and which has been relied upon by us for the purpose of our audit of the Statement. Our audit report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, as applicable to such companies.
12. As required by Section 143(3) of the Act we report, to the extent applicable, that:
 - a) we have sought and all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- d) except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2015 taken on record by the Board of Directors of the Holding Company none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) As detailed in Note 35, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities;
 - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840

Place: Mumbai
Date: 27 May 2015

Annexure to the Independent Auditor's Report of even date to the members of AGC Networks Ltd. on the consolidated financial statements for the year ended 31 March 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the consolidated financial statements of the Holding Company and its foreign subsidiaries and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that in respect of the Holding Company incorporated in India:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit and stocks lying with customers.
- (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 between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (the Act). Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. In our opinion, there is no continuing failure to correct major weakness in the internal control system.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Annexure to the Independent Auditor's Report of even date to the members of AGC Networks Ltd. on the consolidated financial statements for the year ended 31 March 2015

| Name of the statute | Nature of dues | Amount (₹ in crores) | Amount Paid Under Protest (₹ in crores) | 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 | 0.47 | 0.04 | 1991-92 to 1996-97 | Customs, Excise & Service Tax Appellate Tribunal |
| Finance Act, 1994 | Service tax on RTU activation and penalty thereon | 0.40 | 0.05 | 2006-07 and 2007-08 | Joint Commissioner of Central Excise |
| Finance Act, 1994 | Service tax on RTU activation and penalty thereon | 4.17 | 0.35 | 2003-04 to 2006-07 | Customs, Excise & Service Tax Appellate Tribunal |
| Finance Act, 1994 | Service tax Demand on Royalty Payment | 0.74 | - | 2004-05 to 2006-07 | Commissioner of Central Excise & Service tax Appeals |
| Finance Act, 1994 | Excise Duty on CT 3 Clearance and Incorrect Input Tax Credit of Service Tax paid on Foreign Service Provider | 4.73 | 0.05 | 2003-04 to 2007-08 | Customs, Excise & Service Tax Appellate Tribunal |
| Finance Act, 1994 | Service tax demand along with penalty on excess CEN VAT utilization | 7.04 | 0.50 | 2004-05 to 2007-08 | Commissioner of Central Excise |
| The Customs Act, 1962 | Demand of payment of Customs Duty on Royalty Payments | 6.60 | - | Various financial Years | 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 | 0.06 | 0.03 | 2005-06 | Commissioner of Central Excise – Appeals |
| West Bengal Sales Tax Act, 1994 | Interest on works Contract tax/ Sales tax | 0.03 | - | 2003-04, 2005-06 and 2006-07 | Assistant Commissioner Commercial Taxes |
| Kerala Value Added Tax Act, 2003 | Differential VAT rate demand | 0.08 | - | 2008-09 | Karnataka VAT Tribunal |
| Gujarat Value Added Tax Act, 2003 | VAT & Interest payable on the basis of Regular Assessment | 0.22 | 0.01 | 2008-09 | Joint Commissioner Of Commercial Tax |
| Uttar Pradesh Value Added Tax Act, 2008 | VAT & Interest payable on the basis of Regular Assessment | 0.28 | 0.08 | 2008-09 | Additional Commissioner – Appeals |
| Maharashtra Value Added Tax Act, 2002 | Demand on account of disallowance of Works Contract Tax TDS credit and applicability of VAT on service tax | 0.09 | 0.02 | 2002-03 | Joint Commissioner of Sales Tax Appeals |
| Kerala Value Added Tax Act, 2003 | Non – Submission of F-forms | 0.05 | 0.02 | 2011-12 | Assistant Commissioner Appeals |
| Kerala Value Added Tax Act, 2003 | Non – Submission of F-forms | 0.03 | 0.01 | 2008-09 | Assistant Commissioner Appeals |
| Maharashtra Value Added Tax Act, 2002 | Demand on account of disallowance of Works Contract Tax TDS credit and applicability of VAT on service tax | 0.54 | 0.20 | 2008-09 | Joint Commissioner of Sales Tax |
| Income Tax Act, 1961 | Tax and Penalty on Deferred revenue treated as revenue based on Billing | 21.00 | 14.83 | 2004-05, 2005-06, 2007-08, 2009-10, 2010-11 | CIT (A) for FY 2009-10 and 2010-11 and ITAT for other financial years. |

Annexure to the Independent Auditor's Report of even date to the members of AGC Networks Ltd. on the consolidated financial statements for the year ended 31 March 2015

- (c) The Company has transferred the amount required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time.
- (viii) In our opinion and after considering the effect of the qualification stated in paragraph 8 of the Independent Auditors Report on the figures of accumulated losses, net-worth and cash losses, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.
- (ix) The Company has not defaulted in repayment of dues to any bank. The Company did not have any loans from financial institutions or any outstanding debentures during the year.
- (x) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xi) In our opinion, the Company has applied the term loan for the purpose for which the loan was obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840

Place : Mumbai
Date : 27 May 2015

Consolidated Balance Sheet

as at 31 March 2015

| | Notes | As at | As at |
|--------------------------------|-------|---------------|---------------|
| | | 31 March 2015 | 31 March 2014 |
| | | ₹ in Crore | ₹ in Crore |
| Equity and liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 43.47 | 28.47 |
| Reserves and surplus | 4 | 58.16 | 45.51 |
| | | 101.63 | 73.98 |
| Non-current liabilities | | | |
| Long-term borrowings | 5.1 | - | 1.72 |
| Deferred tax liability (net) | 6 | - | - |
| Other long-term liabilities | 7 | 8.29 | 6.21 |
| Long-term provisions | 8 | 6.37 | 7.12 |
| | | 14.66 | 15.05 |
| Current liabilities | | | |
| Short-term borrowings | 5.2 | 144.28 | 233.81 |
| Trade payables | 9 | 197.86 | 282.75 |
| Other current liabilities | 10 | 168.49 | 218.46 |
| Short-term provisions | 8 | 5.15 | 8.49 |
| | | 515.78 | 743.51 |
| TOTAL | | 632.07 | 832.54 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 18.42 | 47.12 |
| Intangible assets | 12 | 71.28 | 70.25 |
| Capital work-in-progress | | - | 2.52 |
| Long-term loans and advances | 13 | 82.29 | 87.70 |
| Trade receivables | 16 | 2.09 | 2.54 |
| Other non-current assets | 14 | 6.24 | 6.72 |
| | | 180.32 | 216.85 |
| Current assets | | | |
| Inventories | 15 | 26.48 | 101.01 |
| Trade receivables | 16 | 246.66 | 293.82 |
| Cash and bank balances | 17 | 33.70 | 104.88 |
| Short-term loans and advances | 13 | 49.50 | 70.69 |
| Other current assets | 14 | 95.41 | 45.29 |
| | | 451.75 | 615.69 |
| TOTAL | | 632.07 | 832.54 |

Notes 1 to 42 form an integral part of the consolidated financial statements.

This is the consolidated balance sheet referred to in our report of even date

For Walker Chandio & Co LLP
(Formerly known as Walker, Chandio & Co)
Chartered Accountants

ADI P. SETHNA
Partner

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

ANIL NAIR
Managing Director & CEO

NEERAJ GUPTA
Director

PRATIK BHANUSHALI
Company Secretary

AMAL THAKORE
Chief Financial Officer

Place: Mumbai
Date : 27 May 2015

Place : Mumbai
Date : 27 May 2015

Consolidated Statement of Profit and Loss

for the year ended 31 March 2015

| | Notes | 31 March 2015 ₹ in Crore | 31 March 2014 ₹ in Crore |
|---|-------|-----------------------------|-----------------------------|
| Income | | | |
| Revenue from operations (gross) | 18 | 892.04 | 775.80 |
| Less: Excise duty | 18 | 1.15 | 0.96 |
| Revenue from operations (net) | | 890.89 | 774.84 |
| Other income | 19 | 6.28 | 19.58 |
| Total revenue (I) | | 897.17 | 794.42 |
| Expenses | | | |
| Cost of materials and components consumed | 20 | 5.63 | 4.45 |
| Purchase of stock-in-trade | | 307.17 | 407.77 |
| (Increase) / decrease in inventories of work-in-progress and stock-in-trade | 21 | 67.18 | (18.81) |
| Service charges | | 201.08 | 161.96 |
| Employee benefits expense | 22 | 192.49 | 221.45 |
| Finance costs | 23 | 25.92 | 34.63 |
| Depreciation and amortization expense | 24 | 18.44 | 40.14 |
| Other expenses | 25 | 93.17 | 179.32 |
| Prior period items | 26.1 | 1.66 | - |
| Total expenses (II) | | 912.74 | 1,030.91 |
| Profit / (Loss) before exceptional items and tax (I-II) | | (15.57) | (236.49) |
| Exceptional items | 26 | 33.25 | (37.56) |
| Profit / (Loss) before tax | | 17.68 | (274.05) |
| Tax expenses/(credit) | | | |
| Current tax | | 3.47 | 0.27 |
| Short/(excess) provision of tax for earlier years | | (0.56) | 0.20 |
| Deferred tax | | - | (2.93) |
| Total tax expense / (credit) | | 2.91 | (2.46) |
| Profit/(loss) for the year from continuing operations (A) | | 14.77 | (271.59) |
| Discontinuing operations | 27 | | |
| Profit/(loss) before tax from discontinuing operations | | - | (10.60) |
| Tax expense of discontinuing operations | | - | - |
| Profit/(loss) after tax from discontinuing operations (B) | | - | (10.60) |
| Profit/(loss) for the year (A+B) | | 14.77 | (282.19) |
| Earnings per equity share [nominal value of share ₹ 10 (31 March 2014 : ₹ 10)] | 28 | | |
| Basic (in ₹) | | | |
| Computed on the basis of profit from continuing operations | | 5.19 | (95.41) |
| Computed on the basis of total profit for the year | | 5.19 | (99.14) |
| Diluted (in ₹) | | | |
| Computed on the basis of profit from continuing operations | | 5.19 | (95.41) |
| Computed on the basis of total profit for the year | | 5.19 | (99.14) |

Notes 1 to 42 form an integral part of the consolidated financial statements.

