



Accelerating Business

**AGC Networks Limited**  
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**AGC/SD/SE/2020/49**

**June 30, 2020**

To,

<b>Corporate Relationship Department</b> <b>Bombay Stock Exchange Limited</b> P.J. Tower, Dalal Street, Fort, Mumbai 400001	<b>Corporate Relationship Department</b> <b>The National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400051
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**Sub:** Outcome of the Board Meeting held on June 30, 2020 and Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and year ended March 31, 2020

**Ref:** AGC Networks Limited—Script Code: 5000463 NSE Symbol: AGCNET

Dear Sir/Madam,

With reference to our letter no. AGC/SD/SE/2020/48 dated June 26, 2020 regarding meeting of the Board of Directors ("the Board") of the Company and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we wish to inform you that the Board at its meeting held on Tuesday, June 30, 2020, has inter-alia, considered and approved the Audited Financial Results of the Company (Standalone and Consolidated) for the quarter and year ended March 31, 2020.

Further, pursuant to regulation 33 of the Listing Regulations, we are enclosing herewith the following:

- Audited Standalone and Consolidated Financial Results of the Company, for the quarter and year ended March 31, 2020;
- Report of Auditors on Standalone and Consolidated Financial Results of the Company, for the quarter and year ended March 31, 2020;
- Declaration regarding Auditor's Report with Statement of Impact of Audit Qualifications pertaining to previous year(s); and
- Disclosure of impact of Covid 19 on the operations of the Company.

The Board Meeting commenced at 7.00 p.m. and concluded at 11.55 p.m.

This is for your information, record and necessary action.

Thanking you.

Yours Faithfully,  
For **AGC Networks Limited**

Aditya  
Goswami

Digitally signed by Aditya Goswami  
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o=AGC Networks Limited  
Date: 2020.07.01 00:03:06  
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**Aditya Goswami**  
**Company Secretary & Compliance Officer**  
**Encl.: As above**

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**Walker Chandiook & Co LLP**

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## **Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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

#### **Qualified Opinion**

1. We have audited the accompanying standalone annual financial results ('the Statement') of **AGC Networks Limited** ('the Company') for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
  - (i) presents standalone financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, except for the effects of the matter described in paragraph 3 below; and
  - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the standalone net loss after tax and other comprehensive loss and other financial information of the Company for the year ended 31 March 2020 except for the effects of the matter described in paragraph 3 below.

#### **Basis for Qualified Opinion**

3. As stated in Note 8 to the accompanying standalone financial results, during the previous year ended 31 March 2019, the Company had recorded only the differential amount of Rs 1.11 Crores, as profit on sale of property, plant and equipment, being the difference between the sale consideration of a certain property re-assigned to a new buyer and the outstanding receivable from an earlier sale transaction was incorrectly recorded without the transfer of risks and rewards of ownership of such property in the year ended 31 March 2015.

Had the Company followed the principles of Ind AS 16, Property, Plant and Equipment, and corrected the aforementioned errors relating to incorrect recognition of sale in earlier year, of the said property, in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, exceptional item (income), representing gain on sale of property, plant and equipment, for the year ended 31 March 2019 would have been higher by Rs. 22.79 Crores (quarter ended 31 March 2019: Nil), while depreciation expense for the year ended 31 March 2019 would have been higher by Rs. 0.02 Crores (quarter ended 31 March 2019: Nil).

## AGC Networks Limited

### Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

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Our reports on the standalone financial results for the quarter ended 31 December 2019 and year ended 31 March 2019 were also qualified in respect of the above matter, and accordingly, our opinion on the accompanying standalone financial results for the year ended 31 March 2020 is also qualified with respect to the effects of this matter on the comparability of current and corresponding figures in the accompanying standalone financial results.

4. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the '*Auditor's Responsibilities for the Audit of the Statement*' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Emphasis of Matters - Impact of COVID 19 on the Statement and compliances with laws and regulations**

5. We draw attention to Note 12 to the accompanying standalone financial results with respect to delay in repatriation of proceeds of export of goods and services and delay in remittance for import payments, aggregating to Rs. 1.37 Crores and Rs. 4.33 Crores, respectively as on 31 March 2020 beyond the timelines stipulated, under the Foreign Exchange Management Act, 1999 and regulations thereunder. The management of the Company is in the process of filing, and in some cases, has filed necessary applications seeking extension of time, approval for write off of foreign currency payables and condonation of delays with appropriate authorities for regularising these defaults, subsequent to 31 March 2020. Pending conclusion on these matters, management is of the view that the possible fines / penalties, which may be levied, are currently unascertainable but are not expected to be material and accordingly, the accompanying standalone financial results do not include any consequential adjustments that may be required due to such delay / default.
6. We draw your attention to Note 13 to the accompanying standalone financial results, which describes the impact of COVID-19 pandemic on the Company's operations. In view of the uncertainties in the economic environment due to the outbreak of COVID-19 pandemic, the impact on the operations of the Company is significantly dependent on the future developments as they evolve.

Our opinion is not modified in respect of the above matters.

#### **Responsibilities of Management and Those Charged with Governance for the Statement**

7. This Statement has been prepared on the basis of the standalone annual audited financial statements and has been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive loss and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## AGC Networks Limited

### Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

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8. In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Statement**

10. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under Section 143(10) of the Act, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
11. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
  - Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# Walker Chandniok & Co LLP

## AGC Networks Limited

**Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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### Other Matter

14. The Statement includes the standalone financial results for the quarter ended 31 March 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

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

**BHARAT  
KOCHU  
SHETTY**

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Date: 2020.06.30  
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**Bharat Shetty**  
Partner  
Membership No:106815

**UDIN No:20106815AAAABR5161**

**Place:** Mumbai  
**Date:** 30 June 2020

## AGC NETWORKS LIMITED

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

### STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(Rs. in Crores)

Sr. No.	Particulars	Quarter ended			Year ended	
		Unaudited			Audited	
		31/03/2020 (Refer note 2)	31/12/2019	31/03/2019 (Refer note 2)	31/03/2020	31/03/2019
<b>1</b>	<b>Income</b>					
	(a) Revenue from operations	86.94	62.04	73.56	309.35	306.85
	(b) Other income	2.74	1.18	0.98	6.26	6.25
	<b>Total income</b>	<b>89.68</b>	<b>63.22</b>	<b>74.54</b>	<b>315.61</b>	<b>313.10</b>
<b>2</b>	<b>Expenses</b>					
	(a) Purchase of stock-in-trade	15.94	23.58	23.77	114.73	115.48
	(b) Changes in inventories of work-in-progress and stock-in-trade	12.06	(4.47)	1.35	5.52	5.39
	(c) Service charges	27.94	26.75	26.10	103.92	98.09
	(d) Employee benefits expense (net)	9.62	7.66	10.81	36.43	44.60
	(e) Finance costs	4.52	4.84	3.60	18.50	17.05
	(f) Depreciation and amortisation expense	1.84	1.91	0.45	7.46	2.01
	(g) Other expenses	5.91	6.97	8.01	30.68	34.87
	<b>Total expenses</b>	<b>77.83</b>	<b>67.24</b>	<b>74.09</b>	<b>317.24</b>	<b>317.49</b>
<b>3</b>	<b>Profit / (loss) before exceptional items and tax (1-2)</b>	<b>11.85</b>	<b>(4.02)</b>	<b>0.45</b>	<b>(1.63)</b>	<b>(4.39)</b>
4	Exceptional items - income (refer note 7)	-	-	(1.50)	-	(5.67)
<b>5</b>	<b>Profit / (loss) before tax (3-4)</b>	<b>11.85</b>	<b>(4.02)</b>	<b>1.95</b>	<b>(1.63)</b>	<b>1.28</b>
6	Tax expense	-	-	-	-	-
<b>7</b>	<b>Net profit / (loss) for the period (5-6)</b>	<b>11.85</b>	<b>(4.02)</b>	<b>1.95</b>	<b>(1.63)</b>	<b>1.28</b>
8	Other comprehensive (loss) / income	-	(0.16)	0.06	(0.51)	0.83
<b>9</b>	<b>Total comprehensive income / (loss) for the period (7+8)</b>	<b>11.85</b>	<b>(4.18)</b>	<b>2.01</b>	<b>(2.14)</b>	<b>2.11</b>
10	Paid-up equity share capital (face value of Rs.10 each)	29.75	29.74	29.74	29.75	29.74
11	Other equity				59.20	63.05
12	Earnings / (loss) per share of Rs.10 each before exceptional items :					
	Basic (in Rs.)	3.98*	(1.35)*	0.15*	(0.55)	(1.50)
	Diluted (in Rs.)	3.92*	(1.35)*#	0.15*	(0.55)#	(1.50)#
	Earnings / (loss) per share of Rs.10 each after exceptional items :					
	Basic (in Rs.)	3.98*	(1.35)*	0.67*	(0.55)	0.44
	Diluted (in Rs.)	3.92*	(1.35)*#	0.66*	(0.55)#	0.44

