AGC
Accelerating Business

A Transformational Journey

Annual Report 2016-2017

AGC Networks Limited

An ESSAR Enterprise

CONTENTS

Notice	03
Directors' Report	09
Management Discussion and Analysis Report	38
Corporate Governance Report	50
Auditors' Report	62
Balance Sheet	70
Profit and Loss Account	71
Cash Flow Statements	72
Notes to Financial Statements	74
Form AOC - 1	105
CEO/CFO Certificate	106
Auditors' Report Consolidated	107
Consolidated Balance Sheet	112
Consolidated Statement of Profit and Loss Account	113
Consolidated Cash Flow Statement	114
Notes to Consolidated Financial Statements	116
Financial Highlights – Consolidated	152

Message from the Chairman

Dear Shareholders,

Given the inherent nature of the marketplace dynamics existing in most of the geographies that AGC operates in, we believe that FY 16–17 has been a year of stabilization at AGC Networks. This can be attributed to the agility and adaptive nature of your Company across each of the markets that we operate in, thus making us resilient. The transformation, from the comfort zone of being a leading Solution Integrator in the Unified Communication quadrant to successfully securing the customer's cyber space across newer verticals and theatres or delivering evolved digital transformation led solutions, are all just the beginning.

CYBER–i, the Cyber Security division of your Company through key partnerships and skill sets created, continues to be the **Managed Security Services Provider** (MSSP) to key customers across vertical and geographies and delivers Advisory services in the areas of Compliance and VAPT raising the level of customer confidence in your Company. The **Global Security Operations Center** (GSoC) of the Company is one of the top SOCs in South Asia. Transparency as a key prerequisite, and a clear focus on improving customer efficiency and optimizing costs have led your Company to manage its working capital better, thereby delivering the customer's technology landscape and ensure efficient Returns to all stakeholders. This, combined with the right attitude and right people, has geared your Company to deliver in the global marketplace with renewed confidence.

The effects of this transformation, under the experienced leadership team in each practice and geography is aimed at one objective – that of increasing value for stakeholders, in a consistent and sustainable manner, in the years to come.

Thank you, shareholders, for your continuing support.

With Best Wishes,
Sujay R. Sheth

Message from the Whole Time Director

FY 2016–17 has been a crucial year in the 32+ years journey of your Company. A year of transformation focused on creating close partnerships with leading global OEMs, helping customers stay ahead of the technology curve in their respective markets and delivering value to various stakeholders through a host of innovative technology solutions and services has been our focus in the year. Your Company is committed to creating a robust roadmap and deep interoperability and integration with our market leading ecosystem through a *Glocal* approach.

In the year, the transformation objectives of your Company have been crafting and implementing the future business strategy combined with a focus on creating shareholder value. This on–going initiative is further strengthened by bonding closer with our customers and partners to drive growth! AGC is re–organizing and re–energizing itself with a relentless focus on building stronger **Relationships**, continuing being **Relevant** in the markets that we operate in and delivering objective **Results.** The vision is to create a valuable organization with long term sustainability while ensuring profitability for our stakeholders. With our customer's being at the forefront of technology requirements that are driven and delivered by AGC Networks; the areas where our customers demand our expertise have been in **Cyber Security, Digital, IoT** (Internet of Things), **Managed Services** and **Cloud solutions** delivered through AGC's quadrants. We believe in creating a sustained difference through seamless support and delivery **Services** provided to the customer's IT landscape thereby accelerating their business. Most importantly, the combination of right skilling and OEM partner leverage in each geography defines our unique value proposition to our customers across verticals. Your organization's emergence as a Global Solution Integrator of choice is evident in the diversity of verticals and theatres that AGC is delivering value in.

We thank you for your continued support.

Warm Regards,
Sanjeev Verma

CORPORATE INFORMATION

Directors

Sujay R. Sheth	Chairman – Independent Non–Executive Director
Jangoo Dalal	Independent Non–Executive Director
Manhar Mandaliya	Independent Non–Executive Director
Shuva Mandal	Independent Non–Executive Director
Suparna Singh	Non–Executive Director (w.e.f. March 16, 2017)
Sanjeev Verma	Whole Time Director

Chief Financial Officer
Angshu Sengupta (w.e.f. July 11, 2016)

Company Secretary & Compliance Officer
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
Bengaluru, Chennai, Gandhinagar, Gurgaon, Hyderabad, Kolkata, Mumbai, Pune

Global Presence
Australia, Kenya, New Zealand, Philippines, Singapore, UAE, UK, 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
Sujay R. Sheth (Chairman), Manhar Mandaliya, Shuva Mandal

Stakeholders Relationship Committee
Sujay R. Sheth (Chairman), Sanjeev Verma

Ethics and Compliance Committee
Shuva Mandal (Chairman), Sujay R. Sheth

Nomination and Remuneration Committee
Shuva Mandal (Chairman), Sujay R. Sheth, Manhar Mandaliya

Executive Committee
Sanjeev Verma (Chairman), Angshu Sengupta, Animesh Shrivastava, Atul Khatavkar

Corporate Social Responsibility Committee
Sujay R. Sheth (Chairman), Shuva Mandal, Sanjeev Verma

Risk Management Committee
Sujay R. Sheth (Chairman), Sanjeev Verma, Angshu Sengupta

Above data is as of March 31, 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 31st Annual General Meeting of the Members of **AGC NETWORKS LIMITED** ("the Company") will be held on Friday, September 22, 2017 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 Financial Statements (including Consolidated Financial Statements) of the Company for the financial year ended March 31, 2017, along with the Reports of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Sanjeev Verma (DIN: 06871685), who retires by rotation and being eligible, offers himself for re–appointment.

3. To confirm the Interim Dividend of Re. 1/– per Preference Share (face value of ₹ 100/– each) of the Company for the financial year 2016–17, as approved by the Board of Directors on April 29, 2017.

4. To ratify the appointment of Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Members hereby ratify the appointment of M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Firm Registration No. 001076N) as Statutory Auditors of the Company to hold office from the conclusion of this 31st Annual General Meeting until the conclusion of the 32nd Annual General Meeting and that the Board of Directors be and is hereby authorized to fix their remuneration.

   RESOLVED FURTHER THAT any of the Directors of the Company, Chief Financial Officer of the Company or the Company Secretary be and are hereby severally authorized to do all such acts, deeds and things and to perform all such matters as may be incidental or ancillary to give effect to this resolution including but not limited to filing relevant forms and information with relevant statutory authority/ies."

SPECIAL BUSINESS:

5. Appointment of Mrs. Suparna Singh (DIN 07142898) as Non–Executive Non–Independent Director of the Company

   To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV 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. Suparna Singh (DIN: 07142898) who was appointed by the Board of Directors as an Additional Director of the Company with effect from March 16, 2017 and who holds office up to the date of this Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013 ("the Act"), and 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 her candidature for the office of Director of the Company, be and is hereby appointed as a Director (Non–executive Non–Independent) of the Company whose office shall be liable to retirement by rotation.

RESOLVED FURTHER THAT any of the Directors of the Company, Chief Financial Officer of the Company or the Company Secretary be and are hereby severally authorized to do all such acts, deeds and things and to perform all such matters as may be incidental or ancillary to give effect to this resolution including but not limited to filing relevant forms and information with relevant statutory authority/ies."

By order of the Board of Directors,
For **AGC Networks Limited**
Sd/–
Pratik Bhanushali
Company Secretary & Compliance officer
Membership No. F8538

Place: Mumbai.
Dated: August 10, 2017

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

NOTES

1) **A Member entitled to attend and Vote at the Annual General Meeting is entitled to appoint a Proxy to Attend and Vote on Poll instead Of himself/herself and such Proxy need not be a Member of the Company. The instrument appointing proxy/ proxies in order to be effective, should be deposited at the registered office of the Company duly completed and signed not less than 48 hours before the commencement of the meeting.**

   A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such proxy shall not act as a proxy for any other person or shareholder.

2) The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts concerning special business in respect of Item No. 5 as set out above in annexed hereto.

3) 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.

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

5) 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.

6) The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2017 (Saturday) to 22.09.2017 (Friday) (both days inclusive) for the purpose of Annual General Meeting.

7) 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

8) 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.

9) Members are requested to quote their Registered Folio Nos. on all correspondence with the Company.

10) Members desirous of getting any information in relation to the Company's Annual Report 2016–17 are requested to address their query(ies) well in advance, i.e. at least 10 days before the Meeting, to the Secretary of the Company to enable the Management to keep the information readily available at the Meeting.

11) Members holding shares in single name and physical form are advised to make nomination in respect of shareholding in the Company. Members can avail of the Nomination facility by filing Form SH–13 with the Company or its Registrar. Blank forms will be supplied on request. In case of shares held in Demat form, the nomination has to be lodged with their Depository Participants.

12) Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s. Datamatics Financial Services Limited (DFSL, for consolidation into a single folio.

13) Members are informed that 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.

14) **The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to the Depository Participants with whom they are maintaining Demat accounts(s). Members holding shares in physical form can submit their PAN details to M/s. Datamatics Financial Services Limited (DFSL).**

15) Notice and the Annual Report will also be available under the Investor Relations section on the website of the Company www.agcnetworks.com.

16) Profiles of the Directors seeking appointment/re–appointment, as required by Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in this Notice.

These Directors have furnished the requisite consents/declarations in respect of their appointment/re–appointment. None of the Directors is related to any Director or to any Key Managerial Personnel of the Company.

17) 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– encashed dividend is transferred to "Investor Education & Protection Fund" as above, no claims shall lie in respect of such amount by the Shareholder.

18) **Members who have not registered their e–mail addresses so far are requested to register their email address so that they can get all the information of the Company at the click of the mouse. Members are also requested to immediately notify any changes in their address and /or email IDs to the Company/Registrar at their respective addresses as mentioned in this Notice.**

19) 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).

20) A Route Map along with prominent land mark for easy location to reach the venue of the 31^{st} AGM is annexed herewith the Notice.

INSTRUCTIONS FOR E–VOTING

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on 9.00 AM on 19.09.2017 and ends on 5.00 PM on 21.09.2017. 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 15.09.2017 may cast their vote electronically. The e–voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e–voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) 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.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) 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.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha–numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • 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. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

a. After entering these details appropriately, click on "SUBMIT" tab.

b. 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.

c. For Members holding shares in physical form, the details can be used only for e–voting on the resolutions contained in this Notice.

d. Click on the EVSN for the relevant <AGC Networks Limited> on which you choose to vote.

e. 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.

f. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

g. 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.

h. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

i. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

j. 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.

k. Shareholders can also cast their vote using CDSL’s mobile app m–Voting available for android based mobiles. The m–Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(viii) **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 linked in the login 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.

(xi) 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.

FOR MEMBERS WHO WISH TO VOTE USING BALLOT FORM:

In addition to the remote e–voting facility as described above, the Company shall make a voting facility available at the venue of the Annual General Meeting, through polling paper as provided in Section 109 of the Companies Act, 2013 read with Rule 20 of the Rules and Members attending the meeting who have not already cast their votes by remote e–voting shall be able to exercise their right at the meeting

Members who have cast their votes by remote e–voting prior to the meeting may attend the meeting, but shall not be entitled to cast their vote again.

GENERAL INSTRUCTIONS

The Board of Directors has appointed M/s. S. K. Jain & Co., Practicing Company Secretaries, (Membership No. FCS 1473 CP No 3076) as the Scrutinizer to conduct the e–voting process and voting through Ballot forms received from Members in a fair and transparent manner.

The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e–voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a Scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or to a person authorised by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.

The Scrutinizer shall submit his report to the Chairman who shall declare the results of the voting. The result declared alongwith the Scrutinizer’s Report shall be placed on the Company website www.agcnetworks.com and on the website of CDSL immediately after the declaration of result by the Chairman or by a person duly authorized by him in writing. The results shall also be forwarded to the National Stock Exchange Ltd and the Bombay Stock Exchange Limited, where the equity shares of the Company are listed.

STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

The Board of Directors at its Meeting held on March 16, 2017, appointed Mrs. Suparna Singh as an Additional Director of the Company with immediate effect. Under Section 161(1) of the Companies Act, 2013, Mrs. Singh 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. Singh as a candidate for the office of Director of the Company. Brief resume of Mrs. Singh, nature of her expertise in specific functional areas and names of companies in which she holds directorships and shareholding in the companies is provided in the annexure to this Notice.

The Board considers that the appointment of Mrs. Singh as a Director 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. Singh, 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. 5.

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

ANNEXURE TO NOTICE

Details of the Director/s seeking appointment/re–appointment in forthcoming Annual General Meeting
[Pursuant to regulation 36(3) of SEBI (LODR) Regulations, 2015]

Name of Director	Mrs. Suparna Singh	Mr. Sanjeev Verma
Date of Birth	April 4, 1968	July 20, 1967
Date of Appointment	March 16, 2017	February 15, 2016
Expertise in specific functional areas and Qualifications and Brief resume	Mrs. Suparna Singh is an electrical engineer and an MBA from IIM Calcutta. With over 26 years of experience working with leading corporates, Mrs. Singh's professional career has ranged across different roles from the shop–floor to the boardroom. Mrs. Singh has also worked with steel legends like Dr. J. J. Irani during her stint in Business process excellence and supply chain management with leading steel giant. She is also regular in the lecture circuit and plays an active role in mentoring women to become empowered individuals.	Mr. Verma is a Technology Veteran with over 22 years of extensive global experience in the ICT domain. He has highly successful track record in diverse set of management and leadership rules in the areas of business operations, sales and marketing, consulting, M & A and startup operations. Prior to joining AGC, Mr. Verma has contributed to progress and establishment of a leading global technology giant in India. During that tenure, he led from the front all the business development initiatives and helped drive multifold growth in sales and profitability. Prior to joining AGC, Sanjeev has contributed to the progress and establishment of a leading global technology giant in India. During that tenure he led from the front all the business development initiatives and helped drive multi fold growth in sales and profitability.
Name/s of other Listed Companies in which Directorship held	Essar Securities Limited	NIL
Name/s of other Listed Companies in which the Director holds membership in the Committees	Essar Securities Limited	NIL
Shareholding in the Company	NIL	NIL
Relationship between the Directors inter–se	Unrelated, except being on the Board of AGC Networks Limited	

DIRECTORS' REPORT

The Directors hereby present the 31st Annual Report and the audited financial statements of the Company for the year ended March 31, 2017.

1. Financial Results

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

₹/Cr

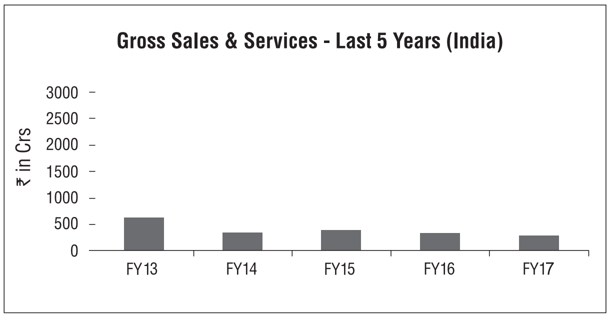
	Standalone		Consolidated	
	Year ended 31/03/2017	Year ended 31/03/2016	Year ended 31/03/2017	Year ended 31/03/2016
Revenue from Operations (Gross)	245.96	314.57	780.22	882.76
Total Income (Net)	250.15	320.04	782.48	886.89
Profit before interest, depreciation & tax (EBIDTA)	8.21	–7.38	45.91	12.83
Less : Interest and finance charges (Net)	20.34	24.10	24.94	26.68
Less : Depreciation	2.39	5.23	6.56	8.50
Profit/(Loss) before tax from continuing operations	–14.52	–36.71	14.41	–22.35
Less : Provision for tax (including Deferred tax)	–	–	2.32	12.24
Profit/ (Loss) after tax from continuing operations	–14.52	–36.71	12.09	–34.59
Profit after tax from discontinuing operations	–	–	–	–
Profit/(Loss) after tax	–14.52	–36.71	12.09	–34.59
Balance brought forward from previous year	–126.99	–90.28	–168.71	–134.12
Amount available for appropriation	–141.51	–126.99	–156.62	–168.71
Appropriations :				
Profit on Demerger/Additional Depreciation	–	–	–	–
Transfer to General Reserve	–	–	–	–
Balance carried to Balance Sheet	–141.51	–126.99	–156.62	–168.71

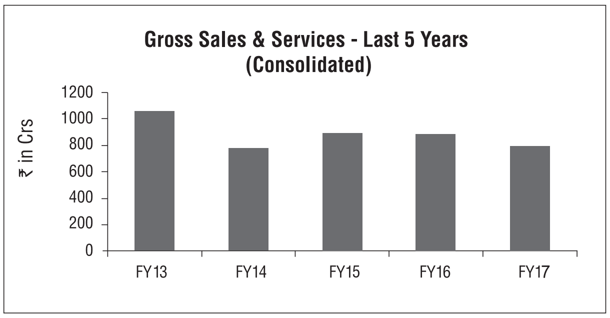
2. Dividend

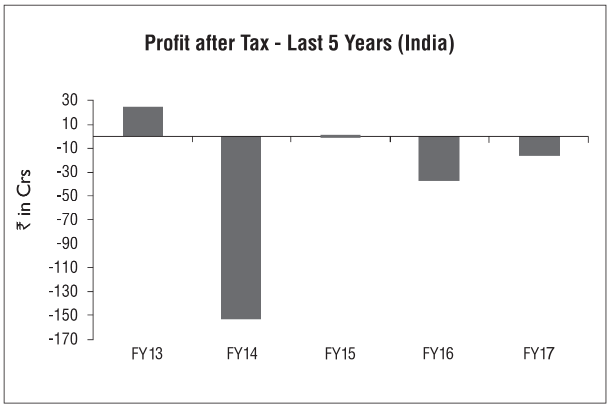
In view of the losses, your Directors have not recommended any dividend for the financial year ended March 31, 2017.

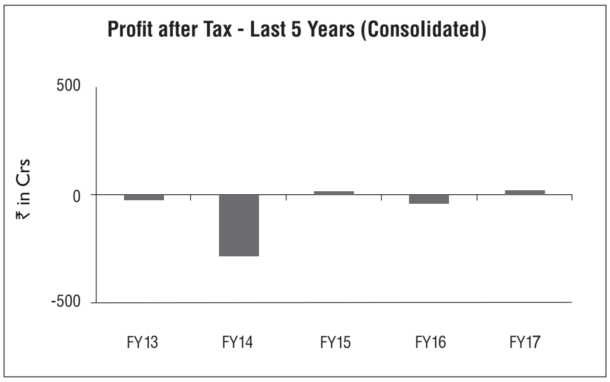
3. Financial Performance

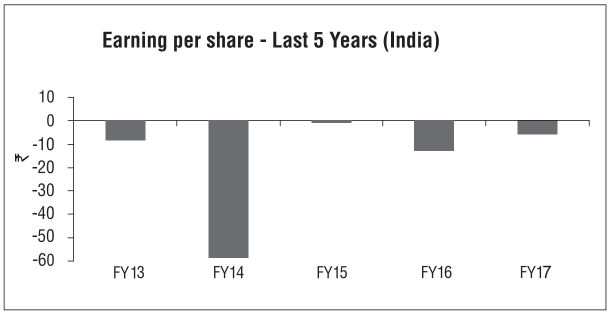
The Company, for the year ended March 31, 2017 recorded a gross turnover of ₹ 245.96 Crores as against ₹ 314.57 Crores for the period ended March 31, 2016. The net loss has reduced to ₹ 14.52 Crores for the financial year ended March 31, 2017 from ₹ 36.71 Crores for the financial year ended March 31, 2016. On Consolidated basis, your Company has made a net profit of ₹ 12.09 Crores for the financial year ended March 31, 2017 as against loss of ₹ 34.59 Cores for the financial year ended March 31, 2016.

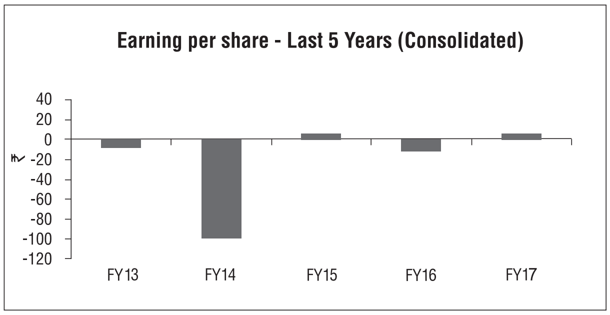












4. Organizational Initiatives

Building a Global Connect through Culture & Engagement:

AGC aims to create a positive work environment through Camaraderie, Collaboration & Communication and thus position AGC as a ***"Great Place to work"***.

To create a culture where employees are committed to their organization's goals and values, motivated to contribute to organizational success, and are able at the same time to enhance their own sense of well–being.

I. **Corporate Social Responsibilities** – As a responsible corporate organization, AGC has been consistently working towards adding value to the society through some of its community initiatives such as **Back to school** with an objective to go beyond business to enrich the quality of life of the community that we operate in. **The Keep it green! Keep it clean** initiative to plant a life is an annual contribution across AGC geographies and locations on World Environment Day.

II. **Employee Connect Programs – with an intent to create happy planet at AGC.**

a. **International Women's Day celebrations** – At AGC, the 8th of March every year is celebrated as the International Women's day as a series of engagement initiatives. This year was celebrated with the **'Inspiring Women'** contest – appreciating a woman's strengths and sacrifices and acknowledging her contribution in the lives of others. At AGC, we believe that diversity and inclusion is a strong business imperative and through this initiative, we connect our diverse women workforce across global locations.

b. **Health Camps** – In alignment to the "Employee Health and Wellness initiative at AGC" preventive health checks imbibing correct nutrition in our lifestyle have been implemented. Free counseling sessions by medical experts and an Eye Check–up Camp was organized to encourage the value of adopting a healthier lifestyle.

c. **My Expressions** – Hobby Initiative – 'My Expressions' contest is a great opportunity for all employees to showcase their talent and express their passion and belief through imagery. Painting and Photography enthusiasts across the globe participated with vibrant enthusiasm and connect.

III. **Employee Communications**

a. **CEO Konnect** – An All Hands Communication is an important Employee Connect platform where the Whole Time Director shares organization–wide update, directions and overall imperatives with the employees.

b. **CEO Performance Plus awards** – AGC's **Global Reward & Recognition framework** is aligned to recognize exceptional talent and reward top performance. The **CEO Performance Plus Awards** are given to recognize exemplary performances, which have not only exceeded expectations but also set new performance benchmarks. The awards recognize performances across various criterion.

c. **Focus Group Meetings** – Is an ideation meeting with Management team to discuss ideas and brainstorm suggestions, communicate strategic views and future plans for the business and discuss ways to accelerate business. This platform is to gather market intelligence, ignite creative thinking, brainstorm and ideate strategies to build new roadways into the market and understand the need of customers and vendors.

IV. **Learning Programs** – Learning and development offerings are 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 set ups. New learning and development methodologies were launched to maximize individual capability and performance. Key OEM (Original Equipment Manufacturers) certifications achieved to enable partnerships with core and strategic OEMs.

5. Management's Discussion and Analysis report

Management's Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulations, 2015, is presented in a separate section forming an integral part of the Annual Report.

6. Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested. For details with regard to reportable material weaknesses, if any, please refer Statutory Auditors' report forming part of the report.

7. Deposits

The Company has not accepted any Deposits during the year.

8. 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 subsidiary 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.

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. 105 of this Annual Report.

9. 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.

10. Statutory Auditors and their report

M/s. Walker Chandiok & 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 March 31, 2017, along with view of the Management for the same.

A. Standalone Audit report

I. As stated in Note 5 to the Statement, during the year ended March 31, 2015, the Company had recognised sale of two properties having carrying value of ₹ 0.74 crores and ₹ 0.35 crores, respectively, and profit on such sale amounting to ₹ 40.85 crores and ₹ 5.19 crores (net of incidental selling expenses amounting to ₹ 3.04 crores and ₹ 0.35 crores), respectively, under 'exceptional items'. In our opinion, since the significant risks and rewards for the said properties were not transferred, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Accounting Standard (AS) 9 'Revenue Recognition' and AS 5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules 2006 (as amended) and should have been reversed. Our audit/review reports on the financial statements/financial results of all the corresponding period upto March 2016, were qualified in respect of this matter. Further, during the month of April 2016, significant risks and rewards in respect of one of the said property having a carrying value of ₹ 0.35 crores was transferred. Accordingly, in our opinion, sale of this property should have been recognised during the year ended March 31, 2017. Hence our audit opinion on the standalone financial statements for the year ended March 31, 2017, is qualified to this extent. With respect to the other property having carrying value of ₹ 0.74 crores our audit opinion on the standalone financial statements for the year ended March 31, 2017, continues to be qualified.

   Had the Company followed the principles of AS 9 and AS 5 during the year ended March 31, 2017, the prior period expenses would have been higher by ₹ 46.04 crores (March 31, 2016: ₹ 46.04 crores) and profit on sale of property would have been higher by ₹ 5.19 crores for the year ended on that date (March 31, 2016: Nil); loss before tax would have been higher by ₹ 40.85 crores for the year ended on that date (March 2016: ₹ 46.04 crores); tax expenses for the year ended March 31, 2017, would have been lower by ₹ 3.27 crores (March 31, 2016 : ₹ 3.27 crores); long term loans advances, carrying value of tangible assets and other current liabilities as at March 31, 2017, would have been higher by ₹ 3.27 crores (March 31, 2016: ₹ 3.27 crores), ₹ 0.74 crores (March 31, 2016: 1.09 crores) and ₹ 0.16 crores (March 31, 2016: lower by ₹ 0.19 crores) respectively; reserves and surplus and other current assets as at that date would have been lower by ₹ 37.58 crores (March 31, 2016: ₹ 42.77 crores) and ₹ 47.32 crores (net of ₹ 3.20 crores received during previous year) (March 31, 2016: ₹ 47.32 crores), respectively.

II. In our opinion, according to the information and explanations given to us and based on our audit, the following material weakness has have been identified in the operating effectiveness of the Company's IFCoFR as at March 31, 2017:

The Company's internal financial control over evaluation of accounting of non–routine transactions was not operating effectively. This has, during the year, resulted in non–reversal of transaction for sale of one property for which risks and rewards not transferred till the reporting date and non–recognition of sale of the other property for which risks and rewards were transferred during the current year, due to inappropriate evaluation of timing of transfer of risk and reward during an earlier year. This has led to misstatements of long–term loans and advances, tangible assets, other current assets, other current liabilities, prior period items, profit on sale of property, tax expense and resultant impact on the loss before tax and the reserves and surplus as at and for the year ended March 31, 2017.

A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended March 31, 2017, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

Management's views for I & II above:

During the year ended March 31, 2015, the Company entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of ₹ 50.52 Crores. During April 2015, the lender to whom these assets were provided as security provided its in–principal approval for the said transfer subject to fulfilment of conditions stated therein. The said transfer was pending approval from the relevant government authority and transfer of legal title that were considered to be procedural in nature. Accordingly the Company had recognized profit on sale of Fixed Assets of ₹ 46.04 Crores (net of incidental expenses ₹ 3.39 Crores) during the year ended March 31, 2015. During the previous year ended March 31, 2016, the Company received approval from the lender for sale of one of the property sold for consideration of ₹ 5.89 crores and also realized part consideration of ₹ 3.20 crores from the buyer. During April 2016, approval from the requisite authorities have also been received and sale deed has been executed between the Company and the buyer for transfer of legal title for one of the property. The Company has also obtained the requisite approvals for the other property and subsequent to year ended March 31, 2017, has realized further consideration of ₹ 13.50 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer. Accordingly management believes that the Internal Financial Controls are operating effectively.

B. Consolidated Audit report

I. As stated in Note 9 to the Statement, during the year ended March 31, 2015, the Company had recognised sale of two properties having carrying value of ₹ 0.74 crores and ₹ 0.35 crores, respectively, and profit on such sale amounting to ₹ 40.85 crores and ₹ 5.19 crores (net of incidental selling expenses amounting to ₹ 3.04 crores and ₹ 0.35 crores), respectively, under 'exceptional items'. In our opinion, since the significant risks and rewards for the said properties were not transferred, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Accounting Standard (AS) 9 'Revenue Recognition' and AS 5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules 2006 (as amended) and should have been reversed. Our audit opinion on the consolidated financial statements for the year ended March 31, 2016, was qualified in respect of this matter. During the month of April 2016, significant risks and rewards in respect of one of the said property having a carrying value of ₹ 0.35 crores was transferred. Accordingly, in our opinion, sale of this property should have been recognised during the year ended March 31, 2017. Hence our audit opinion on the consolidated financial statements for the year ended March 31, 2017, is qualified to this extent. With respect to the other property having carrying value of ₹ 0.74 crores our audit opinion on the consolidated financial statements for the year ended March 31, 2017, continues to be qualified.

