AGC
Accelerating Business

INTEGRATING

TECHNOLOGY

Annual Report 2017-2018

AGC Networks Limited

An ESSAR Enterprise

CONTENTS

Message from the Chairman

Dear Shareholders,

Today's digital ready world has ensured that technology is a key enabler in the hands of both the end consumer and Providers – enterprise and mid market organizations – and thus the role of your Company as a Go–To–Technology Solution Integrator delivering efficient communications and evolved technology solutions; is undeniable. Gartner, Inc. forecasts worldwide IT spending to total $3.7 trillion in 2018, an increase of 6.2 percent from 2017 and India IT spending is projected to total $87.1 billion in 2018, an increase of 9.2 percent from 2017.

With this as an outline and consistent efforts on cost consciousness, your Company's base has been set to capture a greater share of the market opportunity in India and overseas.

In this financial year, your Company continues to be fully compliant with all statutory dues, filings and bank re–payments. Coupled with this has been a positive bottom line delivered in all quarters of FY18 with your Company managing to successfully de–leverage the balance sheet.

AGC, thus as a Global Solution Integrator works to deliver an integrating value to the customer organizations across geographies and industry verticals. We foresee the market opportunity utilization to be optimal with management leaders and their teams working closely with global leading technology providers in each of the markets that your Company operates in. The derived business value thus ensures accelerating the single–minded objective of delivering value to customers and all related stakeholders.

Thank you, shareholders, for your continuing faith.

With Best Wishes,
Sujay R. Sheth

Message from the Whole–Time Director

Dear Shareholders,

An enterprise or a mid–market organization is usually on the lookout for a Solution Integrator who can deliver their Digital landscape as a complete solution – be it the Communications platform – internal / external, telephony, social media or enabling of information at the click of a mouse and delivered through high performing networks with optimised applications running on advanced virtualized Data Centers and covering all aspects of security – from end point to applications. Added to this are Services that deliver, maintain and support the customer's technology landscape either on–site or remotely. And AGC's global presence and efficient delivery of solutions and services in the above areas has garnered the confidence of CXO's as their trusted Go–To–Solution Integrator in FY18.

CXO's across industries are today embracing various tools of their digital journey such as Analytics, Mobility, IoT and Social Media to improve the use of traditional technologies such as ERP and CRM to enhance customer relationships, internal processes and thereby their value proposition – and these are areas where your Company has built and delivered solutions in the year for its customers to stay ahead of competition.

Your Company's initiatives in this space and focus as a Go–To–Technology Solution Integrator continues to be on delivering an integrating value across the various technology solutions and services that we offer to our customers and is by continuing to invest in newer technologies.

These initiatives are driven by our ***Glocal*** approach of staying **Relevant** to our customer's through solutions from global technology partners in the various markets that we operate in, nurturing our long–standing customer **Relationships** and delivering outcome based **Results** – all focused on accelerating the customer's business. The business value thus created is towards customer delight and is in alignment to our larger objective of delivering value to our stakeholders.

We thank you for your continued faith and confidence in this journey.

Warm Regards,
Sanjeev Verma

CORPORATE INFORMATION

Directors

Sujay R. Sheth	Chairman - Independent Non-Executive Director
Dilip Thakkar	Independent Non-Executive Director
Sanjeev Verma	Whole Time Director
Kaustubh Sonalkar	Non-Executive Director
Mahua Mukherjee	Executive Director

Chief Financial Officer
Deepak Kumar Bansal

Company Secretary & Compliance Officer
Aditya Goswami

Auditors
M/s. Walker Chandiok & Co LLP

Registered Office
Equinox Business Park, Tower 1
Off. BKC, LBS Marg, Kurla West, Mumbai 400070, India.
T: +91 22 6661 7300/400 | F: +91 22 6661 7405
E: info@agcnetworks.com | W: www.agcnetworks.com
CIN L32200MH1986PLC040652

Regional Offices - India
Bengaluru, Chennai, Gandhinagar, Gurugram, Hyderabad, Kolkata, Mumbai, Pune

Global Presence
Australia, Kenya, New Zealand, Philippines, Singapore, UAE, KSA, UK, USA

Bankers
Yes Bank Limited, IDBI Bank Limited, Bank of India

Registered and Share Transfer Agents
Datamatics Business Solutions Limited, Plot No.B-5, Part B,
Cross Lane, MIDC, Marol, Andheri (East), Mumbai - 400093
T: 022-66712001-66712006 | F: 022 - 66712209
W: www.datamaticsbpm.com
E: agcinvestors@datamaticsbpm.com

Audit Committee
Sujay R. Sheth (Chairman)
Dilip Thakkar
Mahua Mukherjee

Nomination and Remuneration Committee
Dilip Thakkar (Chairman)
Kaustubh Sonalkar
Sujay R. Sheth

Ethics and Compliance Committee
Sujay R. Sheth (Chairman)
Mahua Mukherjee

Corporate Social Responsibility Committee
Sujay R. Sheth (Chairman)
Mahua Mukherjee
Sanjeev Verma

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

NOTICE OF 32ND ANNUAL GENERAL MEETING

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of AGC NETWORKS LIMITED ("the Company") will be held on Wednesday, August 1, 2018 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 the Consolidated Financial Statements) of the Company for the financial year ended March 31, 2018 along with the Reports of Board 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 declare a dividend on Preference Shares, if any.

4. To re–appoint 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, 142 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 consent of the Members be and is hereby accorded to re–appoint 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 32nd Annual General Meeting until the conclusion of the 33rd Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

5. Appointment of Mr. Dilip Thakkar (DIN:00007339) as an Independent Director of the Company

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Dilip Thakkar (DIN:00007339), who was appointed as an Independent Additional Director of the Company by the Board of Directors with effect from February 8, 2018, and who holds office only 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 re–appointment and has furnished a notice in writing to the Company under Section 160(1) of the Act, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of five years from the date of original appointment and his office shall not be liable to determination by retirement of directors by rotation."

6. Appointment of Mrs. Mahua Mukherjee (DIN: 08107320) as an Executive Director of the Company

   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 Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re–enactment thereof for the time being in force), Mrs. Mahua Mukherjee (DIN: 08107320) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 5th April, 2018 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, and is eligible for re–appointment and in respect of whom the Company has received a notice under Section 160 of the Act in writing proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Executive Director of the Company and her office shall be liable to retirement by rotation.

7. Appointment of Mr. Kaustubh Sonalkar (DIN: 06956678) as a Non–Executive Director of the Company

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 Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re–enactment thereof for the time being in force), Mr. Kaustubh Sonalkar (DIN:06956678) who was appointed by the Board of Directors as an Additional Director of the Company with effect from June 15, 2018 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, and is eligible for re–appointment and in respect of whom the Company has received a notice under Section 160 of the Act in writing proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Non–Executive Director of the Company and his office shall be liable to retirement by rotation.

8. Further Issue of Securities:

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 23, 41, 42, 62(1)(C) and 71 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder including any amendments thereto or re–enactment thereof, for the time being in force, the provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the listing agreements entered into with the stock exchanges and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI ICDR Regulations"), the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2015, the provisions of the issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 or the Depository Receipt Scheme, 2014, the provisions of the Foreign Exchange Management Act, 1999, ("FEMA") and rules and regulations framed there under as amended from time to time and subject to other applicable rules, regulations and guidelines issued by the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), the Government of India ("GoI"), the stock exchanges and / or any other competent governmental or regulatory authorities from time to time to the extent applicable, and subject to such approvals, permissions, consents and sanctions as may be necessary from SEBI, Stock Exchanges, RBI, GoI and any other governmental or regulatory authorities as may be required in this regard and further subject to such terms and conditions or modifications as may be prescribed or imposed by any of them while granting any such approvals, permissions, consents and / or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution), consent of the members be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), with or without green shoe option, such number of equity shares of the Company of face value ₹ 10/– each ("Equity Shares"), Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), Foreign Currency Convertible Bonds ("FCCBs"), fully convertible debentures/partly convertible debentures, preference shares convertible into Equity Shares, and/ or any other financial instruments convertible into Equity Shares (including warrants, or otherwise, in registered or bearer form) and/ or any security convertible into Equity Shares with or without voting/special rights and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares (all of which are hereinafter collectively referred to as "Securities") or any combination of Securities, in one or more tranches, whether Rupee denominated or denominated in foreign currency, in one or more foreign markets and/or domestic market, by way of one or more public and/or private offerings, and/or on preferential allotment basis including Qualified Institutions Placement ("QIP") or any combination thereof, through issue of prospectus and /or placement document or other permissible/requisite offer document to any eligible person, including Qualified Institutional Buyers ("QIBs") as defined under the SEBI ICDR Regulations in accordance with Chapter VIII of the SEBI ICDR Regulations, or otherwise, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors, Indian and/or multilateral financial institutions, mutual funds, insurance companies, non–resident Indians, stabilizing agents, pension funds and/or any other categories of investors, whether they be holders of equity shares of the Company or not (collectively called the "Investors") as may be decided by the Board in its discretion and permitted under applicable laws and regulations, for an aggregate amount not exceeding ₹ 500 Crores (Rupees Five Hundred Crores Only) or equivalent thereof, in one or more foreign currency and/or Indian rupees, inclusive of such premium as may be fixed on such Securities by offering the Securities through public offer(s) or private placement(s) or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) appointed and / or to be appointed by the Company (the "Issue").

"RESOLVED FURTHER THAT in pursuance of the aforesaid resolutions:

(a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

(b) the Equity Shares that may be issued by the Company shall rank pari passu with the existing Equity Shares of the Company in all respects; and

(c) Equity Shares to be issued on conversion of Securities convertible into Equity Shares shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, consolidation of stock, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate re–organisation or restructuring.

"RESOLVED FURTHER THAT if any issue of Securities is made by way of a QIP in terms of Chapter VIII of the SEBI ICDR Regulations (hereinafter referred to as "Eligible Securities" within the meaning of the SEBI ICDR Regulations), the allotment of the Eligible Securities, or any combination of Eligible Securities as may be decided by the Board shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time."

"RESOLVED FURTHER THAT any issue of Eligible Securities made by way of a QIP in terms of Chapter VIII of the SEBI ICDR Regulations shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations (the "QIP Floor Price"). The Company may, however, in accordance with applicable law, also offer a discount of not more than 5% (Five Percentage) or such percentage as permitted under applicable law on the QIP Floor Price."

"RESOLVED FURTHER THAT in the event that Equity Shares are issued to QIBs by way of a QIP in terms of Chapter VIII of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares as Eligible Securities and in case Eligible Securities are eligible convertible securities, then either the date of the meeting in which the Board decides to open the proposed issue or the date on which holder of Eligible Securities become eligible to apply for Equity Shares, as may be determined by the Board."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint lead manager(s), underwriters, depositories, custodians, registrars, bankers lawyers, advisors, debenture trustees and all such agencies as are or may be required to be appointed, involved or concerned in the Issue and to remunerate them by way of commission, brokerage, fees or the like and also to reimburse them out of pocket expenses incurred by them and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with such agencies."

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities or Equity Shares on conversion of Securities, the Board be and is hereby authorised on behalf of the Company to seek listing of any or all of such Securities or Equity Shares as the case may be, on one or more Stock Exchanges in India or outside India and the listing of Equity Shares underlying the ADRs and/or GDRs on the Stock Exchanges in India."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the Issue, including the finalization and approval of the draft as well as final offer document(s), determining the form and manner of the Issue, finalization of the dates and timing of the Issue, identification and class of the investors to whom the Securities are to be offered, determining the issue price, face value, premium amount on issue/conversion of the Securities, if any, rate of interest and all other terms and conditions of the Securities, offer and allotment of Securities, execution of various transaction documents, signing of declarations, creation of mortgage/ charge, utilization of the issue proceeds, and to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of the Issue and resolve and settle all questions or difficulties that may arise in regard to such Issue without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of directors or any director(s) of the Company in such manner as they may deem fit in their absolute discretion with the power to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of the Issue and settle any questions or difficulties that may arise in this regard to the Issue."

9. Reclassification of Authorised Share Capital and Consequent Alteration of Memorandum of Association.

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 Sections 13, 61 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re–enactment thereof for the time being in force) the existing Authorised Share Capital of the Company of ₹ 145,00,00,000/– (Rupees One Hundred and Forty Five Crores only) divided into 4,50,00,000 (Four Crores Fifty Lakhs) Equity Shares of ₹ 10/– (Rupees Ten only) each and 1,00,00,000 (One Crore) Cumulative/Non–Cumulative Redeemable Preference Shares of ₹ 100/– (Rupees Hundred only) each, be and is hereby reclassified to ₹ 145,00,00,000/– (Rupees One Hundred and Forty Five Crores) divided into 4,50,00,000 (Four Crores Fifty Lakhs) Equity Shares of ₹ 10/– (Rupees Ten only) each, 50,00,000 (Fifty Lakh) Cumulative/Non–Cumulative Redeemable Preference Shares of ₹ 100/– (Rupees Hundred only) each and 50,00,000 (Fifty Lakh) Convertible Preference Shares of ₹ 100/– (Rupees Hundred only) each or such other denomination as may approved by the Board on split or consolidation of such Preference Shares.

"RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

"The Authorised Share Capital of the Company is ₹ 145,00,00,000/– (Rupees One Hundred and Forty Five Crores only) divided into 4,50,00,000 (Four Crores Fifty Lakh) Equity Shares of ₹ 10/– (Rupees Ten only) each, 50,00,000 (Fifty Lakh) Cumulative/Non–Cumulative Redeemable Preference Shares of ₹ 100/– (Rupees Hundred only) each and 50,00,000 (Fifty Lakh) Convertible Preference Shares of ₹ 100/– (Rupees Hundred only) each or such other denomination as may approved by the Board on split or consolidation of such Preference Shares, with a right to receive dividends from year to year at a rate or rates not exceeding 15% per annum as may be determined by the Board of Directors at the time of issue of these shares, with power to increase or reduce such Capital from time to time, in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the Shares in the Capital for the time into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions. If and whenever the Capital of the Company is divided into Shares of different classes, the rights of any such claims may be varied, modified, affected, extended, abrogated or surrendered as provided in the Articles of Association of the Company and the legislative provisions for the time being in force. "

10. Alteration in the Articles of Association

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s), enactment(s) or re–enactment(s) thereof for the time being in force), consent of the members of the Company be and is hereby accorded to alter the Articles of Association of the Company by replacing the existing Clauses no. 4 and 5 with the following new Clauses:

4A. The Authorised Capital of the Company is ₹ 145,00,00,000/– (Rupees One Hundred and Forty Five Crores only) divided into :–

i) 4,50,00,000 (Four Crores Fifty Lakh) Equity Shares of ₹ 10/– (Rupees Ten only) each;

ii) 50,00,000 (Fifty Lakh) Cumulative/Non–Cumulative Redeemable Preference Shares of ₹ 100/– (Rupees Hundred only) each with a right to receive dividends from year to year at a rate or rates not exceeding 15% per annum as may be determined by the Board of Directors at the time of issue of these shares;

iii) 50,00,000 (Fifty Lakh) Convertible Preference Shares of ₹ 100/– (Rupees Hundred only) each or such other denomination as may approved by the Board of Directors on split or consolidation of such Preference Shares with a right to receive dividends from year to year at a rate or rates not exceeding 15% per annum as may be determined by the Board of Directors at the time of issue of these shares;

each with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in these presents and with power to increase or reduce the capital and to divide the shares in the capital of the Company for the time being into Equity Share Capital and/or Preference Share Capital with qualified or special rights, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the Act or provided by these presents.

B. Subject to the provisions of the Act, the Company shall have the power to issue the Preference Shares of ₹ 100 (Rupees Hundred only) each or such other denomination as may approved by the Board of Directors on split or consolidation of the Convertible Preference Shares.

C. The rights, privileges and conditions attached to the Cumulative/Non–Cumulative Redeemable Preference Shares of ₹ 100/– (Rupees hundred) each shall be as follows :–

i) The Cumulative Redeemable Preference Shares shall confer on the holders thereof, the right to a fixed preferential dividend 2 from the date of allotment, at a rate not exceeding 15% per annum as may be determined by the Board on the capital for the time being paid up or credited as paid up thereon.

ii) The aforesaid Preference Shares shall rank for capital and dividend (including all dividends undeclared upto the commencement of winding up) and for repayment of capital in a winding up, pari passu inter se and in priority to the Equity Shares of the Company, but shall not confer any futher or other right to participate either in profits or assets.

iii) The holders of the aforesaid Preference Shares shall have the right to receive all notices of general meetings of the Company but shall not confer thereon the right to vote at any meetings of the Company save to the extent and in the manner provided in the Companies Act, 1956, or any enactment thereof.

iv) The aforesaid Preference Shares shall not confer any right on the holders thereof to participate in any offer or invitation by way of rights or otherwise to subscribe for additional shares in the Company; nor shall the Cumulative Redeemable Preference Shares confer on the holders thereof any right to participate in any issue of bonus shares or shares issued by way of capitalization of reserves.

v) The aforesaid Preference Shares shall be redeemed at any time after six months, but not later than ten years, from the date of allotment as may be decided by the Directors in accordance with the terms of the issue and in accordance with the provisions of the Companies Act, 1956, or any reenactment thereof.

vi) The rights and terms attached to the aforesaid Preference Shares may be modified or dealt with by the Directors in accordance with the provisions of the Articles of Association of the Company

5. The Company may, subject to the provisions of the Act, issue preference shares which are, or at the option of the Company are to be liable, to be redeemed/converted and may redeem/convert such shares in any manner provided in the said section and may issue shares up to the nominal amount of the shares redeemed or to be redeemed as provided in the said Act. Where the Company has issued redeemable/convertible preference shares the provisions of the said Act shall be complied with.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps and actions for the purpose of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts and deeds, matters and things as may be deemed necessary to give effect to this resolution."

11. Variation in terms of 1% Non–Cumulative Non–Convertible Redeemable Preference Shares of ₹ 100/– each issued by the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 42, 48, 55, 62 (1) (c) and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder including any statutory modification(s) or re–enactment(s) thereof for the time being in force, the Memorandum of Association and Articles of Association of the Company, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended ("SEBI ICDR Regulations"), Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeover) Regulations, 2011 as amended ("SEBI (SAST) Regulations") and all other applicable laws including the Foreign Exchange Management Act, 1999, the Foreign Exchange (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000, various rules, regulations, press notes, notifications, any other guidelines, regulations and clarifications issued by the Government of India, all applicable regulations, circulars, notifications issued by the Securities and Exchange Board of India ("SEBI Regulations"), the Reserve Bank of India ("RBI"), stock exchanges on which the equity shares of the Company are listed; and also by any other statutory/regulatory authorities and subject to all such other approvals, permissions, consents and/or sanctions of any authorities (including but not limited to approvals of competition authorities and the Oversight Committee of the Reserve Bank of India), as may be necessary, and subject to such conditions and modifications, as may be prescribed by any one of them while granting any such approvals, consents, permissions and/or sanctions which may be agreed to by the Board of Directors of the Company, consent of the shareholders of the Company be and is hereby given to the Board of Directors of the Company (the "Board") which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) to change/alter/vary/replace the existing terms and nature of 1% Non–Cumulative Non–Convertible Redeemable Preference Shares ("NCRPS") of ₹ 100/– each issued by the Company to 1,50,000 0.01% Compulsorily Convertible Preference Shares ("CCPS") with the following revised terms:

1. The CCPS shall have a face value of ₹ 1000/– each on consolidation of each 10 existing NCRPS of ₹ 100/– each;
2. The CCPS shall carry a preferential right vis–à–vis Equity Shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of capital;
3. The CCPS shall be non–participating in the surplus funds;
4. The CCPS shall be paid dividend on a non–cumulative basis at the rate of 0.01%;
5. All the outstanding CCPS on August 31, 2018 shall be converted into such number of Equity Shares of ₹ 10/– each of the Company as may be determined based on the valuation mechanism provided under Regulation 76 of the SEBI (ICDR) Regulations, 2009;
6. Any fraction resulting on conversion of CCPS into equity shares, shall be settled within 15 days from the date of such conversion.

RESOLVED FURTHER THAT up to 1,50,000 ("CCPS") of ₹ 1000 each, be issued in lieu of NCRPS to the following existing holders on change in terms of the NCRPS:

Sr. No.	Name of the existing holders of NCRPS	No. of CCPS to be allotted
1.	Essar Information Technology Limited	1,10,000
2.	Quick Realtors LLP	35,625
3.	Miloni Vipul Modi	4,375
	TOTAL	**1,50,000**

RESOLVED FURTHER THAT the 'Floor Price' be determined in accordance with Chapter VII of the SEBI (ICDR) Regulations, 2009.

RESOLVED FURTHER THAT the CCPS shall be allotted within a period of 15 days from the date of receipt of shareholders' approval or in the event the allotment of CCPS require any approval(s) or permission(s) from any regulatory authority or the Central Government, within 15 days from the date of such approval(s) or permission(s), as the case may be.

RESOLVED FURTHER THAT:

a. the 'Relevant Date' under SEBI ICDR Regulations for the purpose of determination of issue price of the Equity Shares upon conversion of the CCPS shall be 2nd July, 2018 being the date 30 days prior to the date of this Meeting ("Relevant Date") and the conversion price for the CCPS shall be arrived at on the basis of the said Relevant Date, as required under the SEBI ICDR Regulations;

b. the CCPS and the Equity Shares to be allotted pursuant to conversion of the CCPS shall be subject to lock–in as applicable under SEBI ICDR Regulations;

c. the Equity Shares allotted pursuant to conversion of the CCPS shall be in dematerialized form and shall be listed on one or more recognised stock exchanges in accordance with applicable regulations;

d. the Equity Shares to be issued on conversion of the CCPS shall rank pari–passu in all respects including entitlement to dividend with the existing Equity Shares of the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized, in its entire discretion, to do all such acts, matters, deeds and things and to take all such steps and to do all such things and give all such directions, as the Board may consider necessary, expedient or desirable, including without limitation, effecting any modification to the foregoing (including any modifications to the terms of the CCPS), to prescribe the forms of application, allotment, to enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or desirable and to file applications and obtain any approvals, permissions, sanctions which may be necessary or desirable and to settle any questions or difficulties that may arise and appoint consultants, valuers, legal advisors, advisors and such other agencies as may be required for the issue of equity shares on conversion without being required to seek any further clarification, consent or approval of the members and that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution;

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects."

By order of the Board of Directors,

For **AGC Networks Limited**
Sd/–
Aditya Goswami
Company Secretary & Compliance officer
Membership No. A27365

Place: Mumbai.
Dated: June 15, 2018
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 to 11 as set out above is 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 Thursday, July 26, 2018 till Wednesday, August 1, 2018 (both days inclusive) for the purpose of Annual General Meeting.

7) M/s. Datamatics Business Solutions Limited is “Registrar and Share Transfer Agent” of the Company. All members and investors are hereby advised to contact Datamatics Business Solutions 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 Business Solutions 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@datamaticsbpm.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 2017–18 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 Business Solutions Limited, 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 Business Solutions Limited.

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–en–cashed 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 and Protection Fund" constituted by the Central Government and the shares in respect of which such dividend is unclaimed/unpaid shall also be transferred to the Invetor Education and Protection Fund authority. It may please be noted that once unclaimed/ un– en–cashed dividend or shares are transferred to "Investor Education and 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 32nd AGM is annexed on the back page of the Annual Report.

INSTRUCTIONS FOR E–VOTING

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on 9.00 AM on July 29, 2018 and ends on 5.00 PM on July 31, 2018. 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 July 25, 2018 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.

(ix) 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 Director has appointed M/S S. K. Jain & Co., Practicing Company Secretaries, (Membership No. FCS 1473 CP No 3076) as the Scrutinizer to the e–voting process, (including voting through Ballot forms received from Members) and remote e–voting process 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 declare alongwith the Scrutinizer Report shall be placed on the Company’s 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 their Meeting held on February 8, 2018 have appointed Mr. Dilip Thakkar as an Additional Director of the Company with immediate effect. Under Section 161(1) of the Companies Act, 2013, Mr. Thakkar holds office only up to the date of this Annual General Meeting of the Company. A Notice has been received from Mr. Thakkar proposing his candidature for the office of Independent Director of the Company for a period of five years. Brief resume of Mr. Thakkar, nature of his expertise in specific functional areas and shareholding in the Company is provided in the annexure to this Notice.

The Board considers that the appointment of Mr. Thakkar as an Independent Director would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a an Independent Director of the Company for a period of five years and whose period of office shall not be liable to retirement by rotation being an Independent Director. Mr. Thakkar was born on October 1, 1936 and accordingly has completed the Age of 82 years. As per the Regulation 17(1)(A) of SEBI (LODR) (Amendment) Regulation, 2018 the Company needs to obtain approval of members by way of Special Resolution for apoointment of Mr. Dilip Thakkar as Independent Director. Though Mr. Thakkar is quite senior in age, he is very efficient and capable to perform his duties and the Board is of the view that he is one of the most suited personality to act as Director of the Company.

Except Mr. Thakkar, being the 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 commends the Special Resolution set out at Item No.5 of the Notice for approval by the shareholders.

Item No. 6

The Board of Directors at their Meeting held on 5th April, 2018 have appointed Mrs. Mahua Mukherjee as an Additional Director of the Company with immediate effect. Under Section 161(1) of the Companies Act, 2013, Mrs. Mukherjee holds office only up to the date of this Annual General Meeting of the Company. A Notice has been received from Mrs. Mukherjee proposing her candidature for the office of Director of the Company. Brief resume of Mrs. Mukherjee, nature of her expertise in specific functional areas and shareholding in the Company is provided in the annexure to this Notice.

The Board considers that the appointment of Mrs. Mukherjee 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 shall be liable to determination by retirement of directors by rotation.

Except Mrs. Mukherjee, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

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

Item No. 7

The Board of Directors at their Meeting held on 15th June, 2018 have appointed Mr. Kaustubh Sonalkar as a Non–Executive Additional Director of the Company with immediate effect. Under Section 161(1) of the Companies Act, 2013, Mr. Sonalkar holds office only up to the date of this Annual General Meeting of the Company. A Notice has been received from Mr. Sonalkar proposing his candidature for the office of Director of the Company. Brief resume of Mr. Sonalkar, nature of his expertise in specific functional areas and shareholding, if any, in the Company is provided in the annexure to this Notice.

The Board considers that the appointment of Mr. Sonalkar as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Non–Executive Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.

Except Mr. Sonalkar, 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. 7.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Item No. 8

This special resolution contained in the Notice relates to a resolution by the Company enabling the Board to create, issue, offer and allot Equity Shares, GDRs, ADRs, Foreign Currency Convertible Bonds, Convertible or Non– convertible Debentures and such other securities as stated in the resolution (the “Securities”), including by way of a qualified institutions placement in accordance with Chapter VIII of the SEBI ICDR Regulations, in one or more tranches, at such price and on such terms and conditions as may be deemed appropriate by the Board (which term shall be deemed to include any committee thereof which the Board may have constituted) at its absolute discretion including the discretion to determine the categories of Investors to whom the issue, offer, and allotment shall be made considering the prevalent market conditions and other relevant factors and wherever necessary, in consultation with lead manager(s) and other agencies that may be appointed by the Board for the purpose of the Issue.

This special resolution enables the Board to issue Securities for an aggregate amount not exceeding ₹ 500 Crores (Rupees Five Hundred Crores only) or its equivalent in any foreign currency.

The Board shall issue Securities pursuant to this special resolution and utilize the proceeds for business purposes, including but not limited to meet capital expenditure and working capital requirements of the Company and its subsidiaries, joint ventures and affiliates, including investment in subsidiaries, joint ventures and affiliates, repayment of debt, exploring acquisition opportunities and general corporate purposes.

The special resolution seeks to empower the Board to issue by way of one or more public and/or private offerings, and/ or on preferential allotment basis including Qualified Institutions Placement (“QIP”) or any combination thereof, through issue of prospectus and /or placement document/ or other permissible/requisite offer document to any eligible person, including Qualified Institutional Buyers (“QIBs”) as defined under the SEBI ICDR Regulations in accordance with Chapter VIII of the SEBI ICDR Regulations, or otherwise, foreign/ resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors, Indian and/or multilateral financial institutions, mutual funds, insurance companies, non–resident Indians, stabilizing agents, pension funds and/or any other categories of investors, whether they be holders of equity shares of the Company or not (collectively called the “Investors”) as may be decided by the Board.

Further, if any issue of securities is made by way of QIP the Board may also offer a discount of not more than 5% or such other percentage as permitted on the QIP Floor Price calculated in accordance with the pricing formula provided under SEBI ICDR Regulations. The “Relevant Date” for this purpose will be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares as Eligible Securities and in case Eligible Securities are eligible convertible securities, then either the date of the meeting in which the Board decides to open the proposed issue or the date on which holder of Eligible Securities become eligible to apply for Equity Shares, as may be determined by the Board.

All the documents referred in the Notice is available for inspection at the Registered Office of the Company.

The Board accordingly commends the resolution of the accompanying Notice for your approval.

The Directors or key managerial personnel of the Company or their relatives may be deemed to be concerned or interested in the proposed resolution to the extent of Equity Shares that may be subscribed by the companies / institutions in which they are Directors or members.

Item No. 9, 10 and 11

The Company had issued 15,00,000 1% Non–Cumulative Non–Convertible Redeemable Preference Shares of ₹ 100/– each (hereinafter referred to as "NCRPS") on August 12, 2014 and had extended the term of redemption by a period of 5 years vide approval of the Board in its meeting on April 5, 2018.

The current terms of the NCRPS are as under:

a. The NCRPS shall be redeemed at the option of Investor in one or more tranches at any time between 10th year from the date of allotment (August 12, 2014) and before expiry of 12th year from the date of allotment and the NCRPS shall be redeemed at par.

b. Such NCRPS will have priority with respect to payment of dividend or repayment of capital vis–à–vis Equity shares.

c. The Shareholder of the NCRPS will not be entitled to participate in surplus fund.

d. The shareholders of the NCRPS shall be entitled to participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid.

e. The payment of dividend on the NCRPS shall be on Non–Cumulative basis.

f. The shareholders of the NCRPS shall have no option of conversion of Preference Shares into Equity Shares.

g. In case the dividend on such shares remains unpaid for a period of 2 years or more, the shareholders of the NCRPS shall have a right to vote on all the resolutions placed before the Company.

It is proposed to change the nature and terms of the NCRPS from existing to 0.01% Compulsorily Convertible Preference Shares ("CCPS").

Your Board believes that it will be prudent for the Company to conserve its financial resources and due to commercial expediency owing to the development and expansion plans, it is advisable to convert the terms and nature of NCRPS by making them Compulsorily Convertible Preference Shares. Accordingly, on June 15, 2018 the Board of Directors of the Company approved the said change in terms of the NCRPS. The Company has received written consent of NCRPS holders to this effect on May 31, 2018.

The Company has also received and placed the certificate of its statutory auditor dated June 15, 2018 before the Board certifying that the issue is being made in accordance with the requirements of the ICDR Regulations, 2009.

In terms of Regulation 73 Chapter VII of SEBI (Issue of Capital and Disclosure Requirements), 2009 read with Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014 read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 read with Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014, certain particulars to be disclosed in the explanatory statement for issue CCPS on change in terms of NCRPS, are as follows:

1. Objects of the Issue, instrument and number:

With an objective to conserve its financial resources and due to commercial expediency owing to the development and expansion plans, the Company proposes to issue 1,50,000 ("CCPS") of ₹ 1000 each on change in terms of the NCRPS as follows:

Sr. No.	Name of the existing holders of NCRPS	No. of CCPS to be allotted on change in terms of the NCRPS
1.	Essar Information Technology Limited	1,10,000
2.	Quick Realtors LLP	35,625
3.	Miloni Vipul Modi	4,375
	TOTAL	**1,50,000**

2. **Issue Price and Relevant Date:**

The CCPS shall have a face value of ₹ 1000/– each on consolidation of each 10 existing NCRPS of ₹ 100/– each. All the outstanding CCPS on August 31, 2018 shall be converted into such number of Equity Shares of ₹ 10/– each of the Company as may be determined based on the valuation mechanism provided under Regulation 76 of the SEBI (ICDR) Regulations, 2009.

For this purpose, the 'Relevant Date' under SEBI ICDR Regulations for the purpose of determination of issue price of the Equity Shares upon conversion of the CCPS shall be 2nd July, 2018 being the date 30 days prior to the date of this Meeting ("Relevant Date") and the conversion price for the CCPS shall be arrived at on the basis of the said Relevant Date, as required under the SEBI ICDR Regulations.

3. **Undertakings of the Company:**

The Company undertakes to re–compute the price of the specified securities in terms of the provision of SEBI (ICDR) Regulations, 2009, where it is required to do so. If the amount payable on account of the re–computation of price is not paid within the time stipulated in the SEBI Regulations, the CCPS or equity shares, as the case may be, shall continue to be locked–in till the time such amount is paid by the holders/allottees.

4. **Intention of promoters / directors / key management persons to subscribe:**

The CCPS are to be issued to the existing holders of the NCRPS in proportion to their holding. No new or fresh allotment shall take place.

5. **The identity of the natural persons who are the ultimate beneficial owners and change of control, if any:**

Identity of the natural persons who are the ultimate beneficial owners of the CCPS proposed to be allotted and / or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the change in terms:

Sr. No.	Name of the existing NCRPS holders	Category	The percentage of Equity capital held post preferential issue		Ultimate beneficial owners of the existing NCRPS holders
			Pre–CCPS Conversion	Post–CCPS Conversion	
1.	Essar Information Technology Limited	Promoter	Nil	To be determined post actual conversion of CCPS into equity shares	1. Mrs. Smiti Kanodia 2. Mrs. Manju Ruia
2.	Quick Realtors LLP	Non–Promoter	Nil		Vipul Modi
3.	Miloni Vipul Modi	Non–Promoter	Nil		Miloni Vipul Modi

There shall be no change of control of the Company consequent upon allotment of the proposed preferential issue of CCPS or allotment of Equity Shares upon conversion of the CCPS allotment pursuant to this Issue.

6. Pre–issue & Post–issue Shareholding Pattern of the Company is given below:

Category of shareholder	Pre– issue of CCPS		Post–issue of CCPS	
	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares
Shareholding of Promoter and Promoter Group				
Indian promoters	–	–	–	–
Foreign Promoters	21320348	74.89	21320348	74.89
Total Indian Promoter and Foreign Promoter	**21320348**	**74.89**	**21320348**	**74.89**
Public shareholding				
Institutions	2535653	8.91	2535653	8.91
Non–institutions	4610463	16.20	4610463	16.20
Total Public Shareholding	**7146116**	**25.11**	**7146116**	**25.11**
Shares held by custodians and against which Depository Receipts have been issued	–	–	–	–
Promoter and Promoter group	**21320348**	**74.89**	**21320348**	**74.89**
Public	**7146116**	**25.11**	**7146116**	**25.11**
CCPS	NA	NA	–	–
Total	**28466464**	**100.00**	**28466464**	**100.00**

7. Proposed time of Allotment:

The CCPS shall be allotted within a period of 15 days from the date of receipt of shareholders' approval, or in the event of the allotment of CCPS requiring approvals or permissions from any regulatory authority or the Central Government, within 15 days from the date of such approvals or permission, as the case may be.

The CCPS shall be converted into equity shares of the Company on August 31, 2018.

8. Lock–in:

The CCPS and equity shares resulting from conversion of CCPS shall be locked–in in accordance with Regulation 78 of Chapter VII of SEBI (ICDR) Regulations.

9. **Terms of issue:**

Terms of issue of CCPS shall be as follows:

The priority with respect to payment of dividend or repayment of capital vis–a–vis equity shares	CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares
The participation in surplus fund	Non–participatory
The participation in surplus assets and profits, on winding–up which may remain after the entire capital has been repaid	Non–participatory
The payment of dividend on cumulative or non–cumulative basis	Non–cumulative
The conversion of preference shares into equity shares	All the outstanding CCPS on August 31, 2018 shall be converted into such number of Equity Shares of ₹ 10/– each of the Company as may be determined based on the valuation mechanism provided under Regulation 76 of the SEBI (ICDR) Regulations, 2009
The voting rights	In accordance with provisions of Companies Act, 2013
The redemption of preference shares	CCPS shall be mandatorily converted into Equity Shares on August 31, 2018
Dividend	0.01%

10. **Auditor's Certificate:**

The Statutory Auditor's certificate, as required under Regulation 73(2) of the SEBI (ICDR) Regulations will be made available for inspection during the Annual General meeting.