\* Not annualised

# The effect of 619,262 potential equity shares outstanding as at 31 March 2020 and 626,262 potential equity shares outstanding as at 31 December 2019 and 31 March 2019 is anti-dilutive and thus these shares are not considered in determining diluted earnings / (loss) per share.

**Note**

Tax impact on exceptional items has not been considered for the purpose of reporting earnings / (loss) per share.

## Standalone balance sheet

(Rs. in Crores)

Particulars	Standalone	
	Audited	
	31/03/2020	31/03/2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6.51	7.70
Right of use assets	17.04	-
Other intangible assets	0.60	0.78
Financial assets		
Investment	48.72	48.72
Loans	1.63	1.46
Other financial assets	0.99	1.03
Tax assets (net)	71.10	62.13
Other non-current assets	5.92	5.97
<b>Total non-current assets</b>	<b>152.51</b>	<b>127.79</b>
<b>Current assets</b>		
Inventories	10.00	16.18
Financial assets		
Trade receivables	77.11	93.92
Cash and cash equivalents	1.09	0.73
Bank balances other than cash and cash equivalents	1.83	2.76
Loans	19.02	23.68
Other financial assets	18.43	24.77
Other current assets	57.71	54.89
<b>Total current assets</b>	<b>185.19</b>	<b>216.93</b>
<b>TOTAL ASSETS</b>	<b>337.70</b>	<b>344.72</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	29.75	29.74
Other equity	59.20	63.05
<b>Total equity</b>	<b>88.95</b>	<b>92.79</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Lease liabilities	14.20	-
Other financial liabilities	0.14	0.52
Provisions	6.85	6.31
Other non-current liabilities	9.94	12.63
<b>Total non-current liabilities</b>	<b>31.13</b>	<b>19.46</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	93.82	98.04
Trade payables		
Total outstanding dues to micro enterprises and small enterprises	17.17	6.99
Total outstanding dues to creditors other than micro enterprises and small enterprises	45.52	65.61
Lease liabilities	5.16	-
Other financial liabilities	23.34	25.36
Other current liabilities	32.04	35.82
Provisions	0.57	0.65
<b>Total current liabilities</b>	<b>217.62</b>	<b>232.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>337.70</b>	<b>344.72</b>

**Notes:**

- 1) These standalone financial results have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI circular dated 5 July 2016.
- 2) Figures for the quarter ended 31 March 2020 and 31 March 2019 are the balancing figures between the audited figures in respect of the full financial year and the unaudited published year to date figures up to the third quarter of the current and previous financial year.
- 3) The above standalone results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30 June 2020. These results have been prepared on the basis of audited standalone financial statements for the year ended 31 March 2020.
- 4) The Board at its meeting held on 12 August 2014 allotted 1,500,000 1% Non-Cumulative Non-Convertible Redeemable Preference Share ("NCRPS") having face value of Rs.100 each for the period of 7 years. On 30 March 2018, the Company received approval from the preference shareholders for extension of term by 5 years post expiry of original term of 7 years. Further, pursuant to the shareholders approval and in principle approval from the stock exchanges, the nature and terms of the NCRPS were changed to 0.01% Compulsorily Convertible Preference Shares ("CCPS"). Subsequently on 31 August 2018, Company has allotted equity shares on account of conversion of the CCPS as per pricing formula prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at a price of Rs. 118 per equity share.
- 5) The members of the Company at the annual general meeting held on 1 August 2018, approved the re-classification within authorised share capital where-in authorised preference share capital was re-classified to Rs. 100 Crores comprising of 5,000,000 cumulative / non-cumulative redeemable preference shares of Rs. 100 each and 5,000,000 convertible preference shares of Rs. 100 each.
- 6) The Company declared the dividend of Re.1 per NCRPS having face value of Rs.100 each which was approved at annual general meeting held on 1 August 2018.
- 7) **Exceptional items:**