This is the statement of consolidated profit & loss referred to in our report of even date

For Walker Chandio & Co LLP
(Formerly known as Walker, Chandio & Co)
Chartered Accountants

ADI P. SETHNA
Partner

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

ANIL NAIR
Managing Director & CEO

NEERAJ GUPTA
Director

PRATIK BHANUSHALI
Company Secretary

AMAL THAKORE
Chief Financial Officer

Place: Mumbai
Date : 27 May 2015

Place : Mumbai
Date : 27 May 2015

Consolidated Cash Flow Statement

for the year ended 31 March 2015

| | 31 March 2015 | 31 March 2014 |
|---|-----------------|-----------------|
| | ₹ in Crore | ₹ in Crore |
| Cash flow from operating activities | | |
| Profit / (loss) before tax from continuing operations | 17.68 | (274.05) |
| Profit / (loss) before tax from discontinuing operations | - | (10.60) |
| Profit / (loss) before tax | 17.68 | (284.65) |
| Adjustments for: | | |
| Depreciation and amortization | 18.44 | 40.14 |
| Loss / (profit) on sale of fixed assets | (0.03) | 0.42 |
| Provision for warranties | (0.06) | (0.45) |
| Provision for doubtful debts and advances (net) | (0.08) | 62.90 |
| Liabilities for earlier years no longer required written back | (3.18) | (4.16) |
| Unrealized foreign exchange loss / (gain) | (1.07) | 4.77 |
| Finance cost | 25.92 | 34.63 |
| Interest income | (4.57) | (18.90) |
| Exceptional items (Refer note 26) | (33.25) | 37.56 |
| Operating profit before working capital changes | 19.80 | (127.74) |
| Movements in working capital : | | |
| Decrease / (increase) in trade receivables | 44.39 | 199.66 |
| Decrease / (increase) in inventories | 68.24 | (16.58) |
| Decrease / (increase) in loans, advances and others | 28.43 | 84.02 |
| Increase/ (decrease) in trade payables | (85.04) | (102.56) |
| Increase / (decrease) in other liabilities and provisions | (51.70) | 88.81 |
| Cash generated from operations | 24.12 | 125.61 |
| Direct taxes paid (net of refunds) | (1.09) | (19.53) |
| Net cash flow - operating activities (A) | 23.03 | 106.08 |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (4.53) | (22.24) |
| Proceeds from sale of fixed assets | 0.92 | 0.20 |
| Proceeds from sale of unquoted equity instruments | - | 0.50 |
| Acquisition of business, net of cash acquired (refer note 37) | - | (0.80) |
| Margin money and term deposits with bank | 80.40 | (0.85) |
| Interest on income tax refund | 2.65 | - |
| Interest on bank deposits and others | 7.53 | 20.36 |
| Net cash flow - investing activities (B) | 86.97 | (2.83) |
| Cash flows from financing activities | | |
| Proceeds from issuance of equity share capital | 15.00 | - |
| Proceeds / (Repayments) from long-term borrowings | (2.42) | (1.90) |
| Proceeds / (Repayments) from short-term borrowings | (89.53) | (78.86) |
| Finance cost paid | (25.00) | (34.42) |
| Net cash flow - financing activities (C) | (101.95) | (115.18) |

Consolidated Cash Flow Statement

for the year ended 31 March 2015

| | 31 March 2015 | 31 March 2014 |
|---|---------------|----------------|
| | ₹ in Crore | ₹ in Crore |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 8.05 | (11.93) |
| Cash and cash equivalents at the beginning of the year | 22.47 | 34.40 |
| Cash and cash equivalents at the end of the year (Refer note 17) | 30.52 | 22.47 |

This is the statement of consolidated cash flow referred to in our report of even date

For Walker Chandio & Co LLP
(Formerly known as Walker, Chandio & Co)
Chartered Accountants

ADI P. SETHNA
Partner

Place: Mumbai
Date : 27 May 2015

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

ANIL NAIR
Managing Director & CEO

PRATIK BHANUSHALI
Company Secretary

Place : Mumbai
Date : 27 May 2015

NEERAJ GUPTA
Director

AMAL THAKORE
Chief Financial Officer

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

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, along with its foreign subsidiaries, is a global information, communications technology (ICT) solutions provider and Integrator seamlessly delivering technology based solutions across global markets and verticals layered with a spectrum of applications and services. The Company is the leader in Enterprise Communications in India with global footprint in locations spanning India, Middle East/Africa, North America and Australia/New Zealand.

2. Basis of preparation of financial statements

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in India (Indian GAAP). The consolidated financial statements have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by the Securities and Exchange Board of India (SEBI). The consolidated financial statements are prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies applied are consistent with those used in the previous year.

All assets and liabilities are classified as current if they are expected to be realised or settled within the operating cycle, which is upto 12 months.

2.1 Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 on 'Consolidated Financial Statements' and on the basis of the separate audited financial statements of AGC Networks Limited and its subsidiaries. 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 2015 | Extent of holding as on 31 March 2014 |
|---|--------------------------|---------------------------------------|---------------------------------------|
| 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% |
| AGC Networks Philippines, Inc. **** (wholly owned subsidiary of AGC Networks Pte. Ltd.) | Philippines | 100% | Not applicable |

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

* 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.

**** Incorporated on March 03, 2015 under Corporation Code of the Philippines.

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, PHP is the reporting currency for its foreign subsidiary located in Philippines 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 periods 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.

(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 disposal 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 disposed.

(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 II of the Companies Act, 2013 whichever is higher. The Group depreciates its assets over the useful lives as detailed below:

Notes to Consolidated Financial Statements for the year ended 31 March 2015

| Assets | No. of Years |
|--------------------------|---------------------|
| Leasehold improvements | 6 years |
| Buildings | 30 to 60 years |
| Plant and Equipment | 3 to 5 years |
| Furniture and Fixtures | 5 years |
| Office Equipments | 3 to 5 years |
| Computers and Servers | 3 to 4 years |
| Vehicles | 4 years |
| Electrical Installations | 5 years |

Cost of leasehold land is amortised over the period of lease.

Leasehold improvements are depreciated over the above referred lives or over the period of the lease, whichever is lower.

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 |
|--------------------|---------------------|
| Computer Softwares | 4 years |

Assets purchased specifically for projects are depreciated over the life of the projects.

During the current year, the company's subsidiary, AGC Networks Inc. has decided not to amortise goodwill on purchase of business of Transcend United Technologies, LLC, USA (TUT business) in view of estimated period of benefits based on the future projections of the said business. Goodwill which was earlier amortised over a period of 5 years, will now be tested for impairment effective 1 April, 2014.

(f) Impairment of tangible and intangible assets

The carrying amounts of tangible and intangible assets are reviewed at each reporting date if there is any indication of impairment based on internal and 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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

(g) Investments

Recognition and Measurement

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.

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.

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

(h) Inventories

Inventories of materials and components, work-in-progress, stock-in-trade 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, 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.

Further, inventory contains service spares which are used as replacement stocks by the Company for servicing the customers repairs and maintenance requirements during the service period. Adequate allowances are recognised as a measure of consumption over their expected life based on their usage.

(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 their 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

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 reviewed annually.

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

(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 restated 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

Exchange differences arising on translation/settlement of foreign currency monetary items are recognised as income or as expenses in the period in which they arise.

(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 significant risk and rewards of ownership and title of the product is transferred to the buyer which generally coincides with acknowledgement of 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. Revenue from implementation services (including installation and commissioning) related to products supplied or on a standalone basis is recognized based on proportionate completion Method, where revenue is recognized proportionately with the degree of completion of services.
2. Revenue from maintenance contracts is recognized on a straight line basis over the contract term or on performance of the services as specified in the contract.
3. Service Income of a periodic nature which has not accrued during the year is disclosed as Unearned Revenue.
4. 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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

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 and 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. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the tax laws prevailing in the respective regions where the Company is operating. 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 these 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.

(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

Notes to Consolidated Financial Statements for the year ended 31 March 2015

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 prescribed in Schedule II to the Companies Act, 2013, 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 prescribed in Schedule II to the Companies Act, 2013.

(n) Retirement and other employee benefits

Salaries, wages etc. which are defined as short term benefits, are recognised as expenses on an undiscounted basis, in the statement of profit and loss of the period in which the related service is rendered.

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.

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 to determine the present value of the obligation. The fair value of the plan assets is reduced from the gross obligation to recognise the same on a net basis. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they arise 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 recognised in the statement of profit and loss.

AGC Networks Inc, one of the subsidiary of AGC Networks Limited has accrued leave encashment liability on actual arithmetic basis and not based on actuarial valuation.

(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 year.

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

Notes to Consolidated Financial Statements for the year ended 31 March 2015

(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, which are available for use.

(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) 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 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 2015

3. Share Capital

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Authorized shares | | |
| 45,000,000 (31 March 2014: 30,000,000) equity shares of ₹ 10/- each | 45.00 | 30.00 |
| 10,000,000 (31 March 2014: Nil) 1% Non-cumulative, non-convertible, redeemable preference shares of ₹ 100/- each | 100.00 | - |
| Nil (31 March 2014: 1,000,000) cumulative redeemable preference shares of ₹ 100/- each | - | 10.00 |
| Issued, subscribed and fully paid-up shares | | |
| 28,466,464 (31 March 2014 : 28,466,464) equity shares of ₹ 10/- each | 28.47 | 28.47 |
| 1,500,000 (31 March 2014: Nil) 1% Non-cumulative Non-convertible redeemable preference shares of ₹ 100/- each | 15.00 | - |
| Total issued, subscribed and fully paid-up share capital | 43.47 | 28.47 |

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

Equity shares

| | 31 March 2015 | | 31 March 2014 | |
|--------------------------------------|-------------------|--------------|-------------------|--------------|
| | No. of shares | ₹ in Crore | No. of shares | ₹ in Crore |
| At the beginning of the period | 28,466,464 | 28.47 | 28,466,464 | 28.47 |
| Issued during the period | - | - | - | - |
| Outstanding at the end of the period | 28,466,464 | 28.47 | 28,466,464 | 28.47 |

1% Non-cumulative Non-convertible redeemable preference shares

| | 31 March 2015 | | 31 March 2014 | |
|--------------------------------------|------------------|--------------|---------------|------------|
| | No. of shares | ₹ in Crore | No. of shares | ₹ in Crore |
| At the beginning of the period | - | - | - | - |
| Issued during the period | 1,500,000 | 15.00 | - | - |
| Outstanding at the end of the period | 1,500,000 | 15.00 | - | - |

During the year the Company allotted 1,500,000 1% Non-cumulative Non-convertible redeemable preference shares having face value of ₹ 100 at par for a total consideration of ₹ 15 Crore to Essar Information Technology Limited.

(b) Rights, preference and restriction on 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 ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets

Notes to Consolidated Financial Statements for the year ended 31 March 2015

remaining 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.

The company has one class of preference shares i.e. 1% non-cumulative non-convertible redeemable preference shares. The preference shares have preferred right on payment of dividend and repayment of capital over equity shareholders.

The preference shares shall be redeemed at the option of Investor in one or more tranches at any time between 5th year from the date of allotment and before expiry of 7th year from the date of allotment and the shares shall be redeemed at par. If the option is not exercised by the investor it will automatically redeem at par at the end of the 7th year from the date of allotment.