Had the Company followed the principles of AS 9 and AS 5 during the year ended March 31, 2017, the prior period expenses would have been higher by ₹ 46.04 crores (March 31, 2016: ₹ 46.04 crores) and profit on sale of property would have been higher by ₹ 5.19 crores for the year ended on that date (March 31, 2016: Nil); profit before tax would have been lower by ₹ 40.85 crores for the year ended on that date (March 31, 2016: ₹ 46.04 crores); tax expenses for the year ended March 31, 2017, would have been lower by ₹ 3.27 crores (March 31, 2016: ₹ 3.27 crores); long term loans advances, carrying value of tangible assets and other current liabilities as at March 31, 2017 would have been higher by ₹ 3.27 crores (March 31, 2016: ₹ 3.27 crores), ₹ 0.74 crores (March 31, 2016: 1.09 crores) and ₹ 0.16 crores (March 31, 2016: lower by ₹ 0.19 crores) respectively; reserves and surplus and other current assets as at that date would have been lower by ₹ 37.58 crores (March 31, 2016: ₹ 42.77 crores) and ₹ 47.32 crores (net of ₹ 3.20 crores received during previous year) (March 31, 2016: ₹ 47.32 crores), respectively.

II. In opinion, according to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company's IFCoFR as at March 31, 2017:

The Holding Company's internal financial control over evaluation of accounting of non–routine transactions was not operating effectively. This has, during the year, resulted in non–reversal of transaction for sale of one property for risk and rewards not transferred till the reporting date and non–recognition of sale of the other property for which risks and rewards were transferred during the current year, due to inappropriate evaluation of timing of transfer of risk and reward during an earlier year. This has led to misstatements of long–term loans and advances, tangible assets, other current assets, other current liabilities, prior period items, profit on sale of property, tax expense and resultant impact on the profit before tax and the reserves and surplus as at and for the year ended March 31, 2017.

A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group as at and for the year ended March 31, 2017, and the material weakness has affected our opinion on the consolidated financial statements of the Group and we have issued a qualified opinion on the consolidated financial statements.

Management's views for I & II above:

During the year ended March 31, 2015, the Company entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of ₹ 50.52 Crores. During April 2015, the lender to whom these assets were provided as security provided its in–principal approval for the said transfer subject to fulfilment of conditions stated therein. The said transfer was pending approval from the relevant government authority and transfer of legal title that were considered to be procedural in nature. Accordingly the Company had recognized profit on sale of Fixed Assets of ₹ 46.04 Crores (net of incidental expenses ₹ 3.39 Crores) during the year ended March 31, 2015. During the previous year ended March 31, 2016, the Company received approval from the lender for sale of one of the property sold for consideration of ₹ 5.89 crores and also realized part consideration of ₹ 3.20 crores from the buyer. During April 2016, approval from the requisite authorities have also been received and sale deed has been executed between the Company and the buyer for transfer of legal title for one of the property. The Company has also obtained the requisite approvals for the other property and subsequent to year ended March 31, 2017, has realized further consideration of ₹ 13.50 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer. Accordingly management believes that the Internal Financial Controls are operating effectively.

11. Secretarial Auditors and their report

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Director had appointed M/s. S. K. Jain and Co., Company Secretaries in Practice to undertake the Secretarial Audit for the financial year 2016–17. There is no qualification, reservation or adverse remark made in their Secretarial Audit Report to the Company. The Audit Report of the Secretarial Auditor is attached herewith as Annexure I

12. 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 SEBI (LODR) Regulations, 2015 forms an integral part of this Report. The certificate required under SEBI (LODR) Regulations, 2015 from Practicing Company Secretaries confirming compliance with the conditions of corporate governance is annexed herewith marked as Annexure II.

13. Number of Board meetings

During the F.Y. 2016–17, Seven (7) Board meetings were held. Further detail on the same is available in Corporate Governance Report which forms part of this Annual Report.

14. 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 stock options as per the terms of ESOP Scheme 2015, approved on April 21, 2015, to employees and directors of the Company and its subsidiaries. Following is the table giving detailed information with regard to the same.

Total options granting eligibility of the Company (A)	14,23,323
Options granted as on 31.3.2016 (B)	10,04,866
Options lapsed as on 31.3.2016 (C)	5,12,397
Options available for grant as on 31.3.2016 (D) = (A–B+C)	**9,30,854**
Options granted during the FY 2016–17 (E)	3,20,248
Options lapsed during the FY 2016–17 (F)	2,56,197
Options available for grant as on 31.3.2017 (G) = (D–E+F)	**8,66,803**

Vesting has not started for any of the above grants.

15. Familiarization Programme For Independent Directors

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.

16. Vigil Mechanism

The Vigil Mechanism of the Company in terms of the SEBI (LODR) Regulations, 2015 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.

17. Performance evaluation

In terms of the requirement of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, annual performance evaluation of the Board, the Chairman, Board of Directors and the Committees was undertaken.

During the year, the process of performance evaluation of the Board, the Chairman, Board of Directors and the Committees was undertaken through a questionnaire based rating assessment mechanism where the evaluators were requested to give rating for each criteria set for evaluating the performance of the Director or the Committee of which, the performance was being evaluated. The Board Evaluation process was focused around how to make the Board more effective as a collective body in the context of the business and the external environment in which the Company functions. From time to time during the year, the Board was appraised of the business issues and the related opportunities and risks. The Board discussed various aspects of the functioning of the Board and its Committees such as structure, composition, meetings, functions and interaction with Management. Additionally, during the evaluation process, the Board also focused on the contribution being made by the Board as a whole, through Committees. The overall assessment of the Board was that it was functioning as a cohesive body including the Committees of the Board that were functioning effectively.

18. Extract of Annual Return

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

19. Directors and Key Managerial Personnel

In accordance with the provisions of the Companies Act, 2013, Mr. Sanjeev Verma, Whole Time Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re–appointment.

During the year, following appointment/resignation took place in Directors and Key Managerial Personnel of the Company.

Name	Event	Designation	Date of Event
Dr. (Mrs.) Sujaya Banerjee	Resignation	Non–Executive Non–Independent Director	March 16, 2017
Mrs. Suparna Singh	Appointment	Non–Executive Non–Independent Director	March 16, 2017
Mr. Amal Thakore	Retirement	CFO	July 11, 2016
Mr. Angshu Sengupta	Appointment	CFO	July 11, 2016

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 SEBI (LODR) Regulations, 2015. For detailed composition of Board of Directors and various Committees, kindly refer ‘the report on Corporate Governance forming part of this report.

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.

20. 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.

21. 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)	**FY 2016–17 ₹ in Crores**	**FY 2015–16 ₹ in Crores**
Service charges	3.38	14.07
Travelling and conveyance	1.03	1.29
Expenses reimbursement paid	1.70	0.73
Other items	0.83	0.18
	6.94	**16.27**
Earnings in foreign currency (accrual basis)	**FY 2016–17 ₹ in Crores**	**FY 2015–16 ₹ in Crores**
Sale of goods and services (Including sale from overseas branch and to Export Oriented Units)	7.85	7.37
Commission income	2.11	2.06
Interest income	–	1.21
Expenses reimbursement received	13.98	17.18
	23.94	**27.82**

22. Corporate Social Responsibility (CSR)

The Corporate Social Responsibility Committee (CSR 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.

23. Risk Management Policy

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 Risk Management Policy was reviewed and approved by the Committee.

24. 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 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 33 (Consolidated) and 33 (stand–alone) 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.

25. Directors' Responsibility Statement

Your Directors state that:

a) in the preparation of the annual accounts for the year ended March 31, 2017, 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, 2017, 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.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2016–17.

26. Committees of the Company

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

27. 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

Sanjeev Verma	**Suparna Singh**
Whole Time Director	Director

Mumbai
August 10, 2017

ANNEXURE I TO DIRECTORS' REPORT

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices 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 my opinion thereon.

Based on my verification of the Company's books, papers, minute 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 audit period covering the Financial Year ended on **March 31, 2017,** 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **'Annexure–I'** for the financial year ended on **March 31, 2017,** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositaries Act,1996 and the Regulations and 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; (The Company has not availed any Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the period under review except that the Company has given Corporate Guarantee on behalf of AGC Networks Pte. Limited, Wholly Owned Subsidiary of the Company at Singapore in favour of Beetel Teletech Ltd & Beetel Teletech Singapore Pvt Ltd on 14/12/2017 amounting to INR 1,40,00,000 (One Crore Forty Lakhs only) for a Term of 12 Months. The Company has complied with Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2004) and Master Direction issued by Reserve Bank of India for Overseas Direct Investment from time to time.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):–

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the financial year under review)**

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, presently known as SEBI (Share Based Employee Benefits) Regulations, 2014;

e) 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)**

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable as the Company has not delisted/propose to delist its Equity Shares from any Stock Exchange during the financial year under review)**

h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998; **(Not applicable as the Company has not brought back / propose to buy–back any of its securities during the financial year under review)** and

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

vi. Other laws specifically applicable to the Company is:

a) Information Technology Act, 2000 as amended up to date and the rules made thereunder;

b) The Trade Marks Act, 1999.

I have also examined Compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India

I have also examined the books, papers and returns filed and other records maintained by **AGC NETWORKS LIMITED** for the Financial Year ended on March 31, 2017, according to the provisions of various other Laws applicable, including the Rules made thereunder, and amended from time to time, to the Company, as informed by the Company

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no material non–compliances that have come to our knowledge except to the extent as mentioned below

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

All decision at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the Meeting of the Board of Directors or Committee of the Board, as the case may be.

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 compliances with the applicable Laws, Rules, Regulations and Guidelines.

I 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.

In case of Direct and Indirect Tax Laws like Income Tax Act, Service Tax Act and Profession Tax Act, I have relied on the Reports given by the Statutory Auditors of the Company.

I further report that during the audit period, the Company has not undertaken event/action having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards etc. referred to above.

I further report that during the audit period the Company has the following specific events:

1. Mr. Amal Thakore who was appointed as a Chief Finance Officer (KMP) of the Company is retiring from the Company w.e.f July 11, 2016 and Mr. Anghsu Sengupta was appointed as a Chief Finance Officer (KMP) of the Company w.e.f July 11, 2016.
2. The Appointment of Mr. Sanjeev Shekhar Verma (DIN: 06871685) was appointed as Executive Director to be designated as Whole Time Director of the Company for a period of three years with effect from February 15, 2016, to February 14, 2019, at the 30th Annual General Meeting held on September 28, 2016.
3. The Board of Directors of the Company noted the Resignation of Mrs. Sujaya Jaydeep Banerjee (DIN: 06814544) as Director of the Company w.e.f March 16, 2017.
4. Mrs. Suparna Singh (DIN: 07142898) was appointed as an Additional Director w.e.f March 16, 2017 and designated as Non–Executive Non–Independent Director.

For S. K. Jain & Co.
Date: August 10, 2017
Place: Mumbai

Dr. S. K. Jain
Practicing Company Secretary
FCS No.:1473
C P No.: 3076

ANNEXURE-I

List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended March 31, 2016.
3. Minutes of the Meetings of the Board of Directors, Audit Committee and Nomination & Remuneration 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. All 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.

ANNEXURE-A

To,
The Members
AGC NETWORKS LIMITED

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the process and practices I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S. K. Jain & Co.
Date: August 10, 2017
Place: Mumbai

Dr. S. K. Jain
Practicing Company Secretary
FCS No.:1473
C P No.: 3076

ANNEXURE II TO DIRECTORS' REPORT

COMPLIANCE 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 on March 31, 2017, as stipulated in:

Regulations 17 to 27 and Regulation 46 and para C,D and E of Schedule V of the Listing Regulations for the period from 01/04/2016 to 31/03/2017

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 Compliance with 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 our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in regulation 17 to 27 and regulation 46 and Para C,D and E of Schedule V the year ended March 31, 2017.

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

For S. K. Jain & Co.
Date: August 10, 2017
Place: Mumbai

Dr. S. K. Jain
Practicing Company Secretary
FCS No.:1473
C P No.: 3076

ANNEXURE III TO DIRECTORS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017
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.	Computer programming, consultancy and related services	620	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)

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
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)
6.	AGC Networks & Cyber Solutions Limited.(Kenya)	L.R. No. LR1870/1/215, The Oval Office # 2,3, 2nd Floor, Off Ring Road, Westlands P.O. Box 45742–00100, Nairobi, Kenya	PVT/2016/021534	Subsidiary	100%	2(87)(ii)
7.	AGC Networks LLC (Dubai)	Building No. 4, Unit No. 508 & 509, Level 5, Building 4, Emaar Business Park, Sheikh Zayed Road, Dubai, PO Box 58569 UAE	License No. 775654	Subsidiary	49%	2(87)(ii)

VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
Individuals/Hindu Undivided Family	–	–	–	–	–	–	–	–	–
Central Government/State Government(s)	–	–	–	–	–	–	–	–	–
Financial Institutions / Banks	–	–	–	–	–	–	–	–	–
Any Other (specify)	–	–	–	–	–	–	–	–	–
Bodies Corporate	–	–	–	–	–	–	–	–	–
Sub Total(A)(1)	–	–	–	–	–	–	–	–	–
(2) Foreign									
a) Individuals (Non–Resident Individuals/ Foreign Individuals)	–	–	–	–	–	–	–	–	–
b) Government	–	–	–	–	–	–	–	–	–
c) Institutions	–	–	–	–	–	–	–	–	–
d) Foreign Portfolio Investor	–	–	–	–	–	–	–	–	–
e) Bodies Corp.	21349848	–	21349848	75.0000	21349848	–	21349848	75.0000	NIL
f) Banks / FI	–	–	–	–	–	–	–	–	–
g) Any other	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total shareholding of Promoter (A)	**21349848**	**–**	**21349848**	**75.0000**	**21349848**	**–**	**21349848**	**75.0000**	**NIL**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	100	10128	10228	0.0359	100	10128	10228	0.0359	NIL
b) Banks / FI	400	1400	1800	0.0063	400	1400	1800	0.0063	NIL
c) Central Govt	285068	42766	327834	1.1516	285068	42766	327834	1.1516	NIL
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	100	100	200	0.0007	100	100	200	0.0007	NIL
g) Foreign Portfolio Investors	2005911	1100	2007011	7.0504	2030911	1100	2032011	7.1383	0.0878
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub–total (B)(1):–	**2291579**	**55494**	**2347073**	**8.2450**	**2316579**	**55494**	**2372073**	**8.3329**	**0.0878**
2. Non–Institutions									
a) Bodies Corp.									
i) Indian	650354	3735	654089	2.2978	672098	3735	675833	2.3741	0.0764
ii) Overseas	–	600	600	0.0021	0	600	600	0.0021	0.0000
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	2555427	494750	3050177	10.7150	2340761	483546	2824307	9.9215	–0.7935
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	858140	–	858140	3.0146	1053182	–	1053182	3.6997	0.6852
c) Others	–	–	–	–	–	–	–	–	–
Non Resident Indians	201153	5384	206537	0.7255	185237	5384	190621	0.6696	–0.0559
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies – D R	–	–	–	–	–	–	–	–	–
Sub–total (B)(2):–	**4265074**	**504469**	**4769543**	**16.7550**	**4251278**	**493265**	**4744543**	**16.6671**	**–0.0878**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**6556653**	**559963**	**7116616**	**25.0000**	**6567857**	**548759**	**7116616**	**25.0000**	**NIL**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**27906501**	**559963**	**28466464**	**100**	**27917705**	**548759**	**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:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

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	01–APR–2016	1393862	4.897	1393862	4.897
		Increase	16–SEP–2016	25000	0.088	1418862	4.984
		At the END of the Year	31–MAR–2017	–	–	1418862	4.984
2.	Emerging India Focus Funds	At the beginning of the Year	01–APR–2016	315895	1.110	315895	1.110
		At the END of the Year	31–MAR–2017	–	–	315895	1.110
3.	Macquarie Emerging Markets Asian Trading PTE LTD	At the beginning of the year	01–APR–2016	254097	0.893	254097	0.893
		At the END of the year	31–MAR–2017	–	–	254097	0.893
4.	Life Insurance Corporation of India	At the beginning of the Year	01–MAR–2016	194968	0.685	194968	0.685
		At the END of the Year	31–MAR–2017	–	–	194968	0.685
5.	Raj H Shroff	At the beginning of the Year	01–APR–2016	0	0.000	0	0.000
		Increase	02–SEP–2016	12578	0.044	12578	0.044

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	21–SEP–2016	6000	0.021	18578	0.065
		Increase	23–SEP–2016	3997	0.014	22575	0.079
		Increase	30–SEP–2016	1	0.000	22576	0.079
		Increase	07–OCT–2016	6033	0.021	28609	0.101
		Increase	28–OCT–2016	10000	0.035	38609	0.136
		Increase	18–NOV–2016	10000	0.035	48609	0.171
		Increase	09–DEC–2016	10029	0.035	58638	0.206
		Increase	16–DEC–2016	34326	0.121	92964	0.327
		Increase	23–DEC–2016	19028	0.067	111992	0.393
		Increase	30–DEC–2016	7168	0.025	119160	0.419
		Increase	31–DEC–2016	2135	0.008	121295	0.426
		At the END of the Year	31–MAR–2017	–	–	121295	0.426
6.	Win Sure Trade Invest Private Limited	At the beginning of the Year	01–APR–2016	100000	0.351	100000	0.351
		At the END of the Year	31–MAR–2017	–	–	100000	0.351
7.	Finquest Financial Solutions PVT. LTD.	At the beginning of the Year	01–APR–2016	93459	0.328	93459	0.328
		At the END of the Year	31–MAR–2017	–	–	93459	0.328
8.	United India Insurance Company Limited	At the beginning of the Year	01–APR–2016	90100	0.317	90100	0.317
		At the END of the Year	31–MAR–2017	–	–	90100	0.317
9.	Arun Kumar Khemka	At the beginning of the Year	01–APR–2016	76430	0.268	76430	0.268
		At the END of the Year	31–MAR–2017	–	–	76430	0.268
10.	Cyrus Kershasp Birdy	At the beginning of the Year	01–APR–2016	73000	0.256	73000	0.256
		Increase	21–OCT–2016	2000	0.007	75000	0.263
		At the END of the Year	31–MAR–2017	–	–	75000	0.263
11.	Manoj J Bagadia	At the beginning Of the year	01–APR–2016	102018	0.358	102018	0.358
		Decrease	12–AUG–2016	6268	0.022	95750	0.336
		Decrease	19–AUG–2016	2000	0.007	93750	0.329
		Decrease	09–SEP–2016	31750	0.112	62000	0.218
		Decrease	16–SEP–2016	1000	0.004	61000	0.214
		Decrease	21–OCT–2016	500	0.002	60500	0.213
		Decrease	04–NOV–2016	7000	0.025	53500	0.188
		Decrease	11–NOV–2016	1500	0.005	52000	0.183
		Decrease	09–DEC–2016	4500	0.016	47500	0.167
		Decrease	16–DEC–2016	1750	0.006	45750	0.161
		At the END of the Year	31–MAR–2017	–	–	45750	0.161

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.	Sanjeev Verma (Whole–time Director)	At the beginning of the Year	01–APR–2016	NIL	–	NIL	–
		At the END of the Year	31–MAR–2017	NIL	–	NIL	–
2.	Manhar Mandaliya (Independent Director)	At the beginning of the Year	01–APR–2016	NIL	–	NIL	–
		At the END of the Year	31–MAR–2017	NIL	–	NIL	–
3.	Jangoo Dalal (Independent Director)	At the beginning of the Year	01–APR–2016	NIL	–	NIL	–
		At the END of the Year	31–MAR–2017	NIL	–	NIL	_
4.	Shuva Mandal (Independent Director)	At the beginning of the Year	01–APR–2016	NIL	–	NIL	–
		At the END of the Year	31–MAR–2017	NIL	–	NIL	–
5.	Sujay Sheth (Independent Director)	At the beginning of the Year	01–APR–2016	NIL	–	NIL	–
		At the END of the Year	31–MAR–2017	NIL	–	NIL	–
6.	Sujaya Banerjee* (Non–Executive Non–Independent Director)	At the beginning of the Year	01–APR–2016	NIL	–	NIL	–
		At the END of the Year	31–MAR–2017	N.A	–	N.A	–
7.	Suparna Singh* (Non–Executive Non–Independent Director)	At the beginning of the Year	01–APR–2016	N.A	–	N.A	–
		At the END of the Year	31–MAR–2017	NIL	–	NIL	–
8.	Angshu Sengupta* (Chief Financial Officer)	At the beginning of the Year	01–APR–2016	N.A	–	N.A	–
		At the END of the Year	31–MAR–2017	NIL	–	NIL	–
9.	Pratik Bhanushali (Company Secretary)	At the beginning of the Year	01–APR–2016	NIL	–	NIL	–
		At the END of the Year	31–MAR–2017	NIL	–	NIL	–

Note : 1. Mr. Angshu Sengupta was appointed as CFO of the Company w.e.f July 11, 2016.
2. Dr. (Mrs.) Sujaya Banerjee ceased to be a Director w.e.f March 16, 2017.
3. Mrs. Suparna Singh was appointed as Non–Executive Non–Independent Director of the Company w.e.f March 16, 2017.

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 (01.04.2016)				
i) Principal Amount	138.01	–	–	138.01
ii) Interest due but not paid	0.91	–	–	0.91
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**138.92**	**–**	**–**	**138.92**

₹/Cr

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
Addition	(0.11)	–	–	(0.11)
Reduction	2.68	–	–	2.68
Exchange Difference	–	–	–	–
Net Change	**(2.79)**	**–**	**–**	**(2.79)**
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	135.33	–	–	135.33
ii) Interest due but not paid	0.80	–	–	0.80
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**136.13**	**–**	**–**	**136.13**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹/Cr

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total
		Sanjeev Verma	
1.	Gross salary	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income–tax Act, 1961	–	–
	(c) Profits in lieu of salary under section 17(3) Income– tax Act, 1961	–	–
2.	Stock Option	106,749 Options (Granted on 14.05.2015) 320248 Options (Granted on 19.05.2016)	106,749 Options (Granted on 14.05.2015) 320248 Options (Granted on 19.05.2016)
3.	Sweat Equity	–	
4.	Commission – as % of profit – Others	–	–
5.	Others, please specify	–	–
	Total (A)	**NIL**	**NIL**
	Ceiling as per the Act	As per SH V part II of the Companies Act, 2013	

B. Remuneration to other directors

₹/Cr

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Sujay Sheth	Shuva Mandal	Manhar Mandaliya	Jangoo Dalal	
	Fee for attending board committee meetings	0.14	0.11	0.10	0.03	0.38
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (1)	**0.14**	**0.11**	**0.10**	**0.03**	**0.38**
2.	Other Non–Executive Directors	–	–	–		–
	Fee for attending board committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (2)	**–**	**–**	**–**	**–**	**–**
	Total (B)=(1+2)	**0.14**	**0.11**	**0.10**	**0.03**	**0.38**
	Total Managerial Remuneration	–	–	–	–	–
	Overall Ceiling as per the Act	Within the limits prescribed by Companies Act, 2013				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

₹/Cr

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Pratik Bhanushali (Company Secretary)	**Amal Thakore (CFO till 11.7.2016)**	**Angshu Sengupta (CFO w.e.f 11.7.2016)**	**Total**
1.	Gross salary	0.17	0.48	0.57	1.22
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	0.14	0.48	0.57	1.19
	(b) Value of perquisites u/s 17(2) Income–tax Act, 1961	0.03	–	–	0.03
	(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 – Annual Incentive	0.0065	0.0624	–	0.069
5.	Others, please specify (Variable accrued & payable)	0.01		0.08	0.09
	Total	**0.17**	**0.48**	**0.57**	**1.22**

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

Remuneration Policy for Directors, Key Managerial Personnel and other Employees

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	This policy is intended to ensure that : • 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, as available on website of the Company

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 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 the year:** CEO – Nil
2. **% increase in remuneration Executive Directors, CFO and CS during the year:** Directors – Not Applicable, CFO – 4%, CS – 14%
3. **% increase in median remuneration of the employees for the year:** 5.2%
4. **Total permanent employees on role of AGC Networks Limited as on 31.3.2017:** 417 employees
5. **Relationship between average increase in remuneration and Company's performance:** The remuneration increase outlook at AGC has been linked to both performance of the Company and the Employee. A reference to the market trend is also considered to ascertain the increase. The average increase in the remuneration of individual employee is further guided by factors like customer facing roles, criticality of skills, retention and new / emerging business groups.
6. **Comparison of the remuneration of the KMPs against the performance of the Company:** Merit increase for the KMPs is based on performance of the individual and the Company.
7. **The key parameters for any variable component of remuneration:** Company performance has been a key factor to determine the payment of variable component to employees and the Individual performance assessment is also factored in to fix the variable payout.

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.	
4.	Expenditure on Development (₹ in Crores)		(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]

1. **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.

2. **The Composition of the CSR Committee – Please refer to the Corporate Governance Report for Composition of the CSR Committee**

Item No.	Description	₹/Cr
3.	**Average net profit (loss) of the company for last 3 financial years (after tax)**	**(60.72)**
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 2016–17**	
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

6. **Manner in which the amount spent during the financial year is detailed below.**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. 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

Sanjeev Verma
Whole Time Director

Sujay Sheth
Chairman of the CSR Committee

Mumbai
February 9, 2017

For and on behalf of the Board of Directors

Sanjeev Verma
Whole Time Director

Suparna Singh
Director

Mumbai
August 10, 2017

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

OVERVIEW

AGC Networks (AGC) is a **Global Solution Integrator** representing the world's best brands in **Unified Communications, Network Infrastructure & Data Center, Cyber Security (CYBER–i)** and **Digital Transformation & Applications** to evolve the customer's digital landscape. AGC's ability to tailor solutions across quadrants is strengthened by seamless services. AGC is a leader in Enterprise Communications in **India** and has a significant presence in **Middle East, Africa, North America, Australia, New Zealand, Singapore, Philippines** and **UK** serving over 3000 customers.

CYBER–i, the Cyber Security business division of AGC Networks Limited has over 10 years of experience and a team of highly skilled and certified security resources to serve customers. CYBER–i deploys **Advanced Monitoring and Threat Defense Solutions** across Cloud, On Premise and Hybrid networks and is also equipped to deliver vertical specific requirements. Besides the 24x7 **Global Security Operations Center (GSoC)** services, CYBER–i also specializes in end–to–end cyber security solutions such as **high–end consulting, advisory, certification, audit and compliance, certification acquisition and processes management.**

In collaboration with global technology leaders like **Avaya, Juniper, Cisco, HPE, Verint, Polycom, McAfee, Palo Alto, Trend Micro, Riverbed, DarkTrace, F5** among others, AGC delivers Return on Technology Investment (ROTI) through customized solutions and services accelerating customers' business.

For more information log on to www.agcnetworks.com & www.cyber–i.in/

TECHNOLOGY QUADRANTS

Technology is the backbone of a digital enterprise. Unlike new age enterprises that are born digital, traditional organizational setups need to build a technology architecture designed for the digital enterprise but based on a legacy foundation.

Technology is not only fueling major business transformation across industries but is also changing how technology enterprises sell their products and services, operate, and plan for future growth.

AGC delivers an enriched customer experience through a new digital architecture across its technology quadrants helping organizations upgrade from their legacy technology systems.

With social networks and e–commerce websites setting new benchmarks for speed, agility, and user–friendliness, digital business models have become essential for companies across a range of industries. For most organizations, going digital is now a prerequisite for surviving and thriving.

Organizations also need to provide a seamless multichannel (digital and physical) experience for customers to move effortlessly from one channel to another. Gaining insight into customers' buying habits can lead to an improved customer experience thereby positively impacting business outcomes.

There is also a need to improve capabilities in automating operations and digitizing business processes. This is important because it enables quicker response time to customers while cutting operating waste and costs.

An evolved IT architecture across AGC's technology quadrants and delivering integration capabilities helps organizations develop their customer–facing capabilities at high speed while decoupling legacy systems.

With this as an opportunity on the horizon, the core business of your Company spans solution quadrants that are,

1. **Unified Communications**

   AGC's presence in the strong quadrant of Unified Communication has come a long way since the formation of its idea of integrating a range of communication systems to optimize business processes. AGC sees the potential of integrating Unified Communications (UC) tools into the customer's daily operations; breaking free from legacy phone systems and moving to evolved communication systems that integrate voice, video and data needs of an organization through collaboration solutions. Adoption of UC services across verticals has been on the rise mainly due to its unrivalled advantages of providing seamless communication and collaboration that enables both efficiency and productivity for businesses. With over three decades of experience, AGC is leading the competition in Enterprise Communication Services around the globe by delivering customized business solutions for organizations.

Under the UC platforms, AGC offers a vast portfolio of solutions like IP Telephony, Contact Center, Audio, Video & Control Integrations (Multimedia) and Collaboration. Whether it be catering to the infrastructure as well as the application domain or providing a 'before purchase' experience to customers through state–of–the–art Customer Experience Center (CEC), AGC's solutions have translated into a much better Return on Technology Investment (ROTI) for their clients over the years. Integrating their UC solutions have helped customers reduce product development cycles, enhance team communications and move products to the market sooner resulting in higher productivity, shorter time to revenue and improved customer satisfaction. This is true for AGC's customers across the verticals of Banking & Insurance, IT & ITES, Manufacturing, Hospitality, Healthcare and the new age verticals.