(Rs. in Crores)

Particulars	Quarter ended			Year ended	
	Unaudited			Audited	
	31/03/2020 (Refer note 2)	31/12/2019	31/03/2019 (Refer note 2)	31/03/2020	31/03/2019
Reversal of provision against obsolete / non-moving inventory [refer note (a)]	-	-	(1.50)	-	(3.65)
Interest income against sale of property, plant and equipment [refer note (b)]	-	-	-	-	(0.91)
Profit on sale of property, plant and equipment [refer note (c)]	-	-	-	-	(1.11)
	-	-	(1.50)	-	(5.67)

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

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

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

- 8) During the year ended 31 March 2015, the Company entered into deed of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of Rs. 44.63 Crores. During April 2015, the lender to whom these assets were provided as security provided its in-principle approval for the said transfer subject to fulfilment of conditions stated therein. The said transfer was pending approval from the relevant government authority and transfer of legal title that were considered to be procedural in nature. Accordingly, the Company had recognised profit on sale of property, plant and equipment of Rs. 40.85 Crores (net of incidental expenses Rs. 3.04 Crores) during the year ended 31 March 2015.

During the year ended 31 March 2019, the said property was re-assigned in the name of the Company by the buyer since the buyer expressed its inability to get the aforementioned sale deed registered with the relevant government authority. Subsequently, the said property had been transferred to another buyer through a separate sale transaction for a consideration of Rs. 23.51 Crores, and the Company had recorded the differential amount of Rs.1.11 Crores between the said consideration and balance receivable as at re-assignment date from the earlier recognised sale, as profit on sale of property, plant and equipment. The amount of consideration already received amounting to Rs. 22.23 Crores as at re-assignment date from the erstwhile buyer is not required to be refunded by the Company. The entire transaction stands completed.

**9) Adoption of new accounting standard on leases - Ind AS 116**

The Company has adopted Ind AS 116, "Leases", effective 1 April 2019, using modified retrospective approach, as a result of which comparative information is not required to be restated. The Company has discounted lease payments using the incremental borrowing rate as at 1 April 2019 for measuring lease liabilities at Rs. 20.65 Crores and accordingly recognised right-of-use assets at Rs. 19.06 Crores by adjusting retained earnings by Rs. 1.59 Crores, as at the aforesaid date. The Company has elected not to apply the requirements of Ind AS 116 to short term leases and certain leases for which the underlying asset is of low value. In the standalone statement of profit and loss for the current period, the expenses in respect of operating leases are recognised as amortisation of right of use assets and finance cost, as compared to lease rent in previous periods, and to this extent standalone results for the current period are not comparable.

The impact of adopting Ind AS -116 on the standalone financial results for the quarter / year ended 31 March 2020 is as follows:

(Rs. in Crores)

Particulars	Quarter ended			Year ended		
	31/03/2020 (Erstwhile basis)	31/03/2020 (As per Ind AS -116)	Increase / (decrease) in profit	31/03/2020 (Erstwhile basis)	31/03/2020 (As per Ind AS -116)	Increase / (decrease) in profit
Finance costs	3.83	4.52	(0.69)	15.51	18.50	(2.99)
Depreciation and amortisation expense	0.36	1.84	(1.48)	1.60	7.46	(5.86)
Other expenses	7.74	5.91	1.83	38.23	30.68	7.55
Profit / (loss) before tax	12.19	11.85	(0.34)	(0.33)	(1.63)	(1.30)

- 10) As on 1 April 2019, Company had 5 directors on board. Company has appointed sixth director in the board meeting held on 14 August 2019.
- 11) As on 1 April 2019, the Company had not appointed at least one of its independent directors as a director on the board of directors of its unlisted material subsidiary entities incorporated outside India. The Company had appointed its independent directors as director on the board of directors of these unlisted material subsidiary entities incorporated outside India during the year ended 31 March 2020.