(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 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Essar Telecom Limited (Holding Company w.e.f. 28 March 2014) | | |
| 21,349,848 (31 March 2014 : Nil) equity shares of ₹ 10 each fully paid | 21.35 | 21.35 |

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

14,233,232 Equity shares allotted as fully paid bonus shares by capitalization of securities premium during the year ended 31 March 2013.

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

| Name of the shareholder | As at 31 March 2015 | | As at 31 March 2014 | |
|--|---------------------|------------------------|---------------------|------------------------|
| | No. of shares | % holding in the class | No. of shares | % holding in the class |
| <i>Equity shares of ₹ 10 each fully paid</i> | | | | |
| Essar Telecom Limited (Holding Company w.e.f. 28 March 2014) | 21,349,848 | 75.00% | 21,349,848 | 75.00% |
| <i>Preference shares of ₹ 100 each fully paid</i> | | | | |
| Essar Information Technology Limited | 1,500,000 | 100.00% | | |

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 2015

4. Reserve and Surplus

| | 31 March 2015 | 31 March 2014 |
|---|-----------------|-----------------|
| | ₹ in Crore | ₹ in Crore |
| Capital reserve | | |
| As at the beginning of the year | 38.04 | 38.04 |
| As at the end of the year | 38.04 | 38.04 |
| Securities premium account | | |
| As at the beginning of the year | 32.10 | 32.10 |
| As at the end of the year | 32.10 | 32.10 |
| Foreign currency translation reserve | | |
| As at the beginning of the year | 23.09 | 11.82 |
| Add: Additions/(deletion) during the year | (1.53) | 11.27 |
| As at the end of the year | 21.56 | 23.09 |
| General reserve | | |
| As at the beginning of the year | 100.58 | 100.58 |
| As at the end of the year | 100.58 | 100.58 |
| Surplus in the statement of profit and loss | | |
| As at the beginning of the year | (148.30) | 94.64 |
| Profit / (loss) for the year | 14.77 | (282.19) |
| Less: Appropriations | | |
| Profit on demerger (refer note 27) | - | (39.25) |
| Additional depreciation as per Schedule II of Companies Act, 2013 | 0.59 | - |
| As at the end of the year | (134.12) | (148.30) |
| Total reserves and surplus | 58.16 | 45.51 |

5.1 Long-term borrowings

| | Non-current portion | | Current maturities | |
|--|---------------------|---------------|--------------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | ₹ in Crore | ₹ in Crore | ₹ in Crore | ₹ in Crore |
| Loan from Cisco Systems Capital (I) Private Ltd (unsecured) (Refer footnote 1) | - | 0.92 | 0.92 | 1.22 |
| Finance lease obligation (secured) (Refer footnote 2) | - | 0.80 | 0.84 | 1.24 |
| | - | 1.72 | 1.76 | 2.46 |
| Amount disclosed under the head "other current liabilities" (note 10) | - | - | (1.76) | (2.46) |
| Net amount | - | 1.72 | - | - |

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

Footnotes:

- Interest free loan from Cisco Systems Capital (I) Private Ltd. is repayable in 12 quarterly installments of ₹ 0.3 Crore each which started 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 ₹ 0.08 Crore each.

5.2 Short-term borrowings

| | 31 March 2015 | 31 March 14 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Working capital loan from Bank (Secured) (Refer footnote 1) | 45.00 | - |
| Loans repayable on demand | | |
| Cash credits from banks (Secured) (Refer footnote 2) | 99.28 | 233.81 |
| | 144.28 | 233.81 |

Footnotes:

- Working capital loan from bank is secured against first pari-passu charge on Lease hold land, Free hold land and buildings situated at Gandhinagar, Gujarat, second pari-passu charge on entire current assets (present and future) including stocks of materials and components, work-in-progress, stock-in-trade, trade receivables, etc. and corporate guarantee from a fellow subsidiary. The Company has transferred its Gandhinagar properties vide deed of assignment (Refer Note 26 (d)). However, the loan is considered as secured since these properties have not been discharged as securities by the lender and continuance of the other assets as security. As per the original payment schedule loan is repayable in 14 quarterly installments starting from 9 February, 2016. 6 installments of ₹ 2.25 Crore each, 4 installments of ₹ 3.375 Crore each and 4 installments of ₹ 4.50 Crore each. The same has been classified under "Short term borrowings" in view of the intention of the Company to expire the borrowing either by way of assignment to the buyer of the aforesaid property or by way of repayment of the loan from the sale consideration. The effective rate of interest is base rate of the lending bank which is 10.75% plus spread 1.5%. Hence current effective rate is 12.25% p.a.
- For AGC Networks Limited, Cash credits from banks of ₹ 91.14 Crore (₹ 145.79 Crore as at 31 March 2014) are secured by first exclusive pari-pasu charge on entire current assets of the Company (present and future) including stocks of materials and components, work in progress, stock-in-trade, trade receivables, insurances, etc., by second pari-pasu charge on all moveable fixed assets of the Company, and corporate guarantee from a fellow subsidiary. The cash credit is repayable on demand and carries average interest @ 13.5% p.a.

For AGC Networks Pte Ltd, Cash credits from banks of ₹ 8.14 Crore (₹ 76.36 Crore as at 31 March 2014) are secured by stocks and receivables. The cash credit is repayable on demand and carries average interest @ 4.5% p.a.

For AGC Networks Inc, Cash credits from banks of ₹ Nil Crore (₹ 11.66 Crore as at 31 March 2014) are secured by stocks and receivables. The cash credit is repayable on demand and carries average interest @ 3.8% p.a.

Notes to Consolidated Financial Statements for the year ended 31 March 2015

6. Deferred tax

The Group does not have any deferred tax liability as at 31 March 2015 and as at 31 March 2014. The Group has not recognised deferred tax assets in the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

7. Other long-term liabilities

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Unearned revenue on maintenance services | 7.83 | 6.21 |
| Unearned revenue on others | 0.46 | - |
| | 8.29 | 6.21 |

8. Provisions

| | Long-term | | Short-term | |
|---|---------------|---------------|---------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | ₹ in Crore | ₹ in Crore | ₹ in Crore | ₹ in Crore |
| Provision for employee benefits | | | | |
| Provision for gratuity (Refer note 29) | 4.61 | 3.91 | - | - |
| Provision for superannuation benefit | - | - | - | 0.11 |
| Provision for compensated absences | 1.76 | 3.21 | 3.85 | 4.13 |
| | 6.37 | 7.12 | 3.85 | 4.24 |
| Other provisions | | | | |
| Provision for warranties | - | - | 1.30 | 1.36 |
| Provision for tax (net of advance taxes of ₹ Nil) | - | - | - | 2.89 |
| | - | - | 1.30 | 4.25 |
| | 6.37 | 7.12 | 5.15 | 8.49 |

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

At the beginning of the year
 Arising during the year
 Utilized during the year
 Unused amounts reversed
 At the end of the year

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| | 1.36 | 1.80 |
| | 0.42 | 1.44 |
| | - | - |
| | (0.48) | (1.88) |
| | 1.30 | 1.36 |

9. Trade payables

For products
 For services and others

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| | 175.44 | 264.00 |
| | 22.42 | 18.75 |
| | 197.86 | 282.75 |

10. Other current liabilities

Current maturities of long-term borrowings (note 5.1)
 Interest accrued but not due on borrowings
 Employee related / other payables
 Unearned revenue on maintenance services
 Unearned revenue on products
 Unpaid dividend
 Advances from customers
 Statutory dues payable
 Other current liabilities

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| | 1.76 | 2.46 |
| | 0.94 | 1.24 |
| | 38.08 | 33.31 |
| | 14.29 | 10.68 |
| | 82.80 | 122.43 |
| | 0.34 | 0.44 |
| | 13.98 | 27.15 |
| | 6.22 | 5.91 |
| | 10.08 | 14.84 |
| | 168.49 | 218.46 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