AGC's UC solutions suite comprises of:

IP Communications – Simplified communications with hybrid architecture for telephony that functionally enhances the user experience across management levels in an enterprise.

Collaboration – AGC looks at collaboration with a futuristic perspective with an objective of delivering the technology portfolio for 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.

Multimedia Integration – AGC equips enterprises with best–in–class board room, Meeting rooms, and training solutions, effectively creating an environment that blends voice, video and information virtually, eliminating geographical boundaries through the power of Multimedia Integration.

AGC showcases its UC solutions through its state–of–the–art,

- Global Network Operations Center (G–NoC)
- Global Security Operations Center (G–SoC)
- Response Center (Call Center / Desk top support, monitoring and carrier management)
- Customer Experience Centre (CEC)
- AGCiVR® – delivering 24x7x365 consistent customer experience in a virtual environment

2. **Network Infrastructure & Data Center**

The Network Infrastructure solution portfolio of AGC has effective, holistic and flexible solutions using relevant and updated technologies. Our delivery of solutions is aligned to the expectations that enterprises may have from their network infrastructure delivered through our strong alliances with global OEM brands. Our solution span includes the following:

Switching & Routing – Switching & Routing are the basic but most important elements in network infrastructure. We enable building of simplified, flexible, high performance networks that allow the rolling out of services with relative ease as opposed to detailed analysis of infrastructure readiness every time a need arises.

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.

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.

Data Center – As a global solution integrator, AGC provides computing, storage and virtualization solutions in the Data Center and virtualization space.

3. **<u>CyberSecurity through CYBER–i, the Cyber Security division</u>**

CYBER–i is the cyber security business division of AGC Networks Limited. With a team of highly skilled security resources, CYBER–i deploys the most advance Cyber Threat Defence platform. Besides the G–SOC (Global Security Operations Center) services, CYBER–i also specializes in end–to–end cyber security services such as high–end consulting, advisory, management, certification, processes, audit, compliance and implementation. AGC's CYBER–i 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 and Compliance) domain. This quadrant delivers on:

- Data Security

  Advanced threat protection , Fraud Management , Mobile Device management information rights management etc
- Identity and Access

  Identity management, Privilege identity management, etc
- End Point security

  Anti virus end point protection, Data leakage protection, Networks Access control
- Applications Security

  Web applications firewall , Database access management
- Network Security

  Firewall, NG firewall IPS/IDS, etc

The services rendered for this quadrant are:–

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.

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.

Implementation – Implementation services include offerings like DLP, NAC, Bandwidth Management & WAN Accelerator, GRC Tools, ITIL guidelines, etc.

Management – Compliance solutions and services for Vulnerability Management, IMS and implementation and management assistance.

Audit – Audit services include Database, Network, Internal IT Audits, Applications (SAP, ERP) and Code review audits for enterprises, combined with remediation options.

Managed Security Services –

- Managed Endpoint Security Services
- Security incident & event management
- Advanced Threat Detection

4. <u>**Digital Transformation & Applications**</u>

AGC Networks has been a leading player in providing customer experience solutions for the past three decades and has been an integral part of the technology transition journey from the world of TDM to IP to unified communications and from call centers to multimedia contact centers to customer experience applications. On the other hand AGC has witnessed significant changes in customer journey trends, one of the most recent trends being, the digital wave or digital customer engagement.

The disruption of digital is impacting all industries. AGC understands the digital wave and can help plan an organization's digital transformation strategy. Your Company offer solutions in the digital engagement domain to measure customer experience and customer journeys. These digital applications provide deep insights on user experience, contextual analytics and are easy to integrate.

Our digital solutions include

Engagement through Gamification – The solution for gamification is transforming business models by creating new ways to extend relationships, craft long–term engagement and drive customer and employee loyalty.

The business can measure employee performance against business goals, understand and analyse employee behaviour and performance, boost employee performance through game narratives, explain purpose and meaning of work through game broadcast and create an environment of winning with awards and recognition.

Gamification for Contact Centers can provide contact centers, a central, all–encompassing hub for agents to interact with senior leadership whilst connecting the dots of their purpose in the workplace. Using a gamification platform, every contact center agent can get personalised performance feedback, to know exactly how to improve, where to improve and what to do next.

Customer Engagement and Loyalty – This platform provides the ability to have context–rich, structured conversations with customers within an easy–to–use smart interface on smartphones, tablets or computers. The user–interface is innovative and simple, which allows customer experience responses in real–time and within seconds.

These real– time conversations are carefully structured to improve touchpoint experience at every step of the consumer journey. It transforms all points of customer interaction into opportunities for real time two–way conversation and builds engagement for a long term relationship between consumers and brands.

These solutions help

- Engage Customers with meaningful conversations to boost loyalty
- Build profitable relationships between consumers and brand
- Launch contextual customer conversation campaigns
- Build actionable insights with real–time analytics and dashboards
- Provide a platform for social interaction focused on targeted feedback capture campaigns

Customer Journey – Our solution enable omni–channel service, sales & marketing, collections and research with secure identification and verification methods as applicable (TPIN, OTP, Voice Biometrics) any time, any place, any channel (Voice, Alternate & Digital channels) leveraging existing voice (Telephony channel) infrastructure and integrated with core backend applications and CRM.

Self–Service: The self–service platform offers functionalities that can be enabled to provide self–service to customers across multiple channels. Service Providers have the flexibility to do a staged roll–out of self–service across channels including IVR, SMS, E–mail, Web Chat, Web Audio, Visual IVR ensuring secure interaction integrating with service providers' chosen authentication methods including TPIN, OTP and Voice Biometrics.

Agent Assisted Service: Our solution is conceptualized, designed, developed and deployed with the very intent of empowering agents to interact with Service Providers' customers across multiple channels, have a 360 degree view of authenticated customer to complete the interaction efficiently and effectively creating a positive impact on customer service & cost center performance indicators.

Branch Queue Management: It is designed to reduce the wait time of (Service Providers') customers waiting in the queue and manage the customer time & experience effectively. Leveraging kiosks, tablet, smartphone apps, customers get queue number while at the Service Provider or away and arrive there only when being notified via a channel chosen by them. This solution is designed to optimize Queue management using the existing Contact Centre infrastructure of routing, self–service channels including IVR, SMS, E–mail, WFM, Call–recording, reporting & analytics.

Voice Biometrics: The best way to avoid fraud is to stop it before it happens. These solutions use sophisticated voice biometrics to help detect fraudsters and identify legitimate customers during live calls. This helps caller authentication faster, easier, and more secure in a financial services or retail operations setup.

The contact center can reduce agent handle time and costs, foster a better customer experience by reducing the number of security questions and enhance fraud detection. The solution provides two capabilities:

Identity Authentication recognizes the unique vocal characteristics, or "voiceprint," of enrolled customers seconds into a live call, helping to reduce the number of security questions—and average handle times. This faster authentication can mean a reduction in contact center costs and an improved customer experience.

Fraud Detection uses voice biometrics and other predictive factors to identify professional "fraudsters" on calls by storing a database of known fraudster voiceprints. Fraudsters can be detected even if they answer security questions and dupe agents. This can significantly increase fraud detection rates in your contact center.

Social Media Analytics: It's our comprehensive solution to help your business harness the full potential of social platforms and bring in real–world results. Know the real–time trends driving your business. Create the right conversation about your brand with the right people. Anticipate and deliver extraordinary customer experiences. Innovate your brand decisions and translate your image to equity.

Technology

The proprietary platform robustly tracks and monitors conversation threads across numerous niche social streams in relation to customer's business. Interactions are prioritized and sent to the right skilled team for response and resolution with inbuilt CRM capability. It further stores the complete intelligence in a custom–made data base structure for advanced social analytics. Our technology offers include both Basic and Premium.

Analytics

Sophisticated social analytical capabilities help customer's proactively derive intelligence, contexts and opportunities from the conversation clutter. AGC extracts and analyses texts to provide 360–degree actionable insights for the brand's customer perception, competitive position, campaign effectiveness and overarching industry trends.

Execution

AGC helps customer's manage end–user engagements with resources and specialists exclusively trained in social media. Our innate understanding of various social channel sensibilities helps define the best social media practices and standardize the customer's existing processes for the end customer's to have like–mannered experiences across channels.

Automation –

Chatbots reduce customer service load, maintain a high level of customer satisfaction using artificial intelligence and semantic to provide the best Chabot in the market.

The conversational engine creates services for customers and optimizes the workload on customer service that focuses on the value added activities instead of managing recurrent enquiries:

Customer's interaction management: makes it possible to provide support, analyse enquiries and manage answers based on predefined workflow.

Conversational Engine: interacts recurrently with the knowledge base to be constantly up to date on the end customer's inquiries.

Workflow Manager: enables the configuration of services using a guided process that instantly creates a service and deploys it on the web and mobile services.

Seamless transition from self–service to an agent: engages an existing service based on the content of the request and passes to the agent all the history of the conversation.

Unified Desktop – Our Unified Desktop solution allows to model processes that optimally serve the customer, instead of driving the customer experience unnaturally by forcing existing application behaviour and complexity on the agent. With the Unified Desktop, the existing applications are interwoven into new customer friendly processes and enabled by tools that empower agents.

Some of the benefits of our solution include: providing an improved customer service experience by streamlining the agents interactions with a large number of systems, changing the agent interaction to be customer driven instead of system driven. By optimizing the call process, agent tools and focusing on the customer, agents are more effective, resulting in a lower Average Handle Time (AHT) and increased First Call Resolution (FCR), while achieving a better customer service experience.

IoT for Manufacturing – Our IoT based big data analytics solution is based on the IPF (Intelligent Plant Framework) that is based on a non–invasive, cost–effective and compact technology. Its functional blocks are asset performance, cost performance, operational performance, quality performance, batch analysis, benchmarking, and maintenance. It enables us to acquire data from any source, it is highly scalable from machine to enterprise–wide, based on big–data analytics platform with robust data science and has customizable dashboards for end–to–end visibility.

Various types of reports such as shift/machine/product wise reports, batch manufacturing, batch cycle time, WIP inventory in real–time, OEE, daily production, conversion cost analysis, and utilities consumption analysis can be generated. The solution can be easily integrated with QA/QC module, ERP/SAP module and planning and scheduling modules.

5. SERVICES portfolio

AGC offers services across the lifecycle of a solution, spanning pre–implementation assessment, implementation, rollout, upgrades, AMC 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.

GUARDIAN Support Services – Uniquely focused on customer satisfaction to ensure complete on–site management of the customer's IT infrastructure with absolute adeptness and agility. Our Guardian Service Models work on ITIL v3 based framework.

Remote Maintenance of Infrastructure and Applications through state–of–the–art G–SoC and G–NoC – To enhance customer experience, our Integration and Disaster Recovery centers are situated across locations in Dallas, US and Mumbai, India. The customer information is highly secure through Keycard or Biometric Access and Camera Presence. Our centers are NOC Styled Command Center with Multiple Dynamic Displays with Network and Power Redundancies. In order to deliver best–in–class services, we have access to Multiple PCs and Telephony Equipment. We deliver performance and measure it by recording customer interactions for review & QA. Moreover, we have a Logistic back–up to encounter inclement weather downtime to be able to allow uninterrupted services.

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 helps clients keep maintain their multivendor operating environment up and running at peak efficiency.

Managed Services – AGC's managed services suite ensures that all systems across an enterprise are functioning efficiently with no downtime. AGC's Managed Services Engagement Framework is based on the ITIL Framework of AGC's Master Managed Services program.

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

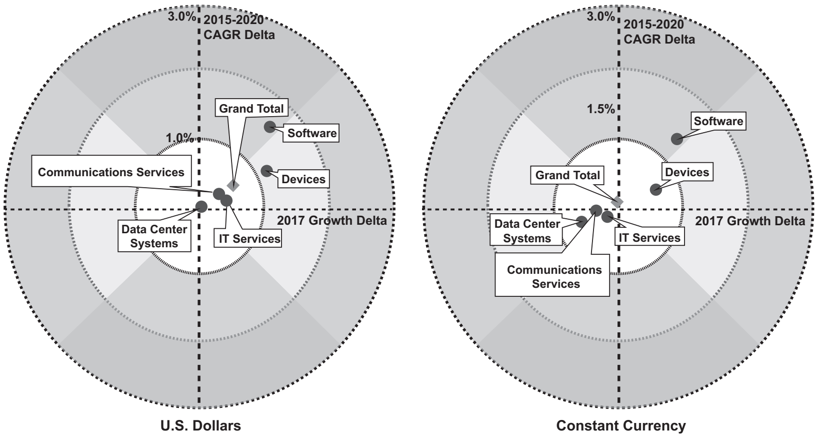
- **Consulting and Analysis –** covering domains like IT service management, business service management, IP networks, data centers, IP contact centers, and information security. Our services enable clients to utilize our domain expertise for their complete business needs.
- **Deployment Services –** bringing together multiple stages of deployment under the project management framework and aligning them to production seamlessly. These involve staging, installation, integration, commissioning and testing, as required.
- **Customization and Integration –** AGC's vendor–agnostic, pragmatic approach helps build ICT applications and infrastructure to address critical business needs and meet desired business outcomes
- **Audit and Review –** covers studying and analyzing business facts and carrying out IT infrastructure, data center, information security, service management and compliance audits and reviews using industry best practices.

Global Technology Outlook

Gartner's forecast for 2017 worldwide dollar–valued IT spending growth has been revised up 1.0% to 2.4%, an increase from 0.3% in 2016. The constant–currency forecast is unchanged at 3.3% for 2017.

Overall, IT spending results vary greatly by region. The largest region for total IT spend in 2017 remains North America, with $1.21 trillion. However, the fastest–growing region is emerging Asia/Pacific, with 2017 constant–currency growth of 8.9% (revised up 0.9% from the 1Q17 update). The next–best region for growth is Greater China, with 2017 constant–currency growth of 5.1%, down 1.2% from 1Q17. The remaining regions are facing anemic growth rates between 3.9% and 0.3%.

Figure 1. Changes in Growth Rates From 1Q17 Through 2Q17 in Current U.S. Dollars and Constant Currency



CAGR = compound annual growth rate

Source: Gartner (July 2017)

There have been material changes to the market sector forecasts; the most notable are highlighted below.

Unified Communications and Data Center Systems

The constant–currency growth rate for data center systems for 2017 has been revised downward very slightly from 2.1% to 1.8%, with each of the segments having modest changes. Unified Communications (UC) was unchanged, and the server market was the most revised, changing by negative 0.8%.

Enterprise Software

Globally, the enterprise software market will grow by 8.6% in 2017, reaching $392 billion in constant dollars, an increase of 1.3% over the 1Q17 forecast. Through 2021, we expect the market to grow at an 8.5% CAGR in constant currency — also an increase of 1.3% over the 1Q17 forecast.

Application software sets growth rates between 10.4% and 11.3% every year of the forecast period. For the 2Q17 forecast, growth rates were increased by 2% to 2.4% each year based on the strength of cloud adoption across most software application markets.

IT Services

Growth of worldwide consulting services has been tempered slightly. Few providers are actually able to deliver the IT services for business model innovation, cyber and organizational change effectively. The U.S. IT services market offers the greatest opportunity for growth, while the U.K. market will feel the impact of political issues through 2019.

As intelligent automation services start to have an impact on the price offered to buyers (2018 onward), insourced firms will struggle to compete with external providers that are able to develop advanced delivery fueled by intelligent automation services. From 2018, insourcing will become less relevant. As external providers upgrade offerings, buyers will be forced to continue the shift to outsourcing to keep up with the pace of technology.

Enterprise Communications Services

Enterprises will meet the demand caused by the growing use of public cloud services by building and maintaining hybrid WAN networks, with an increasing share of internet endpoints at enterprise branch offices. By 2020, 60% of large and midsize enterprises will deploy direct internet access in their branch offices, up from less than 30% in 2016. The net effect of this change on spending will be quite mild, increasing the CAGR of total enterprise service spend through 2021 from negative 0.1% to negative 0.05%.

Source: Gartner (July 2017)

Human Resources Management

AGC is committed towards building and sustaining a progressive & vibrant working environment, strengthening **Relationships,** staying **Relevant** in this competitive eco−system and delivering consistent **Results,** keeping special emphasis on its people. As it is believed that an organization's policies and practices are one of the prime factors to realize a discernible output of the business performance, AGC's HR policies & practices have been set with the organizational strategy to drive company values and culture. The policies and practices are continuously evaluated & refined in alignment with changing business dynamics, statutory requirements and relevance to the geo jurisdiction.

In **Talent Acquisition,** meticulous planning is done to attract, recruit & select exceptional talents through campus placements and lateral hiring activities. Special emphasis is laid on hiring fresh talents to tap them young and nurture them for future roles. A special off−campus recruitment drive was conducted this year to sustain and strengthen a healthy talent pool for AGC. In line with aspirations of employees and to boost their individual growth and development opportunities, AGC has considered Global Talent Exchange (GTEx) and Internal Job Postings (IJP) for fulfilling global resource requirements internally. This approach of 'exploring talents' from within' has helped AGC in achieving cost prudence through optimized resource utilization, elimination of avoidable costs and improved levels of profitability.

Learning and development, through its varied, customized interventions across career levels and functional domains, has played a significant role in honing and developing employee skills and competencies. At AGC, learning expertise is cultivated in−house, in the form of dedicated internal trainers and lab set ups. Different behavioral and functional trainings with technical certifications are imparted round the year as per published training calendar. An exhaustive induction program for newly hired talents was designed and executed this year to facilitate their seamless integration at AGC, maximize individual capability and drive performance through discrete assessment process. Learning & Development has played a meaningful part towards maintaining highest levels of partnership with OEMs through external certification programs.

Talent Management & Employee Engagement plays a pivotal role towards building & sustaining superior employee connect and a high level of employee engagement. Driven by AGC's belief in adding value and transforming society to usher in positive changes, a plethora of community initiatives such as Go Green – Plant a Life Initiative – sapling plantation drive, Back to School Initiative – A donation drive held across geographies, etc. have been implemented this year. At AGC, special emphasis is laid on communication and hence, multi–modal channels of communication, employee forums such as open house discussions, interaction with CEO, etc. and a range of organizational interventions are in place to connect employees – both with thought leaders as well as peer groups, at different levels. These avenues are leveraged for sustaining free flow of communication, sharing of information, maintaining transparency, giving & receiving feedback and conferring rewards and recognition. Employee engagement surveys are conducted on a yearly basis to take a dip–stick of employees' level of engagement and satisfaction.

To harness a collaborative work culture and building camaraderie, employees are engaged through an assortment of activities encompassing celebrations & events like International Women's Day celebrations, Health & Wellness Programs, etc.

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 management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of March 31, 2017.

M/s. Walker Chandiok & Co LLP, the statutory auditors of the Company has audited the financial statements included in this annual report and has issued a report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

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.

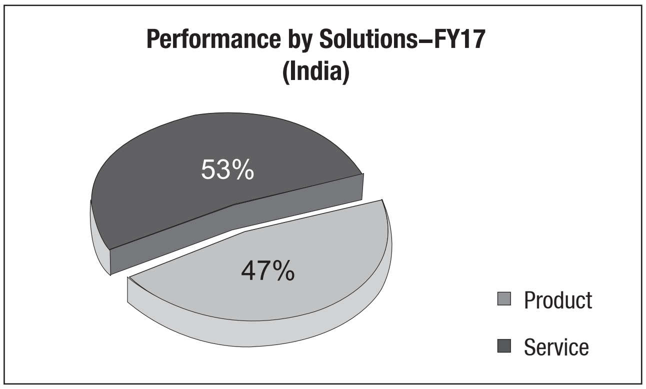
REVENUE BREAK–UP

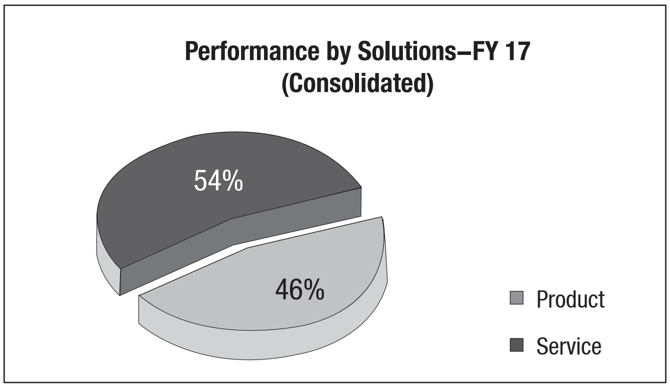
The break–up of the year's revenue is given below:

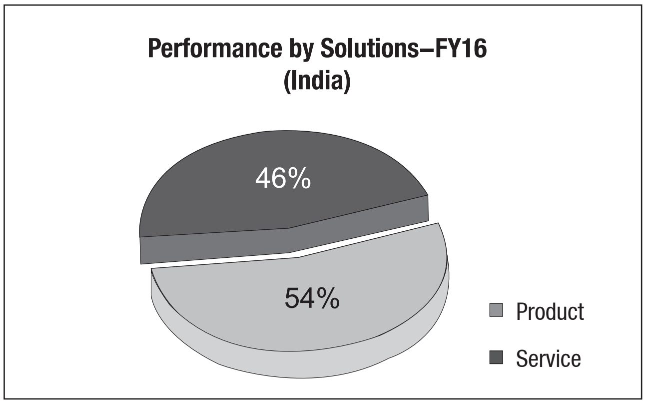
₹/Cr.

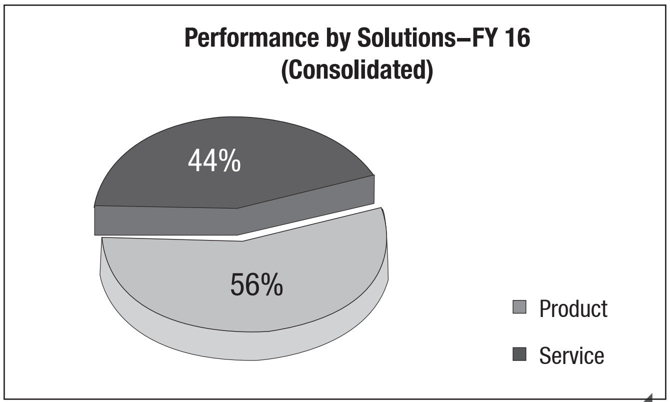
Solutions	India	India	India
	FY17	**FY16**	**FY15**
Products	112.35	168.27	183.83
Services	126.60	144.51	156.68
TOTAL	**238.95**	**312.78**	**340.51**

Solutions	Consolidated	Consolidated	Consolidated
	FY17	**FY16**	**FY15**
Products	352.63	489.74	465.19
Service	411.60	389.20	423.59
TOTAL	**764.23**	**878.94**	**888.78**









SHARE CAPITAL

As on March 31, 2017, the Issued, Subscribed and Paid–up Equity share capital of the Company is ₹ 28,46,64,640/– (28466464 Equity shares having face value of ₹ 10/– each), and the Issued, Subscribed and Paid–up preference share capital of the Company is ₹ 15,00,00,000/– (15,00,000 preference shares having face value of ₹ 100/– each). The Company has not issued any other class of shares.

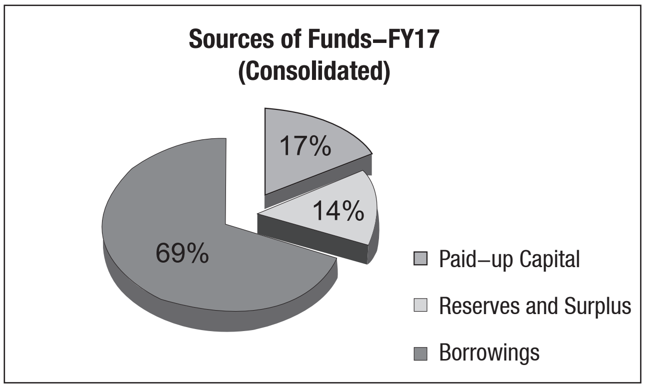
RESERVES AND SURPLUS

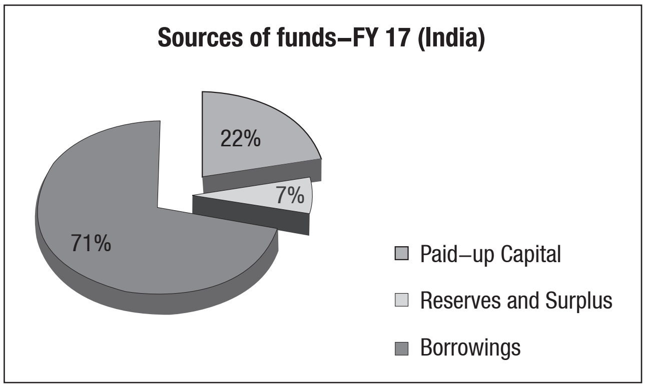
India:

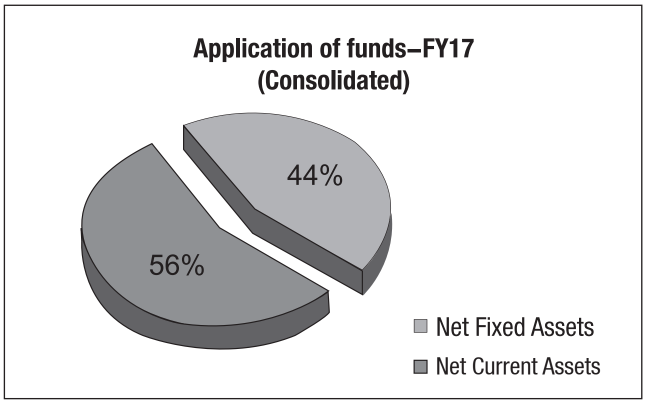
Capital Reserve of the Company stands at ₹ 22.64 Crores. The General Reserve of the Company stands at ₹ 100.58 Crores.

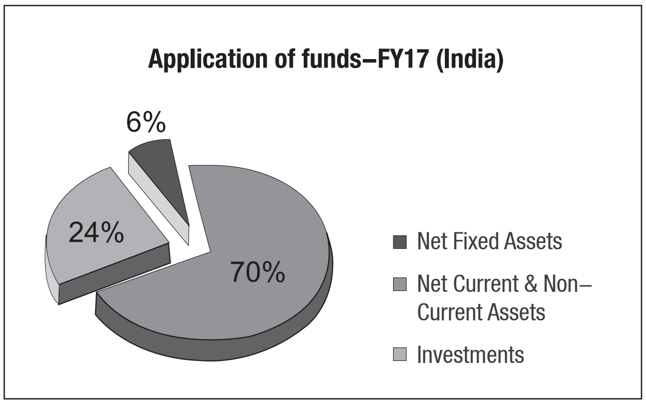
Consolidated:

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









LOANS

India

The Company has secured loans of ₹ 135.33 Crores as on March 31, 2017, as against ₹ 138.01 Crores as on March 31, 2016 utilized for Working Capital requirements.

Consolidated

The Company has secured loans of ₹ 172.53 Crores as on March 31, 2017, as against ₹ 161.63 as on March 31, 2016 utilized for Working Capital requirements.

FIXED ASSETS

India

The fixed assets (net block including capital work–in–progress) have remained at ₹ 11.42 Crores as on March 31, 2017.

Consolidated

The fixed assets (net block including capital work–in–progress) is at ₹ 110.85 Crores as on March 31, 2017, which also includes Goodwill amounting to ₹ 81.65 Crores.

INVESTMENTS

India:

The total investment by the Company in subsidiaries as on March 31, 2017, is at ₹ 48.72 Crores.

Consolidated:

The total investment of the Company as on March 31, 2017, is NIL.

OPERATING RESULTS (CONSOLIDATED)

The Gross revenue for the financial year 2016–17, stood at ₹ 764.23 Crores, as against ₹ 878.94 Crores for the financial year ended March 31, 2016. The net profit is ₹ 12.09 Crores for the financial year ended March 31, 2017, as against the net loss of ₹ 34.59 Crores for the financial year ended March 31, 2016.

Employee cost constitutes 24.42% of the total income as against 22.57% in the previous period. The operating & administration expenses are at 35.27% of the total income as against 34.08% in the previous period.

Depreciation and amortization constituted 0.84% of the total income as against 0.96% in the previous period.

KEY RATIOS

Financial Performance	FY 2016–17		FY 2015–16	
	Standalone	Consolidated	Standalone	Consolidated
Gross Margin %	20.0	26.0	18.2	25.6
EBITDA %	3.3%	5.9%	–2.3%	1.5%
PBT/ Revenue %	–5.9%	1.8%	–11.7%	–2.5%
PAT/ Revenue %	–5.9%	1.5%	–11.7%	–3.9%
Revenue per Employee (₹/Cr)– Annualised	–25.2%	15.4%	–51.0%	–50.4%
Revenue per Employee (₹/Cr)– Annualised	0.59	1.27	0.66	1.29
Head count (in numbers)	417	615	480	686
Income tax/PBT %	0.0%	16.1%	0.0%	–54.8%
Net working capital/Revenue %	42.4%	30.0%	41.0%	26.3%

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

Corporate Governance is a systematic process having strong foundation by which Corporates are directed and controlled to enhance their wealth–generating capacity. It 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.