It is proposed to obtain consent of the Members, pursuant to the provisions of Section 42, 48, 55 and 62 and other applicable provisions of the Companies Act, 2013, and SEBI (ICDR) Regulations, 2009, and in terms of the provisions of the SEBI LODR Regulations, to issue and allot CCPS on a preferential basis as stated in the Special Resolution set out in the accompanying Notice at Item no. 11.

Pursuant to section 48 of the Companies Act 2013, since the share capital of company is divided into different classes of shares, the rights attached to the shares of any class may be varied with the consent in writing of not less than three –fourth of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class.

Further, the current Capital Structure of the Company permits to issue only Cumulative/Non–Cumulative Redeemable Preference Shares. In order to give effect to the aforesaid variation in terms and nature of the Shares, the Articles of Association (AOA) and Memorandum of Association (MOA) of the Company are need to be amended accordingly to provide necessary authority to the Board for issuing convertible preference shares.

Such amendment in MOA would require approval of Shareholders by way of Ordinary Resolution in terms of Section 13 read with section 61 of the Companies Act, 2013 and amendment in AOA would require approval of Shareholders by way of Special Resolution in terms of Section 14 of the Companies Act, 2013.

Accordingly, the Board recommends the Ordinary Resolution at item no. 9 and Special Resolutions at item no. 10 and 11 for approval of the Shareholders.

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. 9,10 and 11.

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. Mahua Mukherjee	Mr. Sanjeev Verma
Date of Birth	21st April, 1967	20th July, 1967
Date of Appointment	5th April, 2018	15th May, 2014
Expertise in specific functional areas and Qualifications and Brief resume	Mrs. Mahua Mukerjee holds an MBA in Personnel Management and HR and has over 20 years of HR management experience, of which more than 10 years have been in a senior HR leadership role with a strategic, operational and country–wide focus. She holds extensive experience in IT, Telecom and Service Industries. She has been associated with multinational and large organizations such as Capgemini and Reliance Infocomm, an organization with a global presence across Europe, North America, Middle–East and Asia Pacific regions, and an employee strength of over 60,000. She has expertise in formulating HR strategy, competency and capability building practices and retention strategies and initiatives.	Mr. Verma is a Technology Veteran with over 23 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.
Name/s of other Listed Companies in which Directorship held	NIL	NIL
Name/s of other Listed Companies in which the Director holds membership in the Committees	NIL	NIL
Shareholding in the Company	NIL	NIL
Relationship between the Directors inter–se	Unrelated, except being on the Board of AGC Networks Limited	

Name of Director	Mr. Dilip Thakkar	Mr. Kaustubh Sonalkar
Date of Birth	1st October, 1936	6th November, 1971
Date of Appointment	8th February, 2018	15th June, 2018
Expertise in specific functional areas and Qualifications and Brief resume	Mr. Dilip Thakkar is a practicing Chartered Accountant with over 54 years' experience in Taxation and Foreign Exchange Regulations. He is associated with several public and private companies as a Director. He is a fellow of Institute of Chartered Accountants of India. His association with the Board will strengthen the Board and Board process immensely	Mr. Kaustubh holds a bachelor's degree in Science from the University of Mumbai and has a master's degree in Personnel Management from the University of Pune (HR & Behavioural Sciences). He also has an MSc from the London School of Economics. Additionally, he is a Chartered Fellow of CIPD (United Kingdom) and Chartered Fellow of CPHR (Australia). He is President–HR of the Essar Group and Chief Executive Officer of Essar Foundation. Prior to this, he was affiliated with Essar Energy for many years. He has also been associated with Future Group as the Group Chief People Officer. He was also the Senior Partner/ Executive Director at PWC. With more than 20 years of experience, Mr. Kaustubh brings to the table a rich and vast experience of having worked in multiple sectors and geographies, with renowned companies.
Name/s of other Listed Companies in which Directorship held	Premier Limited Poddar Housing and Development Limited Westlife Development Limited Indo Count Industries Limited Walchandnagar Industries Limited	NIL
Name/s of other Listed Companies in which the Director holds membership in the Committees	Premier Limited Westlife Development Limited Indo Count Industries Limited Walchandnagar Industries 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 32nd Annual Report and the audited financial statements of the Company for the year ended March 31 2018.

1. Financial Results

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

₹ in Crores

	Standalone		Consolidated	
	Year ended 31/03/2018	Year ended 31/03/2017	Year ended 31/03/2018	Year ended 31/03/2017
Revenue from Operations (Gross)	**303.39**	**245.96**	**733.45**	**780.22**
Other Income	5.30	5.50	4.88	3.57
Total Income (Net)	308.69	251.46	738.33	783.79
Profit/(Loss) before interest, depreciation & tax	**34.25**	**(1.80)**	**38.18**	**35.90**
Less : Interest and finance charges (Net)	20.90	21.59	24.96	26.19
Less : Depreciation	2.13	2.39	8.17	6.56
Profit/(Loss) before tax & exceptional item	**11.22**	**(25.78)**	**5.05**	**3.15**
Exceptional item	20.52	9.50	14.02	9.50
Profit/(Loss) before tax before	**31.74**	**(16.28)**	**19.07**	**12.65**
Less : Tax	–	–	4.14	2.32
Profit/ (Loss) after tax	**31.74**	**(16.28)**	**14.93**	**10.33**
Other Comprehensive Income	(0.90)	0.40	(0.26)	(2.05)
Total Comprehensive Income for the year	30.84	(15.88)	14.67	8.28

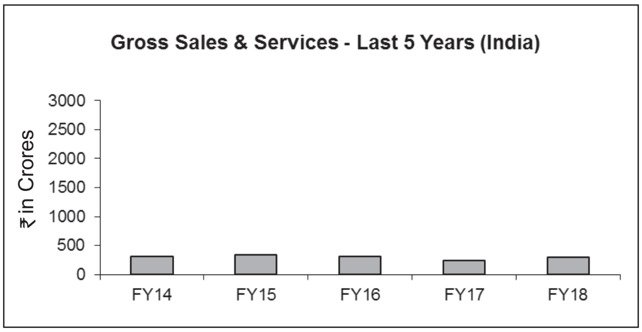
2. Dividend

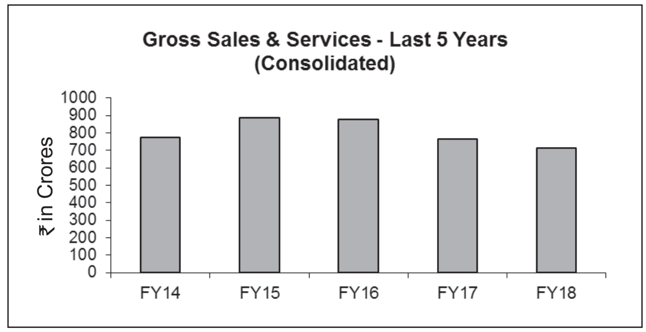
The Board has recommended a dividend of ₹1/– per share i.e. 1% on Preference shares of ₹100/– each issued by the Company, aggregating to ₹15,00,000/– for the FY 2017–18.

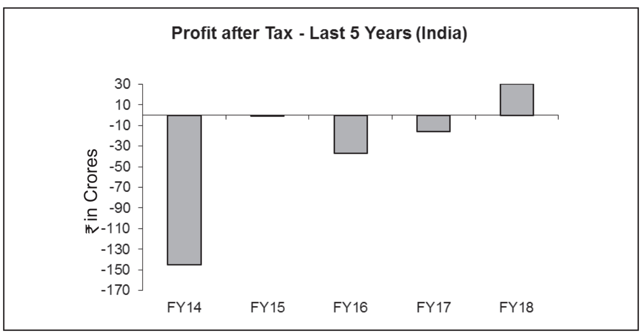
With a view to conserve resources for future growth, your Directors have not recommended any dividend on Equity Shares for the financial year ended March 31, 2018.

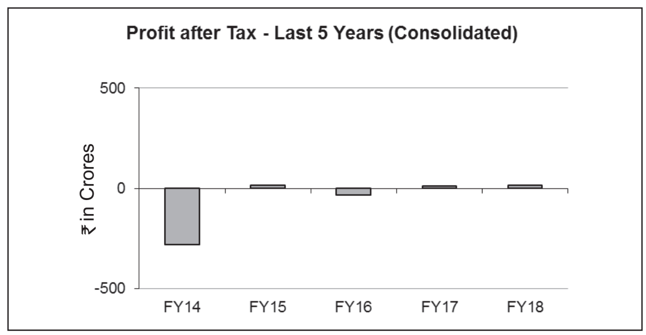
3. Financial Performance

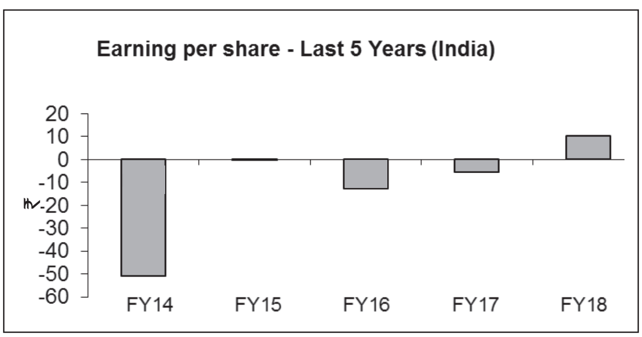
The Company, for the year ended March 31, 2018 recorded a gross turnover of ₹ 303.39 Crores as against ₹ 245.96 Crores for the period ended March 31, 2017 on Standalone basis. On Consolidated basis the gross turnover stood at ₹ 733.45 Crores as against ₹ 780.22 Crores in the previous year ended on March 31, 2017. The year 2017–18 has recorded a Net profit of ₹ 31.74 Crores against a net loss of ₹ 16.28 Crores for the FY 2016–17 on Standalone basis. On Consolidated basis, your Company has made a net profit of ₹ 14.93 Crores for FY 2017–18 against a net profit of ₹ 10.33 Crores for the FY 2016–17. Higher profits are primarily due to increase in gross margin and better mix of revenues – geography and product–wise and optimisation of cost.

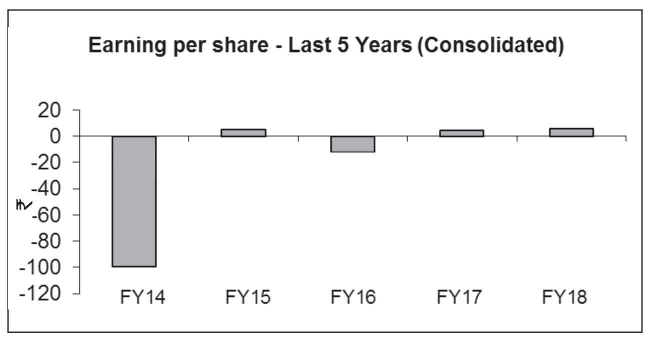












4. Organizational Initiatives

Building a Global Connect through Culture & Engagement:

AGC aims to create a progressive and vibrant work–environment where employees are committed to their organization's goals and values, motivated to contribute to organizational success, and equipped to maintain a healthy work–life balance.

I. Employee Communications

a. **CEO Konnect –** An All Hands Communication is an important Employee Connect platform where the CEO shares organization–wide update, directions and overall imperatives with the employees. This interactive session enables a platform where employee queries are addressed by the CEO to set employee expectations and share AGC's future plans and aspirations.

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 acknowledge exemplary performances, exceeding expectations and setting new performance benchmarks. The awards recognize performances across various criterion.

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

Employee engagement initiatives – Various calendarized employee engagement activities are undertaken throughout the year to keep employees happily engaged and help them maintain a healthy work–life balance.

III. Training and Learning Programs

Learning and development offerings are customized for employees across career levels, skills and domains. Learning expertise is being cultivated in–house, in the form of dedicated internal trainers and lab set ups. New learning and development methodologies are introduced to maximize individual capability and performance. Key OEM (Original Equipment Manufacturers) certifications are achieved to enable and continue partnerships with core and strategic OEMs.

IV. Career Growth

Global Talent Exchange (GTEx) and Internal Job Postings (IJP) provide employees with opportunities, both within and outside India, to explore their talents and ensure their career growth.

V. Corporate Social Responsibilities

As a responsible corporate organization, AGC has been consistently working towards adding value to the society through various community initiatives with an objective to go beyond business to enrich the quality of life of the community that AGC operates in.

5. Management's Discussion and Analysis

Management's Discussion and Analysis 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 detailed with regard to reportable material weaknesses, if any, please refer Statutory Auditors' report forming part of the report.

7. Fixed/Public Deposits

The Company has not accepted any Fixed/Public 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.142 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 31st March, 2018, along with view of the Management for the same.

A. Standalone Audit report

As stated in Note no. 42 to the financial statements, during the year ended 31 March 2015, the Company had recognised sale of two properties, classified as fixed assets under previous GAAP, having carrying values of ₹ 0.74 Crores and ₹ 0.35 Crores, and recorded profit on such sale amounting to ₹ 40.85 Crores and ₹ 5.19 Crores respectively (net of incidental selling expenses amounting to ₹ 3.04 Crores and ₹ 0.35 Crores). In our opinion, the significant risks and rewards of ownership of the said properties were not transferred when such sale was recognised. The Company has not rectified the said error in these first Ind AS financial statements, and therefore, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Indian Accounting Standard (Ind AS) 16 'Property, Plant and Equipment'.

Had the Company followed the principles of Ind AS 16 and corrected the error in accordance with Ind AS 101: First–time Adoption of Indian Accounting Standards, the carrying value of current tax assets (net), and property, plant and equipment as at 1 April 2016 would have been higher by ₹ 3.27 Crores and ₹ 1.09 Crores respectively, and other financial liabilities, current financial asset (receivable for sale of property) and retained earnings as at that date would have been lower by ₹ 0.19 Crores, ₹ 47.32 Crores and ₹ 42.77 Crores respectively.

Further, in our opinion, the significant risks and rewards of ownership in respect of one of the said properties having a carrying value of ₹ 0.35 Crores as at 31 March 2015 were transferred in April 2016 while the significant risks and rewards of ownership in respect of the other property having a carrying value of ₹ 0.74 Crores as at 31 March 2015 have not been transferred until 31 March 2018.

Had the Company followed the principles of Ind AS 16, and corrected the aforementioned errors in accordance with Ind AS 8 in the current year financial statements, other income for the year ended 31 March 2018 would have been higher by ₹ Nil (31 March 2017: ₹ 5.19 Crores) while depreciation expense would have been higher by ₹ 0.04 Crores (31 March 2017: ₹ 0.05 Crores). The carrying value of property, plant and equipment and current tax assets(net) as at 31 March 2018 would have been higher by ₹ 0.74 Crores (31 March 2017: ₹ 0.74 Crores) and by ₹ 3.27 Crores (31 March 2017: ₹ 3.27 Crores) respectively. The other financial liabilities and current financial assets (receivable from sale of property) as at 31 March 2018 would have been lower by ₹ 0.16 Crores (31 March 2017: ₹ 0.16 Crores) and ₹ 23.55 Crores (31 March 2017: ₹ 47.32 Crores) respectively. The resulting impact of the above correction in errors would have resulted into decrease in retained earnings as at 31 March 2018 by ₹ 37.58 Crores (31 March 2017: ₹ 37.58 Crores).

Management's views on the above:

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 Property, Plant and Equipment 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 during the year ended 31 March 2018 has realized further consideration of ₹ 23.77 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

As stated in Note no. 46 to the consolidated financial statements, during the year ended 31 March 2015, the Company had recognised sale of two properties, classified as fixed assets under previous GAAP, having carrying values of ₹ 0.74 Crores and ₹ 0.35 Crores, and recorded profit on such sale amounting to ₹ 40.85 Crores and ₹ 5.19 Crores respectively (net of incidental selling expenses amounting to ₹ 3.04 Crores and ₹ 0.35 Crores). In our opinion, the significant risks and rewards of ownership of the said properties were not transferred when such sale was recognised. The Company has not rectified the said error in these first Ind AS financial statements, and therefore, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Indian Accounting Standard (Ind AS) 16 'Property, Plant and Equipment'.

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Further, in our opinion, the significant risks and rewards of ownership in respect of one of the said properties having a carrying value of ₹ 0.35 Crores as at 31 March 2015 were transferred in April 2016 while the significant risks and rewards of ownership in respect of the other property having a carrying value of ₹ 0.74 Crores as at 31 March 2015 have not been transferred until 31 March 2018.

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Management's views on the above:

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11. Secretarial Auditors and their report

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit was carried out by Dr. S. K. Jain and Co., Practicing Company Secretaries (FCS No. 1473) for the financial year 2017–18. The Report given by the Secretarial Auditors is annexed as Annexure – I and forms an integral part of this Board's Report. There are no qualification, reservation or adverse remark or disclaimer in their Report.

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 and marked as Annexure II.

13. Number of Board meetings

During the FY 2017–18, Five (5) 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**
Total options granted as on 31.3.2017 (B)	13,25,114
Total options lapsed as on 31.3.2017 (C)	7,68,594
Options available for grant as on 31.3.2017 (D) = (A–B+C)	**8,66,803**
Options granted during the FY 2017–18 (E)	NIL
Options lapsed during the FY 2017–18 (F)	85,400
Options available for grant as on 31.3.2018 (G) = (D–E+F)	**9,52,203**

Vesting has not started for any of the above grants as on March 31, 2018.

The details pursuant to the SEBI ESOP Regulations have been placed on the website of the Company and web link of the same is http://www.agcnetworks.com/in/investors/#esop.

15. Transfer of Unpaid and Unclaimed Dividend/Shares to IEPF

The dividends which remained unpaid/unclaimed for a period of seven years, have been transferred on due dates by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') mandates that companies shall apart from transfer of dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF), also transfer the corresponding shares with respect to the dividend, which has not been paid or claimed for seven consecutive years or more to IEPF. Accordingly, the dividends that remained unclaimed for seven years and also the corresponding shares have been transferred to IEPF account on due dates. Details of the shares already transferred and the shares which are due for transfer have been uploaded on the website of the Company and can be accessed at http://www.agcnetworks.com/in/investors/#iepf.

16. 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.

17. 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.

18. 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, Independent and Non–Independent Directors and the Committees was undertaken.

The evaluation was carried out through a Digital Platform on 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.

19. Extract of Annual Return

In terms of Section 134(3)(a) of the Act, the extract of Annual Return of the Company in the prescribed Form No. MGT–9 for the Financial Year 2017– 18 is annexed herewith as annexure III.

20. 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
Mr. Shuva Mandal	Resignation	Independent Non–Executive Director	July 13, 2017
Mr. Manhar Mandaliya	Resignation	Independent Non–Executive Director	August 8, 2017
Mr. Jangoo Dalal	Resignation	Independent Non–Executive Director	November 21, 2017

Name	Event	Designation	Date of Event
Mr. Pratik Bhanushali	Resignation	Company Secretary & Compliance Officer	January 12, 2018
Mr. Angshu Sengupta	Resignation	Chief Financial Officer	February 8, 2018
Mr. Dilip Thakkar	Appointment	Independent Non–Executive Director	February 8, 2018
Mr. Deepak Kumar Bansal	Appointment	Chief Financial Officer	February 8, 2018
Mr. Aditya Goswami	Appointment	Company Secretary & Compliance Officer	February 8, 2018

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.

21. Personnel

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

The statement of particulars of appointment and remuneration of managerial personnel and employees of the Company as required under Section 197(12) of the Act read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as Annexure VI.

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

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

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

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

(iii) Part C pertaining to foreign exchange earnings and outgoings is as mentioned below.

Expenditure in foreign currency (accrual basis)	**FY 2017–18 ₹ in Crores**	**FY 2016–17 ₹ in Crores**
Service charges	8.59	3.38
Travelling and conveyance	1.26	1.03
Expenses reimbursement paid	0.77	1.70
Other items	0.33	0.83
Total	**10.95**	**6.94**

Earnings in foreign currency (accrual basis)	FY 2017–18 ₹ in Crores	FY 2016–17 ₹ in Crores
Sale of goods and services (Including sale from overseas branch and to Export Oriented Units)	20.08	7.85
Commission income	1.02	2.11
Interest income	–	–
Expenses reimbursement received	12.19	13.98
Total	**33.29**	**23.94**

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.

24. Risk Management Policy

The Company has a comprehensive Risk Management Policy in place which clearly indicates the all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks that have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. In terms of Regulation 21 (5) of SEBI (LODR) Regulations, 2015, the provisions of constituting Risk Management Committee are not applicable to the Company during the FY2017–18.

25. Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Most of these are purchase/sales transactions and maintenance services transactions which are of the duration of 3 months to 12 months. Your Directors draw attention of the members to Note no. 38 (Consolidated) and 35 (standalone) to the financial statement which sets out related party disclosures.

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

26. Directors' Responsibility Statement

Your Directors state that:

a) in the preparation of the annual accounts for the year ended March 31, 2018, 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, 2018 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 2017 –18.

27. 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.

28. Acknowledgements

The Board is thankful to the Shareholders, Bankers and Customers 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	**Mahua Mukherjee**
Whole–Time Director	Executive Director
DIN: 06871685	DIN: 08107320

Mumbai
May 29, 2018

ANNEXURE I TO DIRECTORS' REPORT

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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, 2018** 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, 2018** 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 complied with Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2004)

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 bought 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, 2018** 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.

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 Profession Tax Act, Value Added Tax, Excise & Custom Acts and Goods and Service 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. The Board of Directors of the Company through Circulation Resolutions dated July 13, 2017 noted the Resignation of Mr. Shuvabrata Mandal (DIN: 00003496) as Director of the Company w.e.f July 13, 2017.

2. The Board of Directors of the Company in its Meeting held on 10th August, 2017 noted the Resignation of Mr. Manhar Mandaliya (DIN: 06814544) as Director of the Company w.e.f 8th August, 2017.

3. The Board of Director of the Company through Circulation Resolutions dated 22nd November, 2017 noted the Resignation of Mr. Jangoo Dalal (Din No 01683803) as Director of the Company w.e.f 21st November, 2017.

4. The Board of Director of the Company through Circulation Resolutions dated 15th January, 2018 noted the Resignation of Mr Pratik Bhanushali as a Company Secretary (KMP) of the Company w.e.f 12th January, 2018.

5. Mr. Anghsu Sengupta resigned as Chief Finance Officer (KMP) w.e.f 8th February, 2018 and Mr. Deepak Kumar Bansal was appointed as a Chief Finance Officer (KMP) of the Company w.e.f 8th February, 2018.

6. The Board of Director of the Company in its Meeting held on 8th February, 2018 approved the appointment of Mr. Dilip Jayantilal Thakkar (DIN: 00007339) as an Additional Director w.e.f. 8th February, 2018 and designated him as Non–Executive Independent Director.

7. The Board of Director of the Company in its Meeting held on 8th February, 2018 approved the appointment of Mr. Aditya Goswami as a Company Secretary (KMP) of the Company w.e.f 8th February, 2018.

For S. K. Jain & Co.
Date: May 29, 2018
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 31st March, 2018.
3. Minutes and attendance register of the Meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Ethics and Compliance Committee, Stakeholders Relationship Committee held during the Financial Year under review.
4. Minutes of General Body Meetings held during the Financial Year under review.
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 review.
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 review.

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: May 29, 2018
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 31st March, 2018

We certify that the Company has complied with the condition of Corporate Governance as stipulated in Regulation 17 to 27 and clause (b) and (i) of Regulation 46 and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations)

Managements Responsibility

The Compliance of conditions of Corporate Governance is responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations. 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.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clause (b) and (i) of Regulation 46 and Para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

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.

Restriction on Use

The certification is addressed to and provided to the members of the Company solely for the purpose to enable the Company to comply with requirement of aforesaid Regulations, and should not be used by any other person of for any other purpose. Accordingly, we do not accept of assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S. K. Jain & Co.
Date: May 29, 2018
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 the financial year ended on 31.03.2018
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)

Sr. 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 –

Sr. 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	74.89%	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)

Sr. 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	100%*	2(87)(ii)
8.	AGC Networks LLC (Abu Dhabi)	Al Nayad Building No.115, Office No. 701, Sheikh Rashid Bin Saeed St., Airport Road, PO BOX 128161, Abu Dhabi, UAE	License No. CN–2327412	Subsidiary	100%*	2(87)(ii)

* As per current regulations in UAE, Company has an equity interest of 49% through its subsidiary i.e. AGC Networks Pte. Limited and economic interest of 100%.

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

Category–wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% 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	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Foreign Portfolio Investor	–	–	–	–	–	–	–	–	–
e) Bodies Corp.	21349848	–	21349848	75.0000	21320348	–	21320348	74.8964	–0.1036
f) Banks / FI	–	–	–	–	–	–	–	–	–
g) Any other	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)	**21349848**	**–**	**21349848**	**75.0000**	**21320348**	**–**	**21320348**	**74.8964**	**–0.1036**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	100	10128	10228	0.0359	100	10128	10228	0.0359	–
b) Banks / FI	400	1400	1800	0.0063	400	1400	1800	0.0063	–
c) Central Govt	285068	42766	327834	1.1516	285068	42766	327834	1.1516	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	100	100	200	0.0007	100	100	200	0.0007	–
g) Foreign Portfolio Investors	2030911	1100	2032011	7.1383	2145812	1100	2146912	7.5419	0.4036
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub–total (B)(1)	**2316579**	**55494**	**2372073**	**8.3329**	**2431480**	**55494**	**2486974**	**8.7365**	**0.4036**
2. Non–Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	672098	3735	675833	2.3741	769610	3735	773345	2.7167	0.3426
ii) Overseas	0	600	600	0.0021	0	600	600	0.0021	0.0000
b) Individuals					0	0	0	0.0000	0.0000
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	2689456	483546	3173002	11.1465	2361861	471776	2833637	9.9543	–1.1922
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	704487	–	704487	2.4748	942243	0	942243	3.3100	0.8352
c) Others	–	–	–	–	–	–	–	–	–
Non Resident Indians	185237	5384	190621	0.6696	103933	5384	109317	0.3840	–0.2856
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies – D R	–	–	–	–	–	–	–	–	–
Sub–Total (B)(2):–	**4251278**	**493265**	**4744543**	**16.6671**	**4177647**	**481495**	**4659142**	**16.3671**	**–0.3000**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**6567857**	**548759**	**7116616**	**25.0000**	**6609127**	**536989**	**7146116**	**25.1036**	**0.1036**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**27917705**	**548759**	**28466464**	**100.0000**	**27929475**	**536989**	**28466464**	**100.0000**	**0.1036**

B) Shareholding of Promoter–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	75.0000	75.0000	21320348	74.8964	7.5043	–0.1036

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

Sr. No.	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
	Essar Telecom Limited					
	At the beginning of the year		21349848	75.000	21349848	75.000
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):					
	24.04.2017	Pledge Invocation	10000	0.035	21339848	74.965
	25.04.2017	Pledge Invocation	50000	0.176	21289848	74.789
	01.12.2017	Purchase	30500	0.107	21320348	74.896
	At the end of the year		21320348	74.896	21320348	74.896

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	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–2017	1418862	4.984	1418862	4.984
		At the END of the Year	31–MAR–2018	0	0.000	1418862	4.984
2.	Emerging India Focus Funds	At the beginning of the Year	01–APR–2017	315895	1.110	315895	1.110
		At the END of the Year	31–MAR–2018	0	0.000	315895	1.110
3.	Elara India Opportunities Fund Limited	At the beginning of the Year	01–APR–2017	42057	0.148	42057	0.148
		Decrease	07–APR–2017	8099	0.028	33958	0.119
		Increase	27–OCT–2017	40000	0.141	73958	0.260
		Increase	31–OCT–2017	40000	0.141	113958	0.400
		Increase	03–NOV–2017	60000	0.211	173958	0.611
		Increase	10–NOV–2017	100000	0.351	273958	0.962
		Increase	17–NOV–2017	14097	0.050	288055	1.012
		At the END of the Year	31–MAR–2018	0	0.000	288055	1.012

Sr. No.	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
4.	Raj H Shroff	At the beginning of the Year	01–APR–2017	121295	0.426	121295	0.426
		Increase	07–APR–2017	17084	0.060	138379	0.486
		Increase	14–APR–2017	20831	0.073	159210	0.559
		Increase	21–APR–2017	25478	0.090	184688	0.649
		Increase	19–MAY–2017	15223	0.053	199911	0.702
		Increase	26–MAY–2017	61081	0.215	260992	0.917
		Increase	25–AUG–2017	10000	0.035	270992	0.952
		At the END of the Year	31–MAR–2018	0	0.000	270992	0.952
5.	Naresh Lakshmansingh Kothari	At the beginning of the Year	01–APR–2017	62000	0.218	62000	0.218
		Increase	21–APR–2017	55123	0.194	117123	0.411
		Increase	12–MAY–2017	57175	0.201	174298	0.612
		Increase	19–MAY–2017	253	0.001	174551	0.613
		Increase	26–MAY–2017	11697	0.041	186248	0.654
		Increase	16–JUN–2017	2761	0.010	189009	0.664
		Increase	29–DEC–2017	35339	0.124	224348	0.788
		Increase	05–JAN–2018	2902	0.010	227250	0.798
		Increase	12–JAN–2018	923	0.003	228173	0.802
		Increase	26–JAN–2018	1390	0.005	229563	0.806
		Increase	23–FEB–2018	3897	0.014	233460	0.820
		Increase	02–MAR–2018	2422	0.009	235882	0.829
		Increase	09–MAR–2018	7437	0.026	243319	0.855
		Increase	16–MAR–2018	6535	0.023	249854	0.878
		Increase	23–MAR–2018	8150	0.029	258004	0.906
		Increase	30–MAR–2018	3463	0.012	261467	0.919
		At the END of the Year	31–MAR–2018	0	0.000	261467	0.919
6.	Life Insurance Corporation of India	At the beginning of the Year	01–APR–2017	194968	0.685	194968	0.685
		At the END of the Year	31–MAR–2018	0	0.000	194968	0.685
7.	Citrine Fund Limited	At the beginning of the Year	01–APR–2017	0	0.000	0	0.000
		Increase	26–MAY–2017	105000	0.369	105000	0.369
		Increase	02–JUN–2017	3000	0.011	108000	0.379
		Increase	09–JUN–2017	2000	0.007	110000	0.386
		Increase	16–JUN–2017	4000	0.014	114000	0.400
		Increase	23–JUN–2017	2000	0.007	116000	0.407
		Increase	30–JUN–2017	2000	0.007	118000	0.415
		Increase	23–FEB–2018	5000	0.018	123000	0.432
		At the END of the Year	31–MAR–2018	0	0.000	123000	0.432

Sr. No.	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
8.	Win Sure Trade Invest Private Limited	At the beginning of the Year	01–APR–2017	100000	0.351	100000	0.351
		At the END of the Year	31–MAR–2018	0	0.000	100000	0.351
9.	United India Insurance Company Limited	At the beginning of the Year	01–APR–2017	90100	0.317	90100	0.317
		At the END of the Year	31–MAR–2018	0	0.000	90100	0.317
10.	Niche Financial Services Pvt. Ltd.	At the beginning of the Year	01–APR–2017	0	0.000	0	0.000
		Increase	26–MAY–2017	34147	0.120	34147	0.120
		Increase	02–JUN–2017	40815	0.143	74962	0.263
		Increase	09–JUN–2017	4038	0.014	79000	0.278
		Increase	16–JUN–2017	2829	0.010	81829	0.287
		Increase	23–JUN–2017	1308	0.005	83137	0.292
		At the END of the Year	31–MAR–2018	0	0.000	83137	0.292
11.	Macquarie Emerging Markets Asian Trading Pte. Ltd.	At the beginning of the Year	01–APR–2017	254097	0.893	254097	0.893
		Decrease	27–OCT–2017	60000	0.211	194097	0.682
		Decrease	31–OCT–2017	40000	0.141	154097	0.541
		Decrease	03–NOV–2017	60000	0.211	94097	0.331
		Decrease	10–NOV–2017	94097	0.331	0	0.000
		At the END of the Year	31–MAR–2018	0	0.000	0	0.000
12.	Cyrus Kershasp Birdy	At the beginning of the Year	01–APR–2017	75000	0.263	75000	0.263
		Increase	11–AUG–2017	500	0.002	75500	0.265
		Increase	08–SEP–2017	500	0.002	76000	0.267
		Increase	06–OCT–2017	1000	0.004	77000	0.270
		Increase	29–DEC–2017	600	0.002	77600	0.273
		Increase	09–FEB–2018	400	0.001	78000	0.274
		At the END of the Year	31–MAR–2018	0	0.000	78000	0.274
13.	Finquest Financial Solutions Pvt. Ltd.	At the beginning of the Year	01–APR–2017	93459	0.328	93459	0.328
		Decrease	30–MAR–2018	20000	0.070	73459	0.258
		At the END of the Year	31–MAR–2018	0	0.000	73459	0.258
14.	Arun Kumar Khemka	At the beginning of the Year	01–APR–2017	76430	0.268	76430	0.268
		At the END of the Year	31–MAR–2018	0	0.000	76430	0.268

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	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–2017	NIL	–	NIL	–
		At the end of the Year	31–MAR–2018	NIL	–	NIL	–
2.	Manhar Mandaliya* (Independent Director)	At the beginning of the Year	01–APR–2017	NIL	–	NIL	–
		At the end of the Year	31–MAR–2018	N.A.	–	N.A.	–
3.	Jangoo Dalal* (Independent Director)	At the beginning of the Year	01–APR–2017	NIL	–	NIL	–
		At the end of the Year	31–MAR–2018	N.A.	–	N.A.	_
4.	Shuva Mandal* (Independent Director)	At the beginning of the Year	01–APR–2017	NIL	–	NIL	–
		At the end of the Year	31–MAR–2018	N.A.	–	N.A.	–
5.	Sujay Sheth (Independent Director)	At the beginning of the Year	01–APR–2017	NIL	–	NIL	–
		At the end of the Year	31–MAR–2018	NIL	–	NIL	–
6.	Suparna Singh	At the beginning of the Year	01–APR–2017	NIL	–	NIL	–
		At the end of the Year	31–MAR–2018	NIL	–	NIL	–
7.	Dilip Thakkar* (Independent Director)	At the beginning of the Year	01–APR–2017	N.A.	–	N.A.	
		At the end of the Year	31–MAR–2018	NIL	–	NIL	
8.	Angshu Sengupta* (Chief Financial Officer)	At the beginning of the Year	01–APR–2017	NIL	–	NIL	–
		At the end of the Year	31–MAR–2018	N.A.	–	N.A.	–
9.	Pratik Bhanushali* (Company Secretary)	At the beginning of the Year	01–APR–2017	NIL	–	NIL	–
		At the end of the Year	31–MAR–2018	N.A	–	N.A	–
10.	Deepak Kumar Bansal* (Chief Financial Officer)	At the beginning of the Year	01–APR–2017	N.A	–	N.A	–
		At the end of the Year	31–MAR–2018	NIL	–	NIL	–
11.	Aditya Goswami* (Company Secretary)	At the beginning of the Year	01–APR–2017	N.A	–	N.A	–
		At the end of the Year	31–MAR–2018	NIL	–	NIL	–

Note:

1. Mr. Shuva Mandal ceased to be a Director w.e.f. 13th July, 2017
2. Mr. Manhar Mandaliya ceased to be a Director w.e.f. 8th August, 2017
3. Mr. Jangoo Dalal ceased to be a Director w.e.f. 21st November, 2017
4. Mr. Dilip Thakkar was appointed as an Additional Director w.e.f. 8th February, 2018
5. Mr. Pratik Bhanushali ceased to be the Company Secretary of the Company w.e.f.12th January, 2018
6. Mr. Angshu Sengupta ceased to be the CFO of the Company w.e.f. 8th February, 2018
7. Mr. Deepak Kumar Bansal was appointed as CFO of the Company w.e.f. 8th February, 2018
8. Mr. Aditya Goswami was appointed as Company Secretary of the Company w.e.f. 8th February, 2018

V. **INDEBTEDNESS –Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

₹ in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principal Amount	134.33	–	–	134.33
ii) Interest due but not paid	0.80	–	–	0.80
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**135.13**	**–**	**–**	**135.13**
Change in Indebtedness during the financial year				
Addition	(0.07)	–	–	(0.07)
Reduction	17.06	–	–	17.06
Exchange Difference	–	–	–	–
Net Change	**(17.13)**	**–**	**–**	**(17.13)**
Indebtedness at the end of the financial year (31.03.2018)				
i) Principal Amount	117.27	–	–	117.27
ii) Interest due but not paid	0.73	–	–	0.73
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**118.00**	**–**	**–**	**118.00**

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

₹ in Crores

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		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	–	–
3.	Sweat Equity	–	–
4.	Commission – as % of profit – others, specify…	–	–
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 ₹ in Crores

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
	Independent Directors	Sujay Sheth	Shuva Mandal	Manhar Mandaliya	Jangoo Dalal	Dilip Thakkar	
1.	Fee for attending board committee meetings	0.10	0.03	0.02	0.04	0.01	0.20
	Commission	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–
	Total (1)	0.10	0.03	0.02	0.04	0.01	0.20
2.	Other Non–Executive Directors	–	–	–	–	–	–
	Fee for attending board committee meetings	–	–	–	–	–	–
	Commission	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	–
	Total (B)=(1+2)	0.10	0.03	0.02	0.04	0.01	0.20
	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 ₹ in Crores

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		Pratik Bhanushali (CS till 12.01.2018)	Angshu Sengupta (CFO till 08.02.2018)	Aditya Goswami (CS w.e.f. 08.02.2018)	Deepak Kumar Bansal (CFO w.e.f. 08.02.2018)	Total
1.	Gross salary	0.142	0.637	0.018	0.236	1.034
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	0.142	0.637	0.018	0.236	1.034
	(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	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission	–	–	–	–	–
	– as % of profit	–	–	–	–	–
	others (Incentive)	0.016	–	0.001	–	0.017
5.	Others (Variable accrued & payable)	0.005	0.130	–	–	0.135
	Total	**0.163**	**0.767**	**0.019**	**0.236**	**1.186**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors

Sanjeev Verma
Whole–Time Director
DIN: 06871685

Mahua Mukherjee
Executive Director
DIN: 08107320

Mumbai
May 29, 2018

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 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 and 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 and 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 and 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

Policy Name	Nomination and 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 inrelation 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 anysum 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]

Information as per Rule 5 (1) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Ratio and Relationships

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 of Executive Directors, CFO and CS during the year: **NIL**
3. % increase in median remuneration of the employees for the year: **6%**
4. Total permanent employees on the rolls of AGC Networks Limited as on March 31, 2018: **468**
5. **Information as per Rule 5 (2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

A. Top 10 employees in terms of remuneration drawn during the year:

Sr. No.	Name	Designation	Remuneration Received (₹ in Crores)	Qualification & Experience	Date of Commencement of Employment	Age (Years)	The last employment held by such employee before joining the Company
1.	Naravi Jayantha Prabhu	Business Head – India & SAARC	1.48	MBA (ITM), 25 Years	01–May–17	45	Essar Services India Pvt. Ltd.
2.	Dattatraya Khatavkar	President – Cyber–i	0.84	Diploma in Industrial Electronics, 19 Years	01–Dec–09	48	Highband Communications Pvt. Ltd
3.	Mahua Mukherjee	Chief People Officer	0.69	MBA (Personnel Management), 26 Years	12–Jul–10	51	Capgemini Consulting India Pvt. Ltd.
4.	Meheriar Patel	Chief Information Officer	0.59	PGCHRM, 30 Years	01–Jul–17	51	The Mobile Store
5.	Jagdeesh Mhalgi	Vice President – Services Sales	0.58	BE (Electrical), 30 Years	16–Jul–14	51	Servion Global Solution Ltd.
6.	Neelam Kapoor	VP & Head – Marketing	0.52	PGDBM, 22 Years	09–Feb–05	51	Abhishek Onfotech Pvt. Ltd.
7.	Pravin Shinde	Vice President – Projects and Service Delivery	0.51	BE (Electronics), 24 Years	14–Mar–17	46	Wipro Ltd.
8.	Abhinav Sharma	VP & Sales Head – India & SAARC	0.44	PGDBM, 23 Years	21–Feb–11	46	CS Infocomm Pvt. Ltd.
9.	Rajat Varma	Regional VP – West	0.35	BE (Mechanical), 19 Years	04–Apr–16	44	Passionkart Service Pvt. Ltd.
10.	Manoj S	Regional Vice President – South	0.32	B S in Information System, 19 Years	26–Jul–17	46	HP India Sales Pvt. Ltd.