**AGC Networks Limited**  
**Standalone cash flow statement**

(Rs. in Crores)

	Year ended	
	Audited	
	31 March 2020	31 March 2019
<b>Cash flow from operating activities</b>		
(Loss) / profit before tax	(1.63)	1.28
<b>Adjustments for non-cash transactions and items considered separately:</b>		
Depreciation and amortisation expense	7.46	2.01
Loss on disposal of property, plant and equipment	-	0.01
(Reversal) / creation of provision for warranties	(0.01)	0.02
Allowances for doubtful debts	5.62	0.41
Liabilities / provisions for earlier years no longer required written back	(0.68)	(2.00)
Unrealised foreign exchange loss / (gain)	0.37	(0.77)
Finance costs	18.50	17.05
Interest income on bank deposits	(0.21)	(0.18)
(Reversal) / expenses on employee stock option scheme	(0.17)	0.64
Reversal of provision against obsolete / non-moving Inventory	-	(3.65)
Interest income on consideration from sale of Gandhinagar land and building	-	(0.91)
Interest income on inter corporate deposits	(3.63)	(1.89)
Profit on sale of Gandhinagar land and building	-	(1.11)
<b>Operating profit before working capital changes</b>	<b>25.62</b>	<b>10.91</b>
Changes in working capital :		
Trade receivables	11.68	10.36
Inventories	6.18	9.92
Loans and other assets	8.88	6.15
Trade payables	(10.40)	20.46
Provisions and other liabilities	(8.85)	4.55
<b>Cash generated from operating activities before taxes</b>	<b>33.11</b>	<b>62.35</b>
Income taxes paid	(8.97)	(4.28)
<b>Net cash generated from operating activities (A)</b>	<b>24.14</b>	<b>58.07</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and other intangible assets (including Gandhinagar land and building)	(0.28)	(23.54)
Proceeds from sale of property, plant and equipment and other intangible assets (including Gandhinagar land and building)	0.06	23.50
Inter corporate deposit received back / (given)	3.20	(22.39)
Interest received on bank deposits	0.33	0.29
Interest received on inter corporate deposits	-	1.89
Liquidation of / (investment in) margin money and bank deposits	0.46	(1.40)
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>3.77</b>	<b>(21.65)</b>
<b>Cash flows from financing activities</b>		
Issue of equity shares	0.01	-
Security premium received on issue of equity shares	0.05	-
Repayment of working capital loan	(7.03)	(12.74)
Availment / (repayment) of cash credits	2.81	(6.49)
Payment of lease liabilities (net)	(5.12)	-
Payment of unclaimed dividend	(0.16)	(0.03)
Payment of interest	(18.12)	(17.20)
<b>Net cash used in financing activities (C)</b>	<b>(27.56)</b>	<b>(36.46)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>0.35</b>	<b>(0.04)</b>
Cash and cash equivalents at the beginning of the year	0.73	0.86
Unrealised gain / (loss) on foreign currency cash and cash equivalents	0.01	(0.09)
<b>Cash and cash equivalents at the end of the year</b>	<b>1.09</b>	<b>0.73</b>