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.

The Company is in compliance with the requirements stipulated under regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub–regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to Corporate Governance.

BOARD OF DIRECTORS

As on March 31, 2017, the Board comprises of 6 members and is responsible for management of the Company's Business. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 of the 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 March 31, 2017 are listed below.

Name	Designation and Category	Directorship in other companies	Chairmanship in Committees of Boards of other companies	Membership in Committees of Boards of other companies
Mr. Sujay R. Sheth	Chairman – Non–Executive & Independent Director	4	1	5
Mr. Sanjeev Verma	Whole–time Director	3	NIL	NIL
Mr. Manhar Mandaliya	Non–Executive & Independent Director	NIL	NIL	NIL
Mr. Jangoo Dalal	Non–Executive & Independent Director	3	NIL	NIL
Mr. Shuva Mandal	Non–Executive & Independent Director	8	NIL	NIL
Mrs. Suparna Singh	Non–Executive & Non–Independent Director	9	NIL	3

The above information is presented as per the data in the annual disclosures submitted by the Directors as on March 31, 2017.

.During the F. Y. 2016–17, Seven (7) Board meetings were held, on the following dates:

May 19, 2016, July 11, 2016, August 12, 2016, November 9, 2016, December 12, 2016, February 9, 2017, March 16, 2017.

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

Name of the Director	Number of meetings Held during 2016–17	Number of meetings Attended	Attended Last AGM	Shareholding in the Company as of March 31, 2017 (No. of shares)
Sujay R. Sheth	7	7	Yes	NIL
Sanjeev Verma	7	7	Yes	NIL
Manhar Mandaliya	7	7	Yes	NIL
Jangoo Dalal	7	5	Yes	NIL
Shuva Mandal	7	6	Yes	NIL
Sujaya Banerjee[1]	7	4	Yes	NIL
Suparna Singh[2]	7	0	NA	NIL

Note: 1. Dr. Sujaya Banerjee ceased to be a Director of the Company w.e.f March 16, 2017.

2. Mrs. Suparna Singh was appointed as Non–Executive Non–Independent Director of the Company w.e.f March 16, 2017.

Details of Directors being re–appointed and appointed

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

Familiarization programs 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. A separate meeting of Independent Directors was held on February 9, 2017.

Performance evaluation

In terms of the requirement of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, annual performance evaluation of the Board, the Chairman, Board of Directors and the Committees was undertaken.

During the year, the process of performance evaluation of the Board, the Chairman, Board of Directors and the Committees was undertaken through a questionnaire based rating assessment mechanism where the evaluators were requested to give rating for each criteria set for evaluating the performance of the Director or the Committee of which, the performance was being evaluated. The Board Evaluation process was focused around how to make the Board more effective as a collective body in the context of the business and the external environment in which the Company functions. From time to time during the year, the Board was appraised of the business issues and the related opportunities and risks. The Board discussed various aspects of the functioning of the Board and its Committees such as structure, composition, meetings, functions and interaction with the Management. Additionally, during the evaluation process, the Board also focused on the contribution being made by the Board as a whole, through Committees. The overall assessment of the Board was that it was functioning as a cohesive body including the Committees of the Board that were functioning effectively.

Board Diversity Policy:

In compliances with the provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board through its Nomination and Remuneration Committee has devised a Policy on Board Diversity.

The objective of the Policy is to ensure that the Board comprises adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The Board composition at present meets with the above objective.

BOARD COMMITTEES

As of March 31, 2017, 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	5	8	4	4	1
Directors' attendance					
Sujay R. Sheth	5	6	4	4	1
Manhar Mandaliya	5	8	N.A.	N.A.	N.A.
Shuva Mandal	4	7	4	N.A.	1
Sanjeev Verma	N.A.	N.A.	N.A.	4	1

Terms of Reference and other details of Board Committees:

Audit Committee

Constitution of the Audit Committee as on March 31, 2017

Manhar Mandaliya	Non–Executive & Independent Director
Shuva Mandal	Non–Executive & Independent Director
Sujay R. Sheth	Non–Executive & Independent Director (Chairman)

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilization 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
- Examination of the financial statement and the Auditors' report thereon

- Valuation of undertakings or assets of the Company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems
- Establish a vigil mechanism for Directors and Employees to report genuine concerns in such manner as may be prescribed
- 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 the Management;
  - Management letter/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 March 31, 2017

Manhar Mandaliya	Non–Executive & Independent Director
Shuva Mandal	Non–Executive & Independent Director (Chairman)
Sujay R. Sheth	Non–Executive & Independent Director

The Committee’s composition meets with the requirements of Section 178 of the Companies Act, 2013, Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (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 April 1, 2016 to March 31, 2017 are as under:

Name	Designation	Amount (₹)
Mr. Jangoo Dalal	Non–Executive Independent Director	3,01,500
Mr. Manhar Mandaliya	Non–Executive Independent Director	10,55,250
Mr. Shuva Mandal	Non–Executive Independent Director	11,05,500
Mr. Sujay R. Sheth	Non–Executive Independent Director and Chairman	13,56,750
Total		**38,19,000**

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 remuneration paid to the Executive Directors during the period from April 1, 2016 to March 31, 2017 is NIL.

Ethics and Compliance Committee

Constitution of the Ethics and Compliance Committee as on March 31, 2017

Shuva Mandal	Non–Executive & Independent Director (Chairman)
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 October 23, 2002, pursuant to the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, takes on record the monthly status reports prepared by the Compliance Officer detailing the dealings in securities by the specified persons and decides penal action in respect of violation of the Regulations / the Code by any specified person. The Committee also overviews the 'Code of Conduct' of the Company and related matters (including review of complaints received under Whistle Blower Policy of the Company, any violations, penal actions, etc.).

Stakeholders Relationship Committee

Constitution of the Stakeholders Relationship Committee as on March 31, 2017

Sanjeev Verma	Whole–time Director
Sujay R. Sheth	Non–Executive & Independent Director (Chairman)

The Stakeholders Relationship Committee's composition and the terms of reference meet with the requirements of Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 178 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 1, 2016 to March 31, 2017, was 32. There was no outstanding complaint / query or request for transfer as on March 31, 2017.

Corporate Social Responsibility Committee

Constitution of the Corporate Social Responsibility Committee as on March 31, 2017

Sanjeev Verma	Whole Time Director
Shuva Mandal	Non–Executive & Independent Director
Sujay R. Sheth	Non–Executive & Independent Director (Chairman)

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 March 31, 2017

Sujay Sheth	Non–Executive & Independent Director (Chairman)
Sanjeev Verma	Whole–time Director
Angshu Sengupta	CFO

The Risk Management Committee was constituted by the Board adhering to the requirements of the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The risk Management Committee was last reconstituted on July 11, 2016.

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 Committee as on March 31, 2017

Sanjeev Verma	Whole–time Director (Chairman)
Angshu Sengupta	CFO
Atul Khatavkar	VP & Global Head – Cyber Security
Animesh Shrivastava	VP & Head – India Business, Sales

The Board of Directors of the Company, at its meeting held on November 15, 2010, constituted an ‘Executive Committee’. This Committee would basically look into the operational matters relating to the Company including making recommendations to the Board on certain operational matters. The Executive Committee was last reconstituted on July 11, 2016.

PREVENTION OF INSIDER TRADING

The Company has adopted an insider trading policy to regulate, monitor and report trading by insider under the SEBI (Prohibition of Insider Trading) Regulations, 2015. The policy also include practices and Procedures for fair disclosure of unpublished price sensitive information, initial and continual disclosure to identified designated employee and the Board receives the policy on a need basis. The Company Secretary cum Compliance is responsible for implementation of the Code.

CODE OF CONDUCT

In compliance with Regulation 26(3) of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013, the Company has framed and adopted the code of conduct. The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct.

SHARE TRANSFER SYSTEM

The Shares of the Company, being in the compulsory demat list, are transferable through the Depository System. Shares in physical & dematerialized form are processed through M/s. Datamatics Financial Services Limited, Mumbai. Shares lodged for transfer at the Registrar’s address are normally processed and approved by the Stakeholders Relationship Committee or the authorized attorney. All requests for dematerialization of Shares are processed and the confirmation is given to the Depositories within 15 days. Grievance received from members & other miscellaneous correspondence on change of address etc. is processed by the Registrar at the earliest within the prescribed time frame.

NOMINATION

Individual Shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholders(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the bye–laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company’s Registrar and Share Transfer Agents.

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
September 28, 2016	Banquet Hall, Equinox Business Park, Off B.K.C, LBS Marg, Kurla West, Mumbai – 400070	11.15 AM	1
August 6, 2015	Banquet Hall, Equinox Business Park, Off B.K.C, LBS Marg, Kurla West, Mumbai – 400070	11.00 AM	2
August 7, 2014	Rangaswar Hall, Chavan Center, General Jagannath Bhosale Marg, Mumbai – 400021	11.00 AM	7

Resolution passed by Postal Ballot

During the year, the Company has not passed any resolutions by way of 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, and 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 as specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has adopted the following non–mandatory requirements:

(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 ''Freepress Journal' (English Daily) and '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. All Financial and other important information is promptly communicated to the Bombay Stock Exchange and National Stock Exchange where the scrip of the Company is listed.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting (AGM)

The AGM of the Company for the financial year ended March 31, 2017 shall be held on Friday, September 22, 2017 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	16.09.2017 (Saturday) to 22.09.2017 (Friday) (Both days inclusive)
Dividend Payment Date	No dividend is recommended by Directors of the Company
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 2016–2017 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 as on March 31, 2017	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 (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 2016–2017 and stock performance comparison with BSE Sensex

Month	BSE		NSE	
	High	Low	High	Low
April 2016	72.00	65.60	72.85	63.30
May 2016	71.80	60.00	71.30	58.90
June 2016	65.50	57.45	66.80	56.10
July 2016	67.00	59.50	67.60	57.65
August 2016	88.00	60.70	88.00	57.25
September 2016	99.90	76.05	100.40	72.10
October 2016	93.00	78.00	91.00	76.70
November 2016	112.35	73.50	113.60	73.60
December 2016	107.75	85.60	108.10	86.60
January 2017	97.45	84.65	96.00	83.45
February 2017	102.95	84.25	102.90	85.00
March 2017	93.85	82.00	94.00	77.55

Stock performance comparison with BSE Sensex

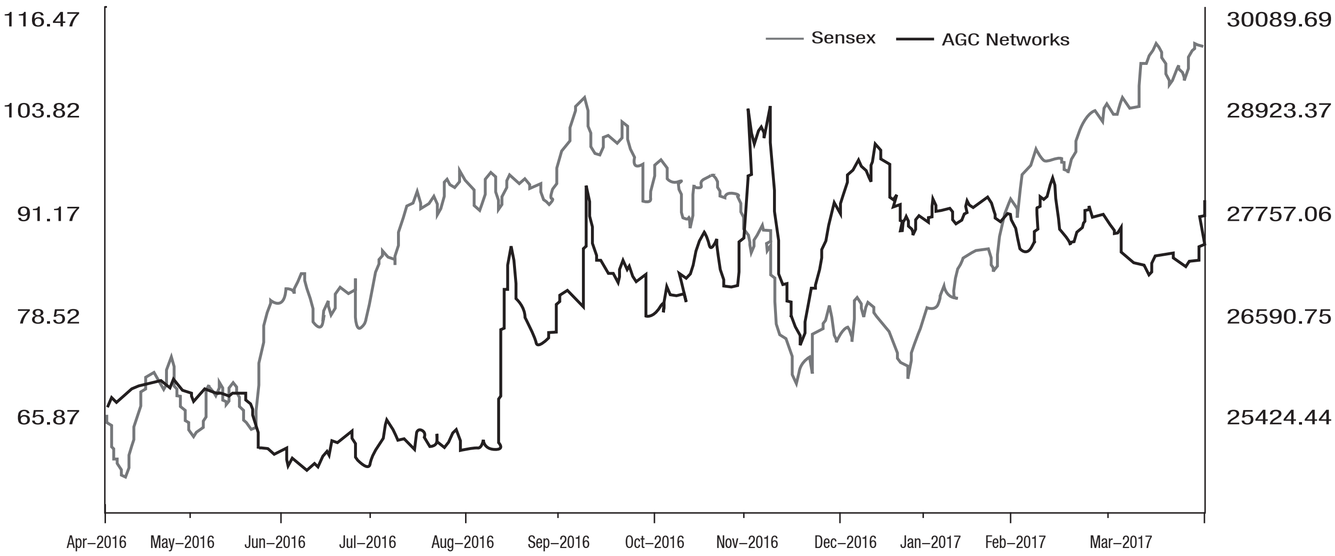


Table No. 2 – Distribution of shareholding as on March 31, 2017

Sr. No.	Shares Range		No. of Shares	% of Total Shares	No. of Shareholders	% of Total Shareholders
	From	To				
1	1	100	206128	0.72	4103	40.88
2	101	500	1214250	4.27	4552	45.35
3	501	1000	631469	2.22	887	8.84
4	1001	5000	819909	2.88	399	3.98
5	5001	10000	264336	0.93	36	0.36
6	10001	100000	1675407	5.89	55	0.55
7	100001 & above		23654965	83.10	6	0.06
	TOTAL		**28466464**	**100.00**	**10038**	**100.00**

Table No. 3 – Category–wise distribution as on March 31, 2017

Sr. No.	Name of Security Holders	No. of Shareholders	No. of Shares held	% to Capital
1	Promoter Companies	1	21349848	75.00
2	FPIs and OCBs	10	2032611	7.14
3	Banking/Financial Institutions/Insurance Companies/Central Government/State Government	10	329834	1.16
4	Mutual Funds	11	10228	0.04
5	Bodies Corporate/Trusts/Clearing members	200	675833	2.37
6	Non–Resident Individuals	182	190621	0.67
7	Resident Individuals	9466	3877489	13.62
	TOTAL	**9880**	**28466464**	**100.00**

Shareholding pattern as on March 31, 2017

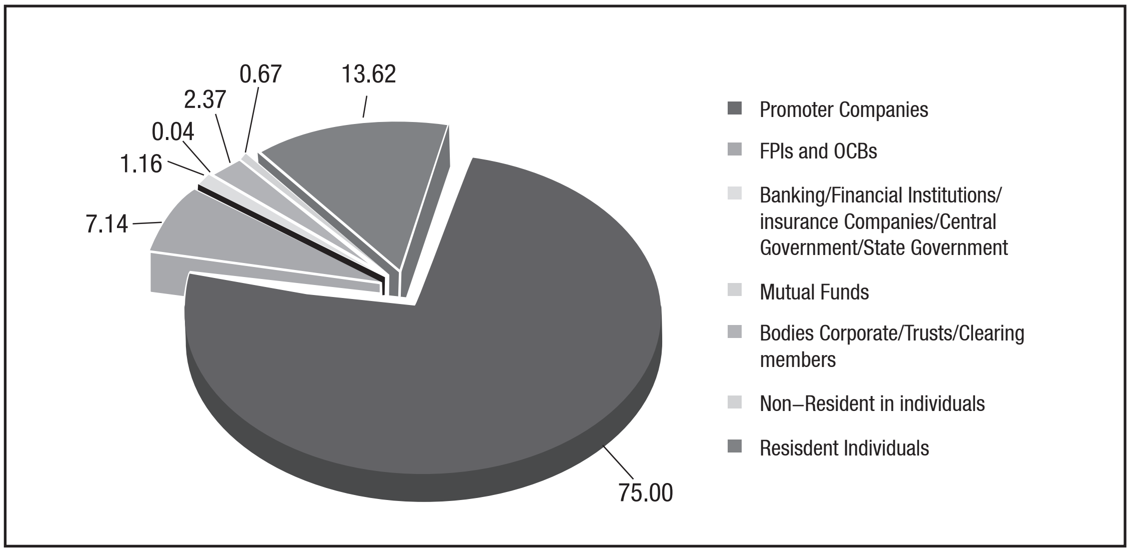


Table No. 4 – Dematerialization of shares and liquidity as on March 31, 2017

Description	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares
NSDL	5912	58.90	26681544	93.73
CDSL	2283	22.74	1236161	4.34
Physical	1843	18.36	548759	1.93
TOTAL	**10038**	**100.00**	**28466464**	**100.00**

Sanjeev Verma
Whole–time Director
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 2017, the Statement of Profit and Loss and 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 prescribed 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 for safeguarding the assets of the Company and for 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 standalone 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 these 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. 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 qualified audit opinion on these standalone financial statements.

Basis for Qualified Opinion

8. As stated in Note 44 to the Standalone financial statements, during the year ended 31 March 2015 the Company had recognised sale of two properties having carrying value of ₹ 0.74 crores and ₹ 0.35 crores, respectively, and profit on such sale amounting to ₹ 40.85 crores and ₹ 5.19 crores (net of incidental selling expenses amounting to ₹ 3.04 crores and ₹ 0.35 crores), respectively, under 'exceptional items'. In our opinion, since the significant risks and rewards for the said properties were not transferred, recognition of such sale and the accounting treatment followed by the Company is not in accordance

with the principles laid under Accounting Standard (AS) 9 'Revenue Recognition' and AS 5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules 2006 (as amended) and should have been reversed. Our audit opinion on the standalone financial statements for the year ended 31 March 2016 was qualified in respect of this matter. During the month of April 2016, significant risks and rewards in respect of one of the said property having a carrying value of ₹ 0.35 crores was transferred. Accordingly, in our opinion, sale of this property should have been recognised during the year ended 31 March 2017. Hence our audit opinion on the standalone financial statements for the year ended 31 March 2017 is qualified to this extent. With respect to the other property having carrying value of ₹ 0.74 crores our audit opinion on the standalone financial statements for the year ended 31 March 2017 continues to be qualified.

Had the Company followed the principles of AS 9 and AS 5 during the year ended 31 March 2017, the prior period expenses would have been higher by ₹ 46.04 crores (31 March 2016: ₹ 46.04 crores) and profit on sale of property would have been higher by ₹ 5.19 crores for the year ended on that date (31 March 2016: Nil); loss before tax would have been higher by ₹ 40.85 crores for the year ended on that date (March 2016: ₹ 46.04 crores); tax expenses for the year ended 31 March 2017 would have been lower by ₹ 3.27 crores (31 March 2016: ₹ 3.27 crores); long term loans advances, carrying value of tangible assets and other current liabilities as at 31 March 2017 would have been higher by ₹ 3.27 crores (31 March 2016: ₹ 3.27 crores), ₹ 0.74 crores (31 March 2016: ₹1.09 crores) and ₹ 0.16 crores (31 March 2016: lower by ₹ 0.19 crores) respectively; reserves and surplus and other current assets as at that date would have been lower by ₹ 37.58 crores (31 March 2016: ₹ 42.77 crores) and ₹ 47.32 crores (net of ₹ 3.20 crores received during previous year) (31 March 2016: ₹ 47.32 crores), respectively.

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 matters 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 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. Further to our comments in Annexure I, 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 matters 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 prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. the matter described in paragraph 8 under the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;

f. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

g. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;

h. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 24 May 2017 as per Annexure II expressed a qualified opinion;

i. 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in Note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its 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;

   iv. the Company, as detailed in Note 35 to the standalone financial statements, has made requisite disclosures in these standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the company.

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

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

Place: Mumbai
Date : 24 May 2017

Annexure I 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 2017

Annexure I

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, and to the best of our knowledge and belief, 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.

(c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year 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, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, 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) 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/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, 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, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Crore)	Amount Paid under protest (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act,1944	Demand on account of incorrect duty credit/short payment	0.47	0.04	1991–92 to 1996–97	Customs Excise and Service Tax Appellate Tribunal
Finance Act,1994	Service tax demand on RTU activation and penalty thereon	0.50	0.05	2006–07, 2007–08 & 2011–12	Commissioner of Central Excise and Service Tax – Appeals
Finance Act,1994	Service tax demand on RTU activation and penalty thereon	4.17	0.35	2003–04 to 2006–07	Customs Excise and Service Tax Appellate Tribunal

Annexure I 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 2017

Name of the statute	Nature of dues	Amount (₹ in Crore)	Amount Paid under protest (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
Finance Act,1994	Service tax demand on Royalty payment	0.74	–	2004–05 to 2006–07	Commissioner of Central Excise and 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 and Service Tax Appellate Tribunal
Finance Act,1994	Service tax demand along with penalty on excess cenvat utilization	7.04	0.50	2004–05 to 2007–08	Commissioner of Central Excise and Service Tax – Appeals
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 and Service Tax – Appeals
The Customs Act,1962	Demand for the payment of custom duty on Royalty Payments	6.60	–	Various Financial Years	Customs Excise and Service Tax Appellate Tribunal
West Bengal Sales Tax,1994	Interest on Works Contract tax / Sales tax	0.03	–	2003–04, 2005–06 & 2006–07	Assistant Commissioner of Commercial Taxes, West Bengal
Kerala Value added Tax act, 2003	Differential VAT rate demand	0.08	–	2008–09	Kerala VAT Tribunal
Kerala Value Added Tax Act, 2003	Non – submissions of F–forms	0.05	0.02	2011–12	Assistant Commissioner Appeals
		0.03	0.01	2009–10	
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	2009–10	Joint Commissioner of Sales Tax Appeals
		0.54	0.20	2008–09	
		0.13	0.08	2010–11	
		0.18	–	2011–12	
Uttar Pradesh Value Added Tax Act, 2008	VAT and interest payable on the basis of regular assessment	0.28	0.08	2008–09	Additional Commissioner Appeals
Gujarat Value added tax Act, 2003	Demand on Non receipt of statutory forms	0.74	–	2011–12	Gujarat VAT Tribunal
Gujarat Value added tax Act, 2003	Demand on Non receipt of statutory forms	1.74	–	2012–13	Joint Commissioner of Commercial Tax
Income Tax Act, 1961	Reopening of assessment u/s 147	0.62	0.62	2003–04	Income Tax Appellant Tribunal (ITAT)
Income Tax Act, 1961	Tax and penalty on deferred revenue treated as revenue	13.01	13.01	2004–05	Income Tax Appellant Tribunal (ITAT)
		2.13	2.13	2005–06	
		5.12	5.12	2006–07	
Income Tax Act, 1961	Penalty levied on concealment of Income u/s 271(1)(C)	0.28	0.28	2007–08	Commissioner of Income Tax (Appeal)
		1.89	–	2008–09	
Income Tax Act, 1961	Tax and penalty on deferred revenue treated as revenue	5.53	5.53	2009–10	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Demand on account of disallowance of certain expenditures	4.73	4.28	2011–12	Income Tax Appellant Tribunal (ITAT)
Income Tax Act, 1961	Demand on account of disallowance of expenditure incurred towards employee separation scheme	1.61	–	2008–09	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Demand on account of disallowance of certain expenditures	4.28	–	2012–13	Commissioner of Income Tax (Appeal)

Annexure I 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 2017

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). The Company did not raise any term loan during the year. Accordingly provisions of clauses 3(ix) of the Order are not applicable to the Company.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non–cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45–IA of the Reserve Bank of India Act, 1934.

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

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

Place: Mumbai
Date : 24 May 2017

Annexure II 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 2017

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of AGC Networks Limited ("the Company") as at and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ("the ICAI") and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure II 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 2017

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis of Qualified Opinion

8. In our opinion, according to the information and explanations given to us and based on our audit, the following material weakness has have been identified in the operating effectiveness of the Company's IFCoFR as at 31 March 2017:

   The Company's internal financial control over evaluation of accounting of non–routine transactions was not operating effectively. This has, during the year, resulted in non–reversal of transaction for sale of one property for which risks and rewards not transferred till the reporting date and non–recognition of sale of the other property for which risks and rewards were transferred during the current year, due to inappropriate evaluation of timing of transfer of risk and reward during an earlier year. This has led to misstatements of long–term loans and advances, tangible assets, other current assets, other current liabilities, prior period items, profit on sale of property, tax expense and resultant impact on the loss before tax and the reserves and surplus as at and for the year ended 31 March 2017.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

10. In our opinion, the Company has, in all material respects, adequate IFCoFR as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note, and except for the effects of the material weakness described above in the Basis for Qualified Opinion paragraph, on the achievement of the objectives of the control criteria, the Company's IFCoFR were operating effectively as at 31 March 2017.

11. We have considered the material weakness identified and reported above in the Basis for Qualified Opinion paragraph in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2017, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

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

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

Place: Mumbai
Date : 24 May 2017

BALANCE SHEET as at 31 March 2017

	Notes		As at 31 March 2017		As at 31 March 2016
			₹ in Crore		₹ in Crore
Equity and liabilities					
Shareholders' funds					
Share capital	3		43.47		43.47
Reserves and surplus	4		14.15		28.54
			57.62		**72.01**
Non–current liabilities					
Other long–term liabilities	5		6.83		6.18
Long–term provisions	6		5.46		6.34
			12.29		**12.52**
Current liabilities					
Short–term borrowings	7		135.33		138.01
Trade payables – total outstanding dues of –	8				
– Micro and small enterprises		2.78		2.40	
– Creditors other than micro and small enterprises		68.98	71.76	90.66	93.06
Other current liabilities	9		51.02		57.50
Short–term provisions	6		0.55		0.81
			258.66		**289.38**
Total			**328.57**		**373.91**
Assets					
Non–current assets					
Fixed assets					
Tangible assets	10		9.30		9.54
Intangible assets	11		2.12		2.69
Non–current investments	12		48.72		48.72
Deferred tax assets (net)	13		–		–
Long–term loans and advances	14		86.75		84.89
Other non–current assets	15		5.76		6.18
			152.65		**152.02**
Current assets					
Inventories	16		11.83		13.76
Trade receivables	17		76.31		104.17
Cash and bank balances	18		3.53		12.15
Short–term loans and advances	14		11.04		14.59
Other current assets	15		73.21		77.22
			175.92		**221.89**
Total			**328.57**		**373.91**

Notes 1 to 48 form an integral part of the financial statements.

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

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

ADI P. SETHNA
Partner

Place: Mumbai
Date : 24 May 2017

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

SUPARNA SINGH
Non–Executive Director
DIN – 07142898

PRATIK BHANUSHALI
Company Secretary

ANGSHU SENGUPTA
Chief Financial Officer

Place: Mumbai
Date : 24 May 2017

STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2017

	Notes	31 March 2017	31 March 2016
		₹ in Crore	₹ in Crore
Income			
Revenue from operations (gross)	19	245.96	314.57
Less: Excise duty	19	0.59	1.38
Revenue from operations (net)		**245.37**	**313.19**
Other income	20	4.78	6.85
Total Income (I)		**250.15**	**320.04**
Expenses			
Cost of materials and components consumed	21	2.76	8.51
Purchase of stock–in–trade		90.00	138.22
Decrease in inventories of work–in–progress and stock–in–trade	22	0.39	3.29
Service charges		73.93	77.03
Employee benefits expenses (net)	23	43.34	45.83
Finance costs	24	20.34	24.10
Depreciation and amortization expense	25	2.39	5.23
Other expenses	26	41.02	56.18
Total expenses (II)		**274.17**	**358.39**
Loss before exceptional items and tax (I–II)		**(24.02)**	**(38.35)**
Exceptional items	27	9.50	1.64
Loss before tax		**(14.52)**	**(36.71)**
Tax expenses			
Current tax		–	–
Deferred tax		–	–
Total tax expense		**–**	**–**
Loss for the year		**(14.52)**	**(36.71)**
Earnings per equity share [nominal value of share ₹ 10 (31 March 2016 : ₹ 10)]	28		
Basic (in ₹)		(5.10)	(12.90)
Diluted (in ₹)		(5.10)	(12.90)

Notes 1 to 48 form an integral part of the financial statements.