B. Employed for part of the year with an average salary above ₹ 8.5 lakhs per month:

Sr. No.	Name	Designation	Remuneration Received (₹ in Crores)	Qualification & Experience	Date of Commencement of Employment	Age (Years)	The last employment held by such employee before joining the Company
1.	Deepak Kumar Bansal	Chief Financial Officer	0.34	CA, 21 Years	01–Jan–18	43	Impact RetailTech Fund Pvt. Ltd.

Notes:

Employees mentioned above are neither relatives of any Directors, nor hold 2% or more of the Paid–up Equity Shares Capital of the Company as per Clause (iii) of sub–rule (2) of Rule of 5 of the Companies (appointment and Remuneration of Managerial Personnel) Rules, 2014.

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.
	(c) % to Revenue	:	N.A.
	Total	**:**	**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.

3. **Average net profit (loss) of the company for last 3 financial years (after tax) – (₹ 17.79 Crores)**

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 2017–18**

   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
DIN: 06871685

Mahua Mukherjee
Executive Director
DIN: 08107320

Mumbai
May 29, 2018

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

OVERVIEW

AGC Networks (AGC) is a **Global Solution Integrator** representing the world's best brands in **Unified Communications, Data Center & Edge IT, Cyber Security (CYBER–i)** and **Digital Transformation & Applications** to evolve the customer's digital landscape. AGC's ability to tailor technology solutions 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.

Your Company is the customer's trusted go–to technology solution integrator to architect, deploy, manage and secure their IT environment through customized solutions and services that accelerate their business. With a vision of being a world class solution integrator of choice, AGC Networks works in collaboration with global technology leaders like **Avaya, McAfee, Palo Alto, Cisco, HPE, Trend Micro, Juniper, Nutanix, NICE, Verint, Polycom, Genesys and Mitel** among others to deliver return on customer's technology investments.

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 24*7 **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.**

AGC's business approach globally revolves around the 'triangle of equity' i.e. value creation for customers, employees and stake–holders delivering value to the shareholders of this public listed company on the India bourse.

For more information log on to www.agcnetworks.com

TECHNOLOGY SOLUTIONS

It is evident that the impact of technology on our day to day lives has grown exponentially over the past decade. Technology in an enterprise setup is all about constantly adapting to support rapidly changing business needs. In a digital economy, technology plays a fundamental role in defining and driving innovation—one that extends beyond IT systems and equipment to delivering and supporting essential processes and strategies of the business itself. By working hand–in–hand with business to deliver innovative products and services in today's fast–changing environment, the tech function—encompassing IT and beyond do much more today.

Your Company is thus the **Go–To–Solution Integrator** driving the digital transformation of the future in partnership with global leading technology vendors to accelerate the customer's digital journey.

The core business of your Company's solution portfolio includes,

1. **Unified Communications**

   While acceptance and adoption of Unified Communications (UC) across an enterprise is gaining significant impetus, there are two powerful trends that will dominate the UC space in the coming years: Cloud based UC which can offer enterprises the necessary flexibility / agility and Mobility which can further enhance employee productivity and improve customer satisfaction.

   While adapting itself to the evolving business dynamics, AGC continues to hold dominance in the Unified Communications (UC) space. The need to remain connected anywhere and anytime has spurred the growth of Unified Communication globally. UC is the integration of real time communication services – earlier – such as instant messaging, presence, telephony, multimedia conferencing, and directory services and today with new age media presence and integration such as social media platforms, e–mail and others – an evolutionary path for enterprises over the last 3 decades. It is essentially a convergence of communication solutions and collaboration tools. UC has become a significant factor in enabling real–time connectivity thereby enhancing employee productivity, increasing collaboration and reducing IT operational costs.

By integrating their UC solutions, AGC has 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 across the verticals of Banking & Insurance, IT & ITES, Manufacturing, Hospitality, Healthcare, Government and the new age verticals of e–commerce.

AGC's UC solutions suite comprises of:

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

Collaboration – Organizations today are on the constant look out for improved and enhanced communications and thus rely on the power of collaboration to deliver a richer and seamless end–customer experience. The need is for collaboration solutions that combine content, applications and communication tools together into an interactive, cloud–based digital workplace accessible from conference room displays, desktop, laptop and mobile devices.

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

Centers of Exellence – AGC has built the below world class Experience Infrastructure that resonates with the CXO community through Converged AV and VC solutions.

- 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. **Data Center & Edge IT**

Data Center (DC) has become more powerful than ever today and businesses are highly dependent on the components of a DC viz. business critical applications like– Server, Storage and Virtualization with real–time back up to have best in class security solutions. The speed of change in the data center due to virtualization has been unprecedented.

With the Data Center and Edge IT solution, AGC ensures that we are relevant to customers for all their Data Center, Networking and Security requirements through effective, holistic and flexible solutions using updated technologies. In this solution, AGC understands the customer's requirements and then architects solutions meeting their business needs from an IT infrastructure and integration services perspective.

DC is about integration of equipment and securing end to end delivery of applications and managing them against known / unknown vulnerabilities. AGC with its global exposure of providing best–in class solutions across varied industries ensures smooth project execution delivered by its skilled and certified technology experts.

Every industry vertical requires different solutions for their business. For example the advent of IoT and smart manufacturing demands that a manufacturing plant is seamlessly covered with WLAN access to enable smart equipment's / sensors to share relevant information to command and control center for real–time tracking.

Our solution span includes the following:

Hyper Converged Infrastructure (HCI) – is a type of infrastructure system with a software–centric architecture that tightly integrates compute, storage, networking and virtualization resources and other technologies from scratch in a box supported by a single vendor. Although Hyper Converged Infrastructure (HCI) is still an emerging data center technology, it represents a dramatic advancement for the data center and in particular, can help fulfil requirements of private and hybrid cloud environments.

Private Cloud – AGC delivers components of a dedicated virtual secure network (with limited access) to its customers.

Software Defined Networking (SDN) –Two main aspects of today's business communication infrastructure scenario are the fast–changing world of enterprise communication and an ever growing dependency on connectivity for smooth running of business, compounded with high demand of reliable and predictable bandwidth. While MPLS continues to be a reliable and scalable architecture that served the purpose, newer applications, cloud and hybrid infrastructure push for more and more enterprise grade Internet and WAN requirements. Further, establishing / provisioning of any enterprise grade WAN is a time consuming and resource intensive process which many a times doesn't complement business and productivity needs.

AGC's Software Defined Networking approach specifically for the WAN, i.e., Software Defined WIDE Area Network (SD–WAN) addresses some of the above challenges faced by the traditional WAN set up.

MOBILITY – Mobility is the mantra of today. From a need for personal access to the internet or other devices or WiFi enabled appliances or even where enterprise / corporate users wish to get freed up from desk–bound network access, the need for seamless mobility while on the move, within the campus or while changing access from one device to another are today an imperative. Earlier, enterprise WLAN traffic were expected to be primarily data but with huge proliferation of video content along with many newer types of applications in corporates, traffic has created immense pressure on both the WLAN and underlying wired communication set up. Corporate traffic can now be a video datasheet, EDMs, video collaboration, multi–channel collaboration clubbed with cloud based app driven content.

AGC partners with clients to review this existing infrastructure for its readiness to rollout next–gen mobility and help with pre–rollout site survey, designing and post rollout survey along with testing to ensure desired and predictable performance of the infrastructure and network in a secure way.

3. **CYBER–i through Cyber Security division**

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. CYBER–i 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 are 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.

AGC's cyber security experts assess the current security posture of a customer's infrastructure and suggest solutions in the areas of,

- **IT GRC** covering Audit & Assessment, Vulnerability Assessment, Penetration Testing, Security Maturity Assessment and Compliance Management.
- **Solution Integration** covering Perimeter Security, Secured Access Control, VPN, Web / email protection, End Point protection, Server protection, DLP, etc
- **Security Event Management** covering Incident Response, Incident Management, Endpoint Protection, Secure Content Mgmt, Application Protection, Database Protection and Data Loss Prevention.

The services rendered 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 –

- Security Solution monitoring
- Security Solution Management
- Managed Endpoint Security Services

4. Digital Transformation & Applications

Digital Transformation is the buzzword of today where technology is used as a foundation to radically improve performance or reach of an enterprise and this is true for companies across the globe. CXO's across all industries are embracing various tools of their digital journey such as Analytics, Mobility, IoT, Social Media & Smart Devices to improve the use of traditional technologies such as ERP and CRM to enhance customer relationships, internal processes and their value proposition to stay ahead of competition.

The disruption of digital is impacting all industries. AGC understands the digital wave and can help plan the customer's digital transformation strategy.

Our digital solutions include :

Customer Experience – Our solutions enable omni–channel service, sales and 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. These include,

- Self–Service: offering functionalities 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: this solution is conceptualized, designed, developed and deployed with the intent of empowering agents to interact with Service Providers' customers across multiple channels, have 360 degree view of authenticated customer and be able to complete the interaction efficiently and effectively creating a positive impact on customer service & cost center performance indicators.
- Outbound Campaigns: this allows multiple use cases, some of which are already in use by Service Providers however new campaigns can be easily configured per the needs of the Service Providers.
- Branch Queue Management: This solution is designed to optimize Queue management using existing Contact Centre infrastructure including routing, self–service channels including IVR, SMS, E–mail, WFM, Call–recording, reporting & analytics.
- Voice Biometrics: Our solutions use sophisticated voice biometrics to help detect fraudsters and identify legitimate customers during live calls—and discourage the bad guys from calling again. We help make caller authentication faster, easier, and more secure in financial services and etail operations.

Customer Journey – This is AGC's comprehensive solution to help business harness the full potential of social platforms and bring in real–world results through interaction analytics. By knowing the real–time trends driving business, AGC helps customers create the right conversation about their brand with the right people.

Using our solution an enterprise can cultivate a customer–centric culture, assess the people behind the profile, know their competitive value and surpass competitors with agility and accuracy.

Our sophisticated social analytics capabilities can help proactively derive intelligence, contexts and opportunities from the conversation clutter.

Customer Engagement & Loyalty – The LitmusWorld platform from AGC 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.

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

Automation – Chatbots reduce customer service load and maintain a high level of customer satisfaction using artificial intelligence and semantic.

Our conversational engine creates services for the customer's customer and optimizes the workload on customer service that helps focus on the value added activities instead of managing recurrent enquiries.

- Customer Interaction Management Tool: makes it possible to provide support, analyze enquiries and manage answers based on pre–defined workflows.
- Eudata Conversational Engine: interacts recurrently with the knowledge base to be constantly up to date on customer's inquiries.
- Semantic Layer: permits to set up open conversations with customers using natural language.
- 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.

Gamification – Our 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, create 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.

TECHNOLOGY SERVICES

AGC Networks provides a global talent pool of certified resources across technology platforms providing comprehensive suite of support services to ensure high uptime through a combination of Remote Maintenance Capabilities (RMI), on–field service engineers, solution experts and on–premise support for mission critical IT landscape of an enterprise.

We believe in tailoring customer–specific solutions through the team of skilled resources that AGC can boast of across solutions of Unified Communications, Data Centre & Edge IT, and Digital Transformation solutions and secured through the Cyber Security framework. The Services wrap around the customer's IT Infrastructure are to safeguard and deliver new and innovative technology solutions.

AGC offers services across the lifecycle of a solution, spanning pre–implementation assessment, implementation, rollout, upgrades, AMC 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 Dallas, US and Mumbai, India. We have Continental US based SSAE 16 certified facilities with separate power grids to ensure compliance and reliability. 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. We believe in delivering performance by recording customer interactions for review & QA. Moreover, we have a logistic back–up to encounter inclement weather downtime 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 help clients keep maintain their multi vendor 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:

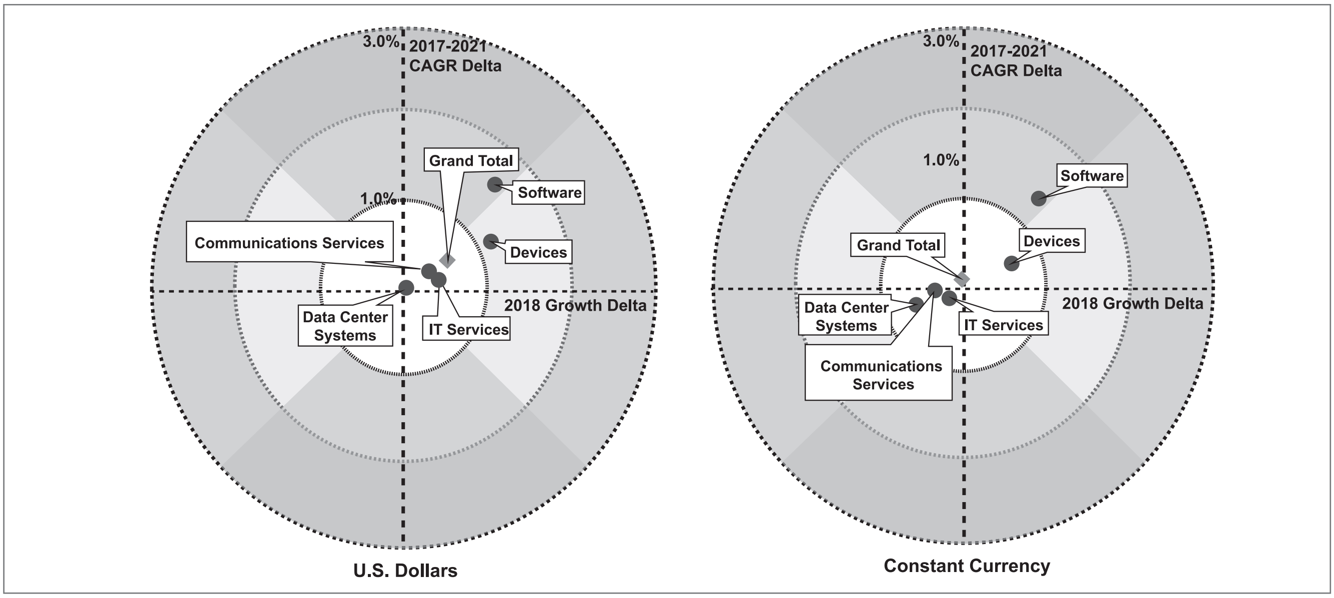
- **Consulting and Analysis –** covering domains like IT service management, business service management, IP networks, data centers, IP contact centers, and information security. Our services enable clients to utilize our domain expertise for their complete business needs.
- **Deployment Services –** 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 worldwide dollar–valued IT spending growth in 2018 has been revised to 6.2%, up 1.8% from the prior quarter. However, the constant–currency growth slightly declined to 3.0%. This is the highest annual growth rate Gartner has forecast since 2007, and it would be a sign of a new cycle of IT growth, if it were not for the constant–currency growth dipping slightly to 3.0%.

Overall, IT spending results vary by region. The largest region for total IT spend in 2018 remains North America, with $1.26 trillion. However, the fastest–growing region is emerging Asia/Pacific, with 2018 constant–currency growth of 7.1% (revised down 0.4% from the 4Q17 update). The remaining regions are facing growth rates that range between 3.5% and 0.5%: There are no regions facing an IT spending decline in 2018.

Figure 1. Changes in Growth Rates from 4Q17 Through 1Q18 in Current U.S. Dollars and Constant Currency



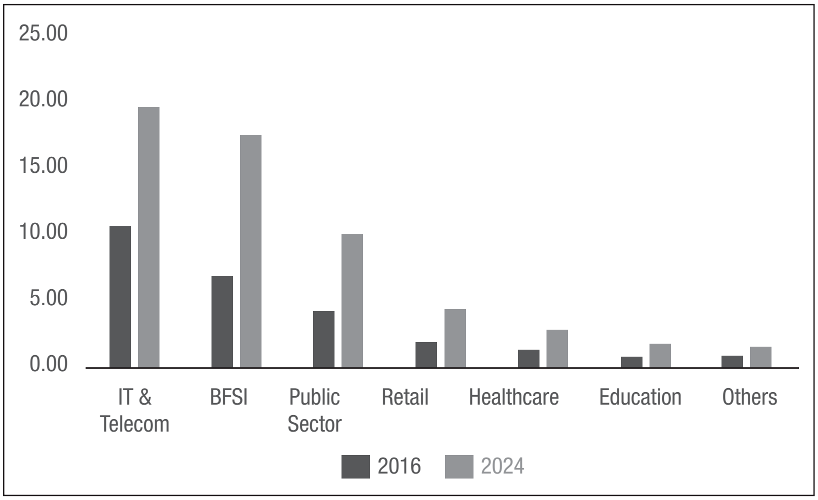
CAGR = compound annual growth rate

Source: Gartner (April 2018)

Unified Communications market

- According to a news report by **Allied Market Research** the global unified communication market was valued at $ 32,879 million in 2016, and is projected to reach at $ 74,244 million by 2023, growing at a CAGR of 12.60% from 2017 to 2023.
- According to **6Wresearch**, India Unified Communications and Collaboration market is anticipated to record CAGR of 12% during 2017–23.
- According to **Global Market Insights** (www.gminsights.com) (UCC) Unified Communications and Collaboration Market size was estimated at over USD 27 billion in 2016 with a CAGR of over 9% from 2017 to 2024.

UCC Market Size, By Application, 2016 & 2024 (USD Billion)



IT Services

Accordingly to **Research and Markets** (www.businesswire.com), the Global Information Technology Services Market is expected to grow from over $950 Billion in 2016 to Over $1160 Billion in 2020.

According to Gartner, the worldwide IT services market is forecast to grow at a five–year CAGR of 5.3% in U.S. dollars (4.7% in constant currency) through 2022, at which stage, the market size will be $1.2 trillion in U.S. dollars. Certain finance and accounting (F&A) business process outsourcing (BPO) providers are growing between 10% and 15%, while others are deliberately shrinking and realigning portfolios and, hence, revenue growth. This means that the market, on average, is still growing, and the major slowdown — due to automation — that was predicted has been slower to arrive than that built into the F&A BPO forecast. Gartner still expects artificial intelligence (AI), robotic process automation (RPA) and more classic automation tools to dominate the next decade of F&A delivery.

*Source : Gartner Forecast 1Q18

Data Center Systems

The constant–currency growth rate for data center systems for 2018 has been revised upward by 1.2%, from negative 0.7% to 0.5%, with servers and enterprise network equipment (ENE) in particular causing the uplift. The longer–term outlook continues to have challenges, particularly for the storage segment, but the upward revisions at least temper that effect.

The server market saw a stronger ending than anticipated for 2017, and that strength is now expected to continue into 2018. The strength was driven primarily by the component shortage for memory components, which have seen prices increase at a greater rate than previously expected. Component shortages were expected to ease in early 2018, but the shortages are now expected to continue throughout 2018, with the supply now not expected to ease until the end of the year.

Enterprise Software

The worldwide enterprise software market will grow at a CAGR of 8.5% to reach $530 billion by 2022.

In 2018, the enterprise application software market will grow by 11.7% to reach $205 billion in constant dollars.

The infrastructure software market reflects changes in the operating systems (OSs), IT operations management (ITOM) and virtualization infrastructure software segments. The OS market has been adjusted downward in 2018, in line with the reduction in the server installed base figures. Growth expectations increased for the ITOM market as a result of faster–than–expected adoption of hybrid–cloud–deployed ITOM products. Furthermore, revised assumptions about growth in new on–premises licenses led to decreased growth expectations in the virtualization infrastructure software segment.

HUMAN RESOURCES MANAGEMENT

HR at AGC is focused towards building & reinforcing a foundation for long term sustainability and taking engagement with its employees to a superior level of trust and enduring partnership.

AGC's HR policies & practices are in sync with its organizational strategy to drive company values and culture. The policies and practices are continuously monitored, evaluated & fine–tuned to keep them abreast and aligned with changing business dynamics, statutory requirements and relevance to the geo jurisdiction.

In **Talent Acquisition**, special efforts and initiatives are undertaken to attract, recruit & select best of the talents to reinforce the skilled resource pool for AGC. Hiring is focused with an aim to acquire experts from diverse technology practices to meet AGC's future business aspirations.

Customized in–house orientation programs are designed and executed for new joinees to facilitate their seamless integration at AGC, maximize individual capability, drive performance through discrete assessment process, and help them deliver within the least possible lead time. Employees are groomed and nurtured holistically to take up additional responsibilities and be prepared for future roles.

Employee aspirations for functional and geo movements and internal career growth are created through Global Talent Exchange (GTEx) and Internal Job Postings (IJP). AGC's central repository of global talents is designed to leverage skills and expertise of its employees, as and when needed, beyond specific geographic frontiers. This approach helps AGC in catering to global market with their diverse business needs while attaining 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, plays a substantial role in honing and developing employee skills and competencies. Different behavioral and functional trainings with technical certifications are imparted round the year, leveraging AGC's in–house learning expertise in the form of dedicated internal trainers and lab set ups. Learning & Development plays a pivotal role in maintaining highest levels of partnership with OEMs through external certification programs.

Talent Management & Employee Engagement plays a significant role towards building & sustaining superior employee connect and a high level of employee engagement. In furtherance of AGC's belief in adding value and transforming society to usher in positive changes, a number of community initiatives are undertaken throughout the year.

At AGC, 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 widely used 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 periodical 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 Festival Celebrations, 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, 2018.

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:

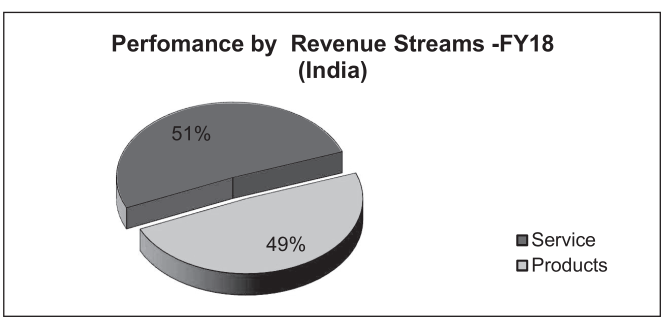
₹ in Crores

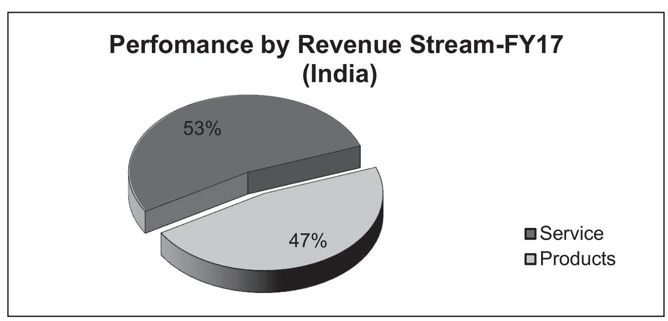
Revenue Stream	India		
	FY18	**FY17**	**FY16**
Products	143.22	112.35	168.27
Services	149.82	126.60	144.51
TOTAL	**293.04**	**238.95**	**312.78**

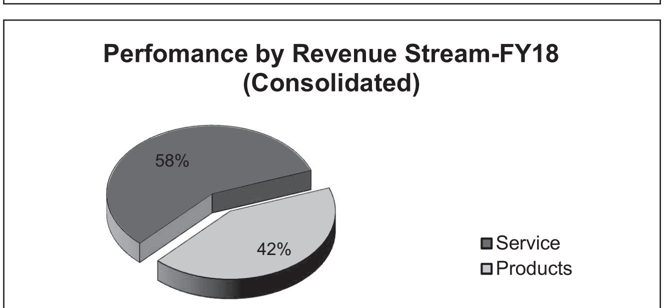
Revenue Stream	Consolidated		
	FY18	**FY17**	**FY16**
Products	302.89	352.63	489.74
Service	413.65	411.60	389.20
TOTAL	**716.54**	**764.23**	**878.94**

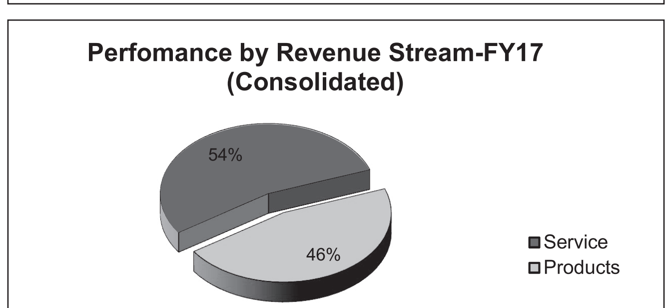
SHARE CAPITAL

As on March 31, 2018, 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.









OTHER EQUITY

India:

Total other Equity stands at ₹ 57.04 Crore which mainly includes Capital Reserve of ₹ 22.64 Crores, Security Premium Reserves of ₹ 32.10 Crores, General Reserves of ₹ 100.58 Crores and accumulated losses as at the end of the financial year 2017–18.

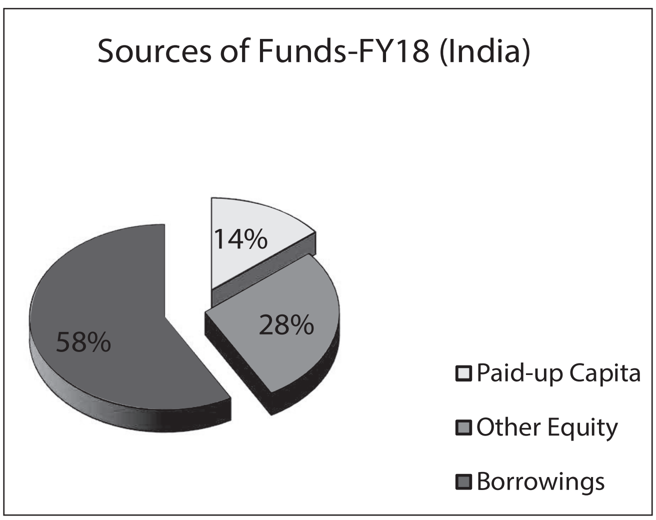
Consolidated:

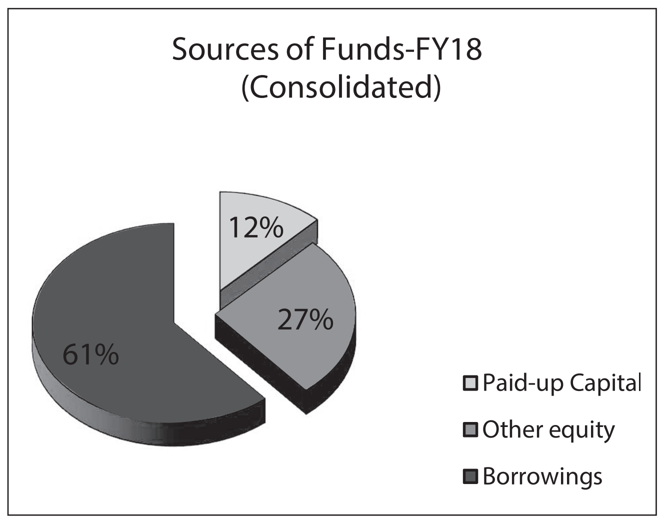
Total other Equity stands at ₹ 61.64 Crore which mainly includes Capital Reserve of ₹ 38.04 Crores, Security Premium Reserves of ₹ 32.10 Crores, General Reserves of ₹ 100.58 Crores and accumulated losses as at the end of the financial year 2017–18.

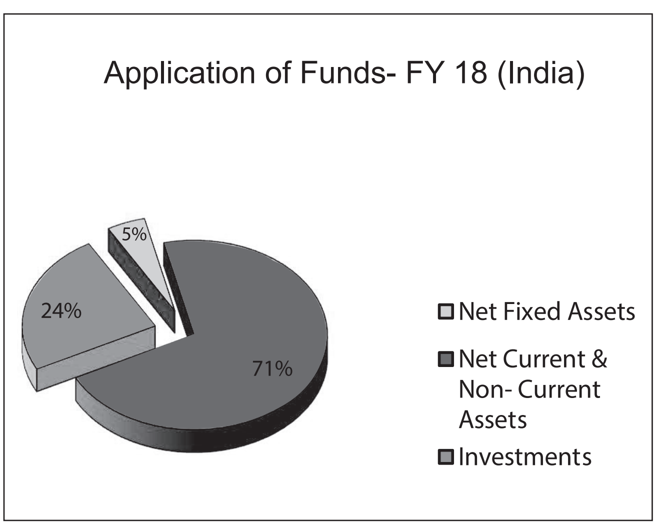
BORROWINGS

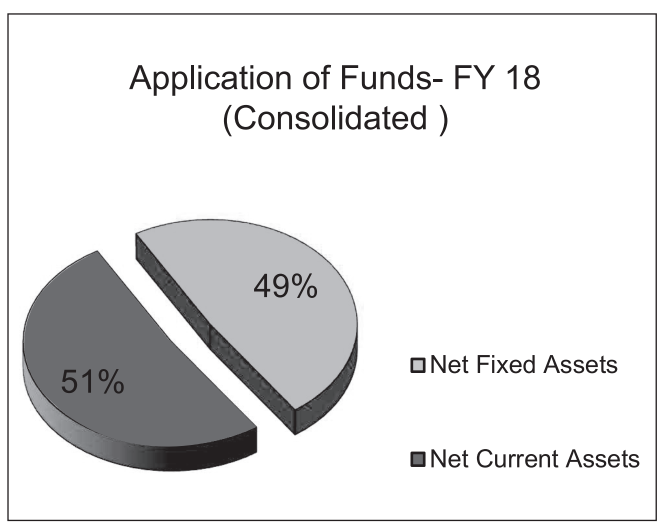
India

The Borrowings include Term Loan and Working Capital Loan. The Term Loan stands at ₹ 19.77 Crores as at March 31, 2018 as against ₹ 32.75 Crores as at March 31, 2017 implying significant reduction of 40%. Working capital stands at ₹ 97.50 Crores as at March 31, 2018 as against ₹ 101.58 Crore showing a reduction of 4%.









Consolidated

The Borrowings include Term Loan and Working Capital Loan. The Term Loan stands at ₹ 39.5 Crores as at March 31, 2018 as against ₹ 34.3 Crores as at March 31, 2017 implying an increase of 15%.The increase is mainly attributable to conversion of short term loan into term loan in Singapore entity. Working capital stands at ₹ 98.62 Crores as at March 31, 2018 as against ₹ 138.8 Crore as at March 31, 2017 showing a reduction of 29%.

FIXED ASSETS

India

The fixed assets (net block including tangible and intangible) have remained at ₹ 9.36 Crores as on March 31, 2018.

Consolidated

The fixed assets (net block including tangible and intangible) is at ₹ 113.56 Crores as on March 31, 2018, which also includes Goodwill amounting to ₹ 83.76 Crores.

INVESTMENTS

India:

The total investment by the Company in subsidiaries as on March 31, 2018, is at ₹ 48.72 Crores.

Consolidated:

The total investment of the Company as on March 31, 2018, is NIL.

OPERATING RESULTS

India

The revenue from operations for the FY 2017–18, stood at ₹ 303.39 Crores as against ₹ 245.96 Crores in the previous year registering a growth of more than 23%. The total Comprehensive income for the year 2017–18 stood at ₹ 30.84 Crore against Total Comprehensive Loss of 15.88 Crores in the previous year showing remarkable improvement.

Employee cost has improved to 14.98% of the total income as against 17.40% in the previous year.

Finance Cost stood at ₹ 20.90 Crores for the FY 2017–18 as against ₹ 21.59 Crores in the previous year showing a reduction of 3%.

Consolidated

The revenue from operations for the financial year 2017–18, stood at ₹ 733.45 Crores, as against ₹ 780.22 Crores for the financial year ended March 31, 2017. Revenues were lower largely on account of revenue loss in Middle East due to Economic slowdown. This was majorly offset by higher revenues in India on the back of strong demand. The Total Comprehensive income for the financial year 2017–18 stood at ₹ 14.67 Crore against ₹ 8.28 Crores in the previous year showing remarkable improvement of 77%.

Employee cost in absolute terms remained constant but due to lower revenues, constitutes 26.10% of the total income as against 24.43% in the previous period.

Finance Cost stood at ₹ 24.96 Crores for the FY 2017–18 as against ₹ 26.19 Crores in the previous year showing a reduction of 5%.