11. Tangible assets

| | ₹ in Crore | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------|----------------|-----------------------|-------------|-----------------------|--------------|--------------------------|------------------------|-------------------|---------------|---------------|-------------------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|---------------|-----------|---|---|------|---|------|------|------|------|------|---|-------|------------|------|------|------|------|-------|------|------|------|------|------|-------|----------------------|---|---|------|---|------|------|--------|------|------|---|------|-------------------------|----------|----------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|--------------|---------------------|--|--|--|--|--|--|--|--|--|--|--|------------------------|------|---|---|------|-------|-------|------|------|-------|------|-------|---------------------|---|---|------|------|------|------|------|------|------|---|-------|-------------------------|---|---|---|---|------|------|------|------|------|---|------|-------------------|---|---|---|---|------|------|---|------|------|---|------|----------------------|---|---|--------|---|---|------|---|------|--------|---|--------|-------------------------|-------------|----------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|--------------|---------------------|---|---|------|------|------|------|------|------|------|------|-------|-------------------------|------|---|------|------|-------|--------|------|------|------|------|-------|----------------------|---|---|------|---|------|------|--------|------|------|---|------|-------------------------|----------|----------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|---------------|--------------|------------------|--|--|--|--|--|--|--|--|--|--|--|-------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------------------|----------|----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | Leasehold Land* | Freehold Land* | Leasehold Improvement | Buildings* | Plant and Equipment # | Computers | Electrical Installations | Furniture and Fixtures | Office Equipments | Vehicles | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 1 April 2013 | 0.40 | 0.10 | 0.90 | 3.20 | 51.50 | 24.80 | 2.60 | 4.80 | 30.60 | 0.30 | 119.20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additions | - | - | 8.10 | - | 3.60 | 1.30 | - | 2.00 | 1.70 | - | 16.70 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assets acquired on business combination | - | - | - | - | - | 0.10 | - | 0.10 | - | - | 0.20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Disposals | - | - | - | - | 0.40 | 2.80 | 0.30 | 0.10 | 1.10 | - | 4.70 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exchange differences | - | - | (1.80) | - | - | 1.30 | - | 1.10 | 1.40 | - | 2.00 | At 31 March 2014 | 0.40 | 0.10 | 7.20 | 3.20 | 54.70 | 24.70 | 2.30 | 7.90 | 32.60 | 0.30 | 133.40 | Additions | - | - | 0.45 | - | 6.57 | 0.53 | 0.01 | 0.02 | 2.67 | - | 10.25 | Disposals@ | 0.40 | 0.10 | 7.50 | 2.62 | 28.48 | 0.40 | 0.09 | 2.59 | 3.88 | 0.17 | 46.23 | Exchange differences | - | - | 0.31 | - | 0.40 | 0.47 | (0.01) | 0.10 | 0.56 | - | 1.83 | At 31 March 2015 | - | - | 0.46 | 0.58 | 33.19 | 25.30 | 2.21 | 5.43 | 31.95 | 0.13 | 99.25 | Depreciation | | | | | | | | | | | | At 1 April 2013 | 0.10 | - | - | 2.20 | 28.40 | 16.80 | 1.80 | 2.50 | 16.10 | 0.10 | 68.00 | Charge for the year | - | - | 1.00 | 0.10 | 6.40 | 4.09 | 0.20 | 1.20 | 9.00 | - | 21.99 | Disposals / adjustments | - | - | - | - | 0.40 | 2.30 | 0.30 | 0.10 | 1.10 | - | 4.20 | Other adjustments | - | - | - | - | 0.20 | 0.10 | - | 0.10 | 0.20 | - | 0.60 | Exchange differences | - | - | (0.20) | - | - | 0.59 | - | 0.20 | (0.70) | - | (0.11) | At 31 March 2014 | 0.10 | - | 0.80 | 2.30 | 34.60 | 19.28 | 1.70 | 3.90 | 23.50 | 0.10 | 86.28 | Charge for the year | - | - | 1.26 | 0.10 | 6.25 | 4.09 | 0.23 | 1.20 | 4.12 | 0.02 | 17.27 | Disposals / adjustments | 0.10 | - | 1.92 | 1.90 | 15.36 | (0.50) | 0.09 | 1.25 | 3.32 | 0.17 | 23.61 | Exchange differences | - | - | 0.06 | - | 0.09 | 0.41 | (0.01) | 0.04 | 0.30 | - | 0.89 | At 31 March 2015 | - | - | 0.20 | 0.50 | 25.58 | 24.28 | 1.83 | 3.89 | 24.60 | (0.05) | 80.83 | Net Block | | | | | | | | | | | | At 31 March 2014 | 0.30 | 0.10 | 6.40 | 0.90 | 20.10 | 5.42 | 0.60 | 4.00 | 9.10 | 0.20 | 47.12 | At 31 March 2015 | - | - | 0.26 | 0.08 | 7.61 | 1.02 | 0.38 | 1.54 | 7.35 | 0.18 | 18.42 |
| At 31 March 2014 | 0.40 | 0.10 | 7.20 | 3.20 | 54.70 | 24.70 | 2.30 | 7.90 | 32.60 | 0.30 | 133.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additions | - | - | 0.45 | - | 6.57 | 0.53 | 0.01 | 0.02 | 2.67 | - | 10.25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Disposals@ | 0.40 | 0.10 | 7.50 | 2.62 | 28.48 | 0.40 | 0.09 | 2.59 | 3.88 | 0.17 | 46.23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exchange differences | - | - | 0.31 | - | 0.40 | 0.47 | (0.01) | 0.10 | 0.56 | - | 1.83 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 March 2015 | - | - | 0.46 | 0.58 | 33.19 | 25.30 | 2.21 | 5.43 | 31.95 | 0.13 | 99.25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 1 April 2013 | 0.10 | - | - | 2.20 | 28.40 | 16.80 | 1.80 | 2.50 | 16.10 | 0.10 | 68.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Charge for the year | - | - | 1.00 | 0.10 | 6.40 | 4.09 | 0.20 | 1.20 | 9.00 | - | 21.99 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Disposals / adjustments | - | - | - | - | 0.40 | 2.30 | 0.30 | 0.10 | 1.10 | - | 4.20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other adjustments | - | - | - | - | 0.20 | 0.10 | - | 0.10 | 0.20 | - | 0.60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exchange differences | - | - | (0.20) | - | - | 0.59 | - | 0.20 | (0.70) | - | (0.11) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 March 2014 | 0.10 | - | 0.80 | 2.30 | 34.60 | 19.28 | 1.70 | 3.90 | 23.50 | 0.10 | 86.28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Charge for the year | - | - | 1.26 | 0.10 | 6.25 | 4.09 | 0.23 | 1.20 | 4.12 | 0.02 | 17.27 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Disposals / adjustments | 0.10 | - | 1.92 | 1.90 | 15.36 | (0.50) | 0.09 | 1.25 | 3.32 | 0.17 | 23.61 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exchange differences | - | - | 0.06 | - | 0.09 | 0.41 | (0.01) | 0.04 | 0.30 | - | 0.89 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 March 2015 | - | - | 0.20 | 0.50 | 25.58 | 24.28 | 1.83 | 3.89 | 24.60 | (0.05) | 80.83 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Block | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 March 2014 | 0.30 | 0.10 | 6.40 | 0.90 | 20.10 | 5.42 | 0.60 | 4.00 | 9.10 | 0.20 | 47.12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 March 2015 | - | - | 0.26 | 0.08 | 7.61 | 1.02 | 0.38 | 1.54 | 7.35 | 0.18 | 18.42 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Building includes those constructed on leasehold land.

Above assets include those offered as security for borrowings availed by the Company (Refer Note 5.1 and 5.2)

Refer footnote under note 15

* Refer note 26 (d)

@ Refer note 39

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

12. Intangible Assets

| | ₹ in Crore | | |
|---|--------------|-------------------|--------------|
| | Goodwill # | Computer Software | Total |
| Cost | | | |
| At 1 April 2013 | 75.95 | 11.50 | 87.45 |
| Additions | - | 2.69 | 2.69 |
| Assets acquired on business combination | - | 0.02 | 0.02 |
| Disposals / adjustments | - | 0.64 | 0.64 |
| Exchange differences | 8.10 | 0.11 | 8.21 |
| At 31 March 2014 | 84.05 | 13.68 | 97.73 |
| Additions | | | |
| Disposals / adjustments | - | 2.32 | 2.32 |
| Exchange differences | 3.48 | 0.08 | 3.56 |
| At 31 March 2015 | 87.53 | 11.44 | 98.97 |
| Amortization | | | |
| At 1 April 2013 | - | 10.00 | 10.00 |
| Charge for the year | 17.20 | 0.95 | 18.15 |
| Disposals / adjustments | - | 0.60 | 0.60 |
| Other adjustments | - | (0.20) | (0.20) |
| Exchange differences | 0.30 | (0.17) | 0.13 |
| At 31 March 2014 | 17.50 | 9.98 | 27.48 |
| Charge for the year # | - | 1.17 | 1.17 |
| Disposals / adjustments | - | 1.69 | 1.69 |
| Exchange differences | 0.70 | 0.03 | 0.73 |
| At 31 March 2015 | 18.20 | 9.49 | 27.69 |
| Net Block | | | |
| At 31 March 2014 | 66.55 | 3.70 | 70.25 |
| At 31 March 2015 | 69.33 | 1.95 | 71.28 |

Refer note 37.3

13. Loans and advances

| | Non-current | | Current | |
|--|--------------|--------------|--------------|--------------|
| | 31 March 15 | 31 March 14 | 31 March 15 | 31 March 14 |
| | ₹ in Crore | ₹ in Crore | ₹ in Crore | ₹ in Crore |
| Unsecured, considered good | | | | |
| Capital advances | 0.00 | 0.01 | - | - |
| Deposits | 5.62 | 5.04 | 2.01 | 3.05 |
| Deposits with related party | - | 2.70 | 2.70 | - |
| Loan and advances to related parties (note 32) | - | - | 7.16 | 18.44 |
| Advances to vendors | 3.61 | 3.39 | 26.51 | 31.48 |
| Other loans and advances | | | | |
| Advance income-tax (net of provision for taxation ₹ 28.46 Crore) (31 March 2014 ₹ 131.6 Crore) | 70.24 | 75.51 | - | - |
| Prepaid expenses | 2.82 | 1.05 | 7.17 | 10.00 |
| Balances with statutory / government authorities | - | - | 3.95 | 7.72 |
| | 82.29 | 87.70 | 49.50 | 70.69 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

14. Other assets

| | Non-current | | Current | |
|--|-------------|-------------|--------------|--------------|
| | 31 March 15 | 31 March 14 | 31 March 15 | 31 March 14 |
| | ₹ in Crore | ₹ in Crore | ₹ in Crore | ₹ in Crore |
| Unsecured, considered good | | | | |
| Margin money deposits with bank | 4.68 | 5.85 | - | - |
| Others | | | | |
| Interest accrued on fixed deposits | - | - | 0.68 | 6.29 |
| Excess managerial remuneration from Managing Director (refer note 34(b)) | - | - | 1.34 | - |
| Receivable for sale of fixed assets | - | - | 64.88 | - |
| Deferred cost for maintenance contracts | 1.56 | 0.87 | 28.51 | 39.00 |
| | 6.24 | 6.72 | 95.41 | 45.29 |

Margin money deposits with a carrying amount of ₹ 4.68 Crore (31 March 2014 : ₹ 5.85 Crore) are given against bank guarantees issued.

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

| | 31 March 15 | 31 March 14 |
|---|--------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Materials and components (includes in transit ₹ Nil (31 March 2014: ₹ 0.8 Crore)) (refer note 20) | 0.16 | 0.96 |
| Work-in-progress (refer note 21) | 2.31 | 5.12 |
| Stock-in-trade (includes in transit of ₹ 0.53 Crore (31 March 2014: ₹ 0.3 Crore)) | 17.77 | 94.93 |
| Stores and spares (refer footnote) | 6.24 | - |
| | 26.48 | 101.01 |

Footnote

“Disposal / adjustments” under plant and equipment relate to re-classification of spares utilised for servicing maintenance contracts with customers, to inventory. The management believes this to be a more appropriate classification owing to the nature of its usage. Accordingly, the net carrying value as at 1 April 2014 amounting to ₹ 6.94 Crore has been transferred to inventory and the amount consumed during the year ended 31 March 2015 amounting to ₹ 2.83 Crore, has been disclosed under “Consumption of stores and spares” (as a part of “Other Expenses”), which was disclosed under “Depreciation and amortization expense” till the earlier year (₹ 3.16 Crore for the year ended 31 March 2014). There is no impact of the same on the statement of profit and loss account for the year or the earlier year except that the respective expenses are not comparable to this extent.

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

16. Trade receivables

| | 31 March 15 | 31 March 14 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Non-current | | |
| Unsecured, considered good | 2.09 | 2.54 |
| | 2.09 | 2.54 |
| Current | | |
| Receivable outstanding for a period exceeding six months from the due date for payment | | |
| Unsecured, considered good | 58.44 | 103.83 |
| Unsecured, considered doubtful | 101.04 | 101.73 |
| | 159.48 | 205.56 |
| Provision for doubtful receivables | 101.04 | 101.73 |
| | 58.44 | 103.83 |
| Other receivables | | |
| Unsecured, considered good | 188.22 | 189.99 |
| | 246.66 | 293.82 |

17. Cash and bank balance

| | 31 March 15 | 31 March 14 |
|--|--------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Cash equivalents | | |
| <i>Balances with banks:</i> | | |
| – In current accounts | 27.33 | 22.01 |
| – In deposit accounts | 2.77 | - |
| Cheques / drafts on hand | 0.35 | 0.42 |
| Cash on hand | 0.07 | 0.04 |
| | 30.52 | 22.47 |
| Other bank balances | | |
| Deposits with maturity of more than 3 months and less than 12 months | 0.18 | - |
| Unpaid dividend account | 0.40 | 0.44 |
| Margin money deposits with maturity less than 12 months | 2.60 | 81.97 |
| | 3.18 | 82.41 |
| | 33.70 | 104.88 |

Margin money deposits with a carrying amount of ₹ 2.60 Crore (31 March 2014 : ₹ 81.97 Crore) are given against bank guarantees issued.