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

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

ADI P. SETHNA
Partner

Place: Mumbai
Date : 24 May 2017

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

SUPARNA SINGH
Non–Executive Director
DIN – 07142898

PRATIK BHANUSHALI
Company Secretary

ANGSHU SENGUPTA
Chief Financial Officer

Place: Mumbai
Date : 24 May 2017

CASH FLOW STATEMENT for the year ended 31 March 2017

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Cash flow from operating activities		
(Loss) before tax	**(14.52)**	**(36.71)**
Adjustments for non–cash transactions and items considered separately:		
Depreciation and amortisation	2.39	5.23
Loss / (profit) on sale of fixed assets	(0.01)	0.05
Provision for warranties	(0.14)	0.05
Provision for doubtful debts and advances	1.87	3.29
Liabilities / Provisions for earlier years no longer required written back	(7.01)	(1.79)
Unrealised foreign exchange loss / (gain)	0.17	(1.72)
Corporate Guarantee Commission Income	(2.11)	(2.06)
Finance cost	20.34	24.10
Interest income	(0.94)	(2.14)
Expenses on Employee stock option scheme	0.13	0.21
Exceptional items (refer note 27)	(9.50)	(1.64)
Operating profit before working capital changes	**(9.33)**	**(13.13)**
Movements in working capital		
Decrease in trade receivables	25.30	19.51
Decrease in inventories	1.93	4.33
Decrease / (increase) in loans, advances and other assets	9.66	(3.34)
(Decrease) in trade payables	(11.62)	(17.25)
Increase in other liabilities and provisions	0.97	8.18
Cash generated from / (used in) operations	**16.91**	**(1.70)**
Direct taxes paid (net of refunds)	(2.23)	(5.03)
Net cash flow – operating activities (A)	**14.68**	**(6.73)**
Cash flows from investing activities		
Purchase of fixed assets (including capital advances and net of capital creditors)	(2.23)	(8.28)
Proceeds from sale of fixed assets	0.02	3.21
Interest on bank deposits and others	1.74	0.14
Repayment of loan by subsidiary	–	37.87
Increase in margin money and term deposits with bank	4.77	0.07
Net cash flow – investing activities (B)	**4.30**	**33.01**

CASH FLOW STATEMENT for the year ended 31 March 2017

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Cash flows from financing activities		
Repayment – term loan	(5.80)	(5.45)
Proceeds from short–term borrowings (net)	3.47	6.55
Unclaimed dividend payments	(0.05)	(0.05)
Finance cost paid	(20.45)	(24.13)
Net cash flow – financing activities (C)	**(22.83)**	**(23.08)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(3.85)**	**3.20**
Cash and cash equivalents at the beginning of the year	4.60	1.40
Cash and cash equivalents at the end of the year (refer note 18)	**0.75**	**4.60**
Components of cash and cash equivalents		
With banks – in current accounts	0.57	4.53
Cheques / drafts on hand	0.17	0.05
Cash on hand	0.01	0.02
Total cash and cash equivalents (refer note 18)	**0.75**	**4.60**

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

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

ADI P. SETHNA
Partner

Place: Mumbai
Date : 24 May 2017

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

SUPARNA SINGH
Non–Executive Director
DIN – 07142898

PRATIK BHANUSHALI
Company Secretary

ANGSHU SENGUPTA
Chief Financial Officer

Place: Mumbai
Date : 24 May 2017

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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 Companies (Accounting Standards) Rules, 2006 prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) 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 generally 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 adjustments to the carrying amount of assets and liabilities in future periods, which are recognised in the period in which they are determined.

(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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on straight–line basis over the useful life estimated by the management, based on a technical evaluation or those prescribed under Schedule II of the Companies Act, 2013, whichever is higher. The Company depreciates its assets over the useful lives different from schedule II as detailed below:

Assets	No. of Years
Plant and Equipment	15 years
Furniture and Fixtures	5 years
Office Equipment	3 to 5 years
Computers and Servers	3 to 4 years
Buildings	30 to 60 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.

Depreciation on addition to fixed assets or on sale / disposal of fixed assets is calculated pro–rata from the date of such addition, or up to the date of such sale / disposal as the case may be.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Computer Software is amortised on a straight line basis over the estimated useful economic life which is expected as 4 years. 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.

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.

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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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 these 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.

(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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

(j) Income Recognition

i) Revenue Recognition

Revenue is recognized to the extent 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 pending which the sale is disclosed as unearned revenue. 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 recovered and not the entire amount of liability arising/paid during the year.

Sale of 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 is billed but 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.

Other operating income

It includes revenue arising from the reversal of liabilities / provisions no longer required or revenue arising from company's ancillary revenue–generating activities. Revenue from these activities are recorded only when Company is reasonably certain of such income.

ii) Other income

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Commission income

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

(k) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured as 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 for the reporting period. 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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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.

(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) 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 an unfunded defined benefit plan for its employees, viz., Gratuity. The costs of providing benefit under this plan is determined on the basis of an 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. 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 en–cashed or utilized by the employees 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) Deferred cost:

Contractual obligation relating to maintenance contracts, benefits of which will be consumed in subsequent years, have been recognised as deferred cost and disclosed under the “other assets”.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

(o) 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.

Potential equity shares are anti–dilutive when their conversion to equity shares would increase earnings per share or decrease loss per share. The effects of anti–dilutive potential equity shares are ignored in calculating diluted earnings per share.

(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 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.

(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.

(s) Share–based payments

The Company accounts for equity settled stock options as per the accounting treatment prescribed by Security and Exchange Board of India (share–based employees benefits) Regulations, 2014 and the Guidance Note on Employee Share–based Payments issued by the Institute of Chartered Accountants of India using the intrinsic value method. The compensation cost is amortised on straight line basis over the vesting period. The options that lapse are reversed in that period by a credit to employee compensation expense.

(t) Exceptional items

When items of income and expense within Statement of profit and loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

3. Share capital

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Authorized shares		
45,000,000 (31 March 2016: 45,000,000) equity shares of ₹ 10/– each	45.00	45.00
10,000,000 (31 March 2016: 10,000,000) 1% Non–cumulative, Non–convertible, redeemable preference shares of ₹ 100/– each	100.00	100.00
Issued, subscribed and fully paid–up shares		
28,466,464 (31 March 2016: 28,466,464) equity shares of ₹ 10/– each	28.47	28.47
1,500,000 (31 March 2016: 1,500,000) 1% Non–cumulative, Non–convertible, redeemable preference shares of ₹ 100/– each	15.00	15.00
Total issued, subscribed and fully paid–up share capital	**43.47**	**43.47**

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

Equity shares

	31 March 2017		31 March 2016	
	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 2017		31 March 2016	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
At the beginning of the year	1,500,000	15.00	1,500,000	15.00
Issued during the year	–	–	–	–
Outstanding at the end of the year	**1,500,000**	**15.00**	**1,500,000**	**15.00**

During the year ended 31 March 2015, the Company issued 1,500,000 1% Non–cumulative, Non–convertible, redeemable preference shares having face value of ₹ 100 each at par for a total consideration of ₹ 15.00 Crore to Essar Information Technology Limited.

At the meeting of Board of Directors of the Company held on 29 April 2017, it was resolved to approve and pay interim dividend on preference shares at their coupon rate.

(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 2017

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. As per Companies Act, 2013 the preference shareholders has right to vote on all resolution placed before the Company if preference dividend is not paid for a period of 2 years or more.

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 (12 August 2014) 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 these shares will be automatically redeemed 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 2017**	**31 March 2016**
	₹ in Crore	**₹ in Crore**
Essar Telecom Limited		
21,349,848 (31 March 2016 : 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 2017**		**As at 31 March 2016**	
	No. of shares	**% holding in the class**	**No. of shares**	**% holding in the class**
Equity shares of ₹ 10 each fully paid				
– Essar Telecom Limited	21,349,848	*75.00%*	21,349,848	*75.00%*
Preference shares of ₹ 100 each fully paid				
– Essar Information Technology Limited	1,500,000	*100.00%*	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 2017

4. Reserves and surplus

	31 March 2017	31 March 2016
	₹ 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 reserve		
As at the beginning of the year	32.10	32.10
As at the end of the year	**32.10**	**32.10**
Stock option outstanding		
As at the beginning of the year	0.21	–
Addition during the year	0.32	0.43
Lapsed during the year	0.19	0.22
As at the end of the year	**0.34**	**0.21**
General reserve		
As at the beginning of the year	100.58	100.58
As at the end of the year	**100.58**	**100.58**
(Deficit) in the statement of profit and loss		
As at the beginning of the year	(126.99)	(90.28)
Loss for the year	(14.52)	(36.71)
As at the end of the year	**(141.51)**	**(126.99)**
Total reserves and surplus	**14.15**	**28.54**

5. Other long–term liabilities

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Unearned revenue	6.83	6.18
	6.83	**6.18**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

6. Provisions

	Long–term		Short–term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Provision for employee benefits				
Provision for gratuity (refer note 29)	4.65	4.49	0.18	0.22
Provision for compensated absences	0.81	1.85	0.08	0.16
	5.46	**6.34**	**0.26**	**0.38**
Other provisions				
Provision for warranties	–	–	0.29	0.43
	–	**–**	**0.29**	**0.43**
	5.46	**6.34**	**0.55**	**0.81**

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 would 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 2017	31 March 2016
	₹ in Crore	₹ in Crore
At the beginning of the year	0.43	0.38
Recognised during the year	0.29	0.43
Utilized during the year	–	–
Unused amounts reversed	(0.43)	(0.38)
At the end of the year	**0.29**	**0.43**

7. Short–term borrowings

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Working capital term loan from bank (Secured) (refer footnote 1)	33.75	39.55
Loans repayable on demand		
Cash credits from banks (Secured) (refer footnote 2)	98.63	88.96
Buyers credit from banks (Secured) (refer footnote 3)	2.95	9.50
	135.33	**138.01**

Footnotes:

1. Working capital loan from bank is secured against first pari–passu charge on Leasehold land, Freehold 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. During the year ended 31 March 2015, the Company transferred its Gandhinagar properties vide deed of assignment (refer note 44). However, the loan is considered as secured since all properties have not been discharged as securities by the lender and continuance of the other assets as security.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

As per the original payment schedule loan is repayable in 14 quarterly installments starting from 9 February 2016 viz 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 properties or by way of repayment of the loan from the sale consideration. The effective rate of interest is the base rate of the lending bank which is 10.25% p.a. (31 March 2016 10.25% to 10.75% p.a.) plus spread 1.5%. Hence effective rate for the current year 11.75% p.a. (31 March, 2016 11.75% to 12.25% p.a.).

During previous year ended 31 March 2016, the Company had additionally paid ₹ 3.20 Crore in addition to the above repayment schedule as the amount of consideration (in part) received from sale of one of the property, forming part of the security.

2. Cash credits from banks are secured by first pari–passu 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–passu charge on all moveable fixed assets of the Company.

3. Buyers 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.

   The above borrowings were further secured by corporate guarantee from a fellow subsidiary which was discharged during the year.

8. Trade payables

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Dues of micro and small enterprises (refer note no 38)	2.78	2.40
Dues of creditors other than micro and small enterprises		
– For products	63.42	76.47
– For services	5.56	14.19
	68.98	**90.66**

9. Other current liabilities

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Interest accrued but not due on borrowings	0.80	0.91
Employee related payables	3.97	6.13
Payables for expenses	5.02	5.49
Unearned revenue	28.30	19.48
Capital creditors	–	0.65
Unclaimed dividend #	0.24	0.29
Advances from customers	7.25	8.48
Statutory dues payable	1.81	4.26
Payable to a related party *	0.11	5.45
Other current liabilities (refer note 44)	3.52	6.36
	51.02	**57.50**

There is no amount due and outstanding to be transferred to the Investor Education and Protection Fund (IEPF) as on 31 March 2017 and 31 March 2016 respectively. Unclaimed dividend, if any, shall be transferred to IEPF as and when they become due.

* Expenses / payments incurred / made by a related party on behalf of the Company.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

10. Tangible assets

₹ in Crore

	Buildings *	Plant and Equipment	Computers and Servers	Electrical Installations	Furniture and Fixtures	Office Equipment	Vehicles	Total
Cost								
At 1 April 2015	0.57	33.79	8.25	2.16	4.27	13.17	0.07	62.28
Additions	–	0.48	2.65	0.00	0.02	0.11	–	3.26
Disposals / adjustments	–	9.75	0.88	0.63	0.89	1.76	–	13.91
At 31 March 2016	**0.57**	**24.52**	**10.02**	**1.53**	**3.40**	**11.52**	**0.07**	**51.63**
Additions	–	0.17	1.37	0.03	–	0.02	–	1.59
Disposals	–	0.16	0.02	0.23	1.13	0.39	–	1.93
At 31 March 2017	**0.57**	**24.53**	**11.37**	**1.33**	**2.27**	**11.15**	**0.07**	**51.29**
Depreciation								
At 1 April 2015	0.49	25.49	7.90	1.87	3.53	12.39	–	51.67
Charge for the year	0.02	2.45	0.53	0.21	0.56	0.50	–	4.27
Disposals / adjustments	–	9.75	0.88	0.59	0.87	1.76	–	13.85
At 31 March 2016	**0.51**	**18.19**	**7.55**	**1.49**	**3.22**	**11.13**	**–**	**42.09**
Charge for the year	0.02	0.53	0.86	0.07	0.16	0.17	–	1.81
Disposals	–	0.16	0.02	0.23	1.13	0.38	–	1.92
At 31 March 2017	**0.53**	**18.57**	**8.39**	**1.33**	**2.25**	**10.92**	**–**	**41.99**
Net carrying amount								
At 31 March 2016	0.06	6.33	2.47	0.04	0.18	0.39	0.07	9.54
At 31 March 2017	**0.04**	**5.96**	**2.98**	**–0.00**	**0.02**	**0.23**	**0.07**	**9.30**

Notes

1. Building includes those constructed on leasehold land
2. Above assets are given as security for borrowings (refer note 7.1)
3. Leasehold land is completely depreciated / adjusted and net book value for the year ended 31 March 2017 is Nil (31 March 2016:Nil) (refer note 44)
4. In accordance with Schedule II to the Companies Act, 2013, the Company has reassessed the estimated useful life of certain class of asset through technical evaluation during the year (refer note 43)

   *refer note 44

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

11. Intangible assets

₹ in Crore

	Computer Software	Total
Cost		
At 1 April 2015	10.80	10.80
Additions	2.05	2.05
Disposals	–	–
At 31 March 2016	**12.85**	**12.85**
Additions	0.01	0.01
Disposals	–	–
At 31 March 2017	**12.86**	**12.86**
Amortisation		
At 1 April 2015	9.20	9.20
Charge for the year	0.96	0.96
Disposals	–	–
At 31 March 2016	**10.16**	**10.16**
Charge for the year	0.58	0.58
Disposals	–	–
At 31 March 2017	**10.74**	**10.74**
Net carrying amount		
At 31 March 2016	**2.69**	**2.69**
At 31 March 2017	**2.12**	**2.12**

12. Non–current investments

	31 March 2017 ₹ in Crore	31 March 2016 ₹ in Crore
Long–term trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares (fully paid up)		
Investment in subsidiaries		
100 (31 March 2016: 100) equity shares of SGD 1 each, 4 (31 March 2016 : 4) equity shares of SGD 481,111 each, 10 (31 March 2016 : 10) equity shares of SGD 607,870 each in AGC Networks Pte. Limited	34.22	34.22
4,224,993 (31 March 2016: 4,224,993) equity shares of AUD 1 each in AGC Networks Australia Pty. Limited	14.50	14.50
	48.72	**48.72**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

13. Deferred tax assets (net)

The Company does not have any deferred tax liability as at 31 March 2017 and as at 31 March 2016. 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.

14. Loans and advances

	Long–term		Short–term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Unsecured, considered good				
Capital advances	–	0.01	–	–
Security Deposits	3.17	4.42	1.49	1.27
Security Deposits with a related party	10.00	8.49	–	–
Loan and advances to related parties	–	–	–	3.36
Advances to vendors	0.06	0.10	1.37	2.19
Advance income–tax [net of provision for taxation ₹ 123.21 Crores (31 March 2016: ₹ 123.21 Crores)]	71.71	69.48	–	–
Prepaid expenses	–	0.54	2.33	2.64
Balances with statutory / Government authorities	1.81	1.85	5.85	5.13
	86.75	**84.89**	**11.04**	**14.59**

Disclosure as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of subsidiary	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
AGC Networks Pte. Ltd.		
Loan outstanding	–	–
Maximum amount outstanding during the year	–	37.87

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

Name of subsidiary	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
AGC Networks Pte. Ltd.		
The loan was given for business purposes and was repayable on demand and carries interest of 7% per annum.		
Guarantee given / Security provided	116.71	119.40

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 2017

15. Other assets

	Non–current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Unsecured, considered good				
Margin money deposits with banks *	1.63	0.41	–	–
Long–term trade receivables	0.64	1.29	–	–
Others				
Interest accrued on fixed deposits	–	–	1.88	2.68
Other receivables from related parties	–	–	10.28	1.66
Receivable against sale of fixed assets (refer note 44)	–	–	47.32	47.32
Deferred cost for maintenance contracts	–	1.90	12.71	21.18
Other receivables	3.49	2.58	1.02	4.38
	3.49	**4.48**	**73.21**	**77.22**
	5.76	**6.18**	**73.21**	**77.22**

* Lien against bank guarantees issued.

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

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Raw Materials and components (includes in transit ₹ Nil (31 March 2016: ₹ 0.05 Crore)) (refer note 21)	0.15	0.19
Work–in–progress (refer note 22)	0.65	1.70
Stock–in–trade (includes in transit ₹ Nil (31 March 2016: ₹ 0.44 Crore) (refer note 22)	7.36	6.70
Stores and spares	3.67	5.17
	11.83	**13.76**

17. Trade receivables (Current)

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Receivables outstanding for a period exceeding six months from the due date for payment		
Unsecured, considered good	27.80	35.04
Unsecured, considered doubtful	50.80	48.93
	78.60	**83.97**
Less: Provision for doubtful receivables	50.80	48.93
	27.80	**35.04**
Others		
Unsecured, considered good	48.51	69.13
	76.31	**104.17**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

18. Cash and bank balances

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Cash and cash equivalents		
Balances with banks:		
– In current accounts	0.57	4.53
Cheques / drafts on hand	0.17	0.05
Cash on hand	0.01	0.02
	0.75	**4.60**
Other bank balances		
Margin money deposits with maturity of more than 3 months and less than 12 months *	2.54	7.26
Unclaimed dividend	0.24	0.29
	2.78	**7.55**
	3.53	**12.15**

* As lien against bank guarantees issued.

19. Revenue from operations

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Revenue from operations		
Sale of products		
– Finished goods*	5.81	12.99
– Traded goods*	106.54	155.28
Sale of services [refer note (a) below]	126.60	144.51
	238.95	**312.78**
Less : Excise Duty#	0.59	1.38
	238.36	**311.40**
Other operating revenue [refer note (b) below]		
Liabilities / provisions for earlier years no longer required written back	7.01	1.79
Revenue from operations (net)	**245.37**	**313.19**

(a) Details of services rendered

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Maintenance services	37.42	67.46
Implementation services	89.18	77.05
	126.60	**144.51**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

(b) Details of other operating income

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Reversal of liabilities / provisions for earlier years no longer required		
– pertaining to expenses	1.84	–
– pertaining to employee related payables	1.03	1.79
– pertaining to trade payables	1.05	–
– pertaining to GRIR balances	2.06	–
– pertaining to advance from customers	1.03	–
	7.01	**1.79**

Excise duty recovered on sales amounting to ₹ 0.59 Crore (31 March 2016 : ₹ 1.38 Crore) has been reduced from sales in the statement of profit and loss and excise duty on increase/decrease in stock amounting to ₹ 0.10 Crore [(31 March 2016 : ₹ (0.04) Crore)] has been considered as expense in the statement of profit and loss.

* The Company is a 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 solutions offered to customers makes it difficult to establish a meaningful/homogenous relationship for providing breakup 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.

20. Other income

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Interest income on		
Bank deposits	0.70	0.68
Income tax refund	1.66	1.13
Interest on loan to subsidiary	–	1.21
Others	0.24	0.25
Corporate Guarantee commission	2.11	2.06
Exchange differences (net)	–	0.38
Miscellaneous Income	0.06	1.14
Gain on disposal of fixed assets	0.01	–
	4.78	**6.85**

21. Cost of raw materials and components consumed

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Inventory at the beginning of the year	0.19	0.16
Add: Purchases	2.72	8.54
	2.91	**8.70**
Less: Inventory at the end of the year	0.15	0.19
Cost of raw material and components consumed	**2.76**	**8.51**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

Details of raw material and components consumed

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Printed circuit boards	1.24	3.78
Static converters	0.07	0.33
Cabinet	1.10	3.22
Peripherals	0.07	0.25
Others	0.28	0.93
	2.76	**8.51**

22. Decrease in inventories

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Inventories at the end of the year		
Stock–in–trade	7.36	6.70
Work–in–progress	0.65	1.70
	8.01	**8.40**
Inventories at the beginning of the year		
Stock–in–trade	6.70	9.38
Work–in–progress	1.70	2.31
	8.40	**11.69**
	0.39	**3.29**

Note: The Company is a 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 solutions offered to customers makes it difficult to establish a meaningful/homogenous relationship for providing breakup 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 expenses (net) (refer note 29 and 30)

(Net of reimbursements)	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Salaries, wages and bonus	40.58	42.58
Contribution to provident and other funds	0.91	0.96
Staff welfare expenses	1.72	2.08
Expenses on Employee stock option scheme	0.13	0.21
	43.34	**45.83**

24. Finance costs

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Interest on loans	19.22	20.78
Guarantee commission	0.38	2.39
Others	0.74	0.93
	20.34	**24.10**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

25. Depreciation and amortisation expense

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Depreciation of tangible assets (refer note 10 and note 43)	1.81	4.27
Amortisation of intangible assets (refer note 11)	0.58	0.96
	2.39	**5.23**

26. Other expenses

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Consumption of stores and spares (indigenous)	2.31	2.83
Power and water charges	1.47	2.27
Rent	9.37	11.75
Rates and taxes	1.02	2.02
Insurance	0.17	0.47
Repairs and maintenance – others	5.11	4.54
Travelling and conveyance	8.57	9.83
Telephone, telex and fax	1.19	2.15
Legal and professional fees	3.34	8.93
Advertisement and sales promotion	0.99	0.87
Outward freight, clearing and forwarding charges	1.15	1.43
Commission to others	–	0.21
Directors' sitting fees	0.38	0.48
Payments to auditors (refer details below)	0.68	1.04
Exchange differences (net)	0.08	–
Provision for doubtful debts (net)	1.87	3.29
Bad debts written off (Net of provision in earlier year ₹ 1.17 Crore; 31 March 2016 ₹ 0.81 Crore)	–	–
Loss on sale of fixed assets (net)	–	0.05
Miscellaneous expenses	3.32	4.02
	41.02	**56.18**

Payment to auditor (including service tax)

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
As auditors:		
Audit fee and limited review fees (including consolidation)	0.65	0.99
Other services (certification fees)	0.01	0.01
Reimbursement of expenses	0.02	0.04
	0.68	**1.04**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

27. Exceptional items

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
(i) Reversal of rent (refer note a)	9.50	–
(ii) Interest on receivable against sale of fixed assets (refer note b)	–	1.64
	9.50	**1.64**

Notes:

a) Represents liability towards rent pertaining to earlier years, reversed on account of settlement with the lessor during the year.

b) Represents interest income recognised on sale consideration receivable from the buyer towards assignment of properties situated at Gandhinagar (refer note 44).

28. Earnings per share (EPS)

The following reflects the profit/(loss) used in the computation of basic EPS:

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Loss for the year	(14.52)	(36.71)
Weighted average number of equity shares for calculating basic EPS	28,466,464	28,466,464
Basic earnings per share (in ₹)	**(5.10)**	**(12.90)**
Nominal Value per share (in ₹)	10.00	10.00
The following reflects the loss used in the computation of dilutive EPS:		
Loss for the year	(14.52)	(36.71)
Weighted average number of equity shares for calculating dilutive EPS *	28,466,464	28,466,464
Diluted earnings per share (in ₹)	**(5.10)**	**(12.90)**
Nominal Value per share (in ₹)	10.00	10.00

The effect of 556,520 (31 March 2016: 492,469) potential equity shares granted during the year relating to share options awards under the ESOP Scheme 2015 on the attributable loss for the year is anti–dilutive and thus these share are not considered in determining diluted loss per share.

29. Employee benefits plan

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

Particulars	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Contribution to provident fund	0.91	0.96

Above amount has been included in the line item `Contribution to provident and other funds' in note 23.

(b) Defined benefit plan – The Company has an unfunded defined benefit 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 at 15 days of last drawn salary for each completed year of service.

The following tables summarizes the components of benefit expense recognized in the statement of profit and loss and the amounts recognized in the balance sheet for the gratuity plan.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2017	**31 March 2016**
	₹ in Crore	**₹ in Crore**
Current service cost	0.56	0.58
Interest cost on benefit obligation	0.33	0.32
Net actuarial loss / (gain) recognized in the year	0.40	(0.27)
Net benefit expense	**1.29**	**0.63**

Balance sheet

Benefit liability

	31 March 2017	**31 March 2016**
	₹ in Crore	**₹ in Crore**
Present value of defined benefit obligation	4.83	4.71
Net (liability) recognised in Balance sheet	**(4.83)**	**(4.71)**

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

	31 March 2017	**31 March 2016**
	₹ in Crore	**₹ in Crore**
Opening defined benefit obligation	4.71	4.41
Current service cost	0.56	0.58
Interest cost	0.33	0.32
Benefits paid	(1.17)	(0.33)
Actuarial loss / (gain) on obligation	0.40	(0.27)
Closing defined benefit obligation	**4.83**	**4.71**

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

	Gratuity	
	31 March 2017	**31 March 2016**
Discount rate	7.20%	8.00%
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 FINANCIAL STATEMENTS for the year ended 31 March 2017

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

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Gratuity	**₹ in Crore**	**₹ in Crore**	**₹ in Crore**	**₹ in Crore**	**₹ in Crore**
Defined benefit obligation	4.81	4.71	4.41	4.47	5.82
Plan assets	–	–	0.29	0.95	2.77
Deficit/(surplus)	4.81	4.71	4.12	3.52	3.05
Experience adjustments on plan liabilities	(0.05)	0.22	0.41	0.42	(0.70)
Experience adjustments on plan assets	–	–	(0.05)	0.02	–
Actuarial gain / (loss) due to change in assumptions	0.40	0.05	(0.51)	0.24	(0.10)

(c) Compensated absences: During the current year ended 31 March 2017, the Company has decided to restrict the balance of unavailed privilege leave (PL) balance to a maximum of 42 days from existing limit of 90 days. With effect from 1 January 2017, PL can not be en–cashed or accumulated and shall lapse every year in the month of December. The balance as of 31 December 2016 is entitled to be en–cashed only during separation from the Company based on basic salary as of December 2016. Accordingly, during the year excess provision of ₹ 0.92 crore has been written back based on actuarial valuation report and net reversal in excess of charge for the year has been grouped under 'other operating income' in the statement of profit and loss.

30. Employees Stock Option

The Company provides share–based payment schemes to its employees. During the year ended 31 March 2016, an employee stock option plan (ESOP) was in existence i.e. ESOP scheme 2015. The relevant details of the scheme and the grant are as below.

On 14 May, 2015 the Board of Directors approved the equity settled ESOP scheme 2015 for issue of stock options to the key employees and directors of the company setting aside 1,423,323 options under this scheme. According to the scheme,the employees selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising vesting period and exercise period) of options granted is 6.12 years. The other relevant terms of the grants are as below:

Grant Date	**19–May–16**	**14–May–15**
Vesting period	3 years	3 years
Exercise period	2 years	2 years
Exercise price (₹)	55.00	80.00
Market price on the date of grant (₹)	68.20	104.15

The details of activity under the ESOP scheme 2015 are summarized below:

Particulars	31 March 2017		31 March 2016	
	No. of options	*** WAEP (₹)**	**No. of options**	*** WAEP (₹)**
Outstanding at the beginning of the year	492,469	80.00	–	–
Granted during the year	320,248	70.15	1,004,866	80.00
Cancelled during the year	256,197	70.15	512,397	80.00
Exercised during the year	–	–	–	–
Outstanding at the end of the year	556,520	65.61	492,469	80.00
Exercisable at the end of the year	–	–	–	–

* WAEP denotes weighted average exercise price of the option

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2017 is 5.12 to 6.12 Years (31 March 2016: 6.12 Years)

The weighted average fair value of stock options granted during the year – ₹ 38.60 (31 March 2016 is ₹ 32.85)

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	19–May–16	14–May–15
Dividend yield (%)	0.00%	9.60%
Expected volatility (%)	55.71 – 60.74%	54.42 – 57.57%
Risk–free interest rate (%)	7.30 – 7.46%	7.77 – 7.82%
Weighted average share price	68.20	104.15
Exercise price	55.00	80.00
Expected life of options granted in years	4.00 – 6.00	4.00 – 6.01

The expected life of options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may differ from the actual.

The Company measures the cost of ESOP using intrinsic value method. Had the company used the fair value model to determine compensation, its loss after tax and earnings per share as reported would have changed to amounts indicated below.

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Loss after tax attributable to equity shareholders	(14.52)	(36.71)
ESOP cost using Intrinsic Value method	0.13	0.21
ESOP cost using Fair Value method	0.41	0.61
Proforma (loss) after tax	**(14.80)**	**(37.11)**
Earnings per share		
Basic		
As reported (in ₹)	(5.10)	(12.90)
Proforma (in ₹)	(5.20)	(13.04)
Diluted		
As reported (in ₹)	(5.10)	(12.90)
Proforma (in ₹)	(5.20)	(13.04)

The Company incurred ₹ 0.13 Crore (31 March 2016 : ₹ 0.21 Crore) towards employees stock compensation plan during the year.

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 agreement generally range between 11 months to 6 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 26.