KEY RATIOS

Financial Performance	India		Consolidated	
	FY2018	FY 2017	FY2018	FY 2017
Gross Margin %	22.00	20.00	26.00	26.00
EBITDA %	9.60	–3.00	4.50	4.10
PBT/ Revenue %	10.50	–6.60	2.60	1.60
PAT/ Revenue %	10.50	–6.60	2.00	1.30
PAT/ Networth %	37.10	–33.20	16.60	14.80
Revenue per Employee (₹/Cr)– Annualised	0.65	0.59	1.10	1.27
Head count	468	417	666	615
Income tax/PBT %	0.0	0.0	21.70	18.30
Net working capital/Revenue %	48.60	44.10	35.10	30.60

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.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreements with the Stock Exchanges.

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, 2018, the Board comprises 4 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 31st March, 2018 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	3	3	2
Mr. Sanjeev Verma	Whole–time Director	4	NIL	NIL
Mrs. Suparna Singh	Non–Executive & Non–Independent Director	3	NIL	NIL
Mr. Dilip Thakkar	Independent Director	13	2	7

The above information is presented as per the data in the annual disclosures submitted by the Directors as on 31st March, 2018.

During the F.Y. 2017–18, five (5) Board meetings were held, on the following dates:

29th April, 2017, 24th May, 2017, 10th August, 2017, 9th November, 2017 and 8th February, 2018.

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 2017–18	Number of meetings Attended	Attended Last AGM	Shareholding in the Company as of March 31, 2018 (No. of shares)
Mr. Sujay R. Sheth	5	5	Yes	NIL
Mr. Sanjeev Verma	5	5	Yes	NIL
Mr. Manhar Mandaliya*	5	2	NA	NIL
Mr. Jangoo Dalal*	5	4	Yes	NIL
Mr. Shuva Mandal*	5	2	NA	NIL
Mr. Dilip Thakkar*	5	1	NA	NIL
Mrs. Suparna Singh	5	4	Yes	NIL

Note:
1. Mr. Shuva Mandal ceased to be a Director of the Company w.e.f. 13.07.2017
2. Mr. Manhar Madaliya ceased to be a Director of the Company w.e.f. 8.08.2017
3. Mr. Jangoo Dalal ceased to be a Director of the Company w.e.f. 21.11.2017
4. Mr. Dilip Thakkar was appointed as Independent Director of the Company w.e.f. 8.02.2018

Details of Directors being appointed and re–appointed

Mr. Sanjeev Verma who retires by rotation is proposed to be re–appointed as Director at the ensuing Annual General Meeting. Mr. Dilip Thakkar and Mrs. Mahua Mukherjee were appointed as Additional Directors on February 8, 2018 and April 5, 2018 respectively. It is proposed to reappoint Mr. Thakkar as Independent Director of the Company for a period of five years and to re–appoint Mrs. Mukherjee as an Executive Director in 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 May 11, 2018.

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.

The process of performance evaluation of the Board, the Chairman, Board of Directors and the Committees was undertaken through a Digital Platform on 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.

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, 2018, 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

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	4	5	4	4	NIL*
Directors' attendance					
Sujay R. Sheth	4	5	4	4	N.A.
Manhar Mandaliya	1	2	N.A.	N.A.	N.A.
Jangoo Dalal	2	2	N.A.	N.A.	N.A.
Dilip Thakkar	1	1	N.A.	N.A.	N.A.
Shuva Mandal	1	2	1	N.A.	N.A.

Board Committees	Audit Committee	Nomination and Remuneration Committee	Ethics and Compliance Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee
Sanjeev Verma	N.A.	N.A.	N.A.	4	N.A.
Suparna Singh	2	2	3	N.A.	N.A.

*Meeting of CSR Committee for the FY 2017–18 was held on May 29, 2018

Terms of Reference and other details of Board Committees:

Audit Committee

Constitution of the Audit Committee as on March 31, 2018

Mr. Sujay R. Sheth	Non–Executive & Independent Director (Chairman)
Mr. Dilip Thakkar	Independent Director
Mrs. Suparna Singh	Non – Executive Non – Independent Director

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 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, 2018

Mr. Dilip Thakkar	Independent Director (Chairman)
Mr. Sujay R. Sheth	Non–Executive & Independent Director
Mrs. Suparna Singh	Non – Executive Non – 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, 2017 to March 31, 2018 are as under:

Name	Designation	Amount (₹)
Mr. Jangoo Dalal	Non–Executive Independent Director	4,00,000
Mr. Manhar Mandaliya	Non–Executive Independent Director	2,50,000
Mr. Shuva Mandal	Non–Executive Independent Director	3,00,000
Mr. Sujay R. Sheth	Non–Executive Independent Director and Chairman	11,00,000
Mr. Dilip Thakkar	Non–Executive Independent Director	1,50,000
Total		**22,00,000**

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, 2017 to March 31, 2018 is NIL.

Ethics and Compliance Committee

Constitution of the Ethics and Compliance Committee as on March 31, 2018

Mr. Sujay R. Sheth	Non–Executive & Independent Director (Chairman)
Mrs. Suparna Singh	Non–Executive Non –Independent Director

The Committee, at its meeting(s), sets forth the policies relating to and oversees the implementation of the 'Code of Conduct', adopted by the Board of Directors, at its meeting held on 23rd October, 2002, pursuant to the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, 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, 2018

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

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. Aditya Goswami, 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, 2017 to March 31, 2018, was 61. There was no outstanding complaint / query or request for transfer as on March 31, 2018.

Corporate Social Responsibility Committee

Constitution of the Corporate Social Responsibility Committee as on March 31, 2018

Mr. Sanjeev Verma	Whole Time Director
Mr. Sujay R. Sheth	Non–Executive & Independent Director (Chairman)
Mrs. Suparna Singh	Non–Executive Non –Independent Director

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

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.

Secretarial Audit

A qualified Practicing Company Secretary carried out secretarial audit to reconcile the total admitted Equity Share Capital with National Securities Depository Limited and the Central Depository Services Limited and the total issued and Listed Equity Share Capital. The Secretarial Audit Report confirms that the total Issued / Paid up Capital is in agreement with the total number of shares in physical form and the total number of dematerialized share held with NSDL and CDSL.

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)
22nd September, 2017	Banquet Hall, Equinox Business Park, Off B.K.C, LBS Marg, Kurla West, Mumbai – 400070	11.00 AM	0
28th September, 2016	Banquet Hall, Equinox Business Park, Off B.K.C, LBS Marg, Kurla West, Mumbai – 400070	11.15 AM	1
6th August, 2015	Banquet Hall, Equinox Business Park, Off B.K.C, LBS Marg, Kurla West, Mumbai – 400070	11.00 AM	2

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 32nd AGM of the Company for the financial year ended March 31, 2018 shall be held on August 1, 2018 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:

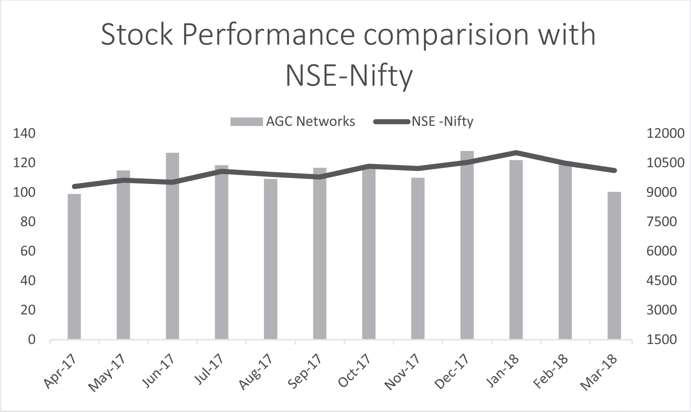
Financial Year	April 1 to March 31
Dates of Book Closure	Thursday, July 26, 2018 to Wednesday, August 1, 2018 (Both days inclusive)
Dividend Payment Date	No dividend is recommended by Directors of the Company on Equity Shares for the current Financial Year. Dividend on Preference shares shall be paid within 30 Days from the date of Annual General Meeting.
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 2017– 2018 and stock performance comparison with BSE Sensex	See Table No.1 below

Registrar and Share Transfer Agents	Datamatics Business Solutions 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 31st March, 2018	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 2017–2018.

Month	BSE		NSE	
	High	Low	High	Low
April 2017	112.85	90.10	113.20	85.25
May 2017	158.80	99.25	159.40	97.00
June 2017	135.70	106.50	137.90	106.15
July 2017	131.00	114.10	129.00	114.50
August 2017	119.95	99.00	119.60	100.10
September 2017	137.70	106.45	135.45	105.15
October 2017	130.75	109.00	129.40	105.35
November 2017	119.50	105.00	121.00	103.00
December 2017	170.70	106.60	170.95	107.35
January 2018	132.90	116.55	133.00	118.30
February 2018	135.10	103.80	135.00	105.35
March 2018	120.25	98.00	122.80	99.30

Stock performance comparison with NSE Nifty and BSE Sensex



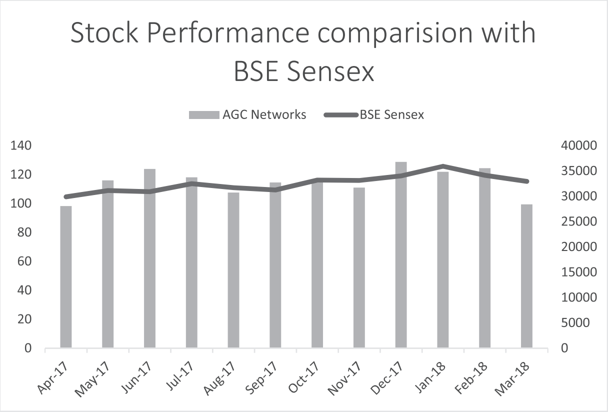


Table No. 2 – Distribution of shareholding as on 31st March, 2018

Sr. No.	Shares Range		No. of Shares	% of Total Shares	No. of Shareholders	% of Total Shareholders
	From	To				
1	1	100	192944	0.68	3936	42.30
2	101	500	1106717	3.89	4136	44.45
3	501	1000	561012	1.97	792	8.51
4	1001	5000	704508	2.48	347	3.73
5	5001	10000	307450	1.08	41	0.45
6	10001	100000	1400246	4.92	44	0.47
7	100001 & above		24193587	84.98	8	0.09
	TOTAL		**28466464**	**100.00**	**9304**	**100.00**

Table No. 3 – Category–wise distribution as on 31st March, 2018

Sr. No.	Name of Security Holders	No. of Shareholders	No. of Shares held	% to Capital
1	Promoter Companies	1	21320348	74.90
2	FPIs and OCBs	10	2147512	7.54
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	198	773345	2.72
6	Non–Resident Individuals	174	109317	0.38
7	Resident Individuals	8900	3775880	13.26
	TOTAL	**9304**	**28466464**	**100.00**

Shareholding pattern as on March 31, 2018

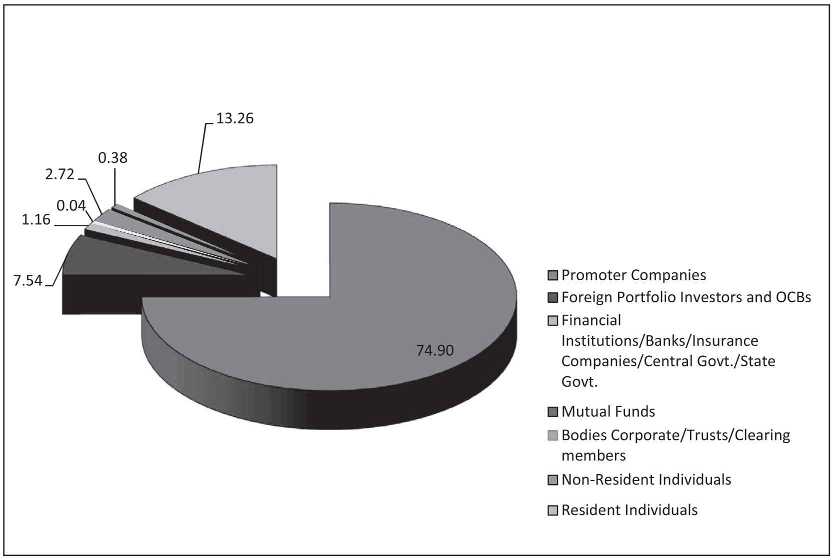


Table No. 4 – Dematerialization of shares and liquidity as on 31st March, 2018

Description	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares
NSDL	5286	56.81	26686558	93.75
CDSL	2204	23.69	1242917	4.36
Physical	1814	19.50	536989	1.89
TOTAL	**9304**	**100.00**	**28466464**	**100.00**

Sanjeev Verma
Whole–time Director
DIN : 06871685
AGC Networks Limited

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 Deepak Kumar Bansal, Chief Financial Officer certify that:

a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2018 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, 2018 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 have been significant changes in accounting policies due to applicability of Ind AS during the year which have been disclosed 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

Deepak Kumar Bansal
Chief Financial Officer
AGC Networks Limited

Place : Mumbai
Date : May 29, 2018

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 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. 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 standalone 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 standalone 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 standalone 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 42 to the standalone financial statements, during the year ended 31 March 2015, the Company had recognised sale of two properties, classified as fixed assets under previous GAAP, having carrying values of ₹ 0.74 crores and ₹ 0.35 crores, and recorded profit on such sale amounting to ₹ 40.85 crores and ₹ 5.19 crores respectively (net of incidental selling expenses amounting to ₹ 3.04 crores and ₹ 0.35 crores). In our opinion, the significant risks and rewards of ownership of the said properties were not transferred when such sale was recognised. The Company has not rectified the said error in these first Ind AS financial statements, and therefore, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Indian Accounting Standard (Ind AS) 16 'Property, Plant and Equipment'.

Had the Company followed the principles of Ind AS 16 and corrected the error in accordance with Ind AS 101: First–time Adoption of Indian Accounting Standards, the carrying value of current tax assets (net), and property, plant and equipment as at 1 April 2016 would have been higher by ₹ 3.27 crores and ₹ 1.09 crores respectively, and other financial liabilities, current financial asset (receivable for sale of property) and retained earnings as at that date would have been lower by ₹ 0.19 crores, ₹ 47.32 crores and ₹ 42.77 crores respectively.

Further, in our opinion, the significant risks and rewards of ownership in respect of one of the said properties having a carrying value of ₹ 0.35 crores as at 31 March 2015 were transferred in April 2016 while the significant risks and rewards of ownership in respect of the other property having a carrying value of ₹ 0.74 crores as at 31 March 2015 have not been transferred until 31 March 2018.

Had the Company followed the principles of Ind AS 16, and corrected the aforementioned errors in accordance with Ind AS 8 in the current year financial statements, other income for the year ended 31 March 2018 would have been higher by ₹ Nil (31 March 2017: ₹ 5.19 crores) while depreciation expense would have been higher by ₹ 0.04 crores (31 March 2017: ₹ 0.05 crores). The carrying value of property, plant and equipment and current tax assets(net) as at 31 March 2018 would have been higher by ₹ 0.74 crores (31 March 2017: ₹ 0.74 crores) and by ₹ 3.27 crores (31 March 2017: ₹ 3.27 crores) respectively. The other financial liabilities and current financial assets (receivable from sale of property) as at 31 March 2018 would have been lower by ₹ 0.16 crores (31 March 2017: ₹ 0.16 crores) and ₹ 23.55 crores (31 March 2017: ₹ 47.32 crores) respectively. The resulting impact of the above correction in errors would have resulted into decrease in retained earnings as at 31 March 2018 by ₹ 37.58 crores (31 March 2017: ₹ 37.58 crores).

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs of the Company as at 31 March 2018, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

10. The Company had prepared separate sets of standalone financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 24 May 2017 and 19 May 2016 respectively. These separate sets of standalone financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. 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.

12. 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 Ind AS specified under Section 133 of the Act;

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 2018 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 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 29 May 2018 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 disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

per **Nikhilesh Nagar**
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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 2018

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 property, plant and equipment.

(b) The property, plant and equipment 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 property, plant and equipment 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 'property, plant and equipment') 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 to 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 and 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
Finance Act, 1994	Service tax demand on Royalty payment	0.74	–	2004–05 to 2006–07	Commissioner of Central Excise and Service Tax – Appeals

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 2018

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	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 utilisation	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
Finance Act, 1994	Service tax penalty under reverse charge mechanism.	0.38	–	2017–18	Commissioner Appeals, Ahmedabad
Finance Act, 1994	Service tax penalty under reverse charge mechanism.	0.21	–	2017–18	Appeal yet to be filed with Commissioner Appeals, Ahmedabad
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 and 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	0.08	0.03	2009–10 and 2011–12	Assistant Commissioner Appeals
Maharashtra Value Added Tax Act, 2002	Demand on account of disallowance of Works Contract Tax TDS credit and applicability of VAT on service tax	0.77	0.28	2008–09, 2010–11 and 2011–12	Joint Commissioner of Sales Tax Appeals
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	0.26	2011–12	Gujarat VAT Tribunal
Gujarat Value added tax Act, 2003	Demand on Non receipt of statutory forms	1.74	0.43	2012–13	Joint Commissioner of Commercial Tax (Appeals)
Gujarat Value added tax Act, 2003	Non receipt of C/I/F Forms, Disallowance of Input tax Credits and Levy of Penalty	0.23	0.06	2013–14	Joint Commissioner of Commercial Tax (Appeals)
Income Tax Act, 1961	Reopening of assessment u/s 147.	0.62	0.62	2003–04	High Court
Income Tax Act, 1961	Tax and penalty on deferred revenue treated as revenue.	20.26	20.26	2004–05, 2005–06 and 2006–07	Income Tax Appellant Tribunal (ITAT)
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)
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	4.73	2011–12	Income Tax Appellant Tribunal (ITAT)
Income Tax Act, 1961	Demand on account of disallowance of expenditure incurred towards employee separation scheme (Re–assessment)	0.55	0.55	2008–09	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 2018

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
Income Tax Act, 1961	Penalty levied on concealment of income u/s 271(1)(C)	2.22	–	2010–11	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Demand on account of disallowance of certain expenditures	4.43	–	2012–13	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Demand on account of disallowance of provision of expenses, renovation expense & unearned revenue	11.94	–	2013–14	Commissioner of Income Tax (Appeal)

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank 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 have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(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 Ind AS.

(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's Registration No.: 001076N/N500013

per **Nikhilesh Nagar**
Partner
Membership No.: 079597

Place : Mumbai
Date : 29 May 2018

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 2018

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 2018, 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 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.

Auditor's 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 ('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 Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 includes 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 standalone 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 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 2018

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 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 been identified in the operating effectiveness of the Holding Company's IFCoFR as at 31 March 2018:

   The Company's internal financial control over evaluation of accounting of non–routine transactions was not operating effectively. During the year, this has resulted in non–reversal of transaction for sale of one property for risk and rewards were not transferred till the reporting date, due to inappropriate evaluation of timing of transfer of risk and reward during an earlier year. This has led to misstatements of current tax assets (net), property, plant and equipment, current financial assets, other financial liabilities, other income, depreciation and resultant impact on the retained earnings as at 31 March 2018.

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 2018, 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 2018.

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 2018, 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's Registration No.: 001076N/N500013

per **Nikhilesh Nagar,**
Partner
Membership No.: 079597

Place : Mumbai
Date : 29 May 2018

FINANCIAL STATEMENTS

BALANCE SHEET as at 31 March 2018

	Notes	As at 31 March 2018 ₹ in Crores	As at 31 March 2017 ₹ in Crores	As at 1 April 2016 ₹ in Crores
Assets				
Non–current assets				
Property, plant and equipment	3	7.89	9.30	9.54
Other Intangible assets	4	1.47	2.12	2.69
Financial assets				
Investments	5	48.72	48.72	48.72
Trade receivables	6	0.32	0.64	1.29
Loans	7	2.60	10.34	9.70
Other non–current financial assets	8	3.43	3.44	2.26
Non–current tax assets (net)		57.19	71.71	69.48
Other non–current assets	9	5.06	6.28	8.35
Total Non–current assets		**126.68**	**152.55**	**152.03**
Current assets				
Inventories	10	22.45	11.83	13.76
Financial assets				
Trade receivables	6	103.64	76.31	104.17
Cash and cash equivalents	11	0.86	1.08	4.60
Other bank balances	11	0.84	2.45	7.55
Loans	7	2.05	1.49	4.63
Other current financial assets	8	36.11	55.05	55.13
Other current assets	9	46.00	26.40	30.11
Total Current assets		**211.95**	**174.61**	**219.95**
TOTAL ASSETS		**338.63**	**327.16**	**371.98**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	28.47	28.47	28.47
Other equity	13	57.04	20.64	36.38
Total equity		**85.51**	**49.11**	**64.85**
Liabilities				
Non–current liabilities				
Financial liabilities				
Other financial liabilities	14	5.50	8.11	7.04
Provisions	15	6.69	5.46	6.34
Other non–current liabilities	16	5.09	6.83	6.18
Total Non–current liabilities		**17.28**	**20.40**	**19.56**
Current liabilities				
Financial liabilities				
Borrowings	17	117.27	134.33	136.20
Trade payables	18	64.78	66.20	78.87
Other current financial liabilities	19	18.64	17.51	37.37
Provisions	15	0.79	0.55	0.81
Other current liabilities	20	34.36	39.06	34.32
Total Current liabilities		**235.84**	**257.65**	**287.57**
TOTAL EQUITY AND LIABILITIES		**338.63**	**327.16**	**371.98**

Notes 1 to 45 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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2018

	Notes	31 March 2018	31 March 2017
		₹ in Crores	₹ in Crores
Income			
Revenue from operations	21	303.39	245.96
Other income	22	5.30	5.50
Total income (I)		**308.69**	**251.46**
Expenses			
Cost of materials and components consumed	23	0.27	2.76
Purchase of stock–in–trade		129.55	90.00
Changes in inventories of work–in–progress and stock–in–trade	24	(11.46)	0.39
Service charges		81.79	73.93
Employee benefits expense (net)	25	46.27	43.75
Finance costs	26	20.90	21.59
Depreciation and amortisation expense	27	2.13	2.39
Other expenses	28	28.02	42.43
Total expenses (II)		**297.47**	**277.24**
Profit / (Loss) before exceptional items and tax (I–II)		**11.22**	**(25.78)**
Exceptional items	29	20.52	9.50
Profit / (Loss) before tax		**31.74**	**(16.28)**
Tax expenses / (credits)			
Current tax		–	–
Deferred tax		–	–
Total tax expense		**–**	**–**
Profit / (loss) for the year		**31.74**	**(16.28)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
–Remeasurement (losses)/gains on defined benefit plans		(0.90)	0.40
Other comprehensive income/(loss) for the year		**(0.90)**	**0.40**
Total comprehensive income/(loss) for the year		**30.84**	**(15.88)**
Earnings/(Loss) per equity share	30		
[nominal value of share ₹ 10.00 (31 March 2017 : ₹ 10.00)]			
Basic (in ₹)		10.83	(5.58)
Diluted (in ₹)		10.74	(5.58)

Notes 1 to 45 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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

CASH FLOW STATEMENT for the year ended 31 March 2018

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Cash flow from operating activities		
Profit / (loss) before tax	**31.74**	**(16.28)**
Adjustments for non–cash transactions and items considered separately:		
Depreciation and amortisation	2.13	2.39
Profit on sale of Property, plant and equipment	(0.01)	(0.01)
Provision for warranties	0.07	(0.14)
Provision for doubtful debts	(0.42)	1.87
Liabilities/provisions for earlier years no longer required written back	(9.93)	(7.01)
Expenses pertaining to amortisation of deposits	–	0.82
Unrealised foreign exchange loss	0.47	0.17
Finance cost	20.90	21.59
Interest income	(0.49)	(1.66)
Expenses on Employee stock option scheme	0.98	0.14
Exceptional items (refer note 29)	(20.52)	(9.50)
Operating profit before working capital changes	**24.92**	**(7.62)**
Movements in working capital		
(Increase) / Decrease in trade receivables	(26.68)	25.94
Decrease in inventory	1.46	1.93
Decrease in loans and other assets	10.69	6.27
Increase/ (Decrease) in trade payables	3.66	(17.17)
Increase in other liabilities and provisions	4.89	6.95
Cash generated from operating activities before taxes	**18.94**	**16.30**
Income taxes refunds / (paid)	14.52	(2.23)
Net cash generated from operating activities (A)	**33.46**	**14.07**
Cash flows from investing activities		
Purchase of fixed Property, plant and equipment (including capital advances and net of capital creditors)	(0.15)	(2.24)
Proceeds from sale of Property, plant and equipment	0.02	0.02
Interest on bank deposits and others	2.04	1.73
Increase in margin money and term deposits with bank	1.62	5.10
Net cash generated from investing activities (B)	**3.53**	**4.61**
Cash flows from financing activities		
Proceeds from term loan	(12.98)	(5.17)
(Repayment)/ Proceeds of short term borrowings	(4.29)	3.47
Payment of Preference dividend	(0.15)	–
Unclaimed dividend payments	(0.05)	(0.05)
Finance cost paid	(19.74)	(20.45)
Net cash used in financing activities (C)	**(37.21)**	**(22.20)**

CASH FLOW STATEMENT for the year ended 31 March 2018

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Net decrease in cash and cash equivalents (A + B + C)	**(0.22)**	**(3.52)**
Cash and cash equivalents at the beginning of the year	1.08	4.60
Cash and cash equivalents at the end of the year (refer note 11)	**0.86**	**1.08**
Components of cash and cash equivalents		
With banks – in current accounts	0.48	0.57
– in deposit accounts	0.28	0.33
Cheques / drafts on hand	0.09	0.17
Cash on hand	0.01	0.01
Total cash and cash equivalents (refer note 11)	**0.86**	**1.08**

The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Ind AS–7 on Statement of Cash Flow Issued by the Institute of Chartered Accountants of India.

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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2018

Equity share capital

Particulars	Note	Number of shares	₹ in Crores
As at 1 April 2016	**12**	**28,466,464**	**28.47**
Changes during the year		–	–
As at 31 March 2017	**12**	**28,466,464**	**28.47**
Changes during the year		–	–
As at 31 March 2018	**12**	**28,466,464**	**28.47**

Other equity

₹ in Crores

Particulars	Reserves and surplus						Other comprehensive income	Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Stock option outstanding	Equity Component on non–convertible preference shares (refer note 13)	Remeasurement of defined benefit obligation	
Balance as at 1 April 2016	**22.64**	**32.10**	**100.58**	**(128.96)**	**0.61**	**9.41**	**–**	**36.38**
Loss for the year	–	–	–	(16.28)	–	–	–	(16.28)
Remeasurement of defined benefit obligation	–	–	–	–	–	–	0.40	0.40
ESOP expense for the year	–	–	–	–	0.14	–	–	0.14
Balance as at 31 March 2017	**22.64**	**32.10**	**100.58**	**(145.24)**	**0.75**	**9.41**	**0.40**	**20.64**
Profit for the year	–	–	–	31.74	–	–	–	31.74
Remeasurement of defined benefit obligation	–	–	–	–	–	–	(0.90)	(0.90)
Preference dividend paid	–	–	–	(0.15)	–	–	–	(0.15)
ESOP expense for the year	–	–	–	–	0.96	–	–	0.96
Equity component of compound financial instrument	–	–	–	–	–	4.74	–	4.74
Balance as at 31 March 2018	**22.64**	**32.10**	**100.58**	**(113.65)**	**1.71**	**14.15**	**(0.50)**	**57.04**

Notes 1 to 45 form an integral part of the financial statements.

This is the statement of changes in equity referred to in our report of even date.

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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

Significant accounting policies and other explanatory information for the year ended 31 March 2018

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's registered office is located at Equinox Business Park, Off Bandra Kurla Complex, LBS Marg, Kurla (West), Mumbai – 400 070. 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 and Presentation

a. Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For all the periods upto the year ended 31 March 2017, the Company had earlier prepared and presented its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Indian GAAP). These standalone financial statements for the year ended 31 March 2018 are the first financial with comparatives, prepared under Ind AS. The adoption was carried out in accordance with Ind AS 101, First Time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principle generally accepted in India as prescribed under Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP), which was the previous GAAP. Reconciliations and description of the effect of the transition from Indian GAAP to Ind AS is given in Note 40. This financial statement of the Company as at and for the year ended 31 March 2018 (including Comparatives) were approved and authorised by the Company's board of directors as on 29 May 2018.

All amounts included in the financial statements are reported in Indian rupees (in Crores) except share and per share data unless otherwise stated and "0" denotes amounts less than fifty thousand rupees.

b. Basis of Preparation

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

ii. Share based payment transactions and

iii. Defined benefit and other long–term employee benefits

c. Use of estimate and judgment

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is included in the following notes:

(i) Income tax: Significant judgments are involved in determining the provision for income tax, including the amount expected to be paid or recovered in connection with uncertain tax positions.

(ii) Defined benefit plans and compensated absences: The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long–term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iii) Property, plant and equipment: Property, plant and equipment represent a significant proportion of the asset base of the Company. The change in respect of periodic depreciation/amortisation is derived after determining an estimate of an assets expected useful life and the expected residual at the end of its life. Depreciation of fixed assets is calculated on straight–line–basis over the useful life estimated by the management, based on technical evaluation or those prescribed under schedule II of the Companies Act, 2013, whichever is higher.

(iv) Expected credit losses on financial assets: On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's credit–worthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

(v) Deferred taxes: Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

(vi) Provisions: Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can me made. Provisions (excluding retirement obligation and compensated expenses) are not discounted to its present value and are determined based on best estimate required to settle obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

(vii) Share–based payments: The grant date fair value of options granted to employees is recognised as employee expense, with corresponding increase in equity, over the period that the employee become unconditionally entitled to the option. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "share option outstanding account". The amount recognised as expense is adjusted to reflect the impact of the revision estimates based on number of options that are expected to vests, in the statement of profit and loss with a corresponding adjustment to equity.

d. Summary of Significant accounting policies

(i) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (INR), which is the functional and presentation currency of the Company.

(ii) Foreign currency transactions and balances

Foreign currency transactions of the Company are accounted at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non–monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Gains and losses resulting from the settlement of foreign currency monetary items and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

(iii) Financial instruments

A. Initial Recognition and Measurement

The Company recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised on the trade date.

B. Subsequent Measurement

1. Non–Derivative Financial Instruments

a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit or loss.

d. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C. Derecognition of financial instruments

The Company derecognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

d. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterply.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

(iv) Current versus non–current classification

(i) An asset is considered as current when it is:

a. Expected to be realised or intended to be sold or consumed in normal operating cycle

b. Held primarily for the purpose of trading

c. Expected to be realised within twelve months after the reporting period, or

d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

(ii) All other assets are classified as non–current.

(iii) liability is considered as current when it is:

a. Expected to be settled in normal operating cycle

b. Held primarily for the purpose of trading

c. Due to be settled within twelve months after the reporting period, or

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(iv) All other liabilities are classified as non–current.

Deferred tax assets and liabilities are classified as non–current assets and liabilities

(v) Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment, if any. Historical costs include directly attributable to acquisition which are capitalised until the property, plant and equipment are ready for use, as intended by management.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as on 1 April 2016 measured as per previous GAAP as it’s deemed cost on the date of transition. The Company depreciates property, plant and equipment over their estimated useful lives using the straight–line method, based on a technical evaluation or those prescribed under Schedule II of the Companies Act, 2013 whichever is higher. The estimated useful lives of assets are as follows:

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.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

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

(vi) Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Computer Software is amortised on a straight line basis over the estimated useful economic life which is expected as 4 years. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any, The amortisation of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated. The estimated useful life of amortisable intangibles are reviewed and where appropriate are adjusted, annually.

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

(vii) Leases

Leases where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease payments are recognised as an expense on a straight line basis in Statement of Profit and Loss over the lease term.

(viii) Impairment of assets

A. Non Financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in–use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

B. Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ix) 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.

Current investments are carried in the consolidated financial statements at lower of cost and fair value determined on

Significant accounting policies and other explanatory information for the year ended 31 March 2018

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.

(x) A. Employee benefits

Long–term employee benefits

(a) Defined contribution plan

The Company has defined contribution plans for post employment benefits in the form of provident fund, employees' state insurance and labour welfare fund. Under the defined contribution plans, the Company has no further obligation beyond making the contributions. Such contributions are charged to the Statement of Profit and Loss as incurred.

(b) Defined benefit plan

The Company has defined benefit plans for post employment benefits in the form of gratuity for its employees in India. Liability for defined benefit plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method.

Actuarial gains or losses are recognised in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re–measurement of net defined liability or asset through other comprehensive income.

Measurements comprising of actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(c) Other long–term employee benefits

The employees of the Company are also entitled for other long–term benefit in the form of compensated absences as per the policy of the Company. 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.

B. Short–term employee benefits

The undiscounted amount of short–term employee benefits expected to be paid in exchange for the services rendered by employees is recognised in the year during which the employee rendered the services. These benefits comprise compensated absences such as paid annual leave and performance incentives.

(xi) Share based payments

The Company determines the compensation cost based on the fair value method in accordance with Ind AS 102 Share based payment. The Company grants options to its employees which will be vested in a graded manner and are to be exercised within a specified period. The compensation cost is amortised on an graded basis over the vesting period. The share based compensation expense in determined based on the Company's estimate of equity instrument that will eventually vest.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

(xii) 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”.

(xiii) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when such reimbursement is virtually certain.

(xiv) Warranty provisions

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

(xv) Borrowing costs

Borrowing cost includes 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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(xvi) 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 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.

(xvii) Revenue Recognition

Revenue is recognised 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 recognised:

Significant accounting policies and other explanatory information for the year ended 31 March 2018

Sale of product

Revenue from sale of product is recognised 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. Revenue for the year ended 31 March 2018 include excise duty levied goods manufactured up to 30 June 2017, in accordance with erstwhile Central Excise Act,1944 but excludes Goods and service taxes (GST)/indirect tax.

The Company collects sales taxes and Goods and service taxes (GST)/indirect tax on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Sale of services

1. Revenue from implementation services (including installation and commissioning) related to products supplied or on a standalone basis are recognised based on proportionate completion method, where revenue is recognised proportionately with the degree of completion of services.
2. Revenue from maintenance contracts is recognised 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 Goods and service tax (GST)/indirect 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.

(xviii) Other income

Other income comprises

a. Interest income on deposits: Interest income is recognised using the effective interest method and on time proportion basis.

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

(xix) Income tax

Tax expense for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on timing differences between the accounting base and the taxable income for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the Balance Sheet date.

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. Deferred income tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred income tax liabilities are recognised for all taxable temporary differences.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

Minimum alternate tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period. Current tax and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

(xx) Finance income and expenses

Finance costs comprise interest cost on borrowings. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the statement of profit and loss using the effective interest method.

(xxi) Earnings per share

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

(xxii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short term liquid investments with original maturities of three months or less.

(xxiii) 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 assist users in understanding the financial performance achieved and in making projections of future financial performance, the nature and amount of such material items are disclosed separately as exceptional items.

(xxiv) Recent accounting pronouncements

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Indian Accounting Standard (Ind AS) 115 “Revenue from Contracts with Customers”; notifying amendments to Ind AS 12 “Income Taxes” and Ind AS 21 “The Effects of Changes in Foreign Exchange Rates”. Ind AS 115, amendments to the Ind AS 12 and Ind AS 21 are applicable to the Company w.e.f. 1 April 2018.

i) Ind AS 115 “Revenue from Contracts with Customers”

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further this standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The standard permits two possible methods of transition:

a) Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”.

b) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch – up approach). The Company will adopt the standard on 1 April 2018 by using the cumulative catch–up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

ii) Amendments to Ind AS

a. Ind AS 12 "Income Taxes"

The amendment considers that tax law determines which deductions are offset against taxable income and that no deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions. Accordingly, segregating deductible temporary differences in accordance with tax law and assessing them on entity basis or on the basis of type of income is necessary to determine whether taxable profits are sufficient to utilise deductible temporary differences.

b. Ind AS 21 "The Effects of Changes in Foreign Exchange Rates"

The amendment to this Ind AS requires foreign currency consideration paid or received in advance of an item of asset, expense or income, resulting in recognition of a non–monetary prepayment asset or deferred income liability, to be recorded in the Company's functional currency by applying the spot exchange rate on the date of transaction. The date of transaction which is required to determine the spot exchange rate for translation of such items would be earlier of:

– the date of initial recognition of the non–monetary prepayment asset or deferred income liability, and

– the date on which the related item of asset, expense or income is recognised in the financial statements.