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

18. Revenue from operations

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Revenue from operations | | |
| Sale of products | | |
| Finished goods * | 13.52 | 9.69 |
| Traded goods * | 451.67 | 451.58 |
| Sale of services | 423.59 | 310.37 |
| | 888.78 | 771.64 |
| Less: Excise duty # | 1.15 | 0.96 |
| | 887.63 | 770.68 |
| Other operating revenue | | |
| Liabilities for earlier years no longer required written back | 3.18 | 4.16 |
| Reversal of bad debt provision | 0.08 | 0.00 |
| Revenue from operations (Net) (refer note below) | 890.89 | 774.84 |

Note: During the year, the Group has reversed the sales pertaining to earlier years aggregating to ₹ Nil (31 March 2014 : ₹ 21.7 Crore).

Excise duty on sales amounting to ₹ 1.15 Crore (31 March 2014 : ₹ 0.96 Crore) has been reduced from sales in statement of profit and loss and excise duty on increase/decrease in stock amounting to ₹ 0.16 Crore (31 March 2014 : ₹ 0.14 Crore) has been considered as expense in the statement of profit and loss.

* The Group is an global ICT solution provider and integrator operating in various quadrants and the solutions sold to customers configured as per specific customer requirements. The heterogeneous mix of components in solution are offered to customers makes it difficult to establish a meaningful/homogenous relationship for providing break up of goods purchased/sold during the year and the stock position. Consequently, it is neither feasible nor meaningful to give the category-wise details of goods purchased and sold during the year and stock position for all its product solutions

Detail of services rendered

| | 31 March 2015 | 31 March 2014 |
|-------------------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Maintenance services | 341.73 | 187.23 |
| Implementation services | 81.86 | 123.14 |
| | 423.59 | 310.37 |

19. Other income

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Interest income on | | |
| Bank deposits | 1.40 | 7.94 |
| Inter-Corporate Deposits | - | 0.96 |
| Interest received on Income Tax Refund | 2.65 | 0.95 |
| Others | 0.52 | 9.05 |
| Profit on sale of fixed assets | 0.03 | - |
| Exchange differences (net) | 1.68 | 0.68 |
| | 6.28 | 19.58 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

20. Cost of materials and components consumed

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Inventory at the beginning of the year | 0.96 | 1.28 |
| Add: Purchases | 4.83 | 4.13 |
| | 5.79 | 5.41 |
| Less: Inventory at the end of the year | 0.16 | 0.96 |
| Cost of materials and components consumed | 5.63 | 4.45 |

21. (Increase) / decrease in inventories

| | 31 March 2015 | 31 March 2014 |
|--|---------------|----------------|
| | ₹ in Crore | ₹ in Crore |
| Inventories at the end of the year | | |
| Stock-in-trade | 17.77 | 94.93 |
| Work-in-progress | 2.31 | 5.12 |
| | 20.08 | 100.05 |
| Inventories at the beginning of the year | | |
| Stock-in-trade | 94.93 | 96.07 |
| Work-in-progress | 5.12 | 6.17 |
| | 100.05 | 102.24 |
| | 79.97 | 2.19 |
| Exceptional items (refer note 26(a)) | (12.79) | (21.00) |
| | 67.18 | (18.81) |

Note: The Group is an global ICT solution provider and integrator operating in various quadrants and the solutions sold to customers are configured as per specific customer requirements. The heterogeneous mix of components in solution offered to customers makes it difficult to establish a meaningful/homogenous relationship for providing break up of goods purchased/sold during the year and the stock position. Consequently, it is neither feasible nor meaningful to give the category-wise details of goods purchased and sold during the year and stock position for all its product solutions.

22. Employee benefits expense (Refer note 34 for managerial remuneration)

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Salaries, wages and bonus | 186.56 | 214.67 |
| Contribution to provident and other funds | 0.89 | 1.07 |
| Staff welfare expenses | 5.04 | 5.71 |
| | 192.49 | 221.45 |

23. Finance costs

| | 31 March 2015 | 31 March 2014 |
|----------------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Interest on loans | 22.96 | 31.10 |
| Guarantee commission | 1.91 | 2.33 |
| Others | 1.05 | 1.20 |
| | 25.92 | 34.63 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

24. Depreciation and amortization expense

Depreciation of tangible assets (Refer footnote under note 15)
Amortization of intangible assets

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 17.27 | 21.99 |
| 1.17 | 18.15 |
| 18.44 | 40.14 |

25. Other expenses

Installation and commissioning expenses
Consumption of stores and spares
Power and water charges
Rent
Rates and taxes
Insurance
Repairs and maintenance - Others
Travelling and conveyance
Telephone, telex and fax
Printing and stationery
Legal and professional fees
Advertisement and sales promotion
Outward freight, clearing and forwarding charges
Commission to others
Directors' sitting fees
Exchange differences (net)
Provision for doubtful debts and advances
Bad debts written off (Net of provision in earlier year ₹ 1.84 Crore; 31 March, 2014 ₹ Nil)
Loss on contract cancellation
Loss on sale of fixed assets (net)
Excise duty
Other expenses

| 31 March 2015 | 31 March 2014 |
|---------------|---------------|
| ₹ in Crore | ₹ in Crore |
| 3.24 | 4.14 |
| 2.87 | 0.03 |
| 2.80 | 2.54 |
| 19.76 | 20.22 |
| 2.30 | 5.96 |
| 2.21 | 1.89 |
| 6.14 | 7.80 |
| 13.76 | 17.58 |
| 7.26 | 5.94 |
| 0.42 | 0.64 |
| 10.63 | 15.56 |
| 2.44 | 1.95 |
| 3.99 | 6.29 |
| 0.49 | 2.64 |
| 0.25 | 0.13 |
| 0.75 | 13.78 |
| - | 62.90 |
| - | - |
| 2.78 | - |
| - | 0.42 |
| 0.16 | 0.14 |
| 10.92 | 8.77 |
| 93.17 | 179.32 |

26. Exceptional items

(a) Obsolete/non-moving Inventory (refer note a below)
(b) Earlier year expense provision (refer note b below)
(c) Reversal of provision for doubtful debts on sale of trade receivable (refer note c below)
(d) Profit on sale of fixed assets (refer note d below)

| 31 March 2015 | 31 March 2014 |
|---------------|----------------|
| ₹ in Crore | ₹ in Crore |
| (12.79) | (21.00) |
| - | (23.50) |
| - | 6.94 |
| 46.04 | - |
| 33.25 | (37.56) |

Notes

- a) The Group has made provision for identified obsolete/slow moving/non-moving Inventories aggregating to ₹ 12.79 Crore (previous year ₹ 21 Crore).
- b) During the previous year, the Group has provided the amounts arising out of vendor reconciliations aggregating to ₹ 23.5 Crore pertaining to earlier years.

Notes to Consolidated Financial Statements for the year ended 31 March 2015

- c) During the previous year, the company entered into an agreement with a another company, whereby it sold certain trade receivables totaling to ₹ 17.80 Crore at a discounted value for cash consideration of ₹ 14.50 Crore on a fully non-recourse basis. Of the total receivables sold, ₹ 10.24 Crore represented old overdue balances for which the Company had previously recorded an allowance for doubtful debts. Accordingly, the Company has reversed the doubtful debt provision and recorded ₹ 6.94 Crore (net of discount of ₹ 3.30 Crore).
- d) During the year the Company has entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of ₹ 50.52 Crore. Subsequent to the year end, the lender to whom these assets were provided as security, has provided its in-principal approval for the said transfer subject to fulfillment of conditions stated therein. The said transfer is pending approval from the relevant government authority and transfer of legal title, that are considered to be procedural in nature. Company has recognised profit on sale of Fixed Assets of ₹ 46.04 Crore (net of incidental expenses ₹ 3.39 Crore).

26.1 Prior period items

| | 31 March 2015 | 31 March 2014 |
|------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Commission | 1.40 | - |
| Rent | 0.26 | - |
| | 1.66 | - |

27. Discontinuing operation

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 approved the demerger of the Specialised Managed Services Division (Captive Division) of the Company. The Company 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. will help the Company to focus on developing customer relationship in technology space to enhance profitability and tapping high market potential.

The consolidated financial statements of the Group are drawn up after giving retrospective effect and to reflect the impact of transfer in the pervious year. The Captive Division had a net liability of ₹ 39.25 Crore which has been recorded by the Company as a credit to reserves. Discontinued operations disclosure with respect to the Captive Division as required under Accounting Standard - 24 is given below:

The following statement shows the revenue and expenses of discontinuing operations:

| | 31 March 2015 | 31 March 2014 |
|-----------------------------------|---------------|----------------|
| | ₹ in Crore | ₹ in Crore |
| Revenue from operations (net) | - | 5.30 |
| Employee benefits expense | - | (13.10) |
| Other expenses | - | (2.80) |
| Profit / (loss) before tax | - | (10.60) |
| Income-tax expense | - | - |
| Profit / (loss) after tax | - | (10.60) |

Notes to Consolidated Financial Statements for the year ended 31 March 2015

The carrying amounts of the total assets and liabilities on the date of disposal are as follows.

| | 31 March 2015 | 31 March 2014 |
|---------------------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Assets | | |
| Trade receivables | - | 17.00 |
| Liabilities | | |
| Trade payables | - | 9.90 |
| Other current liabilities | - | 46.35 |
| Net Liabilities | - | 39.25 |

The net cash flows of Specialised Managed Services Division (Captive Division) are as below:

| | 31 March 2015 | 31 March 2014 |
|-------------------------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Operating activities | - | 24.30 |
| Investing activities | - | - |
| Financing activities | - | - |
| Net cash inflows / (outflows) | - | 24.30 |

Note 28 : Earning per share (EPS)

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

| | 31 March 2015 | 31 March 2014 |
|---|---------------|----------------|
| | ₹ in Crore | ₹ in Crore |
| Total operations for the year | | |
| Profit/(loss) for the year | 14.77 | (282.19) |
| | 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 ₹) | 5.19 | (99.14) |
| Nominal value per share (in ₹) | 10.00 | 10.00 |
| | 31 March 2015 | 31 March 2014 |
| | ₹ in Crore | ₹ in Crore |
| Total operations for the year from Continuing operations | | |
| Profit/(loss) for the year from continuing operations | 14.77 | (271.59) |
| | 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 from continuing operations (in ₹) | 5.19 | (95.41) |
| Nominal value per share (in ₹) | 10.00 | 10.00 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