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

	31 March 2017 ₹ in Crore	31 March 2016 ₹ in Crore
Within one year	8.34	10.33
After one year but not more than five years	17.09	29.51
More than five years	–	0.04

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 with in 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.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

33. Related party disclosures

Names of related parties and related party relationships

Related parties where control exists

Holding company	Essar Telecom Limited
Ultimate holding company	Essar Global Fund Limited
Subsidiaries (including step down subsidiaries)	AGC Networks Australia Pty. Limited
	AGC Networks Pte. Limited
	AGC Networks Inc.
	AGC Networks Philippines, Inc.
	AGC Networks and Cyber Solutions Limited (w.e.f. 11 August 2016)
	AGCN Solutions Pte. Limited (w.e.f 18 November 2016)
	AGC Networks LLC.(w.e.f. 06 February 2017)

Related parties with whom transactions have taken place

Fellow subsidiaries	Aegis Limited
	Aegis Services Lanka Pvt. Limited
	Equinox Business Parks Pvt. Limited
	Essar Bulk Terminal (Salaya) Limited
	Essar Bulk Terminal Limited
	Essar Oil Limited
	Essar Oil UK Limited
	Essar Power Gujarat Limited
	Essar Projects (India) Limited
	Essar Shipping Limited
	Essar Steel India Limited
	Essar Telecom Kenya Limited
	The MobileWallet Private Limited
	The Mobile Store Limited
	Vadinar Oil Terminal Limited
	Vadinar Ports & Terminals Limited
Key managerial personnel	**Managing / Whole–Time Directors**
	Mr. Anil Nair, Managing Director and CEO (upto 15 February, 2016)
	Mr. Sanjeev Verma, Whole–Time Director (w.e.f. 15 February, 2016)*
	Others (as per Companies Act, 2013)
	Mr. Angshu Sengupta, Chief Financial Officer (w.e.f. 11 July, 2016)
	Mr. Amal Thakore, Chief Financial Officer (upto 11 July, 2016)
	Mr. Pratik Bhanushali, Company Secretary

* The shareholders of the Company have approved the appointment of Mr. Sanjeev Verma as a whole–time Director of the Company. The Company had filed an application seeking approval of the Central Government for the appointment since the whole–time Director was not resident in India on the date of his appointment for which approval was received on 17 May 2017.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

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:

During the year, 320,248 equity shares options are granted to key managerial personnel and 113,865 equity shares options lapsed.

a. Remuneration to key managerial personnel

	31 March 2017 ₹ in Crore	31 March 2016 ₹ in Crore
Mr. Anil Nair		
Salary, bonus and contribution to P. F. (Expenses)	–	0.73
Nil (31 March 2016: 426,997) options granted and cancelled during the year	–	–
Mr. Sanjeev Verma		
Salary, bonus and contribution to P. F.	–	–
Excess remuneration recoverable as at year end	–	(0.55)
320,248 (31 March 2016: 106,749) options granted during the year	–	0.05
Payable as at year end	0.19	0.19
Others		
Salary, bonus and contribution to P. F.	1.28	1.20
113,865 options granted and cancelled during the year	–	0.05
Payable as at year end	0.12	0.29

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 2017

b. Transactions with Related Parties

₹ in Crore

	Year ended	Sale of goods *	Sale of services *	Purchase of traded goods	Services received	Interest received/ receivable	Expenses reimbursement received	Expenses reimbursement paid / adjusted	Reversal of Rent [refer note 27 (a)]	Commission received / (paid) on guarantee	Guarantee discharged	Security Deposits Given / (repaid)	On behalf collections (including trade advances taken during the year)	On behalf payments (including trade advances given during the year)	Adjustment on assignment of balances (net)	Loans repaid by borrower during the year
Subsidiaries																
AGC Networks Australia Pty. Limited	31 March 17	–	0.35	–	–	–	1.52	–	–	–	–	–	1.80	–	–	–
	31 March 16	–	0.45	–	–	–	0.63	–	–	–	–	–	–	–	–	–
AGC Networks Pte. Limited	31 March 17	–	0.42	–	–	–	11.80	–	–	2.11	–	–	11.58	4.19	–	–
	31 March 16	0.00	0.24	0.04	–	1.21	15.80	–	–	2.06	–	–	8.92	2.10	–	37.87
AGC Networks Philippines, Inc.	31 March 17	–	0.17	–	–	–	0.21	–	–	–	–	–	–	–	–	–
	31 March 16	–	0.14	–	0.08	–	0.53	–	–	–	–	–	–	–	–	–
AGC Networks Inc.	31 March 17	0.37	0.93	–	0.04	–	0.45	1.70	–	–	–	–	0.36	–	–	–
	31 March 16	–	0.56	0.01	0.13	–	0.22	0.73	–	–	–	–	–	0.35	–	–
Fellow subsidiaries																
Aegis Limited	31 March 17	1.25	4.27	–	–	–	–	–	–	–	100.50	–	3.85	–	–	–
	31 March 16	13.74	3.35	0.06	1.08	–	–	–	–	(1.91)	–	–	0.25	–	–	–
Equinox Business Parks Pvt. Limited	31 March 17	–	–	–	8.19	–	–	–	9.50	–	–	1.51	–	0.44	–	–
	31 March 16	–	–	–	8.05	–	–	–	–	–	–	–	–	–	–	–
Essar Oil Limited	31 March 17	–	0.06	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 16	–	0.01	–	–	–	–	–	–	–	–	–	1.00	–	–	–
Essar Bulk Terminal (Salaya) Limited	31 March 17	–	0.27	–	–	–	–	–	–	–	–	–	0.02	–	0.13	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	0.12	–	–	–
Essar Projects (India) Limited	31 March 17	–	–	–	–	–	–	0.32	–	–	–	–	–	–	1.82	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Essar Steel India Limited	31 March 17	–	–	–	–	–	–	0.08	–	–	–	–	–	–	0.16	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Essar Oil UK Limited	31 March 17	–	1.10	–	–	–	–	–	–	–	–	–	1.10	–	–	–
	31 March 16	–	1.00	–	–	–	–	–	–	–	–	–	1.00	–	–	–
Essar Shipping Limited	31 March 17	–	–	–	–	–	–	–	–	–	–	–	–	–	0.11	–
	31 March 16	–	0.14	–	–	–	–	–	–	–	–	–	–	–	–	–
The Mobile Store Limited	31 March 17	–	–	–	–	–	–	–	–	–	–	–	2.00	–	–	–
	31 March 16	–	0.12	–	–	–	–	–	–	–	–	–	–	2.00	–	–
Vadinar Oil Terminal Limited	31 March 17	–	0.27	–	–	–	–	–	–	–	–	–	0.02	–	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	0.06	–	–	–
Vadinar Ports & Terminals Limited	31 March 17	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	0.06	–	–	–
Aegis Services Lanka Pvt. Limited	31 March 17	–	0.06	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Essar Power Gujarat Limited	31 March 17	0.02	0.00	–	–	–	–	–	–	–	–	–	0.02	–	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Essar Bulk Terminal Limited	31 March 17	–	0.83	–	–	–	–	–	–	–	–	–	0.06	–	0.77	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
The MobileWallet Pvt. Limited	31 March 17	–	–	–	0.28	–	–	–	–	–	–	–	–	0.00	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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

Foreign currency transactions are reported at the exchange rate on the transaction date.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

c. Balances with Related Parties

₹ in Crore

	Year ended	Guarantees given outstanding as at year end	Guarantees taken outstanding as at year end	Advances and other recoverables	Trade receivables	Amount owed to related parties**
Subsidiaries						
AGC Networks Australia Pty. Limited	31 March 17	–	–	0.08	0.01	–
	31 March 16	–	–	0.02	–	–
AGC Networks Pte. Limited	31 March 17	116.71	–	7.63	0.64	1.05
	31 March 16	119.40	–	1.09	0.24	–
AGC Networks Philippines, Inc.	31 March 17	–	–	0.25	0.17	–
	31 March 16	–	–	0.03	–	–
AGC Networks Inc.	31 March 17	–	–	2.32	1.82	2.72
	31 March 16	–	–	0.52	1.26	–
Fellow subsidiaries						
Aegis Limited	31 March 17	–	–	–	1.67	2.96
	31 March 16	–	100.50	–	–	2.96
Equinox Business Parks Pvt. Limited	31 March 17	–	–	10.00	0.14	5.01
	31 March 16	–	–	8.49	0.14	6.76
Essar Oil Limited	31 March 17	–	–	–	–	0.74
	31 March 16	–	–	–	–	0.80
Essar Bulk Terminal (Salaya) Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	–	–	0.12
Essar Projects (India) Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	1.36	0.78	–
Essar Steel India Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	–	0.24	–
Essar Telecom Kenya Limited	31 March 17	–	–	–	0.00	–
	31 March 16	–	–	–	0.00	–
Essar Shipping Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	–	0.11	–
The Mobile Store Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	2.00	–	–
Vadinar Oil Terminal Limited	31 March 17	–	–	–	0.13	–
	31 March 16	–	–	–	–	0.06
The MobileWallet Pvt. Limited	31 March 17	–	–	–	–	0.28
	31 March 16	–	–	–	–	–
Aegis Services Lanka Pvt. Limited	31 March 17	–	–	–	0.06	–
	31 March 16	–	–	–	–	–
Vadinar Ports & Terminals Limited @	31 March 17	–	–	–	–	–
	31 March 16	–	–	–	–	0.06

Foreign currency balance are restated at year end rates.

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

@ Vadinar Ports & Terminals Limited merged with the Vadinar Oil Terminal Limited and hence the opening balance of the Vadinar Ports & Terminals Limited of ₹ 0.06 cr transferred to the amount owed to related parties of Vadinar Oil Terminal Limited.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

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 2016: 0.03 Crore)

(b) For commitments relating to lease arrangements, refer note 31.

35. Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016

₹ in Crore

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	0.02	0.00	0.02
(+) Permitted receipts	–	0.06	0.06
(–) Permitted payments	–	0.05	0.05
(–) Amount deposited in Banks	0.02	–	0.02
Closing cash in hand as on 30 December 2016	–	0.01	0.01

36. Contingent liabilities

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Contingent liabilities		
I) In respect of disputed demands in respect of matters under appeal with		
(a) Income tax authorities	39.21	33.59
(b) Excise, service tax and customs authorities	24.31	24.31
(c) Sales tax authorities	4.72	2.98

The Company is contesting all of the above demands in respect of Income tax, Excise duty, Service tax, Custom duty and Sales tax and the management, believes that its positions are likely be upheld at the appellate stage. No expense has been accrued in the financial statements for the aforesaid demands. The management believes that the ultimate outcome of these proceedings are not expected to have a material adverse effect on the Company's financial position and results of operations and hence no provision has been made, in this regard.

	31 March 2017	31 March 2016
II) Corporate Guarantee	116.71	119.40

The Company has given a corporate guarantee of USD 1.80 Crore, equivalent to ₹ 116.71 Crore (31 March 2016: USD 1.80 Crore, equivalent to ₹ 119.40 Crore) towards the financial obligation of AGC Networks Pte. Ltd..

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

37. 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 2017		31 March 2016	
	Foreign Currency	**Indian Rupees**	**Foreign Currency**	**Indian Rupees**
Trade Payables	0.24 USD	15.85	0.38 USD	24.93
	0.00 EUR	0.09	0.00 EUR	0.06
Other current Liabilities	0.01 USD	0.34	0.07 USD	4.37
Bank Balances	0.00 USD	0.28	0.05 USD	3.11
	0.00 KES	0.00	1.72 KES	1.12
Trade Receivables	0.07 USD	4.86	0.09 USD	5.82
Short–term borrowings	0.05 USD	2.95	0.14 USD	9.50
Other receivables from related parties	0.16 USD	10.66	0.09 USD	6.04
Loans and advances	0.02 USD	1.22	0.01 USD	0.55
			0.00 EUR	0.02
Guarantees given	1.80 USD	116.71	1.80 USD	119.40

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

Sundry creditors include –

	31 March 2017	31 March 2016
	₹ in Crore	**₹ in Crore**
Total outstanding dues of micro and small enterprises	2.78	2.40

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

		31 March 2017	31 March 2016
		₹ 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	2.72	2.28
	b. Interest	0.06	0.12
	Total	**2.78**	**2.40**
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	3.59	1.35
	b. Interest	–	–
	Total	**3.59**	**1.35**
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	0.06	0.12
	b. Total Interest unpaid	0.06	0.12
5) 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 ₹ 0.06 Crore (31 March 2016 ₹ 0.12 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 2017

39. Value of imports calculated on CIF basis

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Raw materials and components	2.59	6.73
Stock–in–trade	25.85	66.10
Capital goods	–	–
	28.44	**72.83**

40. Expenditure in foreign currency (accrual basis)

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Service charges	3.38	14.07
Travelling and conveyance	1.03	1.29
Expenses reimbursement paid	1.70	0.73
Other items	0.83	0.18
	6.94	**16.27**

41. Earnings in foreign currency (accrual basis)

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Sale of goods and services	7.85	7.37
(Including sale from overseas branch and to Export Oriented Units)		
Commission income	2.11	2.06
Interest income	–	1.21
Expenses reimbursement received	13.98	17.18
	23.94	**27.82**

42. Imported and indigenous raw materials and components consumed

	31 March 2017		31 March 2016	
	% of total consumption	Value ₹ in Crore	% of total consumption	Value ₹ in Crore
Imported	95	2.50	94	8.01
Indigenous	5	0.13	6	0.50
	100	**2.63**	**100**	**8.51**

43. During the year ended 31 March 2017, the management based on an internal technical evaluation reassessed the remaining useful lives of certain plant and equipment with effect from 1 April 2016. Accordingly, the useful lives of such plant and equipment have been revised from 3 – 5 years to 15 years.

Had the company continued with the previously assessed useful lives, depreciation expense for the year ended 31 March 2017 would have been higher by ₹ 2.15 Crores. Further the revision of the useful lives will result in the following changes in the depreciation expense as compared to depreciation expense based on earlier useful lives.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2017

₹ in Crore

Financial Years	(Decrease) / Increase in depreciation expense
2017–18	(2.12)
2018–19	(1.61)
Post 2019	5.88

44. Sale of Gandhinagar properties

During the year ended 31 March 2015, the Company entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of ₹ 50.52 Crores. During April 2015, the lender to whom these assets were provided as security provided its in–principal approval for the said transfer subject to fulfilment of conditions stated therein. The said transfer was pending approval from the relevant Government authority and transfer of legal title that were considered to be procedural in nature. Accordingly the Company had recognized profit on sale of Fixed Assets of ₹ 46.04 Crores (net of incidental expenses ₹ 3.39 Crores) during the year ended 31 March 2015. During the previous year ended 31 March 2016, the Company received approval from the lender for sale of one of the property sold for consideration of ₹ 5.89 crores and also realized part consideration of ₹ 3.20 crores from the buyer. During April 2016, approval from the requisite authorities have also been received and sale deed has been executed between the Company and the buyer for transfer of legal title for one of the property. The Company has also obtained the requisite approvals for the other property and subsequent to year ended 31 March 2017 has realized further consideration of ₹ 13.50 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer.

45. As per the transfer pricing rules, the Company has examined 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.

46. Corporate social responsibility

As per section 135 of the Company Act, 2013, a corporate social responsibility (CSR) Committee has been formed by the Company. The Company has average net loss for the last 3 financial years so the amount of CSR expenditure required as per the Companies Act is ₹ Nil (31 March 2016: ₹ Nil) and the Company has not undertaken any CSR activity during the year.

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

48. All amounts are in Rupees (in Crore) except otherwise stated specifically and "0.00" denotes amounts less than fifty thousand Rupees.

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

ADI P. SETHNA
Partner

Place : Mumbai
Date : 24 May 2017

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

SUPARNA SINGH
Non–Executive Director
DIN – 07142898

PRATIK BHANUSHALI
Company Secretary

ANGSHU SENGUPTA
Chief Financial Officer

Place : Mumbai
Date : 24 May 2017

AOC – 1

Statement regarding Subsidiary Companies

Statement regarding Subsidiary Companies pursuant to Section 129(3) of the Companies Act, 2013

₹ in Crore

Sr. no.	Name of Subsidiary Company	Reporting Period	Reporting currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding investment in subsidiaries)	Turnover	Profit/ (loss) before Taxation	Provision For Taxation	Profit / (loss) After Taxation	Proposed Dividend	% of share–holding	Country
1	AGC NETWORKS AUSTRALIA PTY. LTD	Same	AUD	49.57	14.50	4.16	36.27	17.61	–	44.82	(0.31)	(1.07)	0.76	–	100%	AUSTRALIA
2	AGC NETWORKS PTE. LTD	Same	USD	64.84	34.22	23.69	193.77	135.86	–	202.33	15.57	3.15	12.42	–	100%	SINGAPORE
3	AGC NETWORKS INC. U.S.A.	Same	USD	64.84	54.29	(7.15)	176.56	129.41	–	275.30	13.29	0.24	13.05	–	100%	U.S.A.
4	AGC NETWORKS PHILIPPINES, INC.	Same	PHP	1.29	1.26	1.26	7.40	4.89	–	18.57	1.60	–	1.60	–	100%	PHILIPPINES
5	AGC NETWORKS AND CYBER SOLUTIONS, KENYA	Same	USD	64.84	0.01	(1.18)	2.82	3.99		4.00	(1.22)	–	(1.22)		100%	SINGAPORE

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 2017

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

SUPARNA SINGH
Non–Executive Director
DIN – 07142898

PRATIK BHANUSHALI
Company Secretary

ANGSHU SENGUPTA
Chief Financial Officer

Place: Mumbai
Date : 24 May 2017

Additional information, as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as subsidiary

Name of the subsidiary	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	₹ in crore	As % of consolidated profit or loss	₹ in crore
Parent				
AGC Networks Limited	32%	57.62	–120%	(14.52)
Subsidiaries				
AGC Networks Pte. Ltd.	32%	57.91	103%	12.42
AGC Networks Australia Pty Ltd.	10%	18.66	6%	0.76
AGC Networks Inc.	26%	47.14	108%	13.05
AGC Networks Philippines, Inc.	1%	2.52	13%	1.60
AGC Networks and Cyber Solutions, Kenya	–1%	(1.17)	–10%	(1.22)
Consolidated numbers		**182.68**		**12.09**

CEO / CFO CERTIFICATE

To
The Board of Directors of
AGC Networks Limited

Dear Sirs,

Sub: CEO / CFO Certificate
[Issued accordance with provisions of Regulation 17(8) of SEBI (LODR) Regulations, 2015]

We, Sanjeev Verma, Whole Time Director and Angshu Sengupta, Chief Financial Officer certify that:

a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2017 and to the best of our knowledge and belief :

   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 existing Accounting Standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2017 are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d) i) There has not been any significant change in internal control over financial reporting during the year under reference;

   ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

   iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

Sanjeev Verma
Whole Time Director
AGC Networks Limited

Angshu Sengupta
Chief Financial Officer
AGC Networks Limited

Place : Mumbai
Date : May 24, 2017

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'' or "the 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 2017, 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 in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 of the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiaries (which are incorporated outside India) are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for 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. These financial statements 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 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 these 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. 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 qualified audit opinion on these consolidated financial statements.

Basis for Qualified Opinion

8. As stated in Note 41 to the consolidated financial statements, during the year ended 31 March 2015 the Company had recognised sale of two properties having carrying value of ₹ 0.74 crores and ₹ 0.35 crores, respectively, and profit on such sale amounting to ₹ 40.85 crores and ₹ 5.19 crores (net of incidental selling expenses amounting to ₹ 3.04 crores and ₹ 0.35 crores), respectively, under 'exceptional items'. In our opinion, since the significant risks and rewards for the said properties were not transferred, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Accounting Standard (AS) 9 'Revenue Recognition' and AS 5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules 2006 (as amended) and should have been reversed. Our audit opinion on the consolidated financial statements for the year ended 31 March 2016 was qualified in respect of this matter. During the month of April 2016, significant risks and rewards in respect of one of the said property having a carrying value of ₹ 0.35 crores was transferred. Accordingly, in our opinion, sale of this property should have been recognised during the year ended 31 March 2017. Hence our audit opinion on the consolidated financial statements for the year ended 31 March 2017 is qualified to this extent. With respect to the other property having carrying value of ₹ 0.74 crores our audit opinion on the consolidated financial statements for the year ended 31 March 2017 continues to be qualified.

Had the Company followed the principles of AS 9 and AS 5 during the year ended 31 March 2017, the prior period expenses would have been higher by ₹ 46.04 crores (31 March 2016: ₹ 46.04 crores) and profit on sale of property would have been higher by ₹ 5.19 crores for the year ended on that date (31 March 2016: Nil); profit before tax would have been lower by ₹ 40.85 crores for the year ended on that date (31 March 2016: ₹ 46.04 crores); tax expenses for the year ended 31 March 2017 would have been lower by ₹ 3.27 crores (31 March 2016: ₹ 3.27 crores); long term loans advances, carrying value of tangible assets and other current liabilities as at 31 March 2017 would have been higher by ₹ 3.27 crores (31 March 2016: ₹ 3.27 crores), ₹ 0.74 crores (31 March 2016: ₹ 1.09 crores) and ₹ 0.16 crores (31 March 2016: lower by ₹ 0.19 crores) respectively; reserves and surplus and other current assets as at that date would have been lower by ₹ 37.58 crores (31 March 2016: ₹ 42.77 crores) and ₹ 47.32 crores (net of ₹ 3.20 crores received during previous year) (31 March 2016: ₹ 47.32 crores), respectively.

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 above 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 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;

   b) In our opinion, proper books of accounts 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph with respect to the financial statements of the Holding Company;

   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 prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e) The matter described under Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Group;

f) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company none of the directors of the Holding Company is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;

h) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure I';

i) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 36 to the consolidated financial statements.

   (ii) the Group did not have any long–term contracts including derivative contracts for which there were any material foreseeable losses; and

   (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

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

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

Place: Mumbai
Date : 24 May 2017

Annexure I to the Independent Auditor's Report of even date to the members of AGC Networks Limited, on the consolidated financial statements for the year ended 31 March 2017

Annexure I

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub–section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of the AGC Networks Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its foreign subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India ('the ICAI') and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of IFCoFR, issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the IFCoFR of the Holding Company, as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure I to the Independent Auditor's Report of even date to the members of AGC Networks Limited, on the consolidated financial statements for the year ended 31 March 2017

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

8. In our opinion, according to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company's IFCoFR as at 31 March 2017:

   The Holding Company's internal financial control over evaluation of accounting of non–routine transactions was not operating effectively. This has, during the year, resulted in non–reversal of transaction for sale of one property for risk and rewards not transferred till the reporting date and non–recognition of sale of the other property for which risks and rewards were transferred during the current year, due to inappropriate evaluation of timing of transfer of risk and reward during an earlier year. This has led to misstatements of long–term loans and advances, tangible assets, other current assets, other current liabilities, prior period items, profit on sale of property, tax expense and resultant impact on the profit before tax and the reserves and surplus as at and for the year ended 31 March 2017.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

10. In our opinion, the Holding Company has, in all material respects, adequate IFCoFR as at 31 March 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance note, and except for the effects of the material weakness described above in the Basis for Qualified Opinion paragraph, on the achievement of the objectives of the control criteria, the Holding Company's IFCoFR were operating effectively as at 31 March 2017.

11. We have considered the material weakness identified and reported above in the Basis for Qualified Opinion paragraph in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group as at and for the year ended 31 March 2017, and the material weakness has affected our opinion on the consolidated financial statements of the Group and we have issued a qualified opinion on the consolidated financial statements.

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

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

Place: Mumbai
Date : 24 May 2017

CONSOLIDATED BALANCE SHEET as at 31 March 2017

	Notes		As at 31 March 2017		As at 31 March 2016
			₹ in Crore		₹ in Crore
Equity and liabilities					
Shareholders' funds					
Share capital	3		43.47		43.47
Reserves and surplus	4		34.93		25.16
			78.40		**68.63**
Non–current liabilities					
Long–term borrowings	5		1.50		–
Other long–term liabilities	6		10.04		14.84
Long–term provisions	7		6.90		8.01
			18.44		**22.85**
Current liabilities					
Short–term borrowings	8		172.53		161.63
Trade payables – total outstanding dues of –	9				
– Micro and small enterprises		2.78		2.40	
– Creditors other than micro and small enterprises		145.91	148.69	185.46	187.86
Other current liabilities	10		164.95		175.65
Short–term provisions	7		7.11		6.25
			493.28		**531.39**
Total			**590.12**		**622.87**
Assets					
Non–current assets					
Fixed assets					
Tangible assets	11		23.45		17.25
Intangible assets	12		87.40		91.56
Deferred tax assets (net)	13		–		–
Long–term loans and advances	14		90.52		86.86
Other non–current assets	15		5.82		7.00
			207.19		**202.67**
Current assets					
Inventories	16		18.60		23.54
Trade receivables	17		206.46		216.28
Cash and bank balances	18		19.52		36.35
Short–term loans and advances	14		28.64		28.32
Other current assets	15		109.71		115.71
			382.93		**420.20**
Total			**590.12**		**622.87**

Notes 1 to 46 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 Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

ADI P. SETHNA
Partner

Place : Mumbai
Date : 24 May 2017

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

SUPARNA SINGH
Non–Executive Director
DIN – 07142898

PRATIK BHANUSHALI
Company Secretary

ANGSHU SENGUPTA
Chief Financial Officer

Place : Mumbai
Date : 24 May 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended 31 March 2017

	Notes	31 March 2017	31 March 2016
		₹ in Crore	₹ in Crore
Income			
Revenue from operations (gross)	19	780.22	882.76
Less: Excise duty	19	0.59	1.38
Revenue from operations (net)		**779.63**	**881.38**
Other income	20	2.85	5.51
Total Income (I)		**782.48**	**886.89**
Expenses			
Cost of materials and components consumed	21	2.76	8.51
Purchase of stock–in–trade		272.84	362.84
Decrease in inventories of work–in–progress and stock–in–trade	22	3.40	1.90
Service charges		202.71	200.92
Employee benefits expenses (net)	23	191.10	200.18
Finance costs	24	24.94	26.68
Depreciation and amortization expense	25	6.56	8.50
Other expenses	26	73.26	101.35
Total expenses (II)		**777.57**	**910.88**
Profit / (Loss) before exceptional items and tax (I–II)		**4.91**	**(23.99)**
Exceptional items	27	9.50	1.64
Profit / (Loss) before tax		**14.41**	**(22.35)**
Tax expenses / (credits)			
Current tax		3.14	4.66
Short / (Excess) provision of tax for earlier years (refer note 42)		(0.82)	7.58
Total tax expense / (credits)		**2.32**	**12.24**
Profit / (Loss) for the year		**12.09**	**(34.59)**
Earnings per equity share [nominal value of share ₹ 10 (31 March 2016 : ₹ 10)]	28		
Basic (in ₹)		4.25	(12.15)
Diluted (in ₹)		4.23	(12.15)

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

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

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

ADI P. SETHNA
Partner

Place : Mumbai
Date : 24 May 2017

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

SUPARNA SINGH
Non–Executive Director
DIN – 07142898

PRATIK BHANUSHALI
Company Secretary

ANGSHU SENGUPTA
Chief Financial Officer

Place : Mumbai
Date : 24 May 2017

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2017

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Cash flow from operating activities		
Profit / (loss) before tax	**14.41**	**(22.35)**
Adjustments for non–cash transactions and items considered separately:		
Depreciation and amortisation	6.56	8.50
Loss / (profit) on sale of fixed assets	(0.02)	(0.02)
Provision for warranties	(0.16)	0.05
Provision for doubtful debts and advances	–	4.85
Liabilities / Provisions for earlier years no longer required written back	(15.99)	(3.82)
Unrealised foreign exchange loss / (gain)	0.16	(4.15)
Finance cost	24.94	26.68
Interest income	(1.01)	(1.11)
Expenses on Employee stock option scheme	0.13	0.21
Exceptional items (refer note 27)	(9.50)	(1.64)
Operating profit before working capital changes	**19.52**	**7.20**
Movements in working capital :		
Decrease in trade receivables	5.55	30.31
Decrease in inventories	4.74	3.44
Decrease / (increase) in loans, advances and other assets	2.26	(10.13)
(Decrease) in trade payables	(23.04)	(8.88)
Increase / (decrease) in other liabilities and provisions	(1.04)	9.90
Effect of exchange rate on translation of working capital changes	0.36	4.33
Cash generated from / (used in) operations	**8.34**	**36.17**
Direct taxes paid (net of refunds)	(4.52)	(6.94)
Net cash flow – operating activities (A)	**3.82**	**29.23**
Cash flows from investing activities		
Acquisition of business, net of cash acquired (refer note 39)	–	(3.08)
Purchase of fixed assets (including capital advances and net of capital creditors)	(11.58)	(11.65)
Proceeds from sale of fixed assets	0.02	0.92
Margin money and term deposits with bank	6.23	0.09
Interest on receivable from sale of fixed assets	–	1.64
Interest on Bank deposits and others	1.81	(2.02)
Effect of exchange rate on translation of fixed assets	0.24	(5.19)
Net cash flow – Investing activities (B)	**(3.28)**	**(19.29)**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2017

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Cash flows from financing activities		
Proceeds from finance lease obligation	3.05	–
Repayment of finance lease obligation	(0.57)	–
Repayments from long–term borrowings	(5.80)	(1.76)
Proceeds from short–term borrowings (net)	18.07	17.51
Unclaimed dividend payments	(0.05)	(0.05)
Finance cost paid	(25.04)	(26.65)
Effect of exchange rate on translation of borrowings	(0.39)	0.91
Net cash flow – financing activities (C)	**(10.72)**	**(10.04)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(10.18)**	**(0.10)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.41)	(1.43)
Cash and cash equivalents at the beginning of the year	26.22	27.75
Cash and cash equivalents at the end of the year (refer note 18)	**15.63**	**26.22**
Components of cash and cash equivalents		
With banks – in current accounts	15.33	26.12
– in deposit accounts	0.11	0.00
Cheques / drafts on hand	0.17	0.05
Cash on hand	0.02	0.05
Total cash and cash equivalents (refer note 18)	**15.63**	**26.22**

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

ADI P. SETHNA
Partner

Place : Mumbai
Date : 24 May 2017

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

SUPARNA SINGH
Non–Executive Director
DIN – 07142898

PRATIK BHANUSHALI
Company Secretary

ANGSHU SENGUPTA
Chief Financial Officer

Place : Mumbai
Date : 24 May 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

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 (together referred to as "the Group"), 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 Group 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 Companies (Accounting Standards) Rules, 2006 prescribed under section 133 of the Companies Act, 2013 ("the Act") read together with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) 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 generally 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	% holding as on 31 March 2017	% holding as on 31 March 2016
AGC Networks Australia Pty. Limited (1)	Australia	100%	100%
AGC Networks Pte. Limited (2)	Singapore	100%	100%
AGC Networks Inc.(3) (wholly owned subsidiary of AGC Networks Pte. Limited)	U.S.A.	100%	100%
AGC Networks Philippines, Inc. (4) (wholly owned subsidiary of AGC Networks Pte. Limited)	Philippines	100%	100%
AGC Networks and Cyber Solutions Limited (5) (wholly owned subsidiary of AGC Networks Pte. Limited)	Kenya	100%	N. A.
AGCN Solutions Pte. Limited (6) (wholly owned subsidiary of AGC Networks Australia Pty Limited)	Singapore	100%	N. A.
AGC Networks LLC. (7) (subsidiary of AGC Networks Pte. Limited)	Dubai	49%	N. A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

(1) Incorporated on September 03, 2004 under the Corporation Act, 2001, Australia.