If the transaction is recognised in stages, then a spot exchange rate for each transaction date would be applied to translate each part of the transaction. The group has evaluated the impact of the above amendments on the consolidated financial statements and the impact is not material.

3 **Property, plant and equipment** ₹ in Crores

	Buildings*	Plant and Equipment	Computers and Servers	Electrical Installations	Furniture and Fixtures	Office Equipment	Vehicles	Total
Cost								
At 1 April 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 / adjustments	–	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**
Additions	–	–	0.01	0.02	0.01	0.11	–	0.15
Disposals / adjustments	–	0.08	0.01	0.00	0.00	0.04	–	0.13
At 31 March 2018	**0.57**	**24.45**	**11.37**	**1.35**	**2.28**	**11.22**	**0.07**	**51.31**
Depreciation								
At 1 April 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 / adjustments	–	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**
Charge for the year	0.02	0.53	0.85	0.02	0.02	0.11	–	1.55
Disposals / adjustments	–	0.08	0.01	0.00	0.00	0.03	–	0.12
At 31 March 2018	**0.55**	**19.02**	**9.23**	**1.35**	**2.27**	**11.00**	**–**	**43.42**
Net carrying amount								
At 1 April 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**	**–**	**0.02**	**0.23**	**0.07**	**9.30**
At 31 March 2018	**0.02**	**5.43**	**2.14**	**–**	**0.01**	**0.22**	**0.07**	**7.89**

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 17.1).

3 Leasehold land is completely depreciated / adjusted and net book value for the year ended 31 March 2018 is Nil (31 March 2017 : Nil, 1 April 2016 : Nil) (refer note 42)

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 41).

* refer note 42

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

4. Other Intangible assets

₹ in Crores

	Computer Software
Cost	
At 1 April 2016	12.85
Additions	0.01
Disposals/adjustments	–
At 31 March 2017	**12.86**
Additions	–
Disposals/adjustments	0.05
At 31 March 2018	**12.81**
Amortisation	
At 1 April 2016	10.16
Charge for the year	0.58
Disposals/adjustments	–
At 31 March 2017	**10.74**
Charge for the year	0.58
Disposals/adjustments	(0.02)
At 31 March 2018	**11.34**
Net carrying amount	
At 1 April 2016	**2.69**
At 31 March 2017	**2.12**
At 31 March 2018	**1.47**

5. Investments

	31 March 2018				31 March 2017				1 April 2016			
	No. of shares	Currency	Face value	₹ in Crores	No. of shares	Currency	Face value	₹ in Crores	No. of shares	Currency	Face value	₹ in Crores
Investment in Equity instruments												
Unquoted fully paid up												
Investment in subsidiaries												
AGC Networks Pte. Limited	100	SGD	1	34.22	100	SGD	1	34.22	100	SGD	1	34.22
	4	SGD	481,111		4	SGD	481,111		4	SGD	481,111	
	10	SGD	607,870		10	SGD	607,870		10	SGD	607,870	
AGC Networks Australia Pty. Limited	4,224,993	AUD	1	14.50	4,224,993	AUD	1	14.50	4,224,993	AUD	1	14.50
Total				**48.72**				**48.72**				**48.72**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

6. Trade receivables

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores	1 April 2016 ₹ in Crores
Non–current			
Unsecured, considered good	0.32	0.64	1.29
Unsecured, considered doubtful	–	–	–
	0.32	**0.64**	**1.29**
Current			
Unsecured, considered good	84.56	71.67	101.40
Unsecured, considered doubtful	50.38	50.80	48.93
Unsecured, considered good – related parties [refer note 35 (III)]	19.08	4.64	2.77
	154.02	**127.11**	**153.10**
Less: Allowance for doubtful debts	50.38	50.80	48.93
	103.64	**76.31**	**104.17**

7 Loans

	Non–current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Unsecured, considered good						
Deposits	2.60	2.66	3.63	2.05	1.49	1.27
Deposits with related party [refer note 35 (III)]	–	7.68	6.07	–	–	–
Loan and advances to related parties [refer note 35 (III)]	–	–	–	–	–	3.36
	2.60	**10.34**	**9.70**	**2.05**	**1.49**	**4.63**

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

Name of subsidiary	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores	1 April 2016 ₹ in Crores
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 2018 ₹ in Crores	31 March 2017 ₹ in Crores	1 April 2016 ₹ in Crores
AGC Networks Pte Ltd			
Guarantee given / Security provided [refer note 35 (III)]	39.03	116.71	119.40

During the Current Year 31 March 2018, the Company has recognised the financial guarantee contract (Corporate guarantee) at its fair value as per Ind As 109. The non–current portion of financial liability is disclosed as a part of “Other financial liability” (refer note 14) and current portion of financial liability is disclose under “Other current financial liabilities” (refer note 19).

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 5

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

8 Other financial assets

	Non–current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Unsecured, considered good						
Margin money deposits with bank *	1.00	1.63	0.41	–	–	–
Receivable against sale of Property, plant and equipment (refer note 42)	–	–	–	28.76	47.32	47.32
Interest accrued on fixed deposits	–	–	–	0.33	1.88	2.68
Balances with statutory / government authorities	2.43	1.81	1.85	7.02	5.85	5.13
	3.43	**3.44**	**2.26**	**36.11**	**55.05**	**55.13**

*As lien against bank guarantees issued

9 Other assets

	Non–current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Advances to vendors	0.03	0.06	0.10	6.77	1.37	2.19
Prepaid expenses	0.31	2.73	3.77	1.92	1.02	0.70
Other receivable for related party [refer note 35 (III)]	0.89	–	–	8.03	10.28	1.66
Deferred cost for maintenance contracts	–	–	1.90	22.65	12.71	21.18
Other receivables	3.83	3.49	2.58	6.63	1.02	4.38
	5.06	**6.28**	**8.35**	**46.00**	**26.40**	**30.11**

10 Inventories

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Materials and components (includes in transit ₹ Nil) (31 March 2017: ₹ Nil; 1 April 2016 ₹ 0.05 Crores) (refer note 23)	0.14	0.15	0.19
Work–in–progress (refer note 24)	0.45	0.65	1.70
Stock in trade (includes in transit ₹ 0.23 Crores) (refer note 24)	19.02	7.36	6.70
(31 March 2017: ₹ Nil; 1 April 2016 ₹ 0.44 Crores) [refer note 29(a)]			
Stores and spares	2.84	3.67	5.17
	22.45	**11.83**	**13.76**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

11 Cash and cash equivalents and other bank balances

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Cash and cash equivalents			
Balances with banks:			
– In current accounts	0.48	0.57	4.53
– In deposit accounts	0.28	0.33	–
Cheques on hand	0.09	0.17	0.05
Cash on hand	0.01	0.01	0.02
	0.86	**1.08**	**4.60**
Other bank balances			
Margin money deposits with maturity of more than 3 months and less than 12 months*	0.65	2.21	7.26
Unclaimed dividend account**	0.19	0.24	0.29
	0.84	**2.45**	**7.55**

*As lien against bank guarantees issued

** Represents earmarked balance in respect of unpaid dividend

12 Equity share capital

	31 March 2018	31 March 2017	1 April 2016
Authorised shares	₹ in Crores	₹ in Crores	₹ in Crores
45,000,000 (31 March 2017: 45,000,000; 1 April 2016: 45,000,000) equity shares of ₹10 each	45.00	45.00	45.00
10,000,000 (31 March 2017: 10,000,000; 1 April 2016: 10,000,000) 1% Non–cumulative, non–convertible, redeemable preference shares of ₹ 100 each	100.00	100.00	100.00
Issued, subscribed and fully paid–up shares			
28,466,464 (31 March 2017 : 28,466,464; 1 April 2016 : 28,466,464) equity shares of ₹ 10 each	28.47	28.47	28.47
Total issued, subscribed and fully paid–up share capital	**28.47**	**28.47**	**28.47**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

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

Equity shares

	31 March 2018		31 March 2017		1 April 2016	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores	No. of shares	₹ in Crores
At the beginning of the period	28,466,464	28.47	28,466,464	28.47	28,466,464	28.47
Issued during the period	–	–	–	–	–	–
Outstanding at the end of the period	28,466,464	28.47	28,466,464	28.47	28,466,464	28.47

1% Non–cumulative Non–convertible redeemable preference shares

	31 March 2018		31 March 2017		1 April 2016	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores	No. of shares	₹ in Crores
At the beginning of the period	1,500,000	15.00	1,500,000	15.00	1,500,000	15.00
Issued during the period	–	–	–	–	–	–
Outstanding at the end of the period	**1,500,000**	**15.00**	**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 Crores 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 share having par value of ₹ 10 per share. Each holder of equity share 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.

The Company has one class of preference share 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 10th year from the date of allotment (12 August 2014) and before expiry of 12th 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 12th year from the date of allotment.

With effect from 30 March 2018, the Company received approval from the preference shareholder for extention of term by 5 years post original expiry of 7 years.

The Company has recognised these preference shares as a compound financial instrument and the Equity component of compound financial instrument is presented as a part of "Other Equity" (refer note 13) and the liability component of compound financial instrument is disclosed under "Other financial liability" (refer note 14).

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(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 2018	31 March 2017	1 April 2016
Essar Telecom Limited	₹ in Crores	₹ in Crores	₹ in Crores
21,320,348 (31 March 2017 : 21,349,848; 1 April 2016: 21,349,848) equity shares of ₹ 10 each fully paid	21.32	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 capitalisation 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	31 March 2018		31 March 2017		1 April 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 10 each fully paid						
– Essar Telecom Limited	21,320,348	74.90%	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%	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 2018

13 Other equity

		31 March 2018	31 March 2017	1 April 2016
		₹ in Crores	₹ in Crores	₹ in Crores
a)	**Capital reserve**			
	Any profit or loss on purchase, sale, issue or cancellation of the company own equity instrument is transferred to capital reserve	22.64	22.64	22.64
b)	**Securities premium**			
	Amount received (on issue of shares) in excess of the par value has been classified as securities premium	32.10	32.10	32.10
c)	**Stock option outstanding**			
	The share option outstanding account is used to record the value of equity–settled share based payment transactions with employees. The amount recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of forfeiture, corresponding balance is transferred to general reserve.	1.71	0.75	0.61
d)	**General reserve**			
	This represent appropriation of profit by the company	100.58	100.58	100.58
e)	**Equity component of compound financial instrument (Preference share capital)**			
	Fair valuation of preference share capital	14.15	9.41	9.41
f)	**Retained earnings**			
	Retained earnings comprise of prior years undistributed earning after taxes	(113.65)	(145.24)	(128.96)
g)	**Other item of other comprehensive income**			
	Amount represents re–measurement of defined benefit obligation	(0.50)	0.40	–
	Total other equity	**57.04**	**20.64**	**36.38**

14 Other financial liability

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Liability component of compound financial instruments (refer note 12)	4.60	8.11	7.04
Guarantee liability	0.90	–	–
	5.50	**8.11**	**7.04**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

15 Provisions

	Non–current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Provision for employee benefits						
Provision for gratuity (refer note 31)	6.00	4.65	4.49	0.35	0.18	0.22
Provision for compensated absences	0.69	0.81	1.85	0.08	0.08	0.16
	6.69	**5.46**	**6.34**	**0.43**	**0.26**	**0.38**
Other provisions						
Provision for warranties	–	–		0.36	0.29	0.43
	–	**–**	**–**	**0.36**	**0.29**	**0.43**
	6.69	**5.46**	**6.34**	**0.79**	**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 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 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
At the beginning of the year	0.29	0.43	0.38
Recognised during the year	0.36	0.29	0.43
Unused amounts reversed	(0.29)	(0.43)	(0.38)
At the end of the year	**0.36**	**0.29**	**0.43**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

16 Other non–current liabilities

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Unearned revenue	**5.09**	**6.83**	**6.18**

17 Borrowings – Current

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Working capital loan from Bank (Secured) (refer footnote 1)	19.77	32.75	37.74
Loans repayable on demand			
Cash credits from banks (Secured) (refer footnote 2)	90.82	98.63	88.96
Buyers credit from banks (Secured) (refer footnote 3)	6.68	2.95	9.50
	117.27	**134.33**	**136.20**

Footnotes:

1. Working capital loan from bank is secured against first pari–passu charge on Lease hold land and buildings situated at Gandhinagar, Gujarat, second pari–passu charge on entire current assets (present and future) including stocks of materials and components, work–in–progress, stock–in–trade, trade receivables, etc. During the year ended 31 March 2015, the Company transferred its Gandhinagar properties vide deed of assignment (refer note 42). 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 Crores each, 4 installments of ₹ 3.38 Crores each and 4 installments of ₹ 4.50 Crores each. The same has been classified under "Short term borrowings" in view of the intention of the Company to extinguish 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 2017 10.25% to 10.75% p.a.; 1 April 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 2017 11.75% to 12.25% p.a.; 1 April 2016 11.75% to 12.25% p.a.).

   During previous year ended 31 March 2018, the Company had additionally paid ₹ 1.95 Crores in addition to the above repayment schedule. This repayment is through redemption of DSRA FD of ₹ 1.88 Crores kept for this facility with Yes Bank.

   During the year ended 31 March 2016, the Company had additionally paid ₹ 3.20 Crores in addition to the above repayment schedule as the amount of (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 Property, plants and equipments of the Company.

   Cash credit carry an effective interest rate of 13.00% to 14.80% p.a. (31 March 2017 : 13.00% to 14.50% p.a. 1 April 2016 13.00% to 14.75% p.a.).

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 property, plant and equipment of the Company.

   Buyer's credit are availed against import dues and carry an effective interest @ LIBOR Plus 0.25% to LIBOR Plus 2.00% (31 March 2017 LIBOR Plus 0.29% to LIBOR Plus 0.50%, 1 April 2016: LIBOR Plus 0.35% to LIBOR Plus 0.50%)

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

18 Trade payables

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Due to micro and small enterprises (refer note 37)	6.64	2.78	2.40
Due to creditors other than micro and small enterprises	58.14	63.42	76.47
	64.78	**66.20**	**78.87**

19 Other current financial liabilities

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Employee related payables	5.05	3.96	6.13
Payables for expenses	9.99	10.58	19.68
Unclaimed dividend #	0.19	0.24	0.29
Statutory dues payable	2.30	1.82	4.26
Interest accrued but not due on borrowings	0.73	0.80	0.91
Capital creditors	–	–	0.65
Payable to related parties *	–	0.11	5.45
Guarantee liability	0.38	–	–
	18.64	**17.51**	**37.37**

There is no amount due and outstanding to be transferred to the Investor Education and Protection Fund (IEPF) as on 31 March 2018, 31 March 2017 and 1 April 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.

20 Other current liabilities

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Unearned revenue	27.33	28.30	19.48
Advances from customers	3.74	7.25	8.48
Other current liabilities	3.29	3.51	6.36
	34.36	**39.06**	**34.32**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

21 Revenue from operations

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Revenue from operations (gross)		
Sale of products		
Finished goods	0.33	5.81
Stock in trade	142.89	106.54
Sale of services [refer note (a) below]	149.82	126.60
	293.04	**238.95**
Other operating income		
Reversal of trade receivable provision	0.42	–
Liabilities / provisions for earlier years no longer required written back [refer note (b) below]	9.93	7.01
Revenue from operations	**303.39**	**245.96**

(a) Detail of services rendered

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Maintenance services	58.89	37.42
Implementation services	90.93	89.18
	149.82	**126.60**

(b) Detail of other operating income

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Reversal of liabilities / provisions for earlier years no longer required		
– pertaining to expenses	0.47	1.84
– pertaining to employee related payables	0.54	1.03
– pertaining to trade payables	5.68	1.05
– pertaining to goods receipts/invoice recepits balances	0.79	2.06
– pertaining to advance from customers	0.48	1.03
– pertaining to inventory	1.97	–
	9.93	**7.01**

22 Other income

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Interest income on		
Bank deposits	0.24	0.70
Income tax refund	3.32	1.66
Others	0.25	0.96
Corporate Guarantee commission	1.02	2.11
Gain on disposal of fixed assets	0.01	0.01
Exchange differences (net)	0.45	–
Miscellaneous Income	0.01	0.06
	5.30	**5.50**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

23 Cost of raw materials and components consumed

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Inventory at the beginning of the year	0.15	0.19
Add: Purchases	0.26	2.72
	0.41	2.91
Less: Inventory at the end of the year	0.14	0.15
Cost of raw material and components consumed	**0.27**	**2.76**

Details of raw material and components consumed

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Printed circuit boards	0.01	1.24
Static converters	0.14	0.07
Cabinet	0.11	1.10
Peripherals	0.01	0.07
Others	–	0.28
	0.27	**2.76**

24 Changes in inventories

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Inventories at the end of the year		
Stock–in–trade	19.02	7.36
Work–in–progress	0.45	0.65
	19.47	**8.01**
Inventories at the beginning of the year		
Stock–in–trade	7.36	6.70
Work–in–progress	0.65	1.70
	8.01	**8.40**
	(11.46)	**0.39**

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.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

25 Employee benefits expense

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Salaries, wages and bonus	42.09	40.98
Contribution to provident and other funds (refer note 31)	0.96	0.91
Staff welfare expenses	2.24	1.72
Expenses on Employee stock option scheme (refer note 32)	0.98	0.14
	46.27	**43.75**

26 Finance costs

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Interest on loans	18.47	19.22
Guarantee commission	0.24	0.38
Others	2.19	1.99
	20.90	**21.59**

27 Depreciation and amortisation expense

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Depreciation of property, plant and equipment (refer footnote under note 3 and note 41)	1.55	1.81
Amortisation of intangible assets (refer note 4)	0.58	0.58
	2.13	**2.39**

28 Other expenses

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Consumption of stores and spares	1.90	2.31
Power and water charges	0.40	1.47
Rent (refer note 33)	2.32	10.11
Rates and taxes	0.32	1.02
Insurance	0.15	0.17
Repairs and maintenance – Others	3.59	5.11
Travelling and conveyance	9.13	8.57
Communication expenses	1.00	1.19
Legal and professional fees	3.84	3.34
Advertisement and sales promotion	0.35	0.99
Outward freight, clearing and forwarding charges	0.55	1.15
Commission to others	0.33	–
Directors' sitting fees	0.22	0.38
Payments to auditor (refer details below)	0.64	0.68
Exchange differences (net)	–	0.08
Provision for doubtful debts	–	1.87
Miscellaneous expenses	3.28	3.99
	28.02	**42.43**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Payment to auditors (including GST)

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
As auditors		
Audit fee and limited review fees (including consolidation)	0.57	0.65
Other services (certification fees)	0.01	0.01
Reimbursement of expenses	0.06	0.02
	0.64	**0.68**

29 Exceptional items

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Reversal of provision against Obsolete/non–moving Inventory [refer note (a)]	12.08	–
Reversal of rent [refer note (b)]	5.21	9.50
Interest receivable against sale of fixed assets [refer note (c)]	3.23	–
	20.52	**9.50**

Notes

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

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

(c) Represents interest income recognised on sale consideration receivable from the buyer towards assignment of properties situated at Gandhinagar (refer note 42).

30 Earnings/(loss) per share (EPS)

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

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
The components of basic and diluted earnings per share for total operations are as follows		
(a) Net Income/(loss) attributable to equity shareholders	30.84	(15.88)
(b) Weighted average number of outstanding equity shares		
Considered for Basic EPS	28,466,464	28,466,464
Add : Effect of dilutive potential equity shares arising from ESOP	236,256	–
Considered for diluted EPS	28,702,720	28,466,464
(c) Earnings/(loss) per share		
Basic	10.83	(5.58)
Diluted	10.74	(5.58)

During the year ended 31 March 2018, 471,120 potential equity shares granted, as share option under the ESOP Scheme 2015 (refer note 32), are considered for calculation of diluted EPS.

The effect of 556,520 potential equity shares, granted during the year ended 31 March 2017 are anti–dilutive and thus these share are not considered in determining diluted loss per share.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

31 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 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Contribution to provident fund	**0.94**	**0.91**

Above amount has been included in the line item `Contribution to provident and other funds' in note 25.

(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 summarises the components of benefit expense recognised in the statement of profit and loss and the amounts recognised in the balance sheet for the gratuity plan.

Amount recognised in Statement of Profit and loss in respect of gratuity cost (defined benefit plans) is as follows

	Gratuity	
	31 March 2018 ₹ in Crores	**31 March 2017 ₹ in Crores**
Current service cost	0.51	0.56
Net interest on net defined benefit liability / (asset)	0.30	0.33
Past service cost – plan amendments	1.06	–
Service cost	**1.87**	**0.89**
Actuarial (Gain)/Loss Charged to Other Comprehensive Income (OCI)		
Actuarial loss due to DBO experience	1.10	0.05
Actuarial (gain)/loss due to DBO assumption changes	(0.20)	0.35
Net employee benefit expense recognised in the employee cost	**2.77**	**1.29**
Assumptions		
Interest rate	7.60%	7.20%
Salary Increase	7.00%	7.00%

Balance sheet

The following table sets out the status of gratuity plan:

Benefit liability	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores	1 April 2016 ₹ in Crores
Present value of defined benefit obligation	6.35	4.83	4.71
Net liability recognised in Balance sheet	**6.35**	**4.83**	**4.71**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Changes in the present value of the defined benefit obligation are as follows:	**31 March 2018**	**31 March 2017**	**1 April 2016**
	₹ in Crores	**₹ in Crores**	**₹ in Crores**
Opening defined benefit obligation	4.83	4.71	4.41
Current service cost	1.57	0.56	0.58
Interest cost	0.30	0.33	0.32
Benefits paid	(1.25)	(1.17)	(0.33)
Amount recognised in OCI	0.90	0.40	(0.27)
Closing defined benefit obligation	**6.35**	**4.83**	**4.71**

Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of the sensitivity analysis is given below:

Present value of obligation at the end of the year

₹ in Crores

Particulars	**31 March 2018**		**31 March 2017**	
	Decrease	**Increase**	**Decrease**	**Increase**
Discount Rate (–/+ 1%)	0.63	(0.55)	0.49	(0.43)
Salary Growth Rate (–/+ 1%)	(0.47)	0.50	(0.26)	0.27

The sensitivity analysis presented above may not be a representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another, as some of the assumptions may be correlated.

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

	31 March 2018	**31 March 2017**	**1 April 2016**
Discount rate	7.60%	7.20%	8.00%
Salary escalation rate	7.00%	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2006–08) (modified) Ultimate	Indian Assured Lives Mortality (2006–08) (modified) Ultimate	Indian Assured Lives Mortality (2006–08) (modified) Ultimate
Withdrawal rate	Upto age 26 years 5%	Upto age 26 years 5%	Upto age 26 years 5%
	Upto age 27–34 years 12%	Upto age 27–34 years 12%	Upto age 27–34 years 12%
	Upto age 35–44 years 5%	Upto age 35–44 years 5%	Upto age 35–44 years 5%
	Above age 44 years 1%	Above age 44 years 1%	Above age 44 years 1%

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

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

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

Particulars	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Gratuity					
Defined benefit obligation	6.35	4.81	4.71	4.41	4.47
Plan assets	–	–	–	0.29	0.95
Deficit/(surplus)	6.35	4.81	4.71	4.12	3.52
Experience adjustments on plan liabilities	–	(0.05)	0.22	0.41	0.42
Experience adjustments on plan assets	–	–	–	(0.05)	0.02
Actuarial gain / (loss) due to change in assumptions	0.90	0.40	0.05	(0.51)	0.24

The Company expects to contribute ₹ Nil to gratuity in the next year (31 March 2017 : ₹ Nil).

Maturity profile of Defined Benefit Obligation

Particulars	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
1 year	0.38	0.20
2 year	0.25	0.35
3 year	0.26	0.23
4 year	0.29	0.25
5 year	0.75	0.32
6 year and above	5.99	3.87

(c) Compensated absences: With effect from 1 January 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. Further, PL cannot 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 previous year excess provision of ₹ 0.92 Crores has been written back based on actuarial valuation report and net reversal in excess of charge for the previous year has been grouped under 'other operating income' in the statement of profit and loss.

32 Employees Stock Option:–

The Company provides share based payment schemes to its employees. Since 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 key employees and directors of the Company setting aside 1,423,323 options under this scheme. Subsequently on 19 May 2016 the company granted 320,248. The contractual life (comprising vesting period and exercise period) of options granted is 6.12 years. 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 other relevant terms of the grants are as below:

Grant Date	19 May 2016	14 May 2015
Number of option granted	320,248	1,004,866
Vesting period	3 years	3 years
Exercise period	2 years from vesting period	2 years from vesting period
Exercise price (₹)	55.00	80.00
Fair Value at grant date (₹)	32.85	42.84

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of equity share by paying exercise price of ₹ 55 for ESOP granted on 19 May 2016 and ₹ 80 for ESOP granted on 14 May 2015 each.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

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

Particulars	31 March 2018		31 March 2017	
	No. of options	* WAEP (₹)	No. of options	* WAEP (₹)
Outstanding at the beginning of the year	556,520	65.61	492,469	80.00
Granted during the year	–		320,248	70.15
Cancelled during the year	85,400	65.61	256,197	70.15
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	471,120	63.00	556,520	65.61
Exercisable at the end of the year	–	–	–	–

*WAEP denotes weighted average exercise price of the option

The share option outstanding at the end of the year had a weighted average exercise price of ₹ 63.00 (as at 31 March 2017: ₹ 65.61), and a weighted average remaining contractual life of 4.12 to 5.12 years (as at 31 March 2017 : 5.12 to 6.12 years)

The weighted average fair value of the share options granted is ₹ 32.85 and ₹ 42.84 of options granted on 14 May 2015 and 19 May 2016 respectively. Option were priced using Black Scholes valuation model:

Inputs into the model:

Particulars	19 May 2016	14 May 2015
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

Volatility : Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the period. The measure of volatility is used in Black Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. Company considered the daily historical volatility of Company's stock price on NSE over a period prior to the date of grant, corresponding with the expected life of the options.

Risk free rate : The risk free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on zero coupon yield curve for government securities.

Expected life of the options : Expected life of the options is the period for which the Company expects the options to be live. The minimum life of stock options is the minimum period before which the options can not be exercised and the maximum life of the option is the maximum period after which the options can't be exercised. The Company have calculated expected life as the average of the minimum and the maximum life of the options.

Dividend yield: Expected dividend yield has been calculated by dividing the last declared dividend per share by the market price per share as on the date of grant.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

33 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 5 years. The Group does not have sub–leasing agreements or any contingent arrangements. Lease payments are recognised in the statement of profit and loss under 'Rent' in note 28.

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

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Within one year	1.04	8.34
After one year but not more than five years	0.06	17.09

34 Segment information

The Company has presented data related to its segments in its consolidated financial statements which are included in the same annual report as AGC Network Limited in terms of provisions of Indian Accounting Standards, no disclosures regarding segments are therefore presented in these standalone financial statement.

35 Related Party Disclosure:

(I) List of related parties and relationship.

(i) Ultimate Holding Company:
Essar Global Fund Limited

(ii) Holding Company:
Essar Telecom Limited

(iii) Subsidiary (including step down subsidiaries):
AGC Networks and Cyber Solutions Limited
AGC Networks Australia Pty. Limited
AGC Networks Inc.
AGC Networks Philippines, Inc.
AGC Networks Pte. Limited
AGCN Solutions Pte. Limited
AGC Networks LLC., Dubai
AGC Networks LLC., Abu Dhabi (w.e.f. 06 June 2017)

Related party with whom transactions have taken place

(iv) Fellow Subsidiary:
Aegis Limited (upto 22 November 2017)
Aegis Services Lanka Private Limited
Equinox Business Parks Private 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
Essar Power Hazira Limited
Essar Steel Algoma Inc.
The MobileWallet Private Limited
The Mobile Store Limited
Vadinar Oil Terminal Limited
Vadinar Ports & Terminals Limited
Ibrox Aviation And Trading Private Limited

(v) Key Managerial Personnel:
Mr. Sanjeev Verma, Whole–time Director (w.e.f. 15 February 2016)*
Mr. Sujay R Sheth, Non Executive Director
Mr. Dilip Thakkar, Non Executive Director (w.e.f. 8 February 2018)
Ms. Suparna Singh, Non Executive Director
Mr. Jangoo M. Dalal, Non Executive Director (Up to 21 November 2017)
Mr. Manhar T. Mandaliya, Non Executive Director (Up to 13 July 2017)
Mr. Shuvabrata Mandal, Non Executive Director (Up to 8 August 2017)
Mr. Deepak Kumar Bansal, Chief financial officer (w.e.f. 8 February 2018)
Mr. Angshu Sengupta, Chief financial officer (Up to 8 February 2018)
Mr. Pratik Bhanushali, Company Secretary (Up to 12 January 2018)
Mr. Aditya Goswami, Company Secretary (w.e.f. 8 February 2018)

* The shareholders of the Company have approved the appointment of Mr. Sanjeev Verma as a whole–time director. 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 2018

(II) Transactions during the year with related parties :

Nature of transaction	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Sale of products*				
AGC Networks Pte. Limited	3.64	–	–	–
AGC Networks Inc.	–	0.37	–	–
AGC Networks LLC. – Dubai	0.64	–	–	–
Aegis Limited	–	–	12.43	1.25
Essar Oil UK Limited	–	–	5.57	–
Essar Power Gujarat Limited	–	–	–	0.02
Essar Power Hazira Limited	–	–	1.77	–
Essar Projects India Limited	–	–	0.68	–
Essar Steel India Limited	–	–	1.18	–
Ibrox Aviation And Trading Private Limited	–	–	6.15	–
	4.28	**0.37**	**27.78**	**1.27**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Sale of services*				
AGC Networks Australia Pty. Limited	0.66	0.35	–	–
AGC Networks Pte. Limited	–	0.42	–	–
AGC Networks LLC., Dubai	0.17	–	–	–
AGC Networks Philippines, Inc.	0.03	0.17	–	–
AGC Networks Inc.	4.07	0.93	–	–
Aegis Limited	–	–	2.06	4.27
Essar Oil Limited	–	–	–	0.06
Essar Bulk Terminal (Salaya) Limited	–	–	0.12	0.27
Essar Bulk Terminal Limited	–	–	0.35	0.83
Essar Oil UK Limited	–	–	2.96	1.10
Essar Shipping Limited	–	–	–	–
The Mobile Store Limited	–	–	–	–
The Mobilewallet Private Limited	–	–	0.11	–
Vadinar Oil Terminal Limited	–	–	0.06	0.27
Aegis Services Lanka Private Limited	–	–	–	0.06
Essar Power Gujarat Limited	–	–	–	0.00
ESSAR Steel Algoma Inc.	–	–	2.63	–
Ibrox Aviation And Trading Private Limited	–	–	1.03	–
	4.93	**1.87**	**9.32**	**6.86**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Nature of transaction	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Purchase of traded goods				
AGC Networks Inc.	0.04	–	–	–
	0.04	**–**	**–**	**–**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Services received				
AGC Networks Philippines, Inc.	0.11	–	–	–
AGC Networks Inc.	0.11	0.04	–	–
Equinox Business Parks Private Limited	–	–	–	8.19
The Mobilewallet Private Limited	–	–	0.08	0.28
Essar Oil Limited	–	–	0.16	–
	0.22	**0.04**	**0.24**	**8.47**

*Sale of products and services amounts represent invoices raised during the year which includes invoices where revenue recognition has been deferred.

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Expenses reimbursement received				
AGC Networks Australia Pty. Limited	1.48	1.52	–	–
AGC Networks Pte. Limited	9.94	11.80	–	–
AGC Networks Philippines, Inc.	0.17	0.21	–	–
AGC Networks Inc.	0.37	0.45	–	–
AGC Networks LLC. – Dubai	0.17	–	–	–
AGC Networks and Cyber Solutions Limited	0.06	–	–	–
Essar Telecom Kenya Limited	–	–	–	–
The Mobilewallet Private Limited	–	–	4.51	–
The Mobile Store Limited	–	–	0.02	–
	12.19	**13.98**	**4.53**	**–**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Nature of transaction	Subsidiary		Fellow Subsidiary:	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Expenses reimbursement paid / adjusted				
AGC Networks Inc.	0.65	1.70	–	–
Essar Projects (India) Limited	–	–	–	0.32
The Mobilewallet Private Limited	–	–	4.62	–
Essar Steel India Limited	–	–	–	0.08
	0.65	**1.70**	**4.62**	**0.40**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Reversal of Rent [Refer note 29 (b)]				
Equinox Business Parks Private Limited	–	–	5.21	9.50
	–	**–**	**5.21**	**9.50**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Commission received / (paid) on guarantee				
AGC Networks Pte. Limited	1.02	2.11	–	–
	1.02	**2.11**	**–**	**–**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Guarantee discharged				
AGC Networks Pte Limited	116.71	–	–	–
Aegis Limited	–	–	–	100.50
	116.71	**–**	**–**	**100.50**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Nature of transaction	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Security Deposits Given / (recovered)				
Equinox Business Parks Private Limited	–	–	(3.45)	1.51
	–	**–**	**(3.45)**	**1.51**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
On behalf collections (including trade advances taken during the year)				
AGC Networks Australia Pty. Limited	2.13	1.80	–	–
AGC Networks Pte. Limited	16.63	11.58	–	–
AGC Networks Inc.	2.05	0.36	–	–
AGC Networks Philippines, Inc.	0.17	–	–	–
AGC Networks and Cyber Solutions Limited	0.36	–	–	–
Aegis Limited	–	–	6.25	3.85
Aegis Services Lanka Private Limited	–	–	0.06	–
Equinox Business Parks Private Limited	–	–	–	–
Essar Oil UK Limited	–	–	7.83	1.10
Essar Oil Limited	–	–	–	–
Essar Bulk Terminal (Salaya) Limited	–	–	–	0.02
The Mobile Store Limited	–	–	3.90	2.00
Vadinar Oil Terminal Limited	–	–	0.15	0.02
Vadinar Ports & Terminals Limited	–	–	–	–
Essar Power Gujarat Limited	–	–	–	0.02
Essar Bulk Terminal Limited	–	–	–	0.06
Ibrox Aviation And Trading Private Limited	–	–	5.50	–
Equinox Business Parks Private Limited	–	–	0.55	–
ESSAR Steel Algoma Inc.	–	–	1.73	–
Essar Steel India Limited	–	–	1.00	–
Essar Power Hazira Limited	–	–	1.77	–
	21.34	**13.74**	**28.74**	**7.07**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Nature of transaction	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
On behalf payments (including trade advances given during the year)				
AGC Networks Pte. Limited	0.10	4.19	–	–
AGC Networks Inc.	3.29	–	–	–
AGC Networks LLC. – Dubai	0.01	–	–	–
AGC Networks and Cyber Solutions Limited	0.42	–	–	–
Equinox Business Parks Private Limited	–	–	0.00	0.44
The Mobile Store Limited	–	–	3.90	–
The Mobilewallet Private Limited	–	–	0.08	0.00
	3.82	**4.19**	**3.98**	**0.44**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Adjustment on assignment of debit balances				
Equinox Business Parks Private Limited	–	–	6.55	–
Essar Bulk Terminal (Salaya) Limited	–	–	–	0.13
Essar Projects (India) Limited	–	–	–	1.82
Essar Steel India Limited	–	–	–	0.16
Essar Shipping Limited	–	–	–	0.11
Essar Bulk Terminal Limited	–	–	–	0.77
Essar Projects India Limited	–	–	0.68	–
Vadinar Oil Terminal Limited	–	–	0.05	–
	–	**–**	**7.28**	**2.99**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Adjustment on assignment of credit balances				
Essar Oil Limited	–	–	0.91	–
	–	**–**	**0.91**	**–**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Nature of transaction	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Write back				
Aegis Limited	–	–	0.05	–
Equinox Business Parks Private Limited	–	–	0.21	–
	–	**–**	**0.26**	**–**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Corporate Gurantee commission receivable				
AGC Networks Pte Limited	1.28	–	–	–
	1.28	**–**	**–**	**–**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Corporate Gurantee liability				
AGC Networks Pte Limited	1.28	–	–	–
	1.28	**–**	**–**	**–**

	Subsidiary		Fellow Subsidiary	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
AP/AR balances knock off				
Aegis Limited	–	–	1.23	–
	–	**–**	**1.23**	**–**

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

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(III) Amount Due to / from related parties (as at year–end)

Nature of transaction	Subsidiary			Fellow Subsidiary		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Amount payable by Company**						
AGC Networks Pte. Limited	2.33	1.05	–	–	–	–
AGC Networks Inc.	–	2.72	–	–	–	–
Aegis Limited #	–	–	–	1.49	2.96	2.96
Equinox Business Parks Private Limited	–	–	–	–	5.01	6.76
Essar Oil Limited	–	–	–	–	0.74	0.80
Essar Bulk Terminal (Salaya) Limited	–	–	–	–	–	0.12
Vadinar Oil Terminal Limited	–	–	–	–	–	0.06
The Mobilewallet Private Limited	–	–	–	0.38	0.28	–
Vadinar Ports & Terminals Limited @	–	–	–	–	–	0.06
	2.33	**3.77**	**–**	**1.87**	**8.99**	**10.76**
Trade receivables						
AGC Networks Australia Pty. Limited	0.08	0.01	–	–	–	–
AGC Networks Pte. Limited	0.61	0.64	0.24	–	–	–
AGC Networks Philippines, Inc.	0.03	0.17	–	–	–	–
AGC Networks Inc.	5.03	1.82	1.26	–	–	–
AGC Networks LLC. – Dubai	0.81	–	–	–	–	–
Aegis Limited #	–	–	–	8.49	1.67	–
Equinox Business Parks Private Limited	–	–	–	–	0.14	0.14
Essar Projects (India) Limited	–	–	–	–	–	0.78
Essar Steel India Limited	–	–	–	0.17	–	0.24
Essar Telecom Kenya Limited	–	–	–	–	0.00	0.00
Essar Shipping Limited	–	–	–	–	–	0.11
Essar Bulk Terminal (Salaya) Limited	–	–	–	0.12	–	–
Essar Bulk Terminal Limited	–	–	–	0.35	–	–
ESSAR Steel Algoma Inc.	–	–	–	0.90	–	–
Essar Oil UK Limited	–	–	–	0.70	–	–
Ibrox Aviation And Trading Private Limited	–	–	–	1.68	–	–
The MobileWallet Private Limited	–	–	–	0.11	–	–

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Nature of transaction	Subsidiary			Fellow Subsidiary		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Vadinar Oil Terminal Limited	–	–	–	–	0.13	–
Aegis Services Lanka Private Limited	–	–	–	–	0.06	–
	6.56	**2.64**	**1.50**	**12.52**	**2.00**	**1.27**
Advances and other recoverables						
AGC Networks Australia Pty. Limited	0.02	0.08	0.02	–	–	–
AGC Networks Pte. Limited	6.99	7.63	1.09	–	–	–
AGC Networks Philippines, Inc.	0.32	0.25	0.03	–	–	–
AGC Networks Inc.	1.29	2.32	0.52	–	–	–
AGC Networks LLC. – Dubai	0.18	–	–	–	–	–
AGC Networks and Cyber Solution Limited	0.12	–	–	–	–	–
Equinox Business Parks Private Limited	–	–	–	–	7.68	6.07
Essar Projects (India) Limited	–	–	–	–	–	1.36
The Mobile Store Limited	–	–	–	0.02	–	2.00
	8.92	**10.28**	**1.66**	**0.02**	**7.68**	**9.43**
Guarantees taken outstanding as at year end						
Aegis Limited	–	–	–	–	–	100.50
	–	**–**	**–**	**–**	**–**	**100.50**
Guarantees given outstanding as at year end						
AGC Networks Pte. Limited	–	116.71	119.40	–	–	–
	–	**116.71**	**119.40**	**–**	**–**	**–**

Foreign currency balance are restated at year end rates

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

Aegis Limited – Balances as on 30 November 2017 has been shown since on that day party ceases to be a related party.