29. Employee benefits plan

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

| Particulars | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Contribution to provident fund (for the Company) | 0.89 | 1.07 |

Above amount has been included in the line item 'Contribution to provident and other funds' in note 22 to the consolidated 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 2015 | 31 March 2014 |
| | ₹ in Crore | ₹ in Crore |
| Current service cost | 0.65 | 1.05 |
| Interest cost on benefit obligation | 0.36 | 0.40 |
| Expected return on plan assets | (0.06) | (0.15) |
| Net actuarial (gain) / loss recognized in the year | 0.15 | (0.63) |
| Acquisition/business combination adjustment | 0.16 | (0.20) |
| Net benefit expense | 1.26 | 0.47 |

Balance sheet

Benefit asset / liability

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Present value of defined benefit obligation | 4.41 | 4.47 |
| Fair value of plan assets | 0.29 | 0.95 |
| Funded status [surplus/(deficit)] | (4.12) | (3.52) |
| Plan asset / (liability) | (4.12) | (3.52) |

Notes to Consolidated Financial Statements for the year ended 31 March 2015

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

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Opening defined benefit obligation | 4.47 | 5.82 |
| Current service cost | 0.65 | 1.05 |
| Interest cost | 0.36 | 0.40 |
| Benefits paid * | (1.17) | (1.94) |
| Acquisition Cost / (Credits) | - | (0.20) |
| Actuarial (gains) / losses on obligation | 0.10 | (0.66) |
| Closing defined benefit obligation | 4.41 | 4.47 |

* Included benefits paid directly by the company

Changes in the fair value of plan assets are as follows:

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Opening fair value of plan assets | 0.95 | 2.77 |
| Acquisition adjustment | (0.16) | - |
| Expected return | 0.06 | 0.15 |
| Contributions by employer | - | - |
| Benefits paid | (0.51) | (1.94) |
| Actuarial gains / (losses) | (0.05) | (0.03) |
| Closing fair value of plan assets | 0.29 | 0.95 |

The Company expects to contribute ₹ Nil to gratuity in the next year (31 March 2014 : ₹ Nil).

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

| | Gratuity | |
|--------------------------|---------------|---------------|
| | 31 March 2015 | 31 March 2014 |
| Investments with insurer | 100% | 100% |

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

| | Gratuity | |
|-----------------------------------|--|--|
| | 31 March 2015 | 31 March 2014 |
| Discount rate | 7.90% | 9.20% |
| Expected rate of return on assets | 8.50% | 8.50% |
| Salary escalation rate | 7.00% | 7.00% |
| Mortality rate | Indian Assured Lives Mortality (2006-08) (modified) Ultimate | Indian Assured Lives Mortality (2006-08) (modified) Ultimate |
| Withdrawal rate | Upto age 26 years 5% Upto age 27-34 years 12% Upto age 35-44 years 5% Above age 44 years 1% | Upto age 26 years 5% Upto age 27-34 years 12% Upto age 35-44 years 5% Above age 44 years 1% |

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.

Notes to Consolidated Financial Statements for the year ended 31 March 2015

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 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 |
|--|------------------|------------------|------------------|------------------|------------------|
| | ₹ in Crore |
| Gratuity | | | | | |
| Defined benefit obligation | 4.41 | 4.47 | 5.82 | 4.80 | 6.50 |
| Plan assets | 0.29 | 0.95 | 2.77 | 3.60 | 5.20 |
| Deficit/(surplus) | 4.12 | 3.52 | 3.05 | 1.20 | 1.30 |
| Present value of unfunded obligations | 4.12 | 3.52 | 3.05 | 1.20 | 1.30 |
| Experience adjustments on plan liabilities | 0.41 | 0.42 | (0.70) | (1.00) | - |
| Experience adjustments on plan assets | (0.05) | 0.02 | - | 0.10 | - |
| Actuarial gain / (loss) due to change in assumptions | 0.51 | 0.24 | (0.10) | - | - |

Eligible employees can carry forward and encash leave on superannuation, death, permanent disablement and resignation subject to maximum accumulation as per the Group policy. Benefit would be paid at the time of separation based on the last drawn basic salary. Amount recognised as an expenses in respect of compensated absence is ₹ 1.73 Crore (previous year ₹ 1.94 Crore).

30. Leases

Operating lease: Company as lessee

The Group has entered into various leasing agreements classified as operating leases for residential, office and warehouse premises which are renewable by mutual consent on mutually agreeable terms. These agreement generally range between 11 months to 5 years. The Group does not have sub-leasing agreements or any contingent arrangements. 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 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Within one year | 8.63 | 11.73 |
| After one year but not more than five years | 6.63 | 17.84 |
| More than five years | - | 0.69 |

Finance lease: Group 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:

Notes to Consolidated Financial Statements for the year ended 31 March 2015

| | 31 March 2015 | | 31 March 2014 | |
|--|--------------------------------|------------------------------------|--------------------------------|------------------------------------|
| | Minimum payments ₹ in Crore | Present value of MLP ₹ in Crore | Minimum payments ₹ in Crore | Present value of MLP ₹ in Crore |
| Within one year | 0.84 | 0.80 | 1.37 | 1.24 |
| After one year but not more than five years | - | - | 0.84 | 0.80 |
| Total minimum lease payments | 0.84 | 0.80 | 2.21 | 2.04 |
| Less: amounts representing finance charges | 0.07 | - | 0.17 | - |
| Present value of minimum lease payments | 0.77 | 0.80 | 2.04 | 2.04 |

31. Segment information

(a) Primary Segment

The Company is a ICT solution provider and integrator delivering technology based solutions across verticals layered with a spectrum of applications and services. All these solutions fall within a single (primary) business segment of Enterprise Communication Solutions and Integration.

(b) Secondary Segment: Geographical segments

| | 31 March 2015 | 31 March 2014 |
|---------------------------------|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Revenues | | |
| India | 443.74 | 409.49 |
| Singapore | 7.23 | 17.62 |
| USA | 264.55 | 240.52 |
| Others | 177.19 | 116.33 |
| Less: Intersegment transactions | 3.93 | 12.32 |
| Total | 888.78 | 771.64 |

The Group'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:

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

₹ in Crore

| Year ended 31 March 2015 | India | Singapore | USA | Others | Eliminations | Total |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | | | | | | |
| External sales | 442.08 | 4.96 | 264.55 | 177.19 | - | 888.78 |
| Inter segment sales | 1.66 | 2.27 | - | - | 3.93 | - |
| Total revenue | 443.74 | 7.23 | 264.55 | 177.19 | 3.93 | 888.78 |
| Segment assets | 450.25 | 101.18 | 166.47 | 80.86 | 166.69 | 632.07 |
| Total assets | 450.25 | 101.18 | 166.47 | 80.86 | 166.69 | 632.07 |
| Other segment information | | | | | | |
| Capital expenditure: | | | | | | |
| Tangible assets | 4.29 | - | 2.80 | 0.64 | - | 7.73 |
| Intangible assets | - | - | - | - | - | - |
| Capital work-in-progress | - | - | - | - | - | - |
| Year ended 31 March 2014 | | | | | | |
| Revenue | | | | | | |
| External sales | 404.87 | 13.33 | 242.60 | 116.14 | - | 776.94 |
| Inter segment sales | 4.62 | 4.29 | 3.22 | 0.19 | 12.32 | - |
| Less: Sales attributable to discontinuing operations | - | - | (5.30) | - | - | (5.30) |
| Total revenue | 409.49 | 17.62 | 240.52 | 116.33 | 12.32 | 771.64 |
| Segment assets | 565.00 | 137.88 | 184.23 | 67.74 | 122.30 | 832.54 |
| Total assets | 565.00 | 137.88 | 184.23 | 67.74 | 122.30 | 832.54 |
| Other segment information | | | | | | |
| Capital expenditure: | | | | | | |
| Tangible assets | 3.80 | - | 11.30 | 1.61 | - | 16.70 |
| Intangible assets | 1.75 | - | 0.62 | 0.31 | - | 2.69 |
| Capital work-in-progress | 2.52 | - | - | - | - | 2.52 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

32. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

| | |
|---------------------------------|--|
| Holding company | Essar Telecom Limited (Subsidiary of Essar Global Fund Limited) (w.e.f. 28 March 2014) Aegis Limited (upto 28 February 2014) |
| Ultimate holding company | Essar Global Fund Limited |

Related parties with whom transactions have taken place during the year

| | |
|----------------------------|---|
| Fellow subsidiaries | Actionline De Argentina S.A. Aegis Americas Inc. Aegis Aspire Consultancy Services Limited Aegis Global Services FZ LLC. Aegis Tech Limited Aegis Limited Aegis Outsourcing South Africa (Pty) Limited Aegis Outsourcing UK Limited Aegis Services Australia Pty Limited Contact Centre Company Equinox Business Parks Pvt Limited Essar Bulk Terminal (Salaya) Limited Essar Global Services FZE Essar Global Services Limited Essar Oil Limited Essar Power (Orissa) Limited Essar Power Transmission Company Limited Essar Project (India) Limited Essar Projects Mauritania-SARL Essar Projects Middle East FZE Essar Projects Singapore Pte Limited Essar Services (Mauritius) Essar Steel India Limited Essar Telecom Kenya Limited Vadinar Power Company Limited |
|----------------------------|---|

Key management personnel **Managing / Whole-time Directors**

Mr. S. K. Jha, Managing Director (upto 22 April, 2014)
Mr. Anil Nair, Managing Director and CEO (w.e.f. 16 June, 2014)
Mr. Sanjeev Verma, Whole-time Director (w.e.f. 15 May, 2014 to 19 October, 2014)

Others (as per Companies Act, 2013)

Mr. Amal Thakore, Chief Financial Officer (w.e.f. 16 June, 2014)
Mr. Shrinivas Raghavan, Chief Financial Officer (Upto 11 May, 2014)
Mr. Pratik Bhanushali, Company Secretary

Notes to Consolidated Financial Statements for the year ended 31 March 2015

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 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Mr. S.K. Jha | | |
| Salary, bonus and contribution to P.F. (Expenses) | 0.26 | 3.15 |
| Payable as at year end | - | 1.14 |
| Mr. Anil Nair | | |
| Salary, bonus and contribution to P.F. (Expenses) | 0.67 | - |
| Excess remuneration recoverable as at year end (Refer note 34(b)) | 1.34 | - |
| Mr. Sanjeev Verma | | |
| Salary, bonus and contribution to P.F. | 1.07 | - |
| Payable as at year end | 0.25 | - |
| Others | | |
| Salary, bonus and contribution to P.F. | 0.87 | - |
| Payable as at year end | 0.14 | - |