(2) Acquisition on May 01, 2011, the Company incorporated in Singapore.

(3) Incorporated on February 22, 2012, the Company registered in Delaware, U.S.A..

(4) Incorporated on March 03, 2015 under Corporation Code of the Philippines.

(5) Incorporated on August 11, 2016 under Corporation Code of the Nairobi, Kenya.

(6) Incorporated on November 18, 2016 under Corporation Code of the Singapore.

(7) Incorporated on February 13, 2017 under Corporation Code of the Dubai.

Foreign Currency Translation:

The consolidated financial statements are prepared in Indian Rupees which is the reporting currency of the Company. 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, Kenya, U.S.A. and Dubai. 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 adjustments to the carrying amount of assets and liabilities in future periods, which are recognised in the period in which they are determined.

(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 over the useful life estimated by the management, based on a technical evaluation or those prescribed under Schedule II of the Companies Act, 2013 whichever is higher. The Group depreciates its assets over the useful lives different from schedule II as detailed below:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

Assets	No. of Years
Leasehold improvements *	6 years
Plant and Equipment	3 to 15 years
Furniture and Fixtures	5 years
Office Equipments	3 to 5 years
Buildings	30 to 60 years
Vehicles	4 years
Computers and Servers	3 to 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.

Depreciation on addition to fixed assets or on sale / disposal of fixed assets is calculated pro–rata from the month of such addition, or up to the month of such sale / disposal as the case may be.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Computer Software is amortised on a straight line basis over the estimated useful economic life which is expected as 4 years. 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.

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

The Group has policy of not amortising goodwill on business acquisition but to test for impairment if there is any indication.

(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.

(g) Investments

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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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 these 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

(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.

(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) Income Recognition

i) Revenue Recognition

Revenue is recognized to the extent 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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

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 pending which the sale is disclosed as unearned revenue. 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 recovered and not the entire amount of liability arising / paid during the year.

Sale of 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 is billed but 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.

Other operating income

It includes revenue arising from the reversal of liabilities / provisions no longer required or revenue arising from company's ancillary revenue–generating activities. Revenue from these activities are recorded only when Company is reasonably certain of such income.

ii) Other Income

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Commission income

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

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

A leased asset is depreciated on a straight–line basis over the useful life of the asset based on technical evaluation 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) 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 an 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.

All entities other than the Company, has accrued leave encashment liability and gratuity on actual arithmetic basis and not based on actuarial valuation,since impact is not considered to be material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

(o) Deferred cost:

Contractual obligation relating to maintenance contracts, benefits of which will be consumed in subsequent years, have been recognised as deferred cost and disclosed under the "other assets".

(p) 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.

Potential equity shares are anti–dilutive when their conversion to equity shares would increase earnings per share or decrease loss per share. The effects of anti–dilutive potential equity shares are ignored in calculating diluted earnings per share.

(q) 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.

(r) 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.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in 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.

(t) Share–based payments

The Company accounts for equity settled stock options as per the accounting treatment prescribed by Security and Exchange Board of India (share–based employees benefits) Regulations, 2014 and the Guidance Note on Employee Share–based Payments issued by the Institute of Chartered Accountants of India using the intrinsic value method. The compensation cost is amortised on straight line basis over the vesting period.

u) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

3. Share capital

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Authorized shares		
45,000,000 (31 March 2016: 45,000,000) equity shares of ₹ 10/– each	45.00	45.00
10,000,000 (31 March 2016: 10,000,000) 1% Non–cumulative, Non–convertible, redeemable preference shares of ₹ 100/– each	100.00	100.00
Issued, subscribed and fully paid–up shares		
28,466,464 (31 March 2016 : 28,466,464) equity shares of ₹ 10/– each	28.47	28.47
1,500,000 (31 March 2016: 1,500,000) 1% Non–cumulative, Non–convertible, redeemable preference shares of ₹ 100/– each	15.00	15.00
Total issued, subscribed and fully paid–up share capital	**43.47**	**43.47**

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

Equity shares

	31 March 2017		31 March 2016	
	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 2017		31 March 2016	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
At the beginning of the year	1,500,000	15.00	1,500,000	15.00
Issued during the year	–	–	–	–
Outstanding at the end of the year	**1,500,000**	**15.00**	**1,500,000**	**15.00**

During the year ended 31 March 2015 the Company issued 1,500,000 1% Non–cumulative, Non–convertible, redeemable preference shares having face value of ₹ 100 each at par for a total consideration of ₹ 15.00 Crore to Essar Information Technology Limited.

At the meeting of Board of Directors of the Company held on 29 April 2017, it was resolved to approve and pay interim dividend on preference shares at their coupon rate.

(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 Annual General Meeting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

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.

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. As per Companies Act, 2013 the preference shareholders has right to vote on all resolution placed before the Company if preference dividend is not paid for a period of 2 years or more.

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 (12 August 2014) 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 these shares will be automatically redeemed 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 2017	31 March 2016
	₹ in Crore	₹ in Crore
Essar Telecom Limited		
21,349,848 (31 March 2016 : 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 2017		As at 31 March 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 10 each fully paid				
– Essar Telecom Limited	21,349,848	*75.00%*	21,349,848	*75.00%*
Preference shares of ₹ 100 each fully paid				
– Essar Information Technology Limited	1,500,000	*100.00%*	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 2017

4. Reserves and surplus

	31 March 2017	31 March 2016
	₹ 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 reserve		
As at the beginning of the year	32.10	32.10
As at the end of the year	**32.10**	**32.10**
Stock option outstanding		
As at the beginning of the year	0.21	–
Additions during the year	0.32	0.43
Lapsed during the year	0.19	0.22
As at the end of the year	**0.34**	**0.21**
Foreign currency translation reserve		
As at the beginning of the year	22.94	21.56
(Deletion) / additions during the year	(2.45)	1.38
As at the end of the year	**20.49**	**22.94**
General reserve		
As at the beginning of the year	100.58	100.58
As at the end of the year	**100.58**	**100.58**
(Deficit) in the statement of profit and loss		
As at the beginning of the year	(168.71)	(134.12)
Profit / (loss) for the year	12.09	(34.59)
As at the end of the year	**(156.62)**	**(168.71)**
Total reserves and surplus	**34.93**	**25.16**

5. Long–term borrowings

	Non–current portion		Current maturities	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Finance lease obligation (secured)	1.50	–	0.90	–
	1.50	–	0.90	–
Amount disclosed under the head "other current liabilities" (note 11)	–	–	(0.90)	–
Net amount	**1.50**	**–**	**–**	**–**

Footnotes:

During the year ended 31 March 2017, the Group held various computer hardware acquired by entering into multiple long–term leasing arrangements with Creekridge Capital, LLC. totalling ₹ 2.95 crore. The leases carry interest rates 10.64% and are repaid in monthly installments through July 2019. There are no financial debt covenants effecting the financial statement as at 31 March 2017. There were no capital leases entered into during the year ended 31 March 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

6. Other long–term liabilities

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Unearned revenue	10.04	14.84
	10.04	**14.84**

7. Provisions

	Long–term		Short–term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Provision for employee benefits				
Provision for gratuity	5.72	5.07	0.18	0.22
Provision for compensated absences	1.18	2.23	5.69	4.63
	6.90	**7.30**	**5.87**	**4.85**
Other provisions				
Provision for warranties	–	–	1.24	1.40
Provision for tax (net of advance taxes of ₹ Nil)	–	0.71	–	–
	–	**0.71**	**1.24**	**1.40**
	6.90	**8.01**	**7.11**	**6.25**

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 2017	31 March 2016
	₹ in Crore	₹ in Crore
At the beginning of the year	1.40	1.30
Recognised during the year	1.24	1.40
Unused amounts reversed	(1.40)	(1.30)
At the end of the year	**1.24**	**1.40**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

8. Short–term borrowings

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Working capital loan from Bank (Secured) (refer footnote 1)	33.75	39.55
Loans repayable on demand		
Cash credits from banks (Secured) (refer footnote 2)	135.83	112.58
Buyers credit from banks (Secured) (refer footnote 3)	2.95	9.50
	172.53	**161.63**

Footnotes:

1. Working capital loan from bank is secured against first pari–passu charge on Leasehold land, Freehold 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. During the year ended 31 March 2015, the Company transferred its Gandhinagar properties vide deed of assignment (refer note 44). However, the loan is considered as secured since all 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 viz 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 properties or by way of repayment of the loan from the sale consideration. The effective rate of interest is the base rate of the lending bank which is 10.25% p.a. (31 March 2016 10.25% to 10.75% p.a.) plus spread 1.5%. Hence effective rate for the current year 11.75% p.a. (31 March, 2016 11.75% to 12.25% p.a.).

   During previous year ended 31 March 2016, the Company had additionally paid ₹ 3.20 Crore in addition to the above repayment schedule as the amount of consideration (in part) received from sale of one of the property, forming part of the security.

2. (a) For AGC Networks Limited, Cash credits from banks of ₹ 98.63 crore (₹ 88.96 crore as at 31 March 2016) are secured by first exclusive pari–passu 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–passu charge on all moveable fixed assets of the Company.

   (b) For AGC Networks Pte Ltd, Cash credits from banks of ₹ 33.38 crore (₹ 13.87 crore as at 31 March 2016) are secured by stocks and receivables, guaranteed by holding company.

   (c) For AGC Networks Inc, Cash credits from banks of ₹ 3.82 crore (₹ 9.75 crore as at 31 March 2016) are secured by all present and future assets of the company.

3. Buyers 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.

   The above borrowings [except for those referred in 2 (b) & 2 (c)] were further secured by corporate guarantee from a fellow subsidiary which was discharged during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

9. Trade payables

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Dues of micro and small enterprises (refer note no 38)	2.78	2.40
Dues of creditors other than micro and small enterprises		
– For product	140.47	169.97
– For services	5.44	15.49
	145.91	**185.46**

10. Other current liabilities

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Current maturities of finance lease obligations (note 5)	0.90	–
Interest accrued but not due on borrowings	0.87	0.97
Employee related payables	9.00	8.03
Payables for expenses	24.08	20.66
Unearned revenue	107.96	108.92
Capital creditors	–	2.80
Unclaimed dividend	0.24	0.29
Advances from customers	15.31	19.86
Statutory dues payable	3.20	5.82
Payable to related parties *	0.10	–
Other current liabilities	3.29	8.30
	164.95	**175.65**

There is no amount due and outstanding to be transferred to the Investor Education and protection Fund (IEPF) as on 31 March 2017 and 31 March 2016 respectively. Unclaimed dividend, if any, shall be transferred to IEPF as and when they become due.

* Expenses / payments incurred / made by related parties on behalf of the group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

11. Tangible assets

₹ in Crore

	Leasehold Improvement	Buildings*	Plant and Equipment	Computers and Servers	Electrical Installations	Furniture and Fixtures	Office Equipment	Vehicles	Total
Cost									
At 1 April 2015	0.46	0.58	33.19	25.30	2.21	5.43	31.95	0.13	99.25
Additions	0.05	–	0.76	4.64	0.06	0.39	0.37	–	6.27
Disposals / adjustments	–	–	9.91	1.74	0.70	0.89	7.19	–	20.43
Exchange differences	0.03	–	–	1.78	0.01	0.73	0.56	–	3.11
At 31 March 2016	**0.54**	**0.58**	**24.04**	**29.98**	**1.58**	**5.66**	**25.69**	**0.13**	**88.20**
Additions	–	–	0.17	8.65	0.03	2.02	0.45	–	11.32
Disposals	–	–	0.16	0.02	0.23	1.13	0.42	–	1.96
Exchange differences	(0.02)	–	(0.00)	(0.03)	(0.00)	(0.33)	(0.10)	(0.00)	(0.48)
At 31 March 2017	**0.52**	**0.58**	**24.05**	**38.58**	**1.38**	**6.22**	**25.62**	**0.13**	**97.08**
Depreciation									
At 1 April 2015	0.20	0.50	25.58	24.28	1.83	3.89	24.60	(0.05)	80.83
Charge for the year	0.18	0.02	2.46	1.09	0.22	1.98	1.14	–	7.09
Disposals / adjustments	0.08	–	9.75	1.68	0.66	0.87	6.49	–	19.53
Exchange differences	0.02	–	0.05	1.69	–	0.38	0.37	0.05	2.56
At 31 March 2016	**0.32**	**0.52**	**18.34**	**25.38**	**1.39**	**5.38**	**19.62**	**–**	**70.95**
Charge for the year	0.08	0.02	0.56	2.69	0.11	1.79	0.32	–	5.57
Disposals	–	–	0.16	0.02	0.23	1.13	0.38	–	1.92
Exchange differences	(0.01)	–	–	(0.66)	–	(0.21)	(0.09)	–	(0.97)
At 31 March 2017	**0.39**	**0.54**	**18.74**	**27.39**	**1.27**	**5.83**	**19.47**	**–**	**73.63**
Net carrying amount									
At 31 March 2016	**0.22**	**0.06**	**5.70**	**4.60**	**0.19**	**0.28**	**6.07**	**0.13**	**17.25**
At 31 March 2017	**0.13**	**0.04**	**5.31**	**11.19**	**0.11**	**0.39**	**6.15**	**0.13**	**23.45**

Notes

1 Building includes those constructed on leasehold land

2 Above assets include those offered as security for borrowings availed by the Company (refer note 8)

3 Leasehold land is completely depreciated / adjusted and net book value for the year ended 31 March 2017 is Nil (31 March 2016:Nil) (refer note 41)

4 In accordance with Schedule II to the Companies Act, 2013, the Company has reassessed the eastimated useful life of certain class of asset through technical evaluation during the year (refer note 40)

* refer note 41

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

12. Intangible assets

₹ in Crore

	Goodwill #	Computer Software	Total
Cost			
At 1 April 2015	87.53	11.44	98.97
Additions	11.51	5.54	17.05
Disposals	–	0.02	0.02
Exchange differences	6.30	0.09	6.39
At 31 March 2016	**105.34**	**17.05**	**122.39**
Additions	–	0.99	0.99
Disposals	–	–	–
Exchange differences	(4.14)	(0.54)	(4.68)
At 31 March 2017	**101.20**	**17.50**	**118.70**
Amortization			
At 1 April 2015	18.20	9.49	27.69
Charge for the year	–	1.41	1.41
Disposals	–	0.02	0.02
Exchange differences	1.75	–	1.75
At 31 March 2016	**19.95**	**10.88**	**30.83**
Charge for the year	–	0.99	0.99
Disposals	–	–	–
Exchange differences	(0.40)	(0.12)	(0.52)
At 31 March 2017	**19.55**	**11.75**	**31.30**
Net carrying amount			
At 31 March 2016	**85.39**	**6.17**	**91.56**
At 31 March 2017	**81.65**	**5.75**	**87.40**

refer note 39

13. Deferred tax

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

14. Loans and advances

	Long–term		Short–term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Unsecured, considered good				
Capital advances	–	0.01	–	–
Deposits	4.91	5.46	1.49	1.27
Deposits with related party	10.00	8.49	–	–
Loan and advances to related parties	–	–	0.25	3.62
Advances to vendors / employees	0.14	0.43	13.09	11.44
Advance income–tax (net of provision for taxation ₹ 123.21 Crores) (31 March 2016: ₹ 123.21 Crores)	73.63	70.04	–	–
Prepaid expenses	0.03	0.58	7.62	6.86
Balances with statutory / Government authorities	1.81	1.85	6.19	5.13
	90.52	**86.86**	**28.64**	**28.32**

15. Other assets

	Non–current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Unsecured, considered good				
Margin money deposits with bank *	1.63	0.41	–	–
Long–term trade receivables	0.64	1.29	–	–
Others				
Interest accrued on fixed deposits	–	–	4.70	2.68
Receivable against sale of fixed assets (refer note 41)	–	–	58.82	59.33
Deferred cost for maintenance contracts	0.06	2.72	41.84	51.32
Unbilled revenue	–	–	1.25	2.38
Other receivables	3.49	2.58	3.10	–
	5.82	**7.00**	**109.71**	**115.71**

*Lien against bank guarantees issued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

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

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Raw Materials and components (includes in transit ₹ Nil (31 March 2016 ₹ 0.05 crores) (refer note 21)	0.15	0.19
Work–in–progress (refer note 22)	0.65	1.70
Stock–in–trade (includes in transit ₹ Nil (31 March 2016 ₹ 0.44 Crore)) (refer note 22)	14.13	16.48
Stores and spares	3.67	5.17
	18.60	**23.54**

17. Trade receivables (Current)

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Receivables outstanding for a period exceeding six months from the due date for payment		
Unsecured, considered good	71.17	61.64
Unsecured, considered doubtful	113.22	115.29
	184.39	**176.93**
Less: Provision for doubtful receivables	113.22	115.29
	71.17	**61.64**
Other receivables		
Unsecured, considered good	135.29	154.64
	206.46	**216.28**

18. Cash and bank balance

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Cash and cash equivalents		
Balances with banks:		
– In current accounts	15.33	26.12
– In deposit accounts	0.11	–
Cheques / drafts on hand	0.17	0.05
Cash on hand	0.02	0.05
	15.63	**26.22**
Other bank balances		
Margin money deposits with maturity of more than 3 months and less than 12 months *	3.65	9.84
Unclaimed dividend	0.24	0.29
	3.89	**10.13**
	19.52	**36.35**

* Lien against bank guarantees issued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

19. Revenue from operations

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Revenue from operations		
Sale of products		
Finished goods *	5.82	12.99
Traded goods *	346.81	476.75
Sale of services [refer note (a) below]	411.60	389.20
	764.23	**878.94**
Less: Excise duty #	0.59	1.38
	763.64	**877.56**
Other operating revenue [refer note (b) below]		
Liabilities / provisions for earlier years no longer required written back	15.99	3.82
Revenue from operations (net)	**779.63**	**881.38**

(a) Details of services rendered

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Maintenance services	307.65	278.97
Implementation services	103.95	110.23
	411.60	**389.20**

(b) Details of other operating income

Reversal of liabilities / provisions for earlier years no longer required

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
– pertaining to expenses	5.23	1.03
– pertaining to employee related payables	2.01	2.79
– pertaining to trade payables	3.74	–
– pertaining to GRIR balances	3.74	–
– pertaining to advance from customers	1.27	–
	15.99	**3.82**

Excise duty recovered on sales amounting to ₹ 0.59 Crore (31 March 2016 : ₹ 1.38 Crore) has been reduced from sales in the statement of profit and loss and excise duty on increase/decrease in stock amounting to ₹ 0.10 Crore [(31 March 2016 : ₹ (0.04) Crore)] has been considered as expense in the statement of profit and loss.

* The Group is a 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 solutions offered to customers makes it difficult to establish a meaningful/homogenous relationship for providing breakup 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

20. Other income

	31 March 2017 ₹ in Crore	31 March 2016 ₹ in Crore
Interest income on		
Bank deposits	0.70	0.68
Income tax refund	1.66	1.13
Others	0.31	0.43
Miscellaneous Income	0.16	1.96
Gain on disposal of fixed assets	0.02	0.09
Exchange differences (net)	–	1.22
	2.85	5.51

21. Cost of raw materials and components consumed

	31 March 2017 ₹ in Crore	31 March 2016 ₹ in Crore
Inventory at the beginning of the year	0.19	0.16
Add: Purchases	2.72	8.54
	2.91	**8.70**
Less: Inventory at the end of the year	0.15	0.19
Cost of raw material and components consumed	2.76	8.51

Details of raw materials and components consumed

	31 March 2017 ₹ in Crore	31 March 2016 ₹ in Crore
Printed circuit boards	1.24	3.78
Static converters	0.07	0.33
Cabinet	1.10	3.22
Peripherals	0.07	0.25
Others	0.28	0.93
	2.76	8.51

22. Decrease in inventories

	31 March 2017 ₹ in Crore	31 March 2016 ₹ in Crore
Inventories at the end of the year		
Stock–in–trade	14.13	16.48
Work–in–progress	0.65	1.70
	14.78	18.18
Inventories at the beginning of the year		
Stock–in–trade	16.48	17.77
Work–in–progress	1.70	2.31
	18.18	20.08
	3.40	1.90

Note: The Group is a 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 solutions offered to customers makes it difficult to establish a meaningful/homogenous relationship for providing breakup 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

23. Employee benefits expense (net) (refer note 29 and note 30)

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Salaries, wages and bonus	185.01	193.00
Contribution to provident and other funds	0.94	0.96
Staff welfare expenses	5.02	6.01
Expenses on Employee stock option scheme	0.13	0.21
	191.10	**200.18**

24. Finance costs

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Interest on loans	23.81	23.36
Guarantee commission	0.39	2.39
Others	0.74	0.93
	24.94	**26.68**

25. Depreciation and amortisation expense

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Depreciation of tangible assets (refer footnote under note 11 and note 40)	5.57	7.15
Amortization of intangible assets (refer note 12)	0.99	1.35
	6.56	**8.50**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

26. Other expenses

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Consumption of stores and spares	2.29	2.83
Power and water charges	1.79	2.73
Rent	17.49	23.73
Rates and taxes	1.24	2.50
Insurance	1.63	2.35
Repairs and maintenance – Others	6.13	5.74
Travelling and conveyance	13.47	16.06
Telephone, telex and fax	4.36	7.83
Legal and professional fees	12.23	16.39
Advertisement and sales promotion	2.49	2.72
Outward freight, clearing and forwarding charges	1.54	2.21
Commission to others	0.01	0.35
Directors' sitting fees	0.38	0.48
Payments to auditor (refer details below)	0.68	1.04
Exchange differences (net)	1.10	–
Provision for doubtful debts (net)	–	4.85
Bad debts written off (Net of provision in earlier year ₹ 1.17 Crore; 31 March 2016 ₹ 0.81 Crore)	–	–
Loss on disposal of fixed assets (net)	–	0.07
Miscellaneous expenses	6.43	9.47
	73.26	**101.35**

Payment to auditor (including service tax)

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
As auditors (of the holding company) :		
Audit fee and limited review fees (including consolidation)	0.65	0.99
Other services (certification fees)	0.01	0.01
Reimbursement of expenses	0.02	0.04
	0.68	**1.04**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

27. Exceptional items

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
(i) Reversal of rent (refer note a)	9.50	–
(ii) Interest on receivable against sale of fixed assets (refer note b)	–	1.64
	9.50	**1.64**

Notes:

a) Represents liability towards rent pertaining to earlier years, reversed on account of settlement with the lessor during the year.

b) Represents interest income recognised on sale consideration receivable from the buyer towards assignment of properties situated at Gandhinagar (refer note 41).

28. Earnings per share (EPS)

The following reflects the profit/(loss) used in the basic EPS:

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Profit/(loss) for the year	12.09	(34.59)
Weighted average number of equity shares in calculating basic EPS	28,466,464	28,466,464
Basic earnings per share (in ₹)	**4.25**	**(12.15)**
Nominal Value per share (in ₹)	10.00	10.00
The following reflects the profit/(loss) used in the computation of dilutive EPS:		
Profit/(loss) for the year	12.09	(34.59)
Weighted average number of equity shares for calculating dilutive EPS	28,608,816	28,466,464
Diluted earnings per share (in ₹)	**4.23**	**(12.15)**
Nominal Value per share (in ₹)	10.00	10.00

For the current year ended 31 March 2017 556,520 potential equity shares granted as share option under the ESOP Scheme 2015 (refer note 30), are considered for calculation of diluted EPS.

The effect of 492,469 potential equity shares, granted during the year ended 31 March 2016 are anti–dilutive and thus these share are not considered in determining diluted loss per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

29. Employee benefits plan

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

Particulars	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Contribution to provident fund (for the Company)	0.91	0.96

Above amount has been included in the line item `Contribution to provident and other funds' in note 23.

(b) Defined benefit plan – The Company has an unfunded defined benefit 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 at 15 days of last drawn salary for each completed year of service.

The following tables summarizes the components of benefit expense recognized in the statement of profit and loss and the amounts recognized in the balance sheet for the gratuity plan.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Current service cost	0.56	0.58
Interest cost on benefit obligation	0.33	0.34
Expected return on plan assets	0.00	(0.02)
Net actuarial (gain) / loss recognized in the year	0.40	(0.27)
Net benefit expense	**1.29**	**0.63**

Balance sheet

Benefit liability

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Present value of defined benefit obligation	4.83	4.71
Net (liability) recognised in Balance sheet	**(4.83)**	**(4.71)**

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

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Opening defined benefit obligation	4.71	4.41
Current service cost	0.56	0.58
Interest cost	0.33	0.32
Benefits paid	(1.17)	(0.33)
Actuarial (gains) / losses on obligation	0.40	(0.27)
Closing defined benefit obligation	**4.83**	**4.71**

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

	Gratuity	
	31 March 2017	**31 March 2016**
Discount rate	7.20%	8.00%
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.

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

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Gratuity	**₹ in Crore**	**₹ in Crore**	**₹ in Crore**	**₹ in Crore**	**₹ in Crore**
Defined benefit obligation	4.83	4.71	4.41	4.47	5.82
Plan assets	–	–	0.29	0.95	2.77
Deficit/(surplus)	4.83	4.71	4.12	3.52	3.05
Experience adjustments on plan liabilities	(0.05)	0.22	0.41	0.42	(0.70)
Experience adjustments on plan assets	–	–	(0.05)	0.02	–
Actuarial gain / (loss) due to change in assumptions	0.40	0.05	(0.51)	0.24	(0.10)

(c) Compensated absences: During the current year ended 31 March 2017, the Company has decided to restrict the balance of unavailed privilege leave (PL) balance to a maximum of 42 days from existing limit of 90 days. With effect from 1 January 2017, PL can not be en–cashed or accumulated and shall lapse every year in the month of December. The balance as of 31 December 2016 is entitled to be en–cashed only during separation from the Company based on basic salary as of December 2016. Accordingly, during the year excess provision of ₹ 0.92 crore has been written back based on actuarial valuation report and net charge in excess of reversal for the year has been grouped under employee benefits expense in the statement of profit and loss.

30. Employees Stock Option

The Company provides share–based payment schemes to its employees. During the year ended 31 March 2016, an employee stock option plan (ESOP) was in existence i.e. ESOP scheme 2015. The relevant details of the scheme and the grant are as below.