@ 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 Crores transferred to the amount owed to related parties of Vadinar Oil Terminal Limited.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(d) Key Management Personnel (KMP) compensation:

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, Nil (31 March 2017: 320,248) equity shares options are granted to key managerial personnel and NIL (31 March 2017: 113,865) equity shares options lapsed.

Particulars	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Remuneration to Mr. Sanjeev Verma		
Salary, bonus and contribution to PF	–	–
Excess remuneration recoverable as at year end	–	–
320,248 (31 March 2016: 106,749) options granted during the year	–	–
Payable as at year end	–	0.19
Remuneration to Others		
Salary, bonus and contribution to PF	1.34	1.28
Sitting fees	0.22	0.38
113,865 options granted and cancelled during the year	–	–
Payable as at year end	–	0.12

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.

36 Contingent liabilities and commitments

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores	31 March 2016 ₹ in Crores
(A) Contingent liabilities			
In respect of disputed demands in respect of matters under appeal with			
(a) Income tax authorities	50.58	39.21	33.59
(b) Excise, service tax and customs authorities	24.90	24.31	24.31
(c) Sales tax authorities	4.78	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.

(B) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 0.42 Crores (31 March 2017 ₹ Nil, 1 April 2016: ₹ 0.03 Crores)

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

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

Trade Payables include –

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Total outstanding dues of micro and small enterprises	6.64	2.78	2.40

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

		31 March 2018	31 March 2017	1 April 2016
		₹ in Crores	₹ in Crores	₹ in Crores
1) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	a. Principal	6.39	2.72	2.28
	b. Interest	0.25	0.06	0.12
	Total	**6.64**	**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	10.97	3.59	1.35
	b. Interest	–	–	–
	Total	**10.97**	**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	0.25	0.06	0.12
	b. Total Interest unpaid	**0.25**	**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 ₹ 0.25 Crores (31 March 2017 ₹ 0.06 Crores, 1 April 2016 ₹ 0.12 Crores) being interest on amounts outstanding as at the beginning of the accounting year.			

The management has identified enterprises which qualify under the definition of micro and small enterprises, as defined under Micro,Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at year end has been made in the financial statements based on the information received and available with the Company and has been relied upon by the statutory auditors.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

38.1 Financial Instruments

a) Categories of financial instruments

Fair value of Cash and cash equivalent, other bank balances, loans, trade receivables, trade payable, other financial assets and liabilities, and current borrowings approximate their carrying amounts largely due to the short term maturities of these instruments.

	Carrying value and Fair value		
	As At	As At	As At
	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Financial assets (other than Investment in subsidiaries)			
Measured at amortised cost			
Non current			
(a) Trade receivables	0.32	0.64	1.29
(b) Loans	2.60	10.34	9.70
(c) Other financial assets	3.43	3.44	2.26
Current			
(a) Trade receivables	103.64	76.31	104.17
(b) Cash and cash equivalents	0.86	1.08	4.60
(c) Other bank balances	0.84	2.45	7.55
(d) Loans	2.05	1.49	4.63
(e) Other financial assets	36.11	55.05	55.13
Financial liabilities			
Measured at amortised cost			
(a) Other financial liabilities	5.50	8.11	7.04
Current			
(a) Trade payables	64.78	66.20	78.87
(b) Borrowings	117.27	134.33	136.20
(c) Other financial liabilities	18.64	17.51	37.37

b) Fair Value Hierarchy and Method of Valuation

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and cash equivalents, trade receivables, trade payables, other financial assets/liabilities, short term loans from banks approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter–party. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts. The fair values for loans, security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.
3. The fair values of non–current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

38.2 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt interest obligations.

Exposure to interest rate risk

Particulars	**As at 31 March 2018 ₹ in Crores**	**As at 31 March 2017 ₹ in Crores**	**As at 1 April 2016 ₹ in Crores**
Term loans	19.77	32.75	37.74
Demand loans	97.50	101.58	98.46

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	**Gain / (loss) on profit before tax**		
	31 March 2018 ₹ in Crores	**31 March 2017 ₹ in Crores**	**1 April 2016 ₹ in Crores**
Interest rate increase by 50 basis points	(0.59)	(0.67)	(0.68)
Interest rates decrease by 50 basis points	0.59	0.67	0.68

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk arises credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counter party credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Most of the Company doubtful debt pertains to the Public Sector which is undergoing through restructuring and therefore, the Company evaluates every receivable in the geography and creates adequate provision after analysing specific risk. Trade receivables are non–interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Particulars	As at 31 March 2018 ₹ in Crores	As at 31 March 2017 ₹ in Crores	As at 1 April 2016 ₹ in Crores
Neither past due nor impaired	66.05	30.32	52.10
Past due but not impaired	37.91	46.63	53.36
Past due and impaired	50.38	50.80	48.93
Total	**154.34**	**127.75**	**154.39**
Allowances for doubtful trade receivables	50.38	50.80	48.93
Trade receivables, net off allowance for doubtful receivables	**103.96**	**76.95**	**105.46**

There is no other class of financial assets that is past due but not impaired, except for trade receivables.

Customer credit risk is managed by each geogrophical segments subject to the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non–interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from top customer	6%	6%
Revenue from top five customers	20%	18%

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for financial liabilities as well as forecast cash inflow and outflows due in day to day business. In addition, processes and policies related to such risks are overseen by senior management.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017 and 1 April 2016

Maturity profile of financial liabilities: ₹ in Crores

As at 31 March 2018	On Demand	Less than one year	1 to 5 years	More than 5 years	Total
Short term loans	97.50	19.77	–	–	117.27
Trade and other payables	–	64.78	–	–	64.78
Other financial liabilities	18.64	–	5.50	–	24.14
	116.14	**84.55**	**5.50**	**–**	**206.19**

As at 31 March 2017	On Demand	Less than one year	1 to 5 years	More than 5 years	Total
Short term loans	101.58	32.75	–	–	134.33
Trade and other payables	–	66.20	–	–	66.20
Other financial liabilities	17.51	–	8.11	–	25.62
	119.09	**98.95**	**8.11**	**–**	**226.15**

As at 1 April 2016	On Demand	Less than one year	1 to 5 years	More than 5 years	Total
Short term loans	98.46	37.74	–	–	136.20
Trade and other payables	–	78.87	–	–	78.87
Other financial liabilities	37.37	–	7.04	–	44.41
	135.83	**116.61**	**7.04**	**–**	**259.48**

38.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company procures goods and services in their respective local currency and in case of imports, it primarily deals in US Dollars. The Company has mainly foreign currency trade payables and other receivable which are unhedged and exposed to foreign currency risk.

The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies. There are earnings from customers in foreign currency which act as an natural hedge against foreign currency risk

The Company's exposure to foreign currency risk at the end of the reporting period are as under: ₹ in Crores

Particulars	31 March 2018				31 March 2017				1 April 2016			
	USD	CAD	GBP	Other	USD	CAD	GBP	Other	USD	CAD	GBP	Other
Financial assets												
Trade receivables	4.66	0.91	0.73	–	4.86	–	–	–	5.82	–	–	–
Bank balances	0.12	–	–	0.00	0.28	–	–	0.00	3.11	–	–	1.12
Other receivable from related party	6.35	–	–	–	10.66	–	–	–	6.04	–	–	–
Loans and advances	0.32	–	–	–	1.22	–	–	–	0.55	–	–	0.02
Net exposure to foreign currency risk	**11.45**	**0.91**	**0.73**	**0.00**	**17.02**	**–**	**–**	**0.00**	**15.52**	**–**	**–**	**1.14**
Financial liabilities												
Borrowings	6.76	–	–	–	2.95	–	–	–	9.50	–	–	–
Trade payables	15.16	–	–	0.06	15.85	–	–	0.09	24.93	–	–	0.06
Interest payable	0.03	–	–	–	–	–	–	–	–	–	–	–
Others	0.22	–	–	–	0.34	–	–	–	4.37	–	–	–
Guarantees given	39.03	–	–	–	116.71	–	–	–	119.40	–	–	–
Net exposure to foreign currency risk	**61.20**	**–**	**–**	**0.06**	**135.85**	**–**	**–**	**0.09**	**158.20**	**–**	**–**	**0.06**

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Sensitivity to foreign currency risk

The following table demonstrates the sensitivity in the USD, CAD, GBP and other currencies with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

Particulars	Impact on statement of profit and loss for the year ending		
	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
USD sensitivity			
INR / USD			
Increase by 5%	(2.49)	(5.94)	(7.13)
Decrease by 5%	2.49	5.94	7.13
CAD sensitivity			
INR / CAD			
Increase by 5%	0.04	(0.00)	(0.00)
Decrease by 5%	(0.04)	0.00	0.00
GBP sensitivity			
INR / GBP			
Increase by 5%	0.04	(0.00)	(0.00)
Decrease by 5%	(0.04)	0.00	0.00
Other sensitivity			
INR / Other			
Increase by 5%	(0.00)	(0.00)	0.05
Decrease by 5%	0.00	0.00	(0.05)

39 Capital Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Gearing Ratio:

	31 March 2018	31 March 2017	1 April 2016
Particulars	**₹ In Crores**	**₹ In Crores**	**₹ In Crores**
Borrowings	117.27	134.33	136.20
Other financial liabilities	6.23	8.91	7.95
Total Debt	**123.50**	**143.24**	**144.15**
Less: Cash and cash equivalents	1.70	3.53	12.15
Net Debt #	**121.80**	**139.71**	**132.00**
Total equity	85.51	49.11	64.85
Total Capital	**85.51**	**49.11**	**64.85**
Gearing Ratio	**142%**	**284%**	**204%**

#Debt for the above purpose includes non–current borrowings, current borrowings, current maturities of non current borrowings and interest accrued but not due on borrowings (net of cash and cash equivalents).

During the current year, there is an improvement in Gearing ratio from 284% to 142% mainly attributable to reduction in borrowings and improvement in profitability.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

40 First time adoption of IND–AS

First Ind AS Financial statements

The Company's standalone financial statements for the year ended 31 March 2018 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

The adoption of Ind AS was carried out in accordance with Ind AS 101, using 1 April 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the Ind AS Financial Statements for the year ended 31 March 2018, be applied consistently and retrospectively for all fiscal years presented.

All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the standalone financial statements under both Ind AS and Indian GAAP as of the Transition Date have been recognized directly in equity at the Transition Date.

In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

a) Applicable mandatory exceptions:

Estimates

Upon an assessment of the estimates made under previous GAAP, the management is of the opinion that there was no need to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by previous GAAP.

Classification and measurement of financial assets/liabilities

As required under Ind AS 101 the Company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

b) Optional exemption availed

Deemed cost

The Company has elected to continue with the carrying value of all its property, plant and equipment including asset held for sale as recognised in standalone financial statements as at April I, 2016 (transition date) to Ind AS measured as per the Previous GAAP and use that as its deemed cost as at the transition date.On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April I, 2016, measured as per the Previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Investment in subsidiaries

In accordance with Ind AS 101, the Company has elected to measure all of its investments in subsidiaries at deemed cost i.e. previous GAAP carrying amount on transistion date.

c) Reconciliations:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

Equity as at 1 April 2016;

Equity as at 31 March 2017;

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

Total comprehensive income for the year ended 31 March 2017;

(i) Equity reconciliation

Particulars	Notes	Year ended 31 March 2017 ₹ in Crores	Year ended 1 April 2016 ₹ in Crores
Equity under previous GAAP		57.62	72.01
Apportionment of compound financial instrument (Preference Share Capital)	1	(5.59)	(5.59)
Amortisation of Preference share liability	1	(1.45)	(1.45)
Fair valuation of security deposits	2	(0.82)	–
Others	1, 3 and 4	(0.65)	(0.12)
Equity as per Ind AS		**49.11**	**64.85**

(ii) Total comprehensive income reconciliation

Particulars	Notes	₹ in Crores Year ended 31 March 2017
Net loss for the period as per previous Indian GAAP		(14.52)
Finance cost recognised on fair valuation of financial liabilities	1 and 3	(1.25)
Impact on fair valuation of Employee Stock Option Plan	4	(0.01)
Employee defined benefit plans accounted under OCI	5	(0.40)
Interest income recognised on fair valuation of financial assets	2	0.72
Fair valuation of security deposits	2	(0.82)
Net loss for the period as per Ind AS		**(16.28)**

Notes

1 Under Ind AS, Preference share being financial liability are classified as equity or liability or combination of both as compared to previous GAAP. This adjustment includes the reversal of preference share capital and recognising equity and liability components. Further, the liability has been carried at amortised cost.

2 Under Ind AS, deposits are valued at amortised cost as compared to being carried at transaction value in the previous GAAP. The adjustment includes the difference between the book value and amortised value of security deposits which has been recognised as rent expense. Further, interest income computed on the amortised value of the security deposit is recognised over the tenure of the security deposit using the EIR method.

3 Under Ind AS, loans are valued at amortised cost as compared to being carried at cost in the previous GAAP. This adjustment includes the difference between the book value and the amortised value of an loan which recognised as interest expense. The interest on the amortised value of these loans is recognised over the tenure of the loans using the EIR method.

4 Under Ind AS, Share based compensation expenses are computed based on the fair valuation of ESOP scheme, whereas in the previous GAAP the ESOP scheme were valued at instrinsic value.

5 Under the previous GAAP, actuarial gains and losses were recognised in the statement profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

41 During the quarter ended 30 June 2016, based on an internal technical evaluation, the management reassessed the remaining useful lives of certain Property, plant and equipment with effect from 1 April 2016. Accordingly the useful lives of such plant and equipment have been revised from 3 to 5 years to 15 years.

Had the Company continued with the previously assessed useful lives, depreciation expense for the year 31 March 2018 would have been higher by ₹ 2.12 Crores (31 March 2017 : ₹ 2.12 Crores). Further the revision of the useful lives will result in the following changes in depreciation expense as compared to depreciation expense based on earlier useful lives.

₹ in Crores

Financial Years	**(Decrease) / Increase in depreciation expense**
2018–19	(1.61)
Post 2019	5.86

42 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 recognised profit on sale of property, plant and equipment of ₹ 46.04 Crores (net of incidental expenses ₹ 3.39 Crores) during the year ended 31 March 2015. During the 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 realised 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 during the year ended 31 March 2018 has realised further consideration of ₹ 23.77 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer.

43 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.

44 Corporate social responsibility

As per section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) Committee has been formed by the Company. The Company has average net loss for the last 3 financials years so the amount of CSR expenditure required as per the Companies Act is ₹ Nil (31 March 2017: ₹ Nil) and the Company has not undertaken any CSR activity during the year.

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

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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

AOC–1

Statement regarding Subsidiary Companies

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

₹ in Crores

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 shareholding	Country
1	AGC NETWORKS AUSTRALIA PTY LTD	Same	AUD	49.96	14.50	0.54	35.14	20.11	–	48.54	(4.29)	(1.05)	(3.24)	–	100%	AUSTRALIA
2	AGC NETWORKS PTE LTD	Same	USD	65.04	34.22	3.40	149.30	111.69	–	89.62	(17.45)	3.25	(20.70)	–	100%	SINGAPORE
3	AGC NETWORKS INC. USA	Same	USD	65.04	54.29	(1.63)	177.41	124.75	–	251.14	11.38	0.07	4.81	–	100%	USA
4	AGC NETWORKS PHILIPPINES, INC.	Same	PHP	1.25	1.26	2.25	9.30	5.78	–	10.94	1.12	–	1.12	–	100%	PHILIPPINES
5	AGC NETWORKS AND CYBER SOLUTIONS, KENYA	Same	USD	65.04	0.01	(4.60)	7.78	12.37	–	5.97	(3.38)	–	(3.38)	–	100%	SINGAPORE
6	AGC NETWORKS LLC, DUBAI	Same	USD	65.04	(4.60)	4.76	30.51	25.49	–	39.77	6.58	1.87	4.71	–	49%	DUBAI
7	AGC NETWORKS LLC, ABU DHABI	Same	USD	65.04	(4.59)	(0.12)	–	0.12	–	–	(0.12)	–	(0.12)	–	49%	DUBAI
					104.28	(0.04)	378.93	274.70		406.21	(12.62)	2.27	(21.39)			

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 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

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 crores	As % of consolidated comprehensive income	₹ in crores
Parent				
AGC Networks Limited	0.44	85.51	2.10	30.84
Subsidiaries				
AGC Networks Pte Ltd	19%	37.62	–138%	–20.29
AGC Networks Australia Pty Ltd	8%	15.04	–25%	–3.62
AGC Networks Inc	27%	52.66	38%	5.51
AGC Networks Philippines, Inc.	2%	3.51	7%	1.01
AGC Networks and Cyber Solutions, Kenya	–2%	(4.59)	–23%	–3.42
AGC Networks LLC, Dubai	3%	5.02	32%	4.76
AGC Networks LLC, Abu Dhabi	–0%	(0.12)	–1%	–0.12
Consolidated numbers		194.65		14.67

Independent Auditor's Report

To the Members of AGC Networks Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of AGC Networks Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity 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 state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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/management of the companies included in the Group, covered under the Act 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 46 to the consolidated financial statements, during the year ended 31 March 2015, the Company had recognized sale of two properties, classified as fixed assets under previous GAAP, having carrying values of ₹ 0.74 crores and ₹ 0.35 crores, and recorded profit on such sale amounting to ₹ 40.85 crores and ₹ 5.19 crores respectively (net of incidental selling expenses amounting to ₹ 3.04 crores and ₹ 0.35 crores). In our opinion, the significant risks and rewards of ownership of the said properties were not transferred when such sale was recognized. The Company has not rectified the said error in the first Ind AS Financial Statements and therefore, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Indian Accounting Standard (Ind AS) 16 Property Plant and Equipment.

   Had the Company followed the principles of Ind AS 16 and corrected the error in accordance with Ind AS 101 (First–time Adoption of Indian Accounting Standards), the carrying value of current tax assets (net), and property, plant and equipment as at 1 April 2016 would have been higher by ₹ 3.27 crores and ₹ 1.09 crores respectively, and other financial liabilities, current financial asset (receivable for sale of property) and retained earnings as at that date would have been lower by ₹ 0.19 crores, ₹ 47.32 crores and ₹ 42.77 crores respectively.

   Further, in our opinion, the significant risks and rewards of ownership in respect of one of the said properties having a carrying value of ₹ 0.35 crores as at 31 March 2015 were transferred in April 2016 while the significant risks and rewards of ownership in respect of the other property having a carrying value of ₹ 0.74 crores as at 31 March 2015 have not been transferred until 31 March 2018.

   Had the Company followed the principles of Ind AS 16, and corrected the aforementioned errors in accordance with Ind AS 8 in the current year financial statements, other income for the year ended 31 March 2018 would have been higher by ₹ Nil (31 March 2017: ₹ 5.19 crores) while depreciation expense would have been higher by ₹ 0.04 crores (31 March 2017: ₹ 0.05 crores). The carrying value of property, plant and equipment and current tax assets(net) as at 31 March 2018 would have been higher by ₹ 0.74 crores (31 March 2017: ₹ 0.74 crores) and by ₹ 3.27 crores (31 March 2017: ₹ 3.27 crores) respectively. The other financial liabilities and current financial assets (receivable from sale of property) as at 31 March 2018 would have been lower by ₹ 0.16 crores (31 March 2017: ₹ 0.16 crores) and ₹ 23.55 crores (31 March 2017: ₹ 47.32 crores) respectively. The resulting impact of the above correction in errors would have resulted into decrease in retained earnings as at 31 March 2018 by ₹ 37.58 crores (31 March 2017: ₹ 37.58 crores).

   Our reports on the consolidated financial statements for the year ended 31 March 2016 and 31 March 2017 were also qualified in respect of this matter.

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 2018, and their consolidated profit, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

10. The Company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor’s reports dated 24 May 2017 and 19 May 2016 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, we report, to the extent applicable, that

a) We have sought, 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 account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the effects of the matter described in 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 matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

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

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 Group companies, are disqualified as on 31 March 2018 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 with respect to Holding Company.

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 39 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;

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

   (iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

per **Nikhilesh Nagar,**
Partner
Membership No.: 079597

Place: Mumbai
Date : 29 May 2018

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 2018

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 AGC Networks Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company incorporated in India, as of 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('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 Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 includes 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 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 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 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 2018

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 2018:

   The Holding Company's internal financial control over evaluation of accounting of non–routine transactions was not operating effectively. During the year, this has resulted in non–reversal of transaction for sale of one property for risk and rewards were not transferred till the reporting date, due to inappropriate evaluation of timing of transfer of risk and reward during an earlier year. This has led to misstatements of current tax assets (net), property, plant and equipment, current financial assets, other financial liabilities, other income, depreciation and resultant impact on retained earnings as at 31 March 2018.

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 2018, 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 2018.

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 2018, 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's Registration No.: 001076N/N500013

per **Nikhilesh Nagar**
Partner
Membership No.: 079597

Place: Mumbai
Date : 29 May 2018

CONSOLIDATED BALANCE SHEET as at 31 March 2018

	Notes	As at 31 March 2018 ₹ in Crores	As at 31 March 2017 ₹ in Crores	As at 1 April 2016 ₹ in Crores
Assets				
Non–current assets				
Property, plant and equipment	3	23.06	23.45	17.25
Other Intangible assets	4	6.74	5.75	6.17
Goodwill	5	83.76	81.65	85.39
Financial assets				
Trade receivables	6	0.32	0.64	1.29
Loans	7	3.10	12.07	10.74
Other non–current financial assets	8	3.43	3.44	2.26
Non–current tax assets (net)		58.49	73.63	70.04
Deferred tax assets (net)	9	1.04	–	–
Other non–current assets	10	4.38	6.45	9.54
Total Non–current assets		**184.32**	**207.09**	**202.68**
Current assets				
Inventories	11	31.01	18.60	23.54
Financial assets				
Trade receivables	6	208.22	206.46	216.28
Cash and cash equivalents	12	9.22	15.96	26.22
Other bank balances	12	2.37	3.56	10.13
Loans	7	2.30	1.74	4.89
Other current financial assets	8	39.23	69.71	67.14
Other current assets	10	103.75	65.58	70.06
Total current assets		**396.10**	**381.61**	**418.26**
TOTAL ASSETS		**580.42**	**588.69**	**620.94**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	28.47	28.47	28.47
Other equity	14	61.64	41.42	33.00
Total equity		**90.11**	**69.89**	**61.47**
Liabilities				
Non–current liabilities				
Financial liabilities				
Other financial liabilities	15	4.60	8.11	7.04
Borrowings	16	19.76	1.50	–
Non–current tax liabilities		–	–	0.71
Provisions	17	10.62	6.90	7.30
Other non–current liabilities	18	11.66	10.04	14.84
Total Non–current liabilities		**46.64**	**26.55**	**29.89**
Current liabilities				
Financial liabilities				
Borrowings	19	118.39	171.53	159.82
Trade payables	20	138.86	143.25	172.37
Other current financial liabilities	21	45.51	43.83	54.06
Provisions	17	4.27	7.11	6.25
Other current liabilities	22	136.64	126.53	137.08
Total current liabilities		**443.67**	**492.25**	**529.58**
TOTAL EQUITY AND LIABILITIES		**580.42**	**588.69**	**620.94**

Notes 1 to 50 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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended 31 March 2018

	Notes	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Income			
Revenue from operations	23	733.45	780.22
Other income	24	4.88	3.57
Total income (I)		**738.33**	**783.79**
Expenses			
Cost of materials and components consumed	25	0.27	2.76
Purchase of stock–in–trade		255.34	272.84
Changes in inventories of work–in–progress and stock–in–trade	26	(13.25)	3.40
Service charges		201.00	202.71
Employee benefits expense (net)	27	192.74	191.51
Finance costs	28	24.96	26.19
Depreciation and amortisation expense	29	8.17	6.56
Other expenses	30	64.05	74.67
Total expenses (II)		**733.28**	**780.64**
Profit before exceptional items and tax (I–II)		**5.05**	**3.15**
Exceptional items	31	14.02	9.50
Profit before tax		**19.07**	**12.65**
Tax expenses / (credits)			
Current tax	35	5.19	3.14
Excess provision of taxes for earlier years (refer note 47)		–	(0.82)
Deferred tax benefit	35	(1.05)	–
Total tax expense		**4.14**	**2.32**
Profit for the year		**14.93**	**10.33**
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
– Remeasurement (losses) / gains on defined benefit plans		(0.90)	0.40
Items that will be reclassified to profit or loss			
– Exchange differences on translation of foreign operations		0.64	(2.45)
Other comprehensive loss for the year		**(0.26)**	**(2.05)**
Total comprehensive income for the year		**14.67**	**8.28**
Earnings per equity share	32		
[nominal value of share ₹ 10.00 (31 March 2017 : ₹ 10.00)]			
Basic (in ₹)		5.15	2.91
Diluted (in ₹)		5.11	2.89

Notes 1 to 50 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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2018

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Cash flow from operating activities		
Profit before tax	**19.07**	**12.65**
Adjustments for non–cash transactions and items considered separately:		
Depreciation and amortisation	8.17	6.56
Profit on sale of Property, plant and equipment	(0.01)	(0.02)
Employees compensation expenses	0.98	0.14
Provision for warranties	0.07	(0.16)
Provision for doubtful debts	2.15	(0.41)
Liabilities/provisions for earlier years no longer required written back	(16.91)	(15.99)
Unrealised foreign exchange loss	0.47	0.17
Expenses pertaining to amortisation of deposits	–	0.82
Finance cost	24.96	26.19
Interest income	(0.49)	(1.73)
Exceptional items (refer note 31)	(14.02)	(9.50)
Operating profit before working capital changes	**24.44**	**18.72**
Movements in working capital :		
(Increase) / decrease in trade receivables	(10.18)	10.19
(Increase) / decrease in inventory	(0.33)	4.93
Decrease in Loans and other assets	2.31	5.09
Increase / (decrease) in trade payables	0.61	(34.91)
Increase in other liabilities and provisions	25.24	6.10
Cash generated from operating activities before taxes	**42.09**	**10.12**
Income taxes refund / (paid)	9.96	(5.91)
Net cash generated from operating activities (A)	**52.05**	**4.21**
Cash flows from investing activities		
Purchase of fixed Property, plant and equipment (including capital advances and net of capital creditors)	(10.88)	(9.28)
Proceeds from sale of Property, plant and equipment	0.01	0.05
Margin money and term deposits with bank	1.20	6.57
Interest on bank deposits and others	4.86	(1.01)
Net cash used in investing activities (B)	**(4.81)**	**(3.67)**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2018

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Cash flows from financing activities		
Proceeds from term loans	24.06	–
Repayment of working capital term loan	(12.98)	(5.17)
Proceeds from finance lease obligation	–	2.96
Repayment of finance lease obligation	(0.89)	(0.55)
(Repayment) /proceeds of short term borrowings (net)	(40.37)	17.05
Payment of Preference dividend	(0.15)	–
Unclaimed dividend payments	(0.05)	(0.05)
Finance cost paid	(23.60)	(25.04)
Net cash used in financing activities (C)	**(53.98)**	**(10.80)**
Net decrease in cash and cash equivalents (A + B + C)	**(6.74)**	**(10.26)**
Cash and cash equivalents at the beginning of the year	15.96	26.22
Cash and cash equivalents at the end of the year (refer note 12)	**9.22**	**15.96**
Components of cash and cash equivalents		
– In current accounts	8.81	15.33
– In deposit accounts	0.28	0.44
Cheques on hand	0.09	0.17
Cash on hand	0.04	0.02
Total cash and cash equivalents (refer note 12)	**9.22**	**15.96**

The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Ind AS–7 on Statement of Cash Flow issued by the Institute of Chartered Accountants of India.

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

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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018

Equity share capital

Particulars	Note	Number of shares	₹ in Crores
As at 1 April 2016	**13**	**28,466,464**	**28.47**
Changes during the year		–	–
As at 31 March 2017	**13**	**28,466,464**	**28.47**
Changes during the year		–	–
As at 31 March 2018	**13**	**28,466,464**	**28.47**

Other equity ₹ in Crores

Particulars	Reserves and surplus						Other comprehensive income		Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Stock options outstanding	Equity Component on non–convertible preference shares (refer note 14)	Foreign currency translation reserve#	Remeasurement of defined benefit obligation	
Balance as at 1 April 2016	**38.04**	**32.10**	**100.58**	**(147.74)**	**0.61**	**9.41**	**–**	**–**	**33.00**
Profit for the year	–	–	–	10.33	–	–	–	–	10.33
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	0.40	0.40
ESOP expense for the year	–	–	–	–	0.14	–	–	–	0.14
Other comprehensive income	–	–	–	–	–	–	(2.45)	–	(2.45)
Balance as at 31 March 2017	**38.04**	**32.10**	**100.58**	**(137.41)**	**0.75**	**9.41**	**(2.45)**	**0.40**	**41.42**
Profit for the year	–	–	–	14.93	–	–	–	–	14.93
Preference dividend paid	–	–	–	(0.15)	–	–	–	–	(0.15)
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	(0.90)	(0.90)
ESOP expense for the year	–	–	–	–	0.96	–	–	–	0.96
Equity component of compound financial instrument	–	–	–	–	–	4.74	–	–	4.74
Other comprehensive income	–	–	–	–	–	–	0.64	–	0.64
Balance as at 31 March 2018	**38.04**	**32.10**	**100.58**	**(122.63)**	**1.71**	**14.15**	**(1.81)**	**(0.50)**	**61.64**

Group has elected to reset all cumulative translation gains and losses to zero as per Ind AS 101 exemption.

Notes 1 to 50 form an integral part of the consolidated financial statements.
This is the statement of changes in equity referred to in our report of even date.

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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

Significant accounting policies and other explanatory information for the year ended 31 March 2018

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's registered office is located at Equinox Business Park, Off Bandra Kurla Complex, LBS Marg, Kurla (West), Mumbai – 400 070. The Company, along with its foreign subsidiaries collectively referred to as '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 and Presentation

A. Statement of Compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For all the periods up to the year ended 31 March 2017, the Group had earlier prepared and presented its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Indian GAAP). These consolidated financial statements for the year ended 31 March 2018 are the first financial with comparatives, prepared under Ind AS. The adoption was carried out in accordance with Ind AS 101, First Time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principle generally accepted in India as prescribed under Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP), which was the previous GAAP. Reconciliations and description of the effect of the transition to Ind AS from Indian GAAP is given in Note 43.

These consolidated financial statement of the Group as at and for the year ended 31 March 2018 (including comparatives) were approved and authorised by the Company's board of directors as on 29 May 2018.

All amounts included in the financial statements are reported in Indian rupees (in Crores) except share and per share data unless otherwise stated and "0" denotes amounts less than fifty thousand rupees.

B. Basis of consolidation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 on 'Consolidated Financial Statements' as per Ind AS 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 Ind AS 110.

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 2018	% holding as on 31 March 2017
AGC Networks Australia Pty Limited[1]	Australia	100%	100%
AGC Networks Pte Limited[2]	Singapore	100%	100%

Significant accounting policies and other explanatory information for the year ended 31 March 2018

Name of the subsidiary	Country of incorporation	% holding as on 31 March 2018	% holding as on 31 March 2017
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%	100%
AGCN Solutions Pte.Limited[6] (wholly owned subsidiary of AGC Networks Australia Pty Limited)	Singapore	100%	100%
AGC Networks LLC[7] (wholly owned subsidiary of AGC Networks Pte Limited)	Dubai	49%	49%
AGC Networks LLC[8] (wholly owned subsidiary of AGC Networks Pte Limited)	Abu Dhabi	49%	N.A.

(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, USA.

(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

(8) Incorporated on June 06, 2017 under Corporation Code of the Abu Dhabi

C. Basis of Preparation

The consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

ii. Share based payment transactions and

iii. Defined benefit and other long–term employee benefits

D. Use of estimate and judgment

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

(i) Income taxes: Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

(ii) Defined benefit plans and compensated absences: The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long–term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iii) Property, plant and equipment: Property, plant and equipment represent a significant proportion of the asset base of the Group. The change in respect of periodic depreciation is derived after determining an estimate of an assets expected useful life and the expected residual at the end of its life. Depreciation of fixed assets is calculated on straight–line–basis over the useful life estimated by the management, based on technical evaluation or those prescribed under schedule II of the Companies Act, 2013, whichever is higher.

(iv) Expected credit losses on financial assets: On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history of collections, customer's credit–worthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

(v) Deferred taxes: Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

(vi) Provisions: Provisions are recognised when the Group has a present obligation as a result of past event and 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 (excluding retirement obligation and compensated expenses) are not discounted to its present value and are determined based on best estimate required to settle obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

(vii) Share–based payments: The grant date fair value of options granted to employees is recognised as employee expense, with corresponding increase in equity, over the period that the employee become unconditionally entitled to the option. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "share option outstanding account". The amount recognised as expense is adjusted to reflect the impact of the revision estimates based on number of options that are expected to vests, in the statement of profit and loss with a corresponding adjustment to equity.