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 2015

₹ in Crore

b. Transactions with Related Parties

| | Year ended | Sale of goods * | Sale of services * | Purchase of traded goods | Purchase of capital goods | Services received | Interest received/receivable | Expenses reimbursement received | Guarantees for loan taken by Group | Commission paid on guarantee | Inter-Corporate Deposits withdrawn |
|---|----------------------------|-----------------|--------------------|--------------------------|---------------------------|-------------------|------------------------------|---------------------------------|------------------------------------|------------------------------|------------------------------------|
| Holding and ultimate holding companies | | | | | | | | | | | |
| Essar Global Limited | 31 March 15 31 March 14 | - - | - - | - - | - - | 0.01 | - - | - - | - - | - - | - - |
| Fellow subsidiaries | | | | | | | | | | | |
| Aegis Tech Limited | 31 March 15 31 March 14 | - - | - - | - - | - - | - - | 12.09 | - - | - - | - - | - - |
| Aegis Limited | 31 March 15 31 March 14 | 8.55 1.42 | 2.09 0.60 | 0.16 0.05 | 3.53 | 7.52 8.29 | 0.96 | - - | 100.50 | 1.21 | 64.78 |
| Aegis Services Australia Pty Limited | 31 March 15 31 March 14 | - - | - - | - - | 2.80 | - - | - - | - - | - - | - - | - - |
| Aegis Outsourcing South Africa (Pty) Limited | 31 March 15 31 March 14 | - - | - - | - - | - - | 0.21 0.10 | - - | - - | - - | - - | - - |
| Aegis Global Services FZ LLC | 31 March 15 31 March 14 | - - | - - | - - | - - | 0.84 7.66 | - - | - - | - - | - - | - - |
| Equinox Business Parks Pvt Limited | 31 March 15 31 March 14 | - - | 0.13 | - - | - - | 7.08 | - - | - - | - - | - - | - - |
| Essar Oil Limited | 31 March 15 31 March 14 | 0.08 1.29 | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Project (India) Limited | 31 March 15 31 March 14 | 0.07 | 0.08 | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Bulk Terminal (Salaya) Limited | 31 March 15 31 March 14 | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Steel India Limited | 31 March 15 31 March 14 | 0.06 0.01 | 0.35 | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Global Services FZE | 31 March 15 31 March 14 | 0.06 | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Telecom Kenya Limited | 31 March 15 31 March 14 | - - | - - | - - | - - | 0.07 0.03 | - - | - - | - - | - - | - - |
| Essar Projects Mauritania-SARL | 31 March 15 31 March 14 | 0.32 | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Essar Projects Middle East FZE | 31 March 15 31 March 14 | 0.10 | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Contact Centre Company | 31 March 15 31 March 14 | 13.46 8.47 | 2.74 | 0.68 | - - | 1.66 1.68 | - - | - - | - - | - - | - - |
| Aegis Americas Inc. | 31 March 15 31 March 14 | - - | 0.09 | - - | - - | - - | - - | 0.65 | - - | - - | - - |

* These amounts represent invoices raised during the year which includes invoices where revenue recognition has been deferred.

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

₹ in Crore

| | Year ended | Loans & advances and other assets | Guarantees taken outstanding as at year end | Trade receivables | Amount owed to related parties* |
|---|-------------|-----------------------------------|---|-------------------|---------------------------------|
| Holding and ultimate holding companies | 31 March 15 | - | - | - | - |
| | 31 March 14 | 0.01 | - | - | - |
| Fellow subsidiaries | 31 March 15 | - | - | - | - |
| | 31 March 14 | - | - | 0.96 | 0.81 |
| | 31 March 15 | - | 100.50 | 7.47 | 11.39 |
| | 31 March 14 | - | - | 4.05 | 3.67 |
| | 31 March 15 | - | - | - | - |
| | 31 March 14 | - | - | 0.50 | - |
| | 31 March 15 | - | - | - | 0.02 |
| | 31 March 14 | - | - | - | 0.58 |
| | 31 March 15 | - | - | 0.70 | 0.05 |
| | 31 March 14 | - | - | 10.64 | 0.10 |
| | 31 March 15 | - | - | 2.45 | 1.62 |
| | 31 March 14 | - | - | 6.26 | 1.56 |
| | 31 March 15 | - | - | - | - |
| | 31 March 14 | - | - | 6.07 | - |
| | 31 March 15 | - | - | - | - |
| | 31 March 14 | - | - | - | 0.03 |
| | 31 March 15 | 8.49 | - | 0.10 | 2.75 |
| | 31 March 14 | 16.89 | - | - | 1.12 |
| | 31 March 15 | - | - | - | 2.27 |
| | 31 March 14 | - | - | - | 3.59 |
| 31 March 15 | 0.01 | - | - | - | |
| 31 March 14 | - | - | - | 1.19 | |
| 31 March 15 | - | - | - | 0.00 | |
| 31 March 14 | - | - | - | 0.00 | |
| 31 March 15 | 1.36 | - | - | 0.78 | |
| 31 March 14 | 1.28 | - | - | 0.77 | |

c. Balances with Related Parties

Notes to Consolidated Financial Statements for the year ended 31 March 2015

c. Balances with Related Parties

| | Year ended | Loans & advances and other assets | Guarantees taken outstanding as at year end | Trade receivables | Amount owed to related parties* |
|--------------------------------------|-------------|-----------------------------------|---|-------------------|---------------------------------|
| Essar Projects Singapore Pte Limited | 31 March 15 | - | - | 0.00 | - |
| | 31 March 14 | - | - | 0.00 | - |
| Essar Power (Orissa) Limited | 31 March 15 | - | - | - | - |
| | 31 March 14 | - | - | 0.00 | - |
| Essar Bulk Terminal (Salaya) Limited | 31 March 15 | - | - | 0.06 | - |
| | 31 March 14 | - | - | 0.06 | - |
| Essar Steel India Limited | 31 March 15 | - | - | 0.24 | - |
| | 31 March 14 | - | - | - | 0.01 |
| Essar Global Services Limited | 31 March 15 | - | - | - | 0.02 |
| | 31 March 14 | - | - | - | - |
| Essar Telecom Kenya Limited | 31 March 15 | - | - | 0.00 | 0.20 |
| | 31 March 14 | 0.26 | - | 0.01 | - |
| Vadinar Power Company Limited | 31 March 15 | - | - | - | - |
| | 31 March 14 | - | - | 1.04 | - |
| Contact Centre Company | 31 March 15 | - | - | 5.64 | 3.33 |
| | 31 March 14 | - | - | 3.08 | 1.81 |
| Aegis Americas Inc. | 31 March 15 | - | - | 1.43 | - |
| | 31 March 14 | - | - | - | - |
| Aegis Communication Group LLC. | 31 March 15 | - | - | - | - |
| | 31 March 14 | - | - | 0.13 | - |
| Aegis Services Philippines Inc. | 31 March 15 | - | - | - | - |
| | 31 March 14 | - | - | 0.13 | - |

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

** During the year the group has written off receivable of ₹ 4.21 Crore from Aegis Outsourcing South Africa (Pty) Ltd. Foreign currency balances are restated at year end rates

Notes to Consolidated Financial Statements

for the year ended 31 March 2015

33. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Nil (31 March 2014: ₹ 0.10 Crore)
- (b) For commitments relating to lease arrangements, please refer note 30.

34. Employee benefit expense for the year ended 31 March 2015 includes:-

- (a) ₹ 1.07 Crore towards remuneration payable by the Company to its erstwhile whole-time Director (now a Non-executive Director) for a part of the financial year 2014-15, as per the shareholders' sanction, which exceeds the limits specified under Schedule V to the Companies Act, 2013 by ₹ 0.72 Crore and against which the Company has paid ₹ 0.82 Crore. In absence of profits, the Company filed an application with the Central Government seeking approval for such excess which is awaited till date. Until such time the excess has not been adjusted and is held in trust for the Company by the Director.
- (b) ₹ 0.67 Crore towards remuneration payable to the Managing Director for a part of the financial year 2014-15. The remuneration payable as per the shareholders' sanction was ₹ 3.19 Crore against which the Company has paid ₹ 2.01 Crore during the year. In absence of profits, the Company filed an application with the Central Government seeking approval for remuneration sanctioned by the shareholders, which exceeds the limits specified under Schedule V to the Companies Act, 2013. However, it has received an approval, subsequent to the year end for ₹ 0.84 Crore per annum. In view of the same, the excess amount has been reversed and disclosed as excess remuneration recoverable under "Other current assets".

35. Contingent Liabilities

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | ₹ in Crore | ₹ in Crore |
| Contingent liabilities | | |
| I) In respect of disputed demands of: | | |
| (a) Income tax authorities (Refer note (i) below) | 21.00 | 26.25 |
| (b) Excise, service tax and customs authorities (Refer note (ii) below) | 24.21 | 24.21 |
| (c) Sales tax matters (Refer note (iii) below) | 2.15 | 1.44 |
| II) Claims against the Company not acknowledge as debt | 0.00 | 1.00 |

(i) 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 2011-12 for ₹ 21.00 Crore (31 March 2014: ₹ 26.25 Crore). This is a timing difference liability and appeal is filed before Commissioner of appeals and other adjudicating authorities as required.

(ii) Excise, Service tax and Customs :

The amount is reported as contingent liability as an abundant caution for : ₹ 6.60 Crore (31 March 2014: ₹ 6.60 Crore) 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.

Notes to Consolidated Financial Statements for the year ended 31 March 2015

₹ 0.74 Crore (31 March 2014: ₹ 0.74 Crore) for demand of Service tax on Royalty payments, the matter is pending before the Commissioner Appeals.

₹ 0.40 Crore (31 March 2014: ₹ 0.40 Crore) for Service tax Demand on RTU Charges, the matter is remanded back by Commissioner Appeals for fresh adjudication.

₹ 0.47 Crore (31 March 2014: ₹ 0.47 Crore) related to Excise duty demand on sales of Software. The Company has filed appeal before CESTAT.

₹ 4.17 Crore (31 March 2014: ₹ 4.17 Crore) for Service tax Demand on RTU Charges, the matter is pending before the CESTAT.

₹ 4.73 Crore (31 March 2014: ₹ 4.73 Crore) 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.

₹ 7.04 Crore (31 March 2014: ₹ 7.04 Crore) related to incorrect utilization of Input Credit of Service tax, the CESTAT has remanded back the matter to the Commissioner for fresh adjudication.

₹ 0.06 Crore (31 March 2014: ₹ 0.06 Crore) related to interest and penalty demand on Foreign Service Provider, the matter is pending before the Commissioner Appeals, Ahmedabad.