Annexure I			
Statement on Impact of Audit Qualification (for audit report with modified opinion) submitted along-with Annual Audited Financial Results (Standalone)			
Statement on Impact of Audit Qualification for the Financial Year ended 31 March 2020 [See Regulation 33/52 of the SEBI (LODR) Amendment Regulations, 2016]			
(Amount in ₹ Crore)			
I. Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1	Turnover/Total Income	315.61	315.61
2	Total Expenditure	317.24	317.24
3	Net Profit/(Loss)	(1.63)	(1.63)
4	Earnings per Share		
	Basic	(0.55)	(0.55)
	Dilutive	(0.55)	(0.55)
5	Total Assets	337.70	337.70
6	Total Liabilities	248.75	248.75
7	Net Worth	88.95	88.95
8	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II. Auditor's qualification</b>			
a.	Details of Audit Qualification:	<p><b>(i) Auditor's qualification on annual audited financial results (standalone)</b></p> <p>As stated in Note 8 to the accompanying standalone financial results, during the previous year ended 31 March 2019, the Company had recorded only the differential amount of Rs 1.11 Crores, as profit on sale of property, plant and equipment, being the difference between the sale consideration of a certain property re-assigned to a new buyer and the outstanding receivable from an earlier sale transaction was incorrectly recorded without the transfer of risks and rewards of ownership of such property in the year ended 31 March 2015.</p> <p>Had the Company followed the principles of Ind AS 16, Property, Plant and Equipment, and corrected the aforementioned errors relating to incorrect recognition of sale in earlier year, of the said property, in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, exceptional item (income), representing gain on sale of property, plant and equipment, for the year ended 31 March 2019 would have been higher by Rs. 22.79 Crores (quarter ended 31 March 2019: Nil), while depreciation expense for the year ended 31 March 2019 would have been higher by Rs. 0.02 Crores (quarter ended 31 March 2019: Nil).</p> <p>Our reports on the standalone financial results for the quarter ended 31 December 2019 and year ended 31 March 2019 were also qualified in respect of the above matter, and accordingly, our opinion on the accompanying standalone financial results for the year ended 31 March 2020 is also qualified with respect to the effects of this matter on the comparability of current and corresponding figures in the accompanying standalone financial results.</p>	
b.	Type of Audit Qualification:	Qualified Opinion	
c.	Frequency of Qualification:	Auditor's qualification on annual audited financial results (standalone) has been appearing from the year ended 31 March 2015 and has been updated for the year ended 31 March 2020 based on the facts mentioned under the qualification para.	
d.	For Audit Qualification (s) where the impact is quantified by the auditor, Management views:	<p>During the year ended 31 March 2015, the Company entered into deed of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of Rs. 44.63 Crores. During April 2015, the lender to whom these assets were provided as security provided its in-principle approval for the said transfer subject to fulfillment of conditions stated therein. The said transfer was pending approval from the relevant government authority and transfer of legal title that were considered to be procedural in nature. Accordingly, the Company had recognised profit on sale of property, plant and equipment of Rs. 40.85 Crores (net of incidental expenses Rs. 3.04 Crores) during the year ended 31 March 2015.</p> <p>During the year ended 31 March 2019, the said property was re-assigned in the name of the Company by the buyer since the buyer expressed its inability to get the aforementioned sale deed registered with the relevant government authority. Subsequently, the said property had been transferred to another buyer through a separate sale transaction for a consideration of Rs. 23.51 Crores, and the Company had recorded the differential amount of Rs.1.11 Crores between the said consideration and balance receivable as at re-assignment date from the earlier recognised sale, as profit on sale of property, plant and equipment. The amount of consideration already received amounting to Rs. 22.23 Crores as at re-assignment date from the erstwhile buyer is not required to be refunded by the Company. The entire transaction stands completed.</p>	
e.	For Audit Qualification (s) where the impact is not quantified by the auditor:	NA	
f.	Management's estimation on the impact of audit qualification:	NA	
g.	If management is unable to estimate the impact, reasons for the same:	NA	
h.	Auditors' comments on (f) or (g) above	NA	
<b>III. Signatories:</b>			
<p>For <b>AGC Networks Limited</b></p> <p><b>SANJEEV SHEKHAR VERMA</b></p> <p><small>Digitally signed by SANJEEV SHEKHAR VERMA, DN: cn=SANJEEV SHEKHAR VERMA, o=AGC NETWORKS LIMITED, email=SANJEEV.SHEKHAR.VERMA@AGCNETWORKS.COM, c=IN, Date: 2020.06.30 21:58:22 +05'30'</small></p> <p><b>SANJEEV VERMA</b> WHOLE TIME DIRECTOR DIN : 06871685</p>		<p><b>DEEPAK KUMAR BANSAL</b></p> <p><small>Digitally signed by DEEPAK KUMAR BANSAL, DN: cn=DEEPAK KUMAR BANSAL, o=AGC NETWORKS LIMITED, email=DEEPAK.KUMAR.BANSAL@AGCNETWORKS.COM, c=IN, Date: 2020.06.30 22:02:04 +05'30'</small></p> <p><b>DEEPAK KUMAR BANSAL</b> CFO and Director</p>	
<p>For <b>Walker Chandiook &amp; Co LLP</b> Chartered Accountants Firm Registration No. 001076N / N500013</p> <p><b>BHARAT KOCHU SHETTY</b></p> <p><small>Digitally signed by BHARAT KOCHU SHETTY, Date: 2020.06.30 23:29:55 +05'30'</small></p> <p><b>Bharat Shetty</b> Partner Membership No.: 106815</p>		<p></p> <p><b>SUJOY SHETH</b> AUDIT COMMITTEE CHAIRMAN</p>	
Place: Mumbai Date: 30 June 2020			