(viii) Impairment Testing:

(i) Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or change in circumstances indicate they might be impaired.

(ii) The carrying amount of other non–financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying value exceeds its recoverable value. The recoverable amount is the greater of asset's net selling price and value. In assessing value in use, the estimated future cash flow are discounted to the present value using a pre–tax discount rate that reflects current market assessment of the time value of money and risk specific to the assets. An impairment loss is charged to the statement of profit and loss in the year in which an assets is identified as impaired. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

E. Summary of Significant accounting policies

(i) Functional and Presentation Currency

Items included in the consolidated financial statements and each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The consolidated financial statements are presented in Indian Rupee, the national currency of India, which is the functional and presentation currency of the Company.

(ii) Foreign currency transactions and balances

Foreign currency transactions of the group are accounted at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non–monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Gains and losses resulting from the settlement of foreign currency monetary items and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

(iii) Financial instruments

a. Initial recognition and measurement

The Group recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised on the trade date.

b. Subsequent measurement

1. Non–derivative financial instruments

a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value Through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit or loss

d. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

c. Derecognition of financial instruments

The Group derecognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

d. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(iv) Current versus non–current classification

(i) An asset is considered as current when it is:

a. Expected to be realised or intended to be sold or consumed in normal operating cycle

b. Held primarily for the purpose of trading

c. Expected to be realised within twelve months after the reporting period, or

d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(ii) All other assets are classified as non–current.

(iii) Liability is considered as current when it is:

a. Expected to be settled in normal operating cycle

b. Held primarily for the purpose of trading

c. Due to be settled within twelve months after the reporting period, or

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(iv) All other liabilities are classified as non–current.

Deferred tax assets and liabilities are classified as non–current assets and liabilities

(v) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Historical costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

For transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as on 1 April 2016 measured as per previous GAAP as it deemed cost on the date of transition.

The Group depreciates property, plant and equipment over their estimated useful lives using the straight–line method, based on a technical evaluation or those prescribed under Schedule II of the Companies Act, 2013 whichever is higher.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

The estimated useful lives of assets are as follows:

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 property, plant and equipment or on sale / disposal of property, plant and equipment is calculated pro–rata from the month of such addition, or up to the month of such sale / disposal as the case may be.

(vi) Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Computer software is amortised on a straight line basis over the estimated useful economic life which is expected as 4 years. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any, The amortisation of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated. The estimated useful life of amortisable intangibles are reviewed and where appropriate are adjusted, annually.

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

(vii) Goodwill

Goodwill represent goodwill on acquisition of subsidiaries. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated imapairment losses.

(viii) Leases

Leases where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease payments are recognised as an expense on a straight line basis in Statement of Profit and Loss over the lease term.

(ix) Impairment of assets

a. Non financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in–use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

b. Financial assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(x) Employee benefits

a. Long–term employee benefits

(a) Defined contribution plan

The Group has defined contribution plans for post employment benefits in the form of provident fund, employees' state insurance and labour welfare fund. Under the defined contribution plans, the Group has no further obligation beyond making the contributions. Such contributions are charged to the Statement of Profit and Loss as incurred.

(b) Defined benefit plan

The Group has defined benefit plans for post employment benefits in the form of gratuity for its employees in India. Liability for defined benefit plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method.

Actuarial gains or losses are recognised in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re–measurement of net defined liability or asset through other comprehensive income.

Measurements comprising of actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(c) Other long–term employee benefits

The employees of the Group are also entitled for other long–term benefit in the form of compensated absences as per the policy of the group. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Group 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 Group 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.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

b. Short–term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised in the year during which the employee rendered the services. These benefits comprise compensated absences such as paid annual leave and performance incentives.

(xi) Share based payments

The Group determines the compensation cost based on the fair value method in accordance with Ind AS 102 Share based payment. The Group grants options to its employees which will be vested in a graded manner and are to be exercised within a specified period. The compensation cost is amortised on an graded basis over the vesting period. The share based compensation expense is determined based on the Group's estimate of equity instrument that will eventually vest.

(xii) 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".

(xiii) Provisions and contingent Liabilities

Provisions are recognised when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when such reimbursement is virtually certain.

(xiv) Warranty provisions

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

(xv) Borrowing costs

Borrowing cost includes 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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(xvi) 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 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.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

Further, inventory contains service spares which are used as replacement stocks by the Group 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.

(xvii) Revenue recognition

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

Sale of products

Revenue from sale of product is recognised 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. Revenue for the year ended 31 March 2018 include excise duty levied goods manufactured up to 30 June 2017, in accordance with erstwhile Central Excise Act, 1944 but excludes Goods and service taxes (GST) / indirect tax.

The Group collects sales taxes and Goods and service taxes (GST)/indirect tax on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Sale of services

1. Revenue from implementation services (including installation and commissioning) related to products supplied or on a standalone basis are recognised based on proportionate completion method, where revenue is recognised proportionately with the degree of completion of services.
2. Revenue from maintenance contracts is recognised 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 Group collects Goods and service tax (GST) /indirect tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. 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 Group's ancillary revenue–generating activities. Revenue from these activities are recorded only when Group is reasonably certain of such income.

(xviii) Other income

Other income comprises

a. Interest income on deposits: Interest income is recognised using the effective interest method and on time proportion basis
b. Commission income: It is accounted on accrual basis, except where receipt of income is uncertain.

(xix) Income tax

Tax expense for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on timing differences between the accounting base and the taxable income for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the Balance Sheet date.

Significant accounting policies and other explanatory information for the year ended 31 March 2018

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognised for all taxable temporary differences.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

Current tax and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

(xx) Finance income and expenses

Finance costs comprise interest cost on borrowings. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the statement of profit and loss using the effective interest method.

(xxi) Earnings per share

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

(xxii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short term liquid investments with original maturities of three months or less.

(xxiii) 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 assist users in understanding the financial performance achieved and in making projections of future financial performance, the nature and amount of such material items are disclosed separately as exceptional items.

(xxiv) Recent accounting pronouncements

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Indian Accounting Standard (Ind AS) 115 “Revenue from Contracts with Customers”; notifying amendments to Ind AS 12 “Income Taxes” and Ind AS 21 “The Effects of Changes in Foreign Exchange Rates”. Ind AS 115, amendments to the Ind AS 12 and Ind AS 21 are applicable to the Group w.e.f. 1 April 2018.

(xxv) Ind AS 115 “Revenue from Contracts with Customers”

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further this standard requires enhanced disclosures about the nature, amount, timing and

Significant accounting policies and other explanatory information for the year ended 31 March 2018

uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

a) Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors".

b) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach). The Group will adopt the standard on 1 April 2018 by using the cumulative catch–up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

(xxvi) Amendments to Ind AS

a Ind AS 12 "Income Taxes"

The amendment considers that tax law determines which deductions are offset against taxable income and that no deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions. Accordingly, segregating deductible temporary differences in accordance with tax law and assessing them on entity basis or on the basis of type of income is necessary to determine whether taxable profits are sufficient to utilise deductible temporary differences.

b Ind AS 21 "The Effects of Changes in Foreign Exchange Rates"

The amendment to this Ind AS requires foreign currency consideration paid or received in advance of an item of asset, expense or income, resulting in recognition of a non–monetary prepayment asset or deferred income liability, to be recorded in the Group's functional currency by applying the spot exchange rate on the date of transaction. The date of transaction which is required to determine the spot exchange rate for translation of such items would be earlier of:

– the date of initial recognition of the non–monetary prepayment asset or deferred income liability, and

– the date on which the related item of asset, expense or income is recognised in the financial statements.

If the transaction is recognised in stages, then a spot exchange rate for each transaction date would be applied to translate each part of the transaction. The Group has evaluated the impact of the above amendments on the consolidated financial statements and the impact is not material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

3. Property, plant and equipment ₹ in Crores

	Leasehold Improvement	Buildings*	Plant and Equipment	Computers and Servers	Electrical Installations	Furniture and Fixtures	Office Equipment	Vehicles	Total
Cost									
At 1 April 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 / adjustments	–	–	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**
Additions	0.09	–	0.89	4.75	0.01	0.30	0.16	–	6.20
Disposals / adjustments	–	–	0.08	0.00	0.00	0.00	0.08	–	0.16
Exchange differences	0.03	–	0.02	0.06	0.00	0.03	0.01	(0.00)	0.15
At 31 March 2018	**0.64**	**0.58**	**24.88**	**43.39**	**1.39**	**6.55**	**25.71**	**0.13**	**103.26**
Depreciation									
At 1 April 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 / adjustments	–	–	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**
Charge for the year	0.10	0.01	0.66	3.57	0.02	0.62	1.73	–	6.71
Disposals / adjustments	–	–	0.08	0.00	0.00	–	0.08	–	0.16
Exchange differences	0.00	–	0.00	0.00	0.00	0.01	0.01	(0.00)	0.02
At 31 March 2018	**0.49**	**0.55**	**19.32**	**30.96**	**1.29**	**6.46**	**21.13**	**(0.00)**	**80.20**
Net carrying amount									
At 1 April 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**
At 31 March 2018	**0.15**	**0.03**	**5.56**	**12.43**	**0.10**	**0.09**	**4.58**	**0.13**	**23.06**

Notes

1 Buildings includes those constructed on leasehold land.

2 Above assets include those offered as security for borrowings availed by the Company (refer note 19.1)

3 Leasehold land is completely depreciated / adjusted and net book value for the year ended 31 March 2018 is Nil (31 March 2017:Nil) (refer note 46)

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 45).

* refer note 46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

4 Other intangible assets

	₹ in Crores Computer software
Cost	
At 1 April 2016	**17.05**
Additions	0.99
Exchange differences	(0.54)
At 31 March 2017	**17.50**
Additions	4.35
Exchange differences	(1.92)
At 31 March 2018	**19.93**
Amortisation	
At 1 April 2016	**10.88**
Charge for the year	0.99
Exchange differences	(0.12)
At 31 March 2017	**11.75**
Charge for the year	1.46
Exchange differences	(0.02)
At 31 March 2018	**13.19**
Net carrying amount	
At 1 April 2016	**6.17**
At 31 March 2017	**5.75**
At 31 March 2018	**6.74**

5 Goodwill

	₹ in Crores Goodwill #
Cost	
At 1 April 2016	**105.34**
Additions	–
Exchange differences	(4.14)
At 31 March 2017	**101.20**
Additions	–
Exchange differences	2.15
At 31 March 2018	**103.35**
Amortisation	
At 1 April 2016	**19.95**
Charge for the year	–
Exchange differences	(0.40)
At 31 March 2017	**19.55**
Charge for the year	–
Exchange differences	0.04
At 31 March 2018	**19.59**
Net carrying amount	
At 1 April 2016	**85.39**
At 31 March 2017	**81.65**
At 31 March 2018	**83.76**

refer note 44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

6 Trade receivables

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Non–current			
Unsecured, considered good	0.32	0.64	1.29
	0.32	**0.64**	**1.29**
Current			
Unsecured, considered good	180.09	191.05	209.05
Unsecured, considered doubtful	115.37	113.22	115.29
Unsecured, considered good – related parties [refer note 38 (III)]	28.13	15.41	7.23
	323.59	**319.68**	**331.57**
Less: Allowance for doubtful debts	115.37	113.22	115.29
	208.22	**206.46**	**216.28**

7 Loans

	Non–current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Deposits	3.10	4.39	4.67	2.05	1.49	1.27
Deposits with related party [refer note 38 (III)]	–	7.68	6.07	–	–	–
Loan and advances to related parties [refer note 38 (III)]	–	–	–	0.25	0.25	3.62
	3.10	**12.07**	**10.74**	**2.30**	**1.74**	**4.89**

8 Other financial assets

	Non–current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Unsecured, considered good						
Margin money deposits with bank *	1.00	1.63	0.41	–	–	–
Receivable against sale of Property, plant and equipment (refer note 46)	–	–	–	28.76	58.82	59.33
Interest accrued on fixed deposits	–	–	–	0.33	4.70	2.68
Balances with statutory / government authorities	2.43	1.81	1.85	10.14	6.19	5.13
	3.43	**3.44**	**2.26**	**39.23**	**69.71**	**67.14**

*Lien against bank guarantees issued

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9 Deferred tax assets (net)

	Non–current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Deferred tax assets	1.04	–	–	–	–	–
	1.04	**–**	**–**	**–**	**–**	**–**

10 Other assets

	Non–current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Advances to vendors	0.22	0.14	0.43	21.14	13.09	11.44
Prepaid expenses	0.31	2.76	3.81	7.53	6.30	4.92
Other receivable for related party [refer note 38 (III)]	–	–	–	0.02	–	–
Deferred cost for maintenance contracts	0.02	0.06	2.72	65.06	41.84	51.32
Unbilled revenue	–	–	–	0.73	1.25	2.38
Other receivables	3.83	3.49	2.58	9.27	3.10	–
	4.38	**6.45**	**9.54**	**103.75**	**65.58**	**70.06**

11 Inventories

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Materials and components (includes in transit ₹ Nil) (31 March 2017: ₹ Nil ; 1 April 2016: ₹ 0.05 Crores) (refer note 25)	0.14	0.15	0.19
Work–in–progress (refer note 26)	0.45	0.65	1.70
Stock in trade (includes in transit ₹ 0.23 Crores)	27.58	14.13	16.48
(31 March 2017:₹Nil; 1 April 2016 ₹ 0.44 Crores) (refer note 26)			
Stores and spares	2.84	3.67	5.17
	31.01	**18.60**	**23.54**

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12 Cash and cash equivalents and other bank balances

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Cash and cash equivalents			
Balances with banks:			
– In current accounts	8.81	15.33	26.12
– In deposit accounts	0.28	0.44	–
Cheques on hand	0.09	0.17	0.05
Cash on hand	0.04	0.02	0.05
	9.22	**15.96**	**26.22**
Other bank balances			
Margin money deposits with maturity of more than 3 months and less than 12 months*	2.18	3.32	9.84
Unclaimed dividend account**	0.19	0.24	0.29
	2.37	**3.56**	**10.13**
	11.59	**19.52**	**36.35**

* Lien against bank guarantees issued

** Other bank balance represents earmarked balance in respect of unpaid dividend

13 Equity share capital

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Authorized shares			
45,000,000 (31 March 2017: 45,000,000; 1 April 2016: 45,000,000) equity shares of ₹10 each	45.00	45.00	45.00
10,000,000 (31 March 2017: 10,000,000; 1 April 2016: 10,000,000) 1% Non–cumulative, non–convertible, redeemable preference shares of ₹ 100 each	100.00	100.00	100.00
Issued, subscribed and fully paid–up shares			
28,466,464 (31 March 2017 : 28,466,464; 1 April 2016 : 28,466,464) equity shares of ₹ 10 each	28.47	28.47	28.47
Total issued, subscribed and fully paid–up share capital	**28.47**	**28.47**	**28.47**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period are given below:

Equity shares

	31 March 2018		31 March 2017		1 April 2016	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores	No. of shares	₹ in Crores
At the beginning of the period	28,466,464	28.47	28,466,464	28.47	28,466,464	28.47
Issued during the period	–	–	–	–	–	–
Outstanding at the end of the period	**28,466,464**	**28.47**	**28,466,464**	**28.47**	**28,466,464**	**28.47**

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1% Non–cumulative Non–convertible redeemable preference shares

	31 March 2018		31 March 2017		1 April 2016	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores	No. of shares	₹ in Crores
At the beginning of the period	1,500,000	15.00	1,500,000	15.00	1,500,000	15.00
Issued during the period	–	–	–	–	–	–
Outstanding at the end of the period	**1,500,000**	**15.00**	**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 Crores 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 share 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.

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 10th year from the date of allotment (12 August 2014) and before expiry of 12th 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 12th year from the date of allotment.

With effect from 30 March 2018, the Company received approval from the preference shareholder for extention of term by 5 years post original expiry of 7 years.

The Company has recognised these preference shares as a compound financial instrument and the Equity component of compound financial instrument is presented as a part of “Other Equity” (refer note 14) and the liability component of compound financial instrument is disclosed under “Other financial liability” (refer note 15).

(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 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Essar Telecom Limited			
21,320,348 (31 March 2017 : 21,349,848; 1 April 2016: 21,349,848) equity shares of ₹ 10 each fully paid	21.32	21.35	21.35

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(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 capitalisation 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	31 March 2018		31 March 2017		1 April 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 10 each fully paid						
– Essar Telecom Limited	21,320,348	74.90%	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%	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.

14	Other equity	31 March 2018	31 March 2017	1 April 2016
		₹ in Crores	₹ in Crores	₹ in Crores
a)	**Capital reserve**			
	Any profit or loss on purchase, sale, issue or cancellation of the company own equity instrument is transferred to capital reserve	38.04	38.04	38.04
b)	**Securities premium reserve**			
	Amount received (on issue of shares) in excess of the par value has been classified as securities premium	32.10	32.10	32.10
c)	**Share option outstanding**			
	The share option outstanding account is used to record the value of equity–settled share based payment transactions with employees. The amount recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of forfeiture, corresponding balance is transferred to general reserve.	1.71	0.75	0.61
d)	**General reserve**			
	This represent appropriation of profit by the company	100.58	100.58	100.58
d)	**Equity component of compound financial instrument (Preference share capital)**			
	Fair valuation of preference share capital	14.15	9.41	9.41
f)	**Retained earnings**			
	Retained earnings comprise of prior years undistributed earning after taxes	(122.63)	(137.41)	(147.74)
g)	**Other comprehensive income**			
	Foreign currency translation reserve	(1.81)	(2.45)	–
	Re–measurement of defined benefits obligation	(0.50)	0.40	–
	Total other equity	**61.64**	**41.42**	**33.00**

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15 Other financial liability

Non–current

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Liability component of compound financial instruments (refer note 13)	4.60	8.11	7.04
	4.60	**8.11**	**7.04**

16 Non current borrowings

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Term loan from banks (secured) [refer note (a)]	19.25	–	
Finance lease obligation (secured) [refer note (b)]	0.51	1.50	–
	19.76	**1.50**	**–**

Footnotes:

(a) For AGC Networks Pte Ltd, term loan of ₹ 19.25 Crores i.e. long term portion of term loan of ₹ 24.07 Crores is secured by stocks and receivables, Corporate Guarantee by holding company.

As per the payment schedule loan is repayable in 14 quarterly installments starting from 15 May 2018 viz 1st installment of ₹ 0.55 Crores, 2nd installment of ₹ 0.65 Crores and 8 installments of ₹ 1.80 Crores each and 4 installments of ₹ 2.10 Crores each.

Term loans carried an effective rate @ 6.00% p.a. The Group has not availed term loan during the year ended 31 March 2017 and 31 March 2016.

(b) 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 Crores. 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 2018. There were no capital leases entered into during the year ended 31 March 2016.

17 Provisions

	Non–current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Provision for employee benefits						
Provision for gratuity (refer note 33)	6.92	5.72	5.07	0.35	0.18	0.22
Provision for compensated absences	3.70	1.18	2.23	2.61	5.69	4.63
	10.62	**6.90**	**7.30**	**2.96**	**5.87**	**4.85**
Other provisions						
Provision for warranties	–	–		1.31	1.24	1.40
	–	**–**	**–**	**1.31**	**1.24**	**1.40**
	10.62	**6.90**	**7.30**	**4.27**	**7.11**	**6.25**

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Provision for warranties

A provision is recognised 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 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
At the beginning of the year	1.24	1.40	1.30
Recognised during the year	1.31	1.24	1.40
Unused amounts reversed	(1.24)	(1.40)	(1.30)
At the end of the year	**1.31**	**1.24**	**1.40**

18 Other non–current liabilities

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Unearned revenue	11.66	10.04	14.84
	11.66	**10.04**	**14.84**

19 Borrowings

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Working capital loan from Bank (Secured) (refer footnote 1)	19.77	32.75	37.74
Loans repayable on demand			
Cash credits from banks (Secured) (refer footnote 2)	91.94	135.83	112.58
Buyers credit from banks (Secured) (refer footnote 3)	6.68	2.95	9.50
	118.39	**171.53**	**159.82**

Footnotes:

1. Working capital loan from bank is secured against first pari–passu charge on Leasehold 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 46). However, the loan is considered as secured since all properties have not been discharged as securities by the lender and continuance of the other property 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 Crores each, 4 installments of ₹ 3.38 Crores each and 4 installments of ₹ 4.50 Crores each. The same has been classified under " Current borrowings" in view of the intention of the Company to extinguish 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 2017 10.25% p.a., 1 April 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 2017 11.75% p.a., 1 April 2016 11.75% to 12.25% p.a.).

   During previous year ended 31 March 2018, the Company had additionally paid ₹1.95 Crores (31 March 2016 ₹ 3.20 Crores) in addition to the above repayment schedule. This repayment is through redemption of DSRA FD of ₹1.88 Cr kept for this facility with Yes Bank.

2. (a) For AGC Networks Limited, Cash credits from banks of ₹ 90.82 Crores (₹ 98.63 Crores as at 31 March 2017, ₹ 88.96 Crores as at 1 April 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 property, plants and equipments of the Group.

   Cash credit carry an effective interest rate of 13.00% to 14.80% p.a. (31 March 2017 : 13.00% to 14.50% p.a. 1 April 2016 13.00% to 14.75% p.a.).

   (b) For AGC Networks Pte Ltd, Cash credits from banks of ₹ 1.12 Crores(31st March 2017 : ₹ Nil; 1 April 2016: ₹ 13.87 Crores;) are secured by stocks and receivables, guaranteed by holding company.

   Cash credit carry an effective interest @ LIBOR Plus 4.00% p.a. (31 March 2017 LIBOR Plus 4.00% 1 April 2016: LIBOR Plus 4.00%)

   (c) For AGC Networks Inc, Cash credits from banks of ₹ Nil; (31st March 2017 : ₹ 3.82 Crores; 1 April 2016: ₹ 9.75 Crores;) are secured by 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 Property, plants and equipments of the Group.

   Buyer's credit are availed against import dues and carry an effective interest @ LIBOR Plus 0.25% to LIBOR Plus 2.00% (31 March 2017 LIBOR Plus 0.29% to LIBOR Plus 0.50%, 1 April 2016: LIBOR Plus 0.35% to LIBOR Plus 0.50%).

20 Trade payables

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Due to micro and small enterprises (refer note 40)	6.64	2.78	2.40
Due to creditors other than micro and small enterprises	132.22	140.47	169.97
	138.86	**143.25**	**172.37**

21 Other financial liabilities

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Employee related payables	8.41	9.00	8.03
Payables for expenses	30.23	29.52	36.15
Unclaimed dividend #	0.19	0.24	0.29
Interest accrued but not due on borrowings	1.00	0.87	0.97
Statutory dues payable	4.68	3.20	5.82
Capital creditors	–	–	2.80
Payable to related parties *	–	0.10	–
Current maturities of finance lease obligations	1.00	0.90	–
	45.51	**43.83**	**54.06**

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There is no amount due and outstanding to be transferred to the Investor Education and Protection Fund (IEPF) as on 31 March 2018, 31 March 2017 and 1 April 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.

22 Other current liabilities

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	**₹ in Crores**	**₹ in Crores**
Unearned revenue	113.50	107.95	108.92
Advances from customers	14.63	15.31	19.86
Other current liabilities	8.51	3.27	8.30
	136.64	**126.53**	**137.08**

23 Revenue from operations

	31 March 2018	31 March 2017
	₹ in Crores	**₹ in Crores**
Revenue from operations (gross)		
Sale of products		
Finished goods	0.33	5.82
Stock in trade	302.56	346.81
Sale of services [refer note (a) below]	413.65	411.60
	716.54	**764.23**
Other operating revenue		
Liabilities / provisions for earlier years no longer required written back [refer note (b) below]	16.91	15.99
Revenue from operations	**733.45**	**780.22**

(a) Detail of services rendered

	31 March 2018	31 March 2017
	₹ in Crores	**₹ in Crores**
Maintenance services	316.08	307.65
Implementation services	97.57	103.95
	413.65	**411.60**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(b) Detail of other operating income

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Reversal of liabilities / provisions for earlier years no longer required		
– pertaining to expenses	2.64	5.23
– pertaining to employee related payables	0.80	2.01
– pertaining to trade payables	9.54	3.74
– pertaining to goods receipt / invoice receipt balances	0.97	3.74
– pertaining to advance from customers	0.99	1.27
– pertaining to inventory	1.97	0.00
	16.91	**15.99**

24 Other income

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Interest income on		
Bank deposits	0.24	0.70
Income tax refund	3.32	1.66
Others	0.25	1.03
Gain on disposal of fixed assets	0.01	0.02
Exchange differences (net)	0.45	–
Miscellaneous Income	0.61	0.16
	4.88	**3.57**

25 Cost of raw materials and components consumed

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Inventory at the beginning of the year	0.15	0.19
Add: Purchases	0.26	2.72
	0.41	2.91
Less: Inventory at the end of the year	0.14	0.15
Cost of raw material and components consumed	**0.27**	**2.76**

Details of raw material and components consumed

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Printed circuit boards	0.01	1.24
Static converters	0.14	0.07
Cabinet	0.11	1.10
Peripherals	0.01	0.07
Others	–	0.28
	0.27	**2.76**

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26 Changes in inventories

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Inventories at the end of the year		
Stock–in–trade	27.58	14.13
Work–in–progress	0.45	0.65
	28.03	**14.78**
Inventories at the beginning of the year		
Stock–in–trade	14.13	16.48
Work–in–progress	0.65	1.70
	14.78	**18.18**
	(13.25)	**3.40**

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.

27 Employee benefits expense (net)

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Salaries, wages and bonus	183.00	185.41
Contribution to provident and other funds (refer note 33)	2.07	0.94
Staff welfare expenses	6.69	5.02
Expenses on Employee stock option scheme (refer note 34)	0.98	0.14
	192.74	**191.51**

28 Finance costs

	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores
Interest on loans	22.52	23.81
Guarantee commission	0.25	0.39
Others	2.19	1.99
	24.96	**26.19**

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29 Depreciation and amortisation expense

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Depreciation of tangible assets (refer footnote under note 3 and note 45)	6.71	5.57
Amortisation of intangible assets (refer note 4)	1.46	0.99
	8.17	**6.56**

30 Other expenses

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Consumption of stores and spares	1.90	2.31
Power and water charges	0.73	1.79
Rent (refer note 36)	10.00	18.23
Rates and taxes	0.51	1.24
Insurance	1.27	1.63
Repairs and maintenance – Others	4.70	6.13
Travelling and conveyance	13.72	13.47
Communication expenses	2.94	4.36
Legal and professional fees	13.53	12.23
Advertisement and sales promotion	3.06	2.49
Outward freight, clearing and forwarding charges	0.74	1.54
Commission to others	0.41	0.01
Directors' sitting fees	0.22	0.38
Payments to auditor (refer details below)	0.64	0.68
Exchange differences (net)	–	1.10
Provision for doubtful debts	2.15	(0.41)
Excise duty	0.06	0.59
Miscellaneous expenses	7.47	6.90
	64.05	**74.67**

Payment to auditors (including tax)

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
As auditors (of the holding company) :		
Audit fee and limited review fees (including consolidation)	0.57	0.65
Other services (certification fees)	0.01	0.01
Reimbursement of expenses	0.06	0.02
	0.64	**0.68**

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31 Exceptional items

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Reversal of provision against Obsolete/non–moving Inventory [refer note (a)]	12.08	–
Reversal of rent [refer note (b)]	5.21	9.50
Interest receivable against sale of Property, plant and equipment [refer note (c)]	3.23	–
write off of old receivable balances against sale of Property, plant and equipment [refer note (d)]	(6.50)	–
	14.02	**9.50**

Notes

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

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

(c) Represents interest income recognised on sale consideration receivable from the buyer towards assignment of properties situated at Gandhinagar (refer note 46).

(d) Represents to write off of old receivable balances against sale of Property, plant and equipment.

32 Earnings per share (EPS)

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

	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
The components of basic and diluted earnings per share for total operations are as follows		
(a) Net Income attributable to equity shareholders	14.67	8.28
(b) Weighted average number of outstanding equity shares		
Considered for Basic EPS	28,466,464	28,466,464
Add : Effect of dilutive potential equity shares arising from ESOP	236,256	142,352
Considered for diluted EPS	28,702,720	28,608,816
(c) Earnings per share		
Basic	5.15	2.91
Diluted	5.11	2.89

During the year ended 31 March 2018, 471,120 potential equity shares granted, as share option under the ESOP Scheme 2015 (refer note 34), are considered for calculation of diluted EPS.

The effect of 556,520 potential equity shares, granted during the year ended 31 March 2017 are anti–dilutive and thus these share are not considered in determining diluted loss per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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33 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 2018	31 March 2017
	₹ in Crores	₹ in Crores
Contribution to provident fund	0.94	0.91

Above amount has been included in the line item 'Contribution to provident and other funds' in note 27.

(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 summarises the components of benefit expense recognised in the statement of profit and loss and the amounts recognised in the balance sheet for the gratuity plan.

Amount recognised in Statement of Profit and loss in respect of gratuity cost (defined benefit plans) is as follows

Particulars	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Current service cost	0.51	0.56
Net interest on net defined benefit liability / (asset)	0.30	0.33
Past service cost – plan amendements	1.06	–
Service cost	**1.87**	**0.89**
Actuarial (Gain) / Loss charged to Other Comprehensive Income (OCI)		
Actuarial (gain)/loss due to DBO experience	1.10	0.05
Actuarial (gain)/loss due to DBO assumption changes	(0.20)	0.35
Net employee benefit expense recognised in the employee cost	**2.77**	**1.29**
Assumptions		
Interest rate	7.60%	7.20%
Salary increase	7.00%	7.00%

Balance sheet

The following table sets out the status of gratuity plan:

Benefit liability

Particulars	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Present value of defined benefit obligation	6.35	4.83	4.71
Net liability recognised in Balance sheet	**6.35**	**4.83**	**4.71**

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

Particulars	**31 March 2018**	**31 March 2017**	**1 April 2016**
	₹ in Crores	**₹ in Crores**	**₹ in Crores**
Opening defined benefit obligation	4.83	4.71	4.41
Current service cost	1.57	0.56	0.58
Interest cost	0.30	0.33	0.32
Benefits paid	(1.25)	(1.17)	(0.33)
Amount recognised in OCI	0.90	0.40	(0.27)
Closing defined benefit obligation	**6.35**	**4.83**	**4.71**

Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of the sensitivity analysis is given below:

Present Value of Obligation at the end of the year

Particulars	**31 March 2018**		**31 March 2017**	
	Decrease	**Increase**	**Decrease**	**Increase**
	₹ in Crores	**₹ in Crores**	**₹ in Crores**	**₹ in Crores**
Discount Rate (– /+ 1%)	0.63	(0.55)	0.49	(0.43)
Salary Growth Rate (– / + 1%)	(0.47)	0.50	(0.26)	0.27

The sensitivity analysis presented above may not be a representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another, as some of the assumptions may be correlated.

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

		Gratuity	
Particulars	**31 March 2018**	**31 March 2017**	**1 April 2016**
Discount rate	7.60%	7.20%	8.00%
Salary escalation rate	7.00%	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2006–08) (modified) Ultimate	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%	Upto age 26 years 5% Upto age 27–34 years 12% Upto age 35–44 years 5% Above age 44 years 1%

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

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

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

	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Gratuity					
Defined benefit obligation	6.35	4.81	4.71	4.41	4.47
Plan assets	–	–	–	0.29	0.95
Deficit/(surplus)	6.35	4.81	4.71	4.12	3.52
Experience adjustments on plan liabilities	–	(0.05)	0.22	0.41	0.42
Experience adjustments on plan assets	–	–	–	(0.05)	0.02
Actuarial gain / (loss) due to change in assumptions	0.90	0.40	0.05	(0.51)	0.24

The Company expects to contribute ₹ Nil to gratuity in the next year (31 March 2017 : ₹ Nil).

Maturity profile of Defined Benefit Obligation	31 March 2018	31 March 2017
Particulars	₹ in Crores	₹ in Crores
1 year	0.38	0.20
2 year	0.25	0.35
3 year	0.26	0.23
4 year	0.29	0.25
5 year	0.75	0.32
6 years and above	5.99	3.87

(c) Compensated absences: With effect from 1 January 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. Further, PL cannot 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 previous year excess provision of ₹ 0.92 Crores has been written back based on actuarial valuation report and net reversal in excess of charge for the previous year has been grouped under 'other operating income' in the statement of profit and loss.

34 Employees stock option:–

The Company provides share based payment schemes to its employees. Since 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. Subsequently on 19 May 2016 the Company granted 320,248. The contractual life (comprising vesting period and exercise period) of options granted is 6.12 years. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The other relevant terms of the grants are as below:

Grant Date	19 May 2016	14 May 2015
Number of option granted	320,248	1,004,866
Vesting period	3 years	3 years
Exercise period	2 years from vesting period	2 years from vesting period
Exercise price (₹)	55.00	80.00
Fair Value at grant date (₹)	32.85	42.84

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of equity share by paying exercise price of ₹ 55 for ESOP granted on 19 May 2016 and ₹ 80 for ESOP granted on 14 May 2015 each.

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

Particulars	31 March 2018		31 March 2017	
	No. of options	* WAEP (₹)	No. of options	* WAEP (₹)
Outstanding at the beginning of the year	556,520	65.61	492,469	80.00
Granted during the year	–	–	320,248	70.15
Cancelled during the year	85,400	65.61	256,197	70.15
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	471,120	63.00	556,520	65.61
Exercisable at the end of the year	–	–	–	–

* WAEP denotes weighted average exercise price of the option

The share option outstanding at the end of the year had a weighted average exercise price of ₹ 63.00 (as at 31 March 2017: ₹ 65.61), and a weighted average remaining contractual life of 4.12 to 5.12 years (as at 31 March 2017 : 5.12 to 6.12 years)

The weighted average fair value of the share options granted is ₹ 32.85 and ₹ 42.84 of options granted on 14 May 2015 and 19 May 2016 respectively. Option were priced using Black Scholes valuation model:

Inputs into the model:

Particulars	19 May 2016	14 May 2015
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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

Volatility : Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the period. The measure of volatility is used in Black Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. Company considered the daily historical volatility of Company's stock price on NSE over a period prior to the date of grant, corresponding with the expected life of the options.

Risk free rate : The risk free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on zero coupon yield curve for government securities.

Expected life of the options : Expected life of the options is the period for which the the Company expects the options to be live. The minimum life of stock options is the minimum period before which the options can not be exercised and the maximum life of the option is the maximum period after which the options can't be exercised. The Company have calculated expected life as the average of the minimum and the maximum life of the options.

Dividend yield: Expected dividend yield has been calculated by dividing the last declared dividend per share by the market price per share as on the date of grant.

35 Income tax

a) Income tax expense in the statement of profit and loss consists of

Particular	**31 March 2018**	**31 March 2017**
Current income tax	5.19	3.14
Excess provision of tax for earlier years (refer note 47)	–	(0.82)
Deferred tax	(1.05)	–
Income tax expense recognised in the statement of profit or loss	**4.14**	**2.32**

b) Deferred tax assets in relation to

Particular	**31 March 2018**	**31 March 2017**	**1 April 2016**
DTA on Carried forward losses	0.98	–	–
Others	0.07	–	–
	1.05	**–**	**–**

36 Leases

Operating lease: Group as lessee

The Group has entered into various leasing agreements classified as operating leases for residential, office and warehouse premises which are renewable by mutual consent on mutually agreeable terms. These agreement generally range between 11 months to 5 years. The Group does not have sub–leasing agreements or any contingent arrangements. Lease payments are recognised in the statement of profit and loss under 'Rent' in note 30.

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

	31 March 2018	**31 March 2017**
	₹ in Crores	**₹ in Crores**
Within one year	6.86	16.06
After one year but not more than five years	7.08	25.84

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 2018	31 March 2018	31 March 2017	31 March 2017
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	1.11	1.05	1.11	1.05
After one year but not more than five years	0.37	0.33	1.48	1.23
Total minimum lease payments	1.48	1.38	2.59	2.28
Less: amounts representing finance charges	0.09	0.09	0.28	0.26
Present value of minimum lease payments	1.39	1.29	2.31	2.02

37 Segment information

The Group is an 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 business segment of Enterprise Communication Solutions and Integration.