(iii) Sales tax:

This represents ₹ 0.83 Crore (31 March 2014: ₹ 0.83 Crore) on account of non-receipt of 'F' form which is out of abundant precaution. 'F' forms are to be received from Company's own branches. Balance amount of ₹ 1.32 Crore (31 March 2014: ₹ 0.61 Crore) is sales tax liability in the state of Kerala, West Bengal, Uttar Pradesh, Maharashtra and Gujarat against which the Company has filed appeal before the 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 and hence no provision has been made.

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 2015

36. Unhedged foreign currency exposure

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

| | Amounts in Crore | | | |
|-----------------------------|------------------|--------|------------------|-------|
| | 31 March 15 | | 31 March 14 | |
| | Foreign Currency | ₹ | Foreign Currency | ₹ |
| Trade Payables | 1.31 USD | 81.92 | 1.56 USD | 94.05 |
| | 0.00 GBP | 0.05 | 0.01 GBP | 0.64 |
| | 0.01 EUR | 0.71 | 0.03 EUR | 2.26 |
| | 0.23 SAR | 3.76 | 0.18 SAR | 2.86 |
| | 0.01 SGD | 0.20 | 0.07 SGD | 3.44 |
| | 0.00 HKD | 0.02 | 0.00 HKD | 0.02 |
| | 0.00 NZD | 0.04 | 0.00 NZD | 0.03 |
| | 0.19 AED | 3.27 | 0.26 AED | 4.18 |
| | 0.14 KES | 0.10 | | |
| | 0.00 AUD | 0.00 | | |
| Bank Balances | 0.08 USD | 4.82 | 0.06 USD | 3.61 |
| | 0.14 AED | 2.32 | 0.14 AED | 2.29 |
| | 0.92 PHP | 1.29 | | |
| | | | 0.00 KES | 0.00 |
| Trade Receivables | 2.58 USD | 161.42 | 0.14 USD | 8.47 |
| | | | 0.01 GBP | 0.47 |
| | 0.12 SAR | 2.02 | 0.07 SAR | 1.11 |
| Short term borrowings | 0.13 USD | 8.14 | 0 | - |
| Short term Loans & advances | 0.66 USD | 41.67 | 0.04 USD | 2.53 |

37.1 During the previous year, on 01 June 2013, the Group acquired business of Aegis New Zealand Limited, New Zealand.

The details of the acquisition date financial information are as provided below:

| Particulars | 31 March 2014 |
|---|---------------|
| | ₹ in Crore |
| Assets | |
| Fixed assets | 0.20 |
| Trade receivables | 3.70 |
| Cash and bank balances | 4.00 |
| Liabilities | |
| Other current liabilities | (4.70) |
| Net Liabilities acquired and purchase consideration paid | 3.20 |

Notes to Consolidated Financial Statements for the year ended 31 March 2015

37.2 During an earlier previous year, on 15 March 2013, the Group has acquired business of Transcend United Technologies, LLC, USA.

The details of the acquisition date financial information are as provided below:

| Particulars | ₹ in Crore |
|--------------------------------|--------------|
| Assets | |
| Fixed assets | 6.02 |
| Inventories | 10.14 |
| Trade receivables | 26.52 |
| Cash and bank balances | 1.17 |
| Short-term loans and advances | 6.81 |
| Liabilities | |
| Long-term borrowings | (2.73) |
| Trade payables | (48.64) |
| Other current liabilities | (30.09) |
| Net Liabilities acquired | (30.80) |
| Purchase consideration paid | 45.15 |
| Goodwill on acquisition | 75.95 |

The net liabilities of Transcend United Technologies, LLC, USA, as on 31 March 2013 was ₹ 31.3 Crore, net revenue for the period from 15 March 2013 to 31 March 2013 is ₹ 6.6 Crore and the net profit after tax during the period from 15 March 2013 to 31 March 2013 is ₹ 0.3 Crore.

- 37.3** During the current year, the company's subsidiary, AGC Networks Inc. has decided not to amortise goodwill on purchase of business of Transcend United Technologies, LLC, USA (TUT business) in view of estimated period of benefits based on the future projections of the said business. Goodwill which was earlier amortised over a period of 5 years, will now be tested for impairment effective 1 April, 2014.
- 38.** As per the transfer pricing rules, the Group 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 transactions involved.
- 39.** During the year ended 31 March 2015 AGC Networks Inc. has entered into an Asset Transfer Agreement to sell its entire fixed assets to a party with which it has entered into a Master Service Agreement for use of the same / similar assets to support its operations. The Company believes this arrangement would enable it to obtain significant advantages in the nature of maintenance / capacity enhancement of such assets and reduction in technology risk while focusing on its core business of providing networking solutions to its customers.

Notes to Consolidated Financial Statements for the year ended 31 March 2015

- 40.** Pursuant to the shareholders approval dated 21 April 2015, the Nomination and Remuneration Committee of the Board Of Directors granted 1,004,866 stock options equivalent to 3.53% of equity paid-up capital of the Company on 14 May, 2015 as per the terms of ESOP Scheme 2015.
- 41.** Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.
- 42.** All amounts are in Rupees (in Crore) except otherwise stated specifically - `0' denotes amounts less than a Crore rupees.

For Walker Chandio & Co LLP
(Formerly known as Walker, Chandio & Co)
Chartered Accountants

ADI P. SETHNA
Partner

Place: Mumbai
Date : 27 May 2015

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

ANIL NAIR
Managing Director & CEO

PRATIK BHANUSHALI
Company Secretary

Place : Mumbai
Date : 27 May 2015

NEERAJ GUPTA
Director

AMAL THAKORE
Chief Financial Officer

Financial Highlights - Consolidated

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fixed Assets (Net) and Investment | 89.7 | 119.8 | 129.2 | 115.8 | 102.6 | 21.7 | 19.9 | 27.2 | 26.4 | 32.2 |
| Net Current Assets | 156.2 | 189.7 | 495.6 | 328.3 | 146.3 | 219.1 | 193.7 | 173.9 | 164.2 | 131.5 |
| Total Capital Employed | 101.6 | 74.0 | 305.6 | 322.5 | 262.7 | 253.0 | 225.7 | 215.4 | 204.0 | 173.3 |
| Shareholders' Funds | | | | | | | | | | |
| I. Equity | 43.5 | 28.5 | 28.5 | 14.2 | 14.2 | 14.2 | 14.2 | 14.2 | 14.2 | 14.2 |
| II. Reserves and Surplus | 58.2 | 45.5 | 277.1 | 308.3 | 248.5 | 238.8 | 211.5 | 201.0 | 189.2 | 157.9 |
| Total | 101.6 | 74.0 | 305.6 | 322.5 | 262.7 | 253.0 | 225.7 | 215.2 | 203.4 | 172.1 |
| Sales (including excise) | 892.0 | 775.8 | 1,061.2 | 997.6 | 325.5 | 540.4 | 558.4 | 637.2 | 924.7 | 477.9 |
| Other Income | 6.3 | 19.6 | 51.5 | 12.9 | 3.1 | 10.3 | 4.2 | 3.4 | 8.3 | 16.6 |
| Profit before tax | 17.7 | (274.1) | (9.9) | 86.3 | 19.2 | 52.4 | 23.2 | 28.6 | 69.0 | 52.3 |
| Provision for Tax | | | | | | | | | | |
| I. Current Tax | 3.5 | 0.3 | 7.0 | 21.7 | 7.6 | 17.8 | 5.1 | 10.8 | 28.2 | 22.7 |
| II. Deferred Tax | (0.6) | (2.7) | 5.0 | 1.1 | (1.6) | - | 2.1 | (0.9) | (3.6) | (2.9) |
| III. Fringe Benefit Tax | - | - | - | - | - | - | 0.5 | 1.2 | 1.7 | 1.7 |
| Profit After Tax | 14.8 | (271.6) | (21.9) | 63.5 | 13.2 | 34.6 | 15.5 | 17.5 | 42.7 | 30.9 |
| Dividend (%) | - | - | - | 150 | 23 | 45 | 35 | 35 | 68 | 45 |
| Debt Equity Ratio | 1.42 | 3.18 | 1.04 | 0.40 | - | - | - | - | - | 0 |
| Earning per share (₹) | 5 | (95) | (7.69) | 22.32 | 9 | 24 | 11 | 12 | 30 | 22 |
| Cash Earning per share (₹) | 1.17 | (81.21) | (1.98) | 52.85 | 11.94 | 29.79 | 18.13 | 20.80 | 42.29 | 29.25 |
| Book Value per share (₹) | 3.57 | 48.50 | 107.22 | 226.63 | 184.57 | 177.78 | 158.60 | 151.21 | 142.91 | 120.94 |

AGC NETWORKS LIMITED

Regd. Office: Equinox Business Park, (Peninsula Techno Park) Off.
Bandra Kurla Complex, LBS Marg Kurla West. Mumbai – 400070
Website – www.agcnetworks.com | CIN L32200MH1986PLC040652

ATTENDANCE SLIP

ANNUAL GENERAL MEETING - AUGUST 6, 2015 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-NINTH ANNUAL GENERAL MEETING of the Company at Banquet Hall, Equinox Business Park, Off B.K.C, LBS Marg, Kurla West, Mumbai 400070 on Thursday, August 6, 2015.

| | |
|---|---------------------------------------|
| 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
Website – www.agcnetworks.com | CIN L32200MH1986PLC040652

PROXY FORM

ANNUAL GENERAL MEETING AUGUST 6, 2015 AT 11.00 A.M

I/We of
in the district ofbeing a member/members of AGC NETWORKS LIMITED hereby appoint
..... of in the district of
.....or failing himofin the district ofas my/our
proxy to vote for me/us on my/our behalf at the TWENTY- NINTH ANNUAL GENERAL MEETING of the Company to be held
at Banquet Hall, Equinox Business Park, Off B.K.C, LBS Marg, Kurla West, Mumbai 400070 on Thursday, August 6, 2015 and
at any adjournment thereof.

Signed this day of 2015.

Reg. Folio/Client ID No.:

DP ID No.:

No. of Shares:

Signature of the Proxy Holder: Signature of the Member:.....

Affix a
1 Rupee
Revenue
Stamp

This form is to be used ^{* In favour} of the resolution. Unless otherwise instructed, the proxy will act as he/she thinks fit.
_{* against}

* Strike out which ever not desired

- Note:
1. 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.
 2. E-Voting instructions and details are as mentioned in the notice of TWENTY- NINTH ANNUAL GENERAL MEETING.



Accelerating Business

Registered Office

AGC Networks Limited, Equinox Business Park, Tower A (Peninsula Techno Park),
Off. BKC, LBS Marg, Kurla West, Mumbai 400070, India. | T: + 91 22 6661 7272
F: +91 22 6704 5888 | E: info@agcnetworks.com

CIN L32200MH1986PLC040652

www.agcnetworks.com



Download the report here
<http://www.agcnetworks.com/AR-2015>