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**Walker Chandio & Co LLP**

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## **Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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

#### **Qualified Opinion**

1. We have audited the accompanying consolidated annual financial results ('the Statement') of **AGC Networks Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), for the year ended 31 March 2020, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on separate audited consolidated financial statements of a subsidiary, as referred to in paragraph 14 below, the Statement:
  - (i) includes the annual consolidated financial results of the entities listed in Annexure 1;
  - (ii) presents consolidated financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, except for the effects of the matter described in paragraph 3 below; and
  - (iii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive loss and other financial information of the Group, for the year ended 31 March 2020 except for the effects of the matter described in paragraph 3 below.

#### **Basis for Qualified Opinion**

3. As stated in Note 8 to the accompanying consolidated financial results, during the previous year ended 31 March 2019, the Holding Company had recorded only the differential amount of Rs 1.11 Crores, as profit on sale of property, plant and equipment, being the difference between the sale consideration of a certain property re-assigned to a new buyer and the outstanding receivable from an earlier sale transaction was incorrectly recorded without the transfer of risks and rewards of ownership of such property in the year ended 31 March 2019.

Had the Holding Company followed the principles of Ind AS 16, Property, Plant and Equipment, and corrected the aforementioned errors relating to incorrect recognition of sale in earlier year, of the said property, in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, exceptional item (income), representing gain on sale of property, plant and equipment, for the year ended 31 March 2019 would have been higher by Rs. 22.79 Crores (quarter ended 31 March 2019: Nil), while depreciation expense for the year ended 31 March 2019 would have been higher by Rs. 0.02 Crores (quarter ended 31 March 2019: Nil).

## AGC Networks Limited

### Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

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Our reports on the consolidated financial results for the quarter ended 31 December 2019 and year ended 31 March 2019 were also qualified in respect of the above matter, and accordingly, our opinion on the accompanying consolidated financial results for the year ended 31 March 2020 is also qualified with respect to the effects of this matter on the comparability of current and corresponding figures in the accompanying consolidated financial results.

4. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the '*Auditor's Responsibilities for the Audit of the Statement*' section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and that obtained by the other auditors in terms of their reports referred to in paragraph 14 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Emphasis of Matter - Impact of COVID 19**

5. We draw attention to Note 18 to the accompanying consolidated financial results, which describes the impact of COVID-19 pandemic on the Group's operations. In view of the uncertainties in the economic environment due to the outbreak of COVID-19 pandemic, the impact on the operations of the Group is significantly dependent on the future developments as they evolve. Our opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Those Charged with Governance for the Statement**

6. The Statement, which is the responsibility of the Holding Company's management and has been approved by the Holding Company's Board of Directors, has been prepared on the basis of the consolidated annual audited financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit after tax and other comprehensive loss, and other financial information of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the Statement. Further, in terms of the provisions of the Act, the respective Board of Directors 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 of the assets of the Group, 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 consolidated financial results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These consolidated financial results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.
7. In preparing the Statement, the respective Board of Directors of the companies included in the Group, are responsible for assessing the ability of the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
8. The respective Board of Directors of the companies included in the Group, are responsible for overseeing the financial reporting process of the companies included in the Group.

## **AGC Networks Limited**

### **Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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#### **Auditor's Responsibilities for the Audit of the Statement**

9. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under Section 143(10) of the Act, will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error, and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
10. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities within the Group, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
11. We communicate with those charged with governance of the Holding Company, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. We also performed procedures in accordance with SEBI Circular CIR / CFD / CMD1 / 44 / 2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

**AGC Networks Limited**  
**Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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## Other Matters

14. We did not audit the annual consolidated financial results of one subsidiary included in the Statement, whose financial results (before eliminating inter-company