On 14 May, 2015 the Board of Directors approved the equity settled ESOP scheme 2015 for issue of stock options to the key employees and directors of the company setting aside 1,423,323 options under this scheme. According to the scheme,the employees selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising vesting period and exercise period) of options granted is 6.12 years. The other relevant terms of the grants are as below:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

Grant Date	19–May–16	14–May–15
Vesting period	3 years	3 years
Exercise period	2 years	2 years
Exercise price (₹)	55.00	80.00
Market price on the date of grant (₹)	68.20	104.15

The details of activity under the ESOP scheme 2015 are summarized below:

Particulars	31 March 2017		31 March 2016	
	No. of options	* WAEP (₹)	No. of options	* WAEP (₹)
Outstanding at the beginning of the year	492,469	80.00	–	–
Granted during the year	320,248	70.15	1,004,866	80.00
Cancelled during the year	256,197	70.15	512,397	80.00
Exercised during the year	–	–	–	–
Outstanding at the end of the year	556,520	65.61	492,469	80.00
Exercisable at the end of the year	–	–	–	–

* WAEP denotes weighted average exercise price of the option

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2017 is 5.12 to 6.12 Years (31 March 2016: 6.12 Years)

The weighted average fair value of stock options granted during the year – ₹ 38.60 (31 March 2016 is ₹ 32.85)

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	19–May–16	14–May–15
Dividend yield (%)	0.00%	9.60%
Expected volatility	55.71 – 60.74%	54.42 – 57.57%
Risk–free interest rate	7.30 – 7.46%	7.77 – 7.82%
Weighted average share price	68.20	104.15
Exercise price	55.00	80.00
Expected life of options granted in years	4.00 – 6.00	4.00 – 6.01

The expected life of options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may differ from the actual.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

The Company measures the cost of ESOP using intrinsic value method. Had the Company used the fair value model to determine compensation, its profit / (loss) after tax and earnings per share as reported would have changed to amounts indicated below.

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit/(loss) after tax attributable to equity shareholders	12.09	(34.59)
Add: ESOP cost using Intrinsic Value method	0.13	0.21
Less: ESOP cost using Fair Value method	0.41	0.61
Proforma profit/(loss) after tax	**11.81**	**(34.99)**
Earnings per share		
Basic		
As reported	4.25	(12.15)
Proforma	4.15	(12.29)
Diluted		
As reported	4.23	(12.15)
Proforma	4.13	(12.29)

The Company incurred ₹ 0.13 Crore (31 March 2016 : ₹ 0.21 Crore) towards employees stock compensation plan during the year.

31. 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 agreements generally range between 11 months to 6 years. Company does not have significant 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 2017 ₹ in Crore	31 March 2016 ₹ in Crore
Within one year	16.06	16.69
After one year but not more than five years	25.84	41.72
More than five years	–	0.04

Finance lease: Group as lessee

The Group has finance leases for certain items of computer equipment. These leases have a bargain purchase option at end of the term.

Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	31 March 2017		31 March 2016	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Within one year	1.11	1.05	–	–
After one year but not more than five years	1.48	1.23	–	–
Total minimum lease payments	**2.59**	**2.28**	**–**	**–**
Less: amounts representing finance charges	0.28	0.26	–	–
Present value of minimum lease payments	**2.31**	**2.02**	**–**	**–**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

32. 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 with in a single (primary) business segment of Enterprise Communication Solutions and Integration.

(b) Secondary Segment: Geographical segments

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:

Year ended 31 March 2017 ₹ in Crore

	India	Singapore	USA	UAE	Australia	Others	Eliminations	Total
Revenue								
External sales	277.32	11.39	219.88	73.07	34.70	147.87	–	764.23
Inter segment sales	1.97	3.02	1.89	–	3.10	0.48	10.46	–
Total revenue	**279.29**	**14.41**	**221.77**	**73.07**	**37.80**	**148.35**	**10.46**	**764.23**
Segment assets	332.33	109.82	179.75	49.09	35.64	38.76	155.27	590.12
Total assets	**332.33**	**109.82**	**179.75**	**49.09**	**35.64**	**38.76**	**155.27**	**590.12**
Other segment information								
Capital expenditure:								
Tangible assets	1.58	–	0.85	8.43	–	0.46	–	11.32
Intangible assets	0.01	–	–	0.98	–	–	–	0.99

Year ended 31 March 2016 ₹ in Crore

	India	Singapore	USA	UAE	Australia	Others	Eliminations	Total
Revenue								
External sales	388.59	8.81	276.55	60.80	54.18	90.01	–	878.94
Inter segment sales	1.22	1.88	1.90	–	–	4.67	9.67	–
Total revenue	**389.81**	**10.69**	**278.45**	**60.80**	**54.18**	**94.68**	**9.67**	**878.94**
Segment assets	387.88	100.10	190.48	15.12	35.59	27.41	133.71	622.87
Total assets	**387.88**	**100.10**	**190.48**	**15.12**	**35.59**	**27.41**	**133.71**	**622.87**
Other segment information								
Capital expenditure:								
Tangible assets	3.26	0.01	0.36	–	0.64	2.00	–	6.27
Intangible assets	2.05	–	13.84	–	–	1.16	–	17.05

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

33. Related party disclosures

Names of related parties and related party relationships

Related parties where control exists

Holding company	Essar Telecom Limited
Ultimate holding company	Essar Global Fund Limited

Related parties with whom transactions have taken place

Fellow subsidiaries	Aegis Americas Inc. Aegis Limited Aegis Services Lanka Private Limited Aegis Outsourcing South Africa (Pty.) Limited Aegis Outsourcing UK Limited Aegis Philippines Inc. Aegis Services Australia Pty. Limited Contact Centre Company Equinox Business Parks Pvt. Limited Essar Bulk Terminal (Salaya) Limited Essar Oil (UK) Limited Essar Oil Limited Essar Power Gujarat Limited Essar Project (India) Limited Essar Project Limited Essar Shipping Limited Essar Steel India Limited Essar Telecom Kenya Limited The Mobile Store Limited The MobileWallet Private Limited Vadinar Oil Terminal Limited Vadinar Ports & Terminals Limited Essar Bulk Terminal Limited
Key managerial personnel	**Managing / Whole–Time Directors** Mr. Anil Nair, Managing Director and CEO (upto 15 February, 2016) Mr. Sanjeev Verma, Whole–Time Director (w.e.f. 15 February, 2016)* **Others (as per Companies Act, 2013)** Mr. Angshu Sengupta, Chief Financial Officer (w.e.f. 11 July, 2016) Mr. Amal Thakore, Chief Financial Officer (w.e.f. 16 June, 2014 to 11 July, 2016) Mr. Pratik Bhanushali, Company Secretary

* The shareholders of the Company have approved the appointment of Mr. Sanjeev Verma as a whole–time Director of the Company. The Company had filed an application seeking approval of the Central Government for the appointment since the whole–time Director was not resident in India on the date of his appointment for which approval was received on 17 May 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

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:

During the year, 320,248 (31 March, 2016: 533,746) equity shares options are granted to key managerial personnel and 113,865 (31 March, 2016: 426,997) equity shares options lapsed.

a. Remuneration to key managerial personnel

	31 March 2017	31 March 2016
	₹ in Crores	₹ in Crores
Mr. Anil Nair		
Salary, bonus and contribution to P. F. (Expenses)	–	0.73
Nil (31 March 2016: 426,997) options granted and cancelled during the year	–	–
Mr. Sanjeev Verma		
Salary, bonus and contribution to P. F.	3.32	0.34
Excess remuneration recoverable as at year end	–	(0.55)
320,248 (31 March 2016: 106,749) options granted during the year	0.08	0.05
Payable as at year end	1.68	0.35
Others		
Salary, bonus and contribution to P. F.	1.28	1.20
113,865 options granted and cancelled during the year	0.07	0.05
Payable as at year end	0.12	0.29

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 2017

b. Transactions with Related Parties

	Year ended	Sale of goods *	Sale of services *	Purchase of traded goods	Services received	Expenses reimbursement paid / Adjusted	Expenses reimbursement received / Adjusted	Reversal of Rent [refer note 27 (a)]	Commission received / (paid) on guarantee	Guarantee discharged	Security Deposits Given / (repaid)	On behalf collections (including trade advances taken during the year)	On behalf payments (including trade advances given during the year)	Adjustment on assignment of balances (net)
Fellow subsidiaries														
Aegis Limited	31 March 17	1.25	4.27	–	0.20	–	–	–	–	100.50	–	3.90	0.21	–
	31 March 16	13.74	3.35	0.06	2.06	–	–	–	(1.91)	–	–	0.25	–	–
Aegis Services Australia Pty. Limited	31 March 17	0.38	–	–	–	–	–	–	–	–	–	0.16	–	–
	31 March 16	–	0.24	–	–	–	–	–	–	–	–	–	–	–
Aegis Outsourcing South Africa (Pty.) Limited	31 March 17	–	–	–	0.30	0.74	–	–	–	–	–	–	–	–
	31 March 16	–	–	–	0.13	–	–	–	–	–	–	–	–	–
Aegis Outsourcing UK Limited	31 March 17	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 16	–	0.49	–	–	–	–	–	–	–	–	–	–	–
Equinox Business Parks Pvt. Limited	31 March 17	–	–	–	8.19	–	–	9.50	–	–	1.51	–	0.44	–
	31 March 16	–	–	–	8.05	–	–	–	–	–	–	–	–	–
Essar Oil Limited	31 March 17	–	0.06	–	–	–	–	–	–	–	–	0.08	–	–
	31 March 16	–	0.01	–	–	–	–	–	–	–	–	1.00	–	–
Essar Project Limited	31 March 17	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 16	–	–	–	–	–	0.26	–	–	–	–	–	–	–
Essar Project (India) Limited	31 March 17	–	–	–	–	0.32	–	–	–	–	–	–	–	1.82
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–
Essar Steel India Limited	31 March 17	–	–	–	–	0.08	–	–	–	–	–	–	–	0.16
	31 March 16	–	–	–	–	–	–		–	–	–	–	–	–
Essar Telecom Kenya Limited	31 March 17	–	–	–	–	–	0.20	–	–	–	–	–	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–
Essar Oil (UK) Limited	31 March 17	–	1.10	–	–	–	–	–	–	–	–	1.10	–	–
	31 March 16	–	1.00	–	–	–	–	–	–	–	–	1.00	–	–
Essar Bulk Terminal (Salaya) Limited	31 March 17	–	0.27	–	–	–	–	–	–	–	–	0.02	–	0.13
	31 March 16	–	–	–	–	–	–	–	–	–	–	0.12	–	–
Essar Shipping Limited	31 March 17	–	–	–	–	–	–	–	–	–	–	–	–	0.11
	31 March 16	–	0.14	–	–	–	–	–	–	–	–	–	–	–
Contact Centre Company	31 March 17	0.08	31.45	–	12.68	–	–	–	–	–	–	24.00	12.48	–
	31 March 16	13.20	8.88	–	2.65	–	–	–	–	–	–	–	–	–
Aegis Americas Inc.	31 March 17	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 16	–	–	–	–	–	1.02	–	–	–	–	–	–	–
The Mobile Store Limited	31 March 17	–	–	–	–	–	–	–	–	–	–	2.00	–	–
	31 March 16	–	0.12	–	–	–	–	–	–	–	–	–	2.00	–
Vadinar Oil Terminal Limited	31 March 17	–	0.27	–	–	–	–	–	–	–	–	0.02	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	0.06	–	–
Vadinar Ports & Terminals Limited	31 March 17	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	0.06	–	–
Essar Power Gujarat Limited	31 March 17	0.02	0.00	–	–	–	–	–	–	–	–	0.02	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–
Aegis Services Lanka Private Limited	31 March 17	–	0.06	–	–	–	–	–	–	–	–	–	–	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–
Aegis Philippines Inc.	31 March 17	–	–	–	–	–	–	–	–	–	–	–	0.16	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–
The MobileWallet Pvt. Limited	31 March 17	–	–	–	0.28	–	–	–	–	–	–	–	0.00	–
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–
Essar Bulk Terminal Limited	31 March 17	–	0.83	–	–	–	–	–	–	–	–	0.06	–	0.77
	31 March 16	–	–	–	–	–	–	–	–	–	–	–	–	–

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

* Foreign currency transactions of the company are reported at the exchange rate on the transaction date. Transactions of the foreign subsidiaries with related parties are reported at average exchange rate of the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

c. Balances with Related Parties

₹ in crore

	Year ended	Loans & advances and other assets	Guarantees taken out–standing as at year end	Advances and other recoverables	Trade receivables	Amount owed to related parties*
Fellow subsidiaries						
Aegis Limited	31 March 17	–	–	–	1.77	3.23
	31 March 16	–	100.50	–	0.40	3.49
Aegis Services Australia Pty. Limited	31 March 17	–	–	–	0.23	0.00
	31 March 16	–	–	–	0.01	0.00
Aegis Outsourcing South Africa (Pty.) Limited **	31 March 17	–	–	–	–	0.49
	31 March 16	–	–	–	0.74	0.19
Equinox Business Parks Pvt. Limited	31 March 17	–	–	10.00	0.14	5.01
	31 March 16	–	–	8.49	0.14	6.76
Essar Shipping Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	–	0.11	–
Essar Oil Limited	31 March 17	–	–	–	–	0.74
	31 March 16	–	–	–	–	0.80
Essar Project Limited	31 March 17	–	–	0.25	0.00	–
	31 March 16	–	–	0.25	0.00	–
Essar Project (India) Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	1.36	0.78	–
Essar Bulk Terminal (Salaya) Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	–	–	0.12
Essar Steel India Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	–	0.24	–
Essar Telecom Kenya Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	–	0.00	0.20
Contact Centre Company	31 March 17	–	–	–	12.78	1.06
	31 March 16	–	–	–	5.25	0.85
Aegis Americas Inc.	31 March 17	–	–	–	0.30	–
	31 March 16	–	–	–	0.30	–
Aegis Philippines Inc.	31 March 17	–	–	–	–	1.29
	31 March 16	–	–	–	–	1.45
The Mobile Store Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	2.00	–	–
Vadinar Oil Terminal Limited @	31 March 17	–	–	–	0.13	–
	31 March 16	–	–	–	–	0.06
Vadinar Ports & Terminals Limited	31 March 17	–	–	–	–	–
	31 March 16	–	–	–	–	0.06
Aegis Services Lanka Private Limited	31 March 17	–	–	–	0.06	–
	31 March 16	–	–	–	–	–
The MobileWallet Pvt. Limited	31 March 17	–	–	–	–	0.28
	31 March 16	–	–	–	–	–

Foreign currency balances are restated at year end rates.

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

@ Vadinar Ports & Terminals Limited merged with the Vadinar Oil Terminal Limited and hence the opening balance of the Vadinar Ports & Terminals Limited of ₹ 0.06 cr transferred to the amount owed to related parties of Vadinar Oil Terminal Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

34. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 0.26 Crore (31 March 2016: ₹ 0.28 Crore).

(b) For commitments relating to lease arrangements, refer note 31.

35. Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016

₹ in Crore

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	0.02	0.00	0.02
(+) Permitted receipts	–	0.06	0.06
(–) Permitted payments	–	0.05	0.05
(–) Amount deposited in Banks	0.02	–	0.02
Closing cash in hand as on 30 December 2016	–	0.01	0.01

36. Contingent liabilities

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Contingent liabilities		
In respect of disputed demands in respect of matters under appeal with		
(a) Income tax authorities	39.36	33.59
(b) Excise, service tax and customs authorities	24.31	24.31
(c) Sales tax authorities	4.72	2.98

The Group is contesting all of the above demands in respect of Income tax, Excise duty, Service tax, Custom duty and Sales tax and the management, believes that its positions are likely be upheld at the appellate stage. No expense has been accrued in the financial statements for the aforesaid demands. The management believes that the ultimate outcome of these proceedings are not expected to have a material adverse effect on the Group's financial position and results of operations and hence no provision has been made, in this regard.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

37. 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 2017		31 March 2016	
	Foreign Currency	**Indian Rupees**	**Foreign Currency**	**Indian Rupees**
Trade Payables	0.24 USD	15.42	0.44 USD	28.99
	0.00 EUR	0.16	0.00 EUR	0.13
	0.43 SAR	7.44	0.16 SAR	2.81
	0.00 AUD	0.14	–	–
	0.00 HKD	0.02	0.00 HKD	0.03
	0.00 NZD	0.03	0.00 NZD	0.03
	0.15 KES	0.10	0.46 KES	0.30
	0.00 SGD	0.15	0.01 SGD	0.29
			0.06 PHP	0.09
Bank Balances	0.07 USD	4.80	0.07 USD	4.88
	0.20 AED	3.46	0.28 AED	5.03
			0.08 PHP	0.11
	0.00 KES	0.00	1.72 KES	1.12
Trade Receivables	0.07 USD	4.57	0.05 USD	3.61
	0.01 SAR	0.13	0.08 SAR	1.50
	0.34 AED	6.04	0.40 AED	7.20
	0.00 KES	0.00		
	0.00 SGD	0.10		
Other liabilities	0.01 USD	0.34	–	–
Short–term borrowings	0.05 USD	2.95	0.14 USD	9.49
Short–Term Loans & advances	0.02 USD	1.21	–	–
Interest payable	0.00 USD	0.00	0.00 USD	0.02

*The above note is based on principal currency in which the respective entities operate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

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

Sundry creditors include –

	31 March 2017	31 March 2016
	₹ in Crore	₹ in Crore
Total outstanding dues of micro and small enterprises	2.78	2.40

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

			31 March 2017	31 March 2016
			₹ 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	2.72	2.28
		b. Interest	0.06	0.12
		Total	**2.78**	**2.40**
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	3.59	1.35
		b. Interest	–	–
		Total	**3.59**	**1.35**
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	0.06	0.12
		b. Total Interest unpaid	0.06	0.12
5)	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 ₹ 0.06 Crore (31 March 2016: ₹ 0.12 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 CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

39. During the previous year, on 01 June 2015, the Group acquired business of Ensource Limited, U.S.A.

The details of the acquisition date financial information are as provided below:	31 Mar 2016
Particulars	**₹ in Crore**
Assets	
Fixed assets	0.16
Inventories	0.50
Trade receivables	2.00
Cash and bank balances	0.01
Other assets	1.20
Total Assets	**3.87**
Liabilities	
Trade payables	(5.72)
Other current liabilities	(6.57)
Total Liabilities	**(12.29)**
Net Liabilities acquired	**(8.42)**
Purchase consideration paid	3.09
Goodwill on acquisition	**11.51**

40. During the year ended 31 March 2017, the management based on an internal technical evaluation reassessed the remaining useful lives of certain plant and equipment with effect from 1 April 2016. Accordingly, the useful lives of such plant and equipment have been revised from 3 – 5 years to 15 years.

Had the Company continued with the previously assessed useful lives, depreciation expense for the year ended 31 March 2017 would have been higher by ₹ 2.15 Crores. Further the revision of the useful lives will result in the following changes in the depreciation expense as compared to depreciation expense based on earlier useful lives.

₹ in Crore

Financial Years	**(Decrease) / Increase in depreciation expense**
2017–18	(2.12)
2018–19	(1.61)
Post 2019	5.88

41. Sale of Gandhinagar properties

During the year ended 31 March 2015, the Company entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of ₹ 50.52 Crores. During April 2015, the lender to whom these assets were provided as security provided its in–principal approval for the said transfer subject to fulfilment of conditions stated therein. The said transfer was pending approval from the relevant Government authority and transfer of legal title that were considered to be procedural in nature. Accordingly the Company had recognized profit on sale of Fixed Assets of ₹ 46.04 Crores (net of incidental expenses ₹ 3.39 Crores) during the year ended 31 March 2015. During the previous year ended 31 March 2016, the Company received approval from the lender for sale of one of the property sold for consideration of ₹ 5.89 crores

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2017

and also realized part consideration of ₹ 3.20 crores from the buyer. During April 2016, approval from the requisite authorities have also been received and sale deed has been executed between the Company and the buyer for transfer of legal title for one of the property. The Company has also obtained the requisite approvals for the other property and subsequent to year ended 31 March 2017 has realized further consideration of ₹ 13.50 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer.

42. Short / (Excess) provision of tax for earlier years

(a) For the year ended 31 March 2017 represents provision made in earlier year, no longer required relating to Australia subsidiary.

(b) For the year ended 31 March 2016 represents provision for with–holding tax credits for earlier years relating to the Singapore subsidiary.

43. As per the transfer pricing rules, the Group has examined 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.

44. Corporate social responsibility

As per section 135 of the Company Act, 2013, a corporate social responsibility (CSR) Committee has been formed by the Company. The Company has average net loss for the last 3 financial years so the amount of CSR expenditure required as per the Companies Act is ₹ Nil (31 March 2016: ₹ Nil) and the Company has not undertaken any CSR activity during the year.

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

46. All amounts are in Rupees (in Crore) except otherwise stated specifically and "0.00" denotes amounts less than fifty thousand Rupees.

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

ADI P. SETHNA
Partner

Place : Mumbai
Date : 24 May 2017

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

SUPARNA SINGH
Non–Executive Director
DIN – 07142898

PRATIK BHANUSHALI
Company Secretary

ANGSHU SENGUPTA
Chief Financial Officer

Place : Mumbai
Date : 24 May 2017

FINANCIAL HIGHLIGHTS – CONSOLIDATED

₹ in Crore

	2016–17	2015–16	2014–15	2013–14	2012–13	2011–12	2010–11	2009–10	2008–09	2007–08
Fixed Assets (Net) and Investment	**110.9**	108.8	89.7	119.8	129.2	115.8	102.6	21.7	19.9	27.2
Net Current Assets	**290.3**	309.3	156.2	189.7	495.6	328.3	146.3	219.1	193.7	173.9
Total Capital Employed	**78.4**	68.6	101.6	74.0	305.6	322.5	262.7	253.0	225.7	215.4
Shareholders' Funds										
I. Share Capital	**43.5**	43.5	43.5	28.5	28.5	14.2	14.2	14.2	14.2	14.2
II. Reserves and Surplus	**34.9**	25.2	58.2	45.5	277.1	308.3	248.5	238.8	211.5	201.0
Total	**78.4**	68.6	101.7	74.0	305.6	322.5	262.7	253.0	225.7	215.2
Sales (including excise)	**780.2**	882.8	892.0	775.8	1,061.2	997.6	325.5	540.4	558.4	637.2
Other Income	**2.9**	5.5	6.3	19.6	51.5	12.9	3.1	10.3	4.2	3.4
Profit Before Tax	**14.4**	(22.3)	17.7	(274.1)	(9.9)	86.3	19.2	52.4	23.2	28.6
Provision for Tax										
I. Current Tax	**3.1**	4.7	3.5	0.3	7.0	21.7	7.6	17.8	5.1	10.8
II. Deferred Tax	**(0.8)**	7.6	(0.6)	(2.7)	5.0	1.1	(1.6)	–	2.1	(0.9)
III. Fringe Benefit Tax	**–**	–		–	–	–	–	–	0.5	1.2
Profit After Tax	**12.1**	(34.6)	14.8	(271.6)	(21.9)	63.5	13.2	34.6	15.5	17.5
Dividend (%)	**–**	–	–	–	–	150.00	22.50	45.00	35.00	35.00
Debt–Equity Ratio	**2.2**	2.4	1.4	3.2	1.0	0.4	–	–	–	–
Earning per share (₹)	**4.2**	(12.2)	5.2	(95.4)	(7.7)	22.3	9.2	24.3	10.9	12.3
Cash Earning per share (₹)	**0.7**	(0.9)	1.2	(81.2)	(2.0)	52.8	11.9	29.8	18.1	20.8
Book Value per share (₹)	**2.8**	2.4	3.6	48.5	107.2	226.6	184.6	177.8	158.6	151.2

NOTES

AGC
Accelerating Business

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 - SEPTEMBER 22, 2017 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 THIRTY-FIRST ANNUAL GENERAL MEETING of the Company at Banquet Hall, Equinox Business Park, Off B.K.C., LBS Marg, Kurla West, Mumbai 400070 on Friday, September 22, 2017.

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 SEPTEMBER 22, 2017 AT 11.00 A.M

I/We ……… of ………………………… in the district of …………………………..being a member/members of **AGC NETWORKS LIMITED** hereby appoint …………………………………………………. of …………………………………….. in the district of ………………................... ....or failing him …………………………………..of ……………………….in the district of …………………………..as my/our proxy to vote for me/us on my/our behalf at the THIRTY-FIRST 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 Friday, September 22, 2017 and at any adjournment thereof.

Signed this ……………….. day of ………………. 2017.

Affix a
1 Rupee
Revenue
Stamp

Reg. Folio/Client ID No.:
DP ID No.:
No. of Shares:
Signature of the Proxy Holder: .... Signature of the Member:..

This form is to be used * In favour / * against of the resolution. Unless otherwise instructed, the proxy will act as he/she thinks fit.

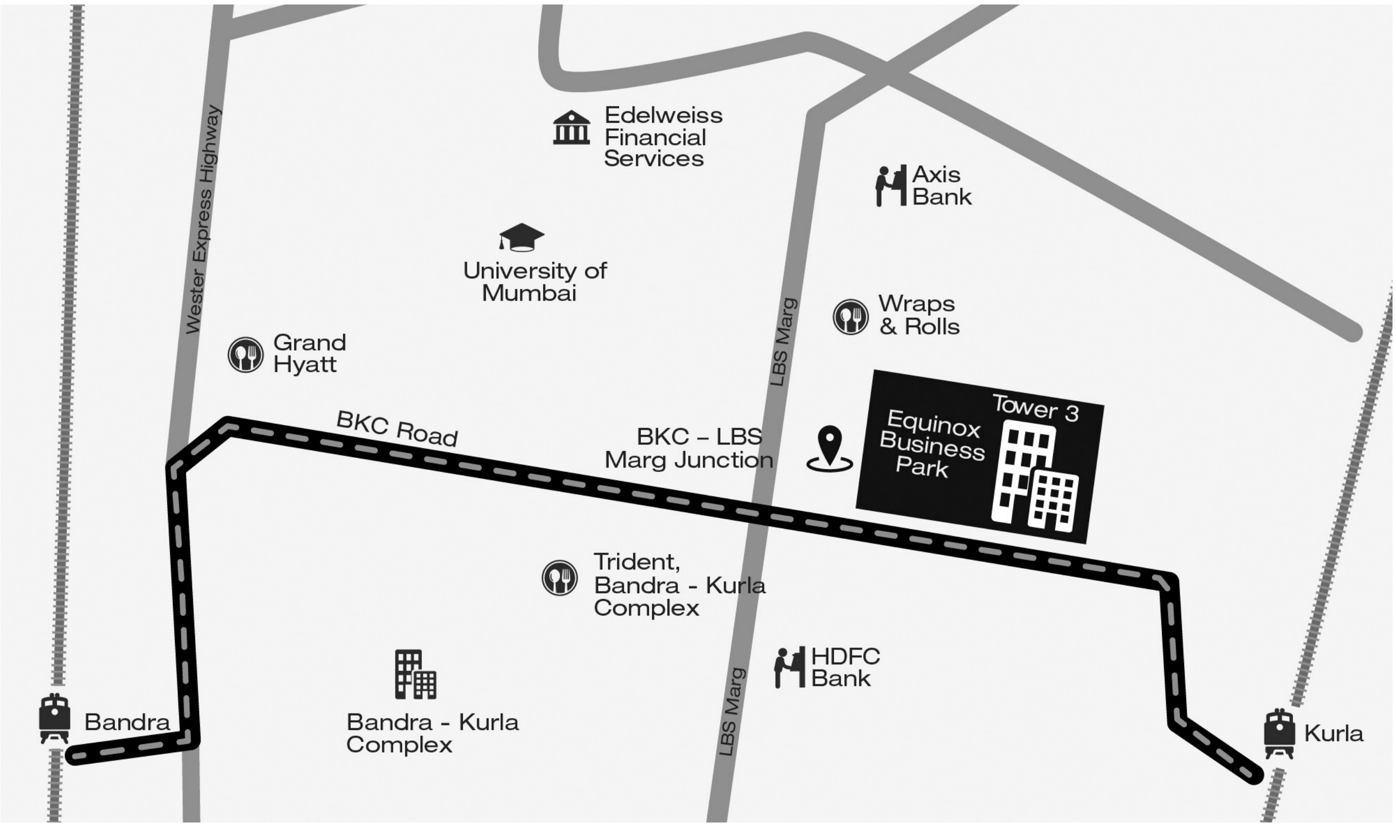
* Strike out which ever not desired

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 THIRTY-FIRST ANNUAL GENERAL MEETING.

Route Map to AGC Networks Limited

Equinox Business Park, Tower 3, Off
B.K.C, LBS Marg, Kurla West, Mumbai
400070, Maharashtra, India

Landmark : BKC – LBS Marg Junction
Distance from Kurla Station: 0.8 km
Distance from Bandra Station: 1.75 km Equinox
Business Park LBS



Accelerating Business

Registered Office

AGC Networks Limited,
Equinox Business Park, Tower 1 (Peninsula Techno Park),
Off. BKC, LBS Marg, Kurla West, Mumbai 400070, India. | T: + 91 22 6661 7272

F: +91 22 6661 7405 | E: info@agcnetworks.com | W: www.agcnetworks.com

CIN L32200MH1986PLC040652

Download the report here
www.agcnetworks.com/in/investors/#reports