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on analysis of various performance indicators by geographical region of the group and other quantitative criteria specified in the Ind AS 108.

Particulars	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Segment revenue		
India	303.39	245.96
Australia	47.60	44.82
Singapore	89.17	202.33
USA	250.99	275.30
Dubai	39.77	–
Rest of the world	16.49	22.27
Total	**747.41**	**790.68**
Less : Inter–segment	(13.96)	(10.46)
Revenue from operations (inclusive of excise duty)	**733.45**	**780.22**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Particulars	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Segment results profit / (loss) before tax and interest		
India	32.12	(4.19)
Australia	(4.29)	(0.31)
Singapore	(14.63)	18.49
USA	13.55	15.95
Dubai	6.58	–
Rest of the world	(3.32)	(0.60)
Total	**30.01**	**29.34**
Less : Finance cost	(24.96)	(26.19)
Profit/(Loss) before exceptional items and tax	**5.05**	**3.15**
Exceptional items – income	14.02	9.50
Profit before tax	**19.07**	**12.65**

Particulars	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Capital employed			
India	85.51	49.11	64.85
Australia	0.54	4.16	3.52
Singapore	3.40	23.69	11.45
USA	(1.63)	(7.14)	(18.23)
Dubai	4.77	–	–
Rest of the world	(2.47)	0.06	(0.12)
Capital employed	**90.11**	**69.89**	**61.47**

Particulars	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Segment assets			
India	338.63	327.16	371.98
Australia	35.14	36.27	35.68
Singapore	149.30	193.77	160.55
USA	177.41	176.56	184.63
Dubai	30.51	–	–
Rest of the world	17.08	10.21	6.20
Less: Inter segment	(167.66)	(155.27)	(138.10)
Total assets	**580.42**	**588.69**	**620.94**

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Particulars	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores	1 April 2016 ₹ in Crores
Segment liabilities			
India	253.12	278.05	307.13
Australia	34.61	32.11	32.16
Singapore	145.91	170.08	149.10
USA	179.04	183.70	202.86
Dubai	25.75	–	–
Rest of the world	19.53	10.14	6.32
Less: Inter segment	(167.65)	(155.27)	(138.10)
Total liabilities	**490.31**	**518.80**	**559.47**
Capital employed	**90.11**	**69.89**	**61.47**

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38 Related Party Disclosure:

(I) List of related parties and relationship.

(i) Ultimate Holding Company:
Essar Global Fund Limited

(ii) Holding Company:
Essar Telecom Limited

(iii) Fellow Subsidiary:
Aegis America Inc.
Aegis Limited (upto 22 November 2017)
Aegis Outsourcing South Africa (Pty.) Limited
Aegis Outsourcing UK Limited
Aegis Philippines, Inc.
Aegis Services Australia Pty. Limited
Aegis Services Lanka Private Limited
Contact Center Company
Equinox Business Parks Private Limited
Essar Bulk Terminal (Salaya) Limited
Essar Bulk Terminal Limited
Essar Oil Limited
Essar Oil UK Limited
Essar Power Gujarat Limited
Essar Power Hazira Limited
Essar Projects (India) Limited
Essar Projects Limited
Essar Projects Middle East FZE, Dubai
Essar Shipping Limited
ESSAR Steel Algoma Inc.
Essar Steel India Limited
Essar Telecom Kenya Limited
Ibrox Aviation And Trading Private Limited
The Mobile Store Limited
The Mobilewallet Private Limited
Vadinar Oil Terminal Limited
Vadinar Ports & Terminals Limited

(iv) Key Managerial Personnel:
Managing / Whole–time Directors
Mr. Sanjeev Verma, Whole–time Director (w.e.f. 15 February, 2016) *
Mr. Sujay R Sheth, Non Executive Director
Mr. Dilip Thakkar, Non Executive Director (w.e.f. 8 February 2018)
Ms. Suparna Singh, Non Executive Director
Mr. Jangoo M. Dalal, Non Executive Director (up to 21 November 2017)
Mr. Manhar T. Mandaliya, Non Executive Director (up to 13 July 2017)
Mr. Shuvabrata Mandal, Non Executive Director (up to 8 August 2017)
Mr. Deepak Kumar Bansal, Chief financial officer (w.e.f. 8 February,2018)
Mr. Angshu Sengupta, Chief financial officer (up to 8 February,2018)
Mr. Pratik Bhanushali, Company Secretary (up to 12 January, 2018)
Mr. Aditya Goswami, Company Secretary (w.e.f. 8 February, 2018)

* The shareholders of the Company have approved the appointment of Mr. Sanjeev Verma as a whole–time director. 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
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(II) Transactions during the year with related parties :

Nature of Transaction	Fellow Subsidiary 31 March 2018 ₹ in Crores	Fellow Subsidiary 31 March 2017 ₹ in Crores
Sale of goods *		
Aegis Limited	15.26	1.25
Aegis Services Australia Pty. Limited	0.14	0.38
Contact Center Company	13.11	0.08
Essar Oil UK Limited	5.57	–
Essar Power Gujarat Limited	0.01	0.02
Essar Power Hazira Limited	1.77	–
Essar Projects India Limited	0.68	–
Essar Steel India Limited	1.18	–
Ibrox Aviation And Trading Private Limited	6.15	–
	43.86	**1.73**
Sale of services*		
Aegis Limited	2.06	4.27
Aegis Services Australia Pty. Limited	–	–
Aegis Outsourcing UK Limited	–	–
Contact Center Company	4.27	31.45
Essar Projects Middle East FZE, Dubai	15.61	–
Essar Oil Limited	–	0.06
Essar Bulk Terminal (Salaya) Limited	0.12	0.27
Essar Bulk Terminal Limited	0.35	0.83
Essar Oil UK Limited	2.96	1.10
Essar Shipping Limited	–	–
The Mobile Store Limited	–	–
The Mobilewallet Private Limited	0.11	–
Vadinar Oil Terminal Limited	0.06	0.27
Aegis Services Lanka Private Limited	–	0.06
Essar Power Gujarat Limited	–	0.00
Essar Steel Algoma Inc.	2.63	–
Ibrox Aviation And Trading Private Limited	1.03	–
	29.20	**38.31**
Services received		
Aegis Limited	–	0.20
Aegis Outsourcing South Africa (Pty.) Limited	–	0.30
Essar Oil Limited	0.16	–
Equinox Business Parks Private Limited	–	8.19
Contact Center Company	4.49	12.68
The MobileWallet Private Limited	–	0.28
	4.65	**21.65**

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Nature of Transaction	Fellow Subsidiary	
	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Expenses reimbursement paid / adjusted		
Aegis Services Australia Pty. Limited	–	0.74
The MobileWallet Private Limited	4.62	–
Essar Projects (India) Limited	–	0.32
Essar Steel India Limited	–	0.08
	4.62	**1.14**
Expenses reimbursement received / adjusted		
Essar Telecom Kenya Limited	–	0.20
Contact Center Company	2.23	–
The MobileWallet Private Limited	4.51	–
The Mobile Store Limited	0.02	–
	6.76	**0.20**
* Sale of product and services amounts represents invoices raised during the year which includes invoices where revenue recognition has been deferred		
Reversal of Rent [refer note 31(b)]		
Equinox Business Parks Private Limited	5.21	9.50
	5.21	**9.50**
Commission received / (paid) on guarantee		
Aegis Limited	–	–
	–	**–**
Guarantee discharged		
Aegis Limited	–	100.50
	–	**100.50**
Security Deposits Given / (recovered)		
Equinox Business Parks Private Limited	(3.45)	1.51
	(3.45)	**1.51**
On behalf collections (including trade advances taken during the year)		
Aegis Limited	9.07	3.90
Aegis Services Australia Pty. Limited	0.37	0.16
Aegis Services Lanka Private Limited	0.06	–
Contact Center Company	31.19	24.00
Essar Oil UK Limited	7.83	1.10
Essar Oil Limited	–	0.08
Essar Bulk Terminal (Salaya) Limited	–	0.02
The Mobile Store Limited	3.90	2.00
Vadinar Oil Terminal Limited	0.15	0.02
Vadinar Ports & Terminals Limited	–	–
Essar Power Gujarat Limited.	–	0.02
Essar Bulk Terminal Limited	–	0.06
Ibrox Aviation And Trading Private Limited	5.50	–
Essar Steel Algoma Inc.	1.73	–
Essar Steel India Limited	1.00	–
Equinox Business Parks Private Limited	0.55	–
Essar Power Hazira Limited	1.77	–
	63.13	**31.36**

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	Fellow Subsidiary	
	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
On behalf payments (including trade advances given during the year)		
Aegis Limited	–	0.21
Equinox Business Parks Private Limited	–	0.44
Contact Center Company	1.45	12.48
Aegis Philippines, Inc.	–	0.16
The Mobile Store Limited	3.90	–
The MobileWallet Private Limited	0.08	0.00
	5.43	**13.29**
Adjustment on assignment of Debit balance		
Essar Bulk Terminal (Salaya) Limited	–	0.13
Essar Projects (India) Limited	–	1.82
Essar Steel India Limited	–	0.16
Essar Shipping Limited	–	0.11
Essar Bulk Terminal Limited	–	0.77
Essar Projects India Limited	0.68	–
Equinox Business Parks Private Limited	6.55	–
Vadinar Oil Terminal Limited	0.05	–
	7.28	**2.99**
Adjustment on assignment of Credit balance		
Essar Oil Limited	0.91	–
	0.91	**–**
Write Back		
Aegis Limited	0.30	–
Equinox Business Parks Private Limited	0.21	–
	0.51	**–**
Write off		
Aegis Outsourcing South Africa (Pty.) Limited	0.13	–
Aegis Philippines, Inc.	1.24	–
	1.37	**–**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(III) Amount Due to / from related parties (as at year–end)

Nature of Transaction	Fellow Subsidiary		
	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Amount payable by Group**			
Aegis Limited #	2.03	3.23	3.49
Aegis Outsourcing South Africa (Pty.) Limited	–	0.49	0.19
Aegis Services Australia Pty. Limited	–	0.00	0.00
Equinox Business Parks Private Limited	–	5.01	6.76
Essar Oil Limited	–	0.74	0.80
Essar Bulk Terminal (Salaya) Limited	–	–	0.12
Essar Telecom Kenya Limited	–	–	0.20
Contact Center Company ##	2.86	1.06	0.85
Aegis Philippines, Inc.	0.06	1.29	1.45
Vadinar Oil Terminal Limited	–	–	0.06
The MobileWallet Private Limited	0.38	0.28	–
Vadinar Ports & Terminals Limited @	–	–	0.06
	5.33	**12.10**	**13.98**
Trade receivables			
Aegis Limited#	8.49	1.77	0.40
Aegis Services Australia Pty. Limited	–	0.23	0.01
Equinox Business Parks Private Limited	–	0.14	0.14
Essar Projects (India) Limited	–	–	0.78
Essar Steel India Limited	0.17	–	0.24
Essar Telecom Kenya Limited	–	0.00	0.00
Essar Shipping Limited	–	–	0.11
Essar Bulk Terminal (Salaya) Limited	0.12	–	–
Essar Bulk Terminal Limited	0.35	–	–
Essar Steel Algoma Inc.	0.90	–	–
Essar Oil Uk Limited	0.70	–	–
Ibrox Aviation And Trading Private Limited	1.68	–	–
Contact Center Company	–	12.78	5.25
Aegis Americas Inc.	–	0.30	0.30
The MobileWallet Private Limited	0.11	–	–
Vadinar Oil Terminal Limited	–	0.13	–
Essar Projects Middle East FZE, Dubai	15.61	–	–
Aegis Services Lanka Private Limited	–	0.06	–
	28.13	**15.41**	**7.23**

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Nature of Transaction	Fellow Subsidiary		
	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Advances and other recoverables			
Equinox Business Parks Private Limited	–	7.68	6.07
Esar Projects Limited	–	0.25	0.25
Essar Projects (India) Limited	–	–	1.36
The Mobile Store Limited	0.02	–	2.00
	0.02	**7.93**	**9.68**
Guarantees taken outstanding as at year end			
Aegis Limited	–	–	100.50
	–	**–**	**100.50**

Foreign currency balance are restated at year end rates

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

Aegis Limited – Balance as on 22 November 2017 has been shown since on that day party ceases to be a related party

Contact Center Company – Balance as on 22 November 2017 has been shown since on that day party ceases to be a related party

@ 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 Crores transferred to the amount owed to related parties of Vadinar Oil Terminal Limited.

(IV) Key Management Personnel (KMP) compensation:

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, Nil (31 March 2017 : 320,248) equity shares options are granted to key managerial personnel and Nil (31 March 2017 : 113,865) equity shares options lapsed.

Particulars	31 March 2018	31 March 2017
	₹ in Crores	₹ in Crores
Remuneration to Mr. Sanjeev Verma		
Salary, bonus and contribution to PF	3.25	3.32
Nil (31 March 2017 : 320,248) options granted during the year	–	0.08
Payable as at year end	1.43	1.68
Remuneration to Others		
Salary, bonus and contribution to PF	1.34	1.28
Sitting fees	0.22	0.38
(31 March 2017: 113,865) options granted and cancelled during the year	–	0.07
Payable as at year end	–	0.12

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.

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39 Contingent liabilities and commitments

	31 March 2018	31 March 2017	1 April 2016
(A) Contingent liabilities	**₹ in Crores**	**₹ in Crores**	**₹ in Crores**
I) In respect of disputed demands in respect of matters under appeal with			
(a) Income tax authorities	50.58	39.36	33.59
(b) Excise, service tax and customs authorities	24.90	24.31	24.31
(c) Sales tax authorities	4.78	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.

(B) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 2.67 Crores (31 March 2017 ₹ 0.26 Crores)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Trade Payable include –

	31 March 2018	31 March 2017	1 April 2016
	₹ in Crores	₹ in Crores	₹ in Crores
Total outstanding dues of micro and small enterprises	6.64	2.78	2.40

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

		31 March 2018	31 March 2017	1 April 2016
		₹ in Crores	₹ in Crores	₹ in Crores
1) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	a. Principal	6.39	2.72	2.28
	b. Interest	0.25	0.06	0.12
	Total	**6.64**	**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	10.97	3.59	1.35
	b. Interest	–	–	–
	Total	**10.97**	**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	0.25	0.06	0.12
	b. Total Interest unpaid	0.25	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 ₹ 0.25 Crores (31 March 2017 ₹ 0.06 Crores, 1 April 2016 ₹ 0.12 Crores) being interest on amounts outstanding as at the beginning of the accounting year.			

The management has identified enterprises which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly the disclosure in respect of the amounts payable to such enterprises as at year end has been made in the financial statements based on the information received and available with the Company and has been relied by the statutory auditors.

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41.1 Financial Instruments

a) Categories of financial instruments

Fair value of Cash and cash equivalent, other bank balances, loans, trade receivables, trade payable, other financial assets and liabilities, and current borrowings approximate their carrying amounts largely due to the short term maturities of these instruments.

	Carrying value and Fair value		
	As At 31 March 2018 ₹ in Crores	As At 31 March 2017 ₹ in Crores	As At 1 April 2016 ₹ in Crores
Financial assets (other than Investment in subsidiaries)			
Measured at amortised cost			
Non current			
(a) Trade receivables	0.32	0.64	1.29
(b) Loans	3.10	12.07	10.74
(c) Other financial assets	3.43	3.44	2.26
Current			
(a) Trade receivables	208.22	206.46	216.28
(b) Cash and cash equivalents	9.22	15.96	26.22
(c) Other bank balances	2.37	3.56	10.13
(d) Loans	2.30	1.74	4.89
(e) Other financial assets	39.23	69.71	67.14
Financial liabilities			
Measured at amortised cost			
Non current			
(a) Borrowings	19.76	1.50	–
(b) Other financial liabilities	4.60	8.11	7.04
Current			
(a) Trade payables	138.86	143.25	172.37
(b) Borrowings	118.39	171.53	159.82
(c) Other financial liabilities	45.51	43.83	54.06

b) Fair value Hierachy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and cash equivalents, trade receivables, trade payables, other financial assets/liabilities, short term loans from banks approximate their carrying amounts largely due to short term maturities of these instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counter–party. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for loans, security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

3. The fair values of non–current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

41.2 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt interest obligations.

Exposure to interest rate risk

Particulars	**As At 31 March 2018**	**As At 31 March 2017**	**As At 1 April 2016**
	₹ in Crores	**₹ in Crores**	**₹ in Crores**
Term loans (non current)	19.76	1.50	–
Term loans (current)	19.77	32.75	32.74
Demand loans	98.62	138.78	122.08

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

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	Gain / (loss) on profit before tax		
	As At 31 March 2018 ₹ in Crores	As At 31 March 2017 ₹ in Crores	As At 1 April 2016 ₹ in Crores
Interest rate increase by 50 basis points	(0.59)	(0.86)	(0.80)
Interest rates decrease by 50 basis points	0.59	0.86	0.80

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk arises credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counter party credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.Most of the Company doubtful debt pertains to the Public Sector which is undergoing through restructuring and therefore, the Company evaluate every receivable in the geography and create adequate provision after analyzing specific risk. Trade receivables are non–interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

	As At 31 March 2018 ₹ in Crores	As At 31 March 2017 ₹ in Crores	As At 1 April 2016 ₹ in Crores
Neither past due nor impaired	134.00	108.44	126.28
Past due but not impaired	74.54	98.66	91.29
Past due and impaired	115.37	113.22	115.29
Total	**323.91**	**320.32**	**332.86**
Allowances for doubtful trade receivables	115.37	113.22	115.29
Trade receivables, net off allowance for doubtful receivables	**208.54**	**207.10**	**217.57**

There is no other class of financial assets that is past due but not impaired, except for trade receivables.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non–interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The following table gives details in respect of percentage of revenues generated from top customer and top five customers

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from top customer	5%	8%
Revenue from top five customers	15%	18%

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. .The company manages its liquidity needs by monitoring scheduled debt servicing payments for financial liabilities as well as forecast cash inflow and outflows due in day to day business. In addition, processes and policies related to such risks are overseen by senior management

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017 and 1 April 2016

Maturity profile of financial liabilities:

As at 31 March 2018	On Demand	Less than one year	1 to 5 years	More than 5 years	Total
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Loans	98.62	19.77	19.76	–	138.15
Trade and other payables	–	138.86	–	–	138.86
Other financial liabilities	45.51	–	4.60	–	50.11
	144.13	**158.63**	**24.36**	**–**	**327.12**

As at 31 March 2017	On Demand	Less than one year	1 to 5 years	More than 5 years	Total
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Loans	138.78	32.75	1.50	–	173.03
Trade and other payables	–	143.25	–	–	143.25
Other financial liabilities	43.83	–	8.11	–	51.94
	182.61	**176.00**	**9.61**	**–**	**368.22**

As at 1 April 2016	On Demand	Less than one year	1 to 5 years	More than 5 years	Total
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Loans	122.08	37.74	–	–	159.82
Trade and other payables	–	172.37	–	–	172.37
Other financial liabilities	54.06	–	7.04	–	61.10
	176.14	**210.11**	**7.04**	**–**	**393.29**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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41.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group procures goods and services in their respective local currency and in case of imports, it primarily deals in US Dollars. The Group has mainly foreign currency trade payables and other receivable which are unhedged and exposed to foreign currency risk. Foreign subsidiaries are pre–dominantly transacted in their respective local currency and therefore not exposed to foreign currency risk

The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies. There are earnings from customers in foreign currency which act as an natural hedge against foreign currency risk

The Company's exposure to foreign currency risk at the end of the reporting period are as under: ₹ in Crores

Particulars	31 March 2018						31 March 2017						1 April 2016					
	USD	**AED**	**SAR**	**CAD**	**GBP**	**Other**	**USD**	**AED**	**SAR**	**CAD**	**GBP**	**Other**	**USD**	**AED**	**SAR**	**CAD**	**GBP**	**Other**
Financial assets																		
Trade receivables	8.57	16.18	2.17	0.91	0.73	0.01	4.57	6.04	0.13	–	–	0.10	3.61	7.20	1.50	–	–	–
Bank balances	2.44	0.53	–	–	–	0.00	4.80	3.46	–	–	–	0.00	4.88	5.03	–	–	–	1.23
Loans and advances	0.32	–	–	–	–	–	1.21	–	–	–	–	–	–	–	–	–	–	–
Net exposure to foreign currency risk	**11.33**	**16.71**	**2.17**	**0.91**	**0.73**	**0.01**	**10.58**	**9.50**	**0.13**	**–**	**–**	**0.10**	**8.49**	**12.23**	**1.50**	**–**	**–**	**1.23**
Financial liabilities																		
Short term borrowings	6.76	–	–	–	–	–	2.95	–	–	–	–	–	9.49	–	–	–	–	–
Trade payables	23.70	–	2.61	–	–	1.00	15.42	–	7.44	–	–	0.60	28.99	–	2.81	–	–	0.87
Interest payable	0.03	–	–	–	–	–	0.00	–	–	–	–	–	0.02	–	–	–	–	–
Others	0.22	–	–	–	–	–	0.34	–	–	–	–	–	0.02	–	–	–	–	–
Net exposure to foreign currency risk	**30.71**	**–**	**2.61**	**–**	**–**	**1.00**	**18.71**	**–**	**7.44**	**–**	**–**	**0.60**	**38.52**	**–**	**2.81**	**–**	**–**	**0.87**

Sensitivity to foreign currency risk

The following table demonstrates the sensivity in the USD, AED, SAR, CAD, GBP and other currencies with all other variables held constant. The below impact on the Group's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

Particulars	Impact on statement of profit and loss for the year ending		
	31 March 2018	**31 March 2017**	**1 April 2016**
	₹ in Crores	**₹ in Crores**	**₹ in Crores**
USD sensitivity			
INR / USD			
Increase by 5%	(0.97)	(0.41)	(1.50)
Decrease by 5%	0.97	0.41	1.50
AED sensitivity			
INR / AED			
Increase by 5%	0.84	0.47	0.61
Decrease by 5%	(0.84)	(0.47)	(0.61)
SAR sensitivity			
INR / SAR			
Increase by 5%	(0.02)	(0.37)	(0.07)
Decrease by 5%	0.02	0.37	0.07
CAD sensitivity			
INR / CAD			
Increase by 5%	0.04	(0.00)	(0.00)
Decrease by 5%	(0.04)	0.00	0.00
GBP sensitivity			
INR / GBP			
Increase by 5%	0.04	(0.00)	(0.00)
Decrease by 5%	(0.04)	0.00	0.00
Other sensitivity			
INR / Other			
Increase by 5%	(0.03)	(0.05)	(0.03)
Decrease by 5%	0.03	0.05	0.03

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42 Capital Mangement

The company's objectives when managing capital are to

• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

• maintain an optimal capital structure to reduce the cost of capital.

Gearing Ratio:

Particulars	31 March 2018 ₹ in Crores	31 March 2017 ₹ in Crores	1 April 2016 ₹ in Crores
Borrowings	138.15	173.03	159.82
Other financial liabilities	6.60	9.88	8.01
Total Debt	**144.75**	**182.91**	**167.83**
Less: Cash and cash equivalents	11.59	19.52	36.35
Net Debt #	**133.16**	**163.39**	**131.48**
Total equity	90.11	69.89	61.47
Total Capital	**90.11**	**69.89**	**61.47**
Gearing Ratio (in %)	**148%**	**234%**	**214%**

#Debt for the above purpose includes non–current borrowings, current borrowings, current maturities of non current borrowings and interest accrued but not due on borrowings (net of cash and cash equivalents).

During the current year, there is an improvement in Gearing ratio from 234% to 148% mainly attributable to reduction in borrowings and improvement in profitability.

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43 First time adoption of IND–AS

First Ind AS Financial statements

The Company's consolidated financial statements for the year ended 31 March 2018 are prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

The adoption of Ind AS was carried out in accordance with Ind AS 101, using 1 April 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the Ind AS Financial Statements for the year ended 31 March 2018, be applied consistently and retrospectively for all fiscal years presented.

All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both Ind AS and Indian GAAP as of the Transition Date have been recognized directly in equity at the Transition Date.

In preparing these financial statements, the Group has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

a) Applicable mandatory exceptions:

Estimates

Upon an assessment of the estimates made under previous GAAP, the management is of the opinion that there was no need to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by previous GAAP.

Classification and measurement of financial assets/liabilities

As required under Ind AS 101 the company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

b) Optional exemption availed

Business combinations

The Group has availed the business combination exemption on first time adoption of Ind AS and accordingly the business combinations prior to date of transition have not been restated to the accounting prescribed under Ind AS–103 – Business combinations. The Group applies the requirements of Ind AS 103 – Business combinations to business combinations occurring after the date of transition to Ind AS

Deemed cost

The Group has elected to continue with the carrying value of all its property, plant and equipment including asset held for sale as recognised in consolidated financial statements as at April I, 2016 (transition date) to Ind AS measured as per the Previous GAAP and use that as its deemed cost as at the transition date.On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at April I, 2016, measured as per the Previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Cumulative translation differences and accumulated exchange differences

Ind AS 101 permits a firsttime adopter to set cumulative translation differences for all foreign operations deemed to be zero at the date of transition. Accordingly, the Group has elected to set cumulative translation differences for all foreign operations at zero.

Investment in subsidiaries

In accordance with Ind AS 101, the Company has elected to measure all of its investments in subsidiaries at deemed cost i.e. previous GAAP carrying amount on transistion date.

c) Reconciliations:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

Equity as at 1 April 2016;

Equity as at 31 March 2017;

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Total comprehensive income for the year ended 31 March 2017;

(i) Equity reconciliation

Particulars	**Notes**	**Year ended 31 March 2017 ₹ in Crores**	**Year ended 1 April 2016 ₹ in Crores**
Equity under previous GAAP		78.40	68.63
Apportionment of compound financial instrument (Preference Share Capital)	1	(5.59)	(5.59)
Amortisation of Preference share liability	1	(1.45)	(1.45)
Fair valuation of security deposits	2	(0.82)	–
Others	1, 3 and 4	(0.65)	(0.12)
Equity as per Ind AS		**69.89**	**61.47**

(ii) Total comprehensive income reconciliation

Particulars	**Notes**	**Year ended 31 March 2017 ₹ in Crores**
Net loss for the period as per previous Indian GAAP		**12.09**
Finance cost recognised on fair valuation of financial liabilities	1 and 3	(1.25)
Impact on fair valuation of Employee Stock Option Plan	4	(0.01)
Employee defined benefit plans accounted under OCI	5	(0.40)
Interest income recognised on fair valuation of financial assets	2	0.72
Fair valuation of security deposits	2	(0.82)
Net loss for the period as per Ind AS		**10.33**

Notes

1 Under Ind AS, Preference share being financial liability are classified as equity or liability or combination of both as compared to previous GAAP. This adjustment includes the reversal of preference share capital and recognising equity and liability components. Further, the liability has been carried at amortised cost.

2 Under Ind AS, deposits are valued at amortised cost as compared to being carried at transaction value in the previous GAAP. The adjustment includes the difference between the book value and amortised value of security deposits which has been recognised as rent expense. Further, interest income computed on the amortised value of the security deposit is recognised over the tenure of the security deposit using the EIR method.

3 Under Ind AS, loans are valued at amortised cost as compared to being carried at cost in the previous GAAP. This adjustment includes the difference between the book value and the amortised value of an loan which recognised as interest expense. The interest on the amortised value of this loan is recognised over the tenure of the loan using the EIR method.

4 Under Ind AS, Share based compensation expenses are computed based on the fair valuation of ESOP scheme, whereas in the previous GAAP the ESOP scheme were valued at instrinsic value.

5 Under the previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income.

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44 During the year, on 01 June 2015, the Group acquired business of Ensource Limited, USA.

The details of the acquisition date, financial information are as provided below:

Particulars	**1 April 2016**
	₹ in Crores
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**

45 During the quarter ended 30 June 2016, based on an internal technical evaluation, the management reassessed the remaining useful lives of certain Property, plant and equipment with effect from 1 April 2016 Accordingly the useful lives of such plant and equipment have been revised from 3 to 5 years to 15 years.

Had the Group continued with the previously assessed useful lives, depreciation expense for the year ended 31 March 2018 would have been higher by ₹ 2.12 Crores (31 March 2017 : ₹ 2.15 Crores). Further the revision of the useful lives will result in the following changes in depreciation expense as compared to depreciation expense based on earlier useful lives.

	₹ in Crores
Financial Years	**(Decrease) / Increase in depreciation expense**
2018–19	(1.61)
Post 2019	5.86

46 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 property, plant and equipment of ₹ 46.04 Crores (net of incidental expenses ₹ 3.39 Crores) during the year ended 31 March 2015. During the 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 during the year ended 31 March 2018 has realised further consideration of ₹ 23.77 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer.

47 Short/(Excess) provision of tax for earlier years

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

48 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.

49 Corporate social responsibility

As per section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) Committee has been formed by the Company. The Company on standalone basis has average net loss for the last 3 financials years so the amount of CSR expenditure required as per the Companies Act is ₹ Nil (31 March 2017: ₹ Nil) and the Company has not undertaken any CSR activity during the year.

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

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

NIKHILESH NAGAR
Partner
Membership No. 079597

Place : Mumbai
Date : 29 May 2018

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

SANJEEV VERMA
Whole–Time Director
DIN – 06871685

MAHUA MUKHERJEE
Executive Director
DIN – 08107320

ADITYA GOSWAMI
Company Secretary

DEEPAK KUMAR BANSAL
Chief Financial Officer

Place : Mumbai
Date : 29 May 2018

FINANCIAL HIGHLIGHTS – CONSOLIDATED

₹ in Crores

	2017–18	2016–17	2015–16	2014–15	2013–14	2012–13	2011–12	2010–11	2009–10	2008–09
Fixed assets (Net) and Investment	**113.56**	110.85	108.81	89.7	119.8	129.2	115.8	102.6	21.7	19.9
Net assets (Excluding fixed assets)	**114.69**	132.07	113.18	156.2	189.7	495.6	328.3	146.3	219.1	193.7
Total capital employed	**90.11**	69.89	61.47	101.6	74.0	305.6	322.5	262.7	253.0	225.7
Shareholders' funds										
I. Equity	**28.47**	28.47	28.47	43.5	28.5	28.5	14.2	14.2	14.2	14.2
II. Reserves and surplus (Other Equity)	**61.64**	41.42	33.00	58.2	45.5	277.1	308.3	248.5	238.8	211.5
Total	**90.11**	69.89	61.47	101.7	74.0	305.6	322.5	262.7	253.0	225.7
Sales (including excise)	**733.45**	780.22	882.80	892.0	775.8	1,061.2	997.6	325.5	540.4	558.4
Other Income	**4.88**	3.57	5.50	6.3	19.6	51.5	12.9	3.1	10.3	4.2
Profit before tax	**19.07**	12.65	(22.35)	17.7	(274.1)	(9.9)	86.3	19.2	52.4	23.2
Provision for Tax										
I. Current tax	**5.19**	3.14	4.70	3.5	0.3	7.0	21.7	7.6	17.8	5.1
II. Deferred tax	**(1.05)**	(0.82)	7.60	(0.6)	(2.7)	5.0	1.1	(1.6)	–	2.1
III. Fringe benefit tax	**–**	–	–	–	–	–	–	–	–	0.5
Profit after tax	**14.93**	10.33	(34.60)	14.8	(271.6)	(21.9)	63.5	13.2	34.6	15.5
Total Comprehensive income for the year	**14.67**	8.28	–	–	–	–	–	–	–	–
Dividend (%)	**–**	–	–	–	–	–	150.00	22.50	45.00	35.00
Debt–Equity Ratio	**1.53**	2.48	2.40	1.42	3.18	1.04	0.40	–	–	–
Earning per share (₹)	**5.15**	2.91	(12.20)	5.19	(95)	(7.69)	22.32	9	24	11
Cash earning per share (₹)	**8.11**	5.93	(9.00)	11.70	(81.21)	(1.98)	52.85	11.94	29.79	18.13
Book value per share (₹)	**31.62**	24.52	24.00	35.70	48.50	107.22	226.63	184.57	177.78	158.60

NOTES

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

32ND ANNUAL GENERAL MEETING - AUGUST 1, 2018 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-SECOND ANNUAL GENERAL MEETING of the Company at Banquet Hall, Equinox Business Park, Off B.K.C., LBS Marg, Kurla West, Mumbai 400070 on Wednesday, August 1, 2018.

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

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PROXY FORM

32ND ANNUAL GENERAL MEETING AUGUST 1, 2018 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-SECOND 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 , Wednesday, August 1, 2018 and at any adjournment thereof.

Signed this ……………….. day of ………………. 2018.

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.

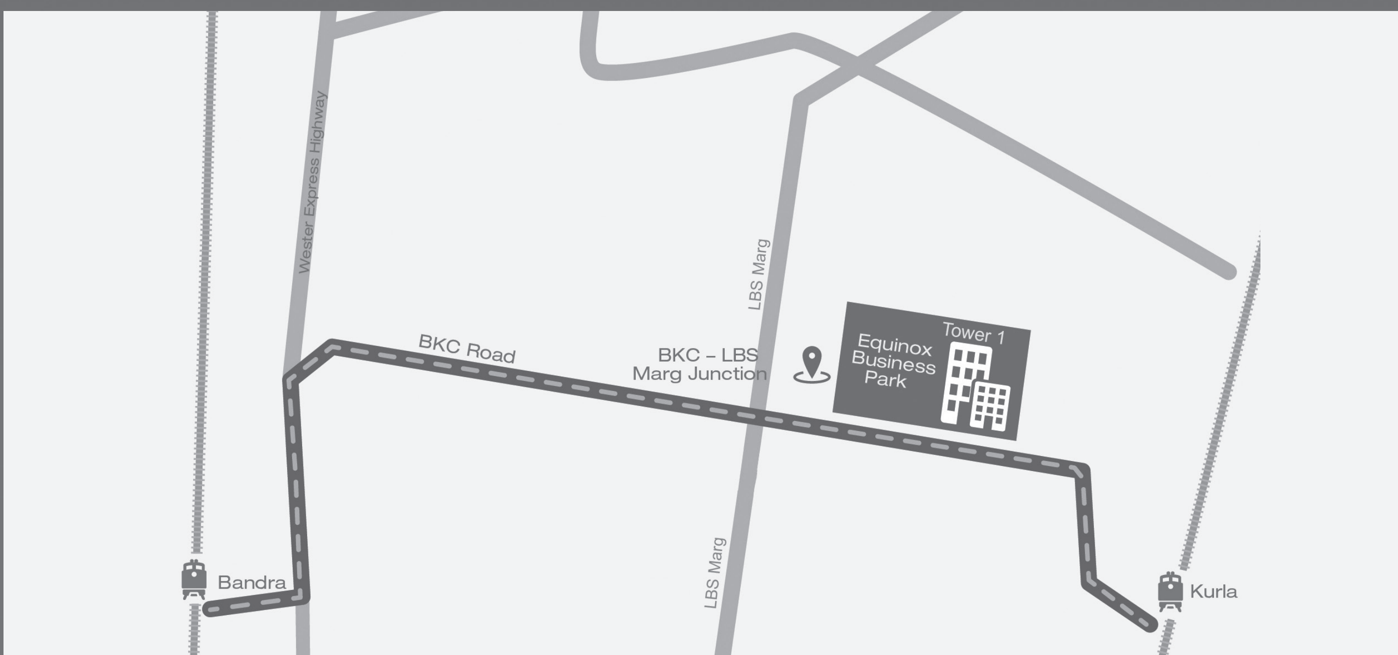
* Strike out which ever not desired

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-SECOND ANNUAL GENERAL MEETING.

Route Map to AGC Networks Limited

Equinox Business Park, Tower 1, Off B.K.C,
LBS Marg, Kurla West, Mumbai 400070,
Maharashtra, India

Landmark: BKC – LBS Marg Junction
Distance from Kurla Station: 750 mtr
Distance from Bandra Station: 4.7 km Equinox Business Park LBS Marg



AGC
Accelerating Business

Registered Office

AGC Networks Limited,
Equinox Business Park, Tower 1
Off. BKC, LBS Marg, Kurla West, Mumbai 400070, India. | T: +91 22 6661 7300/400

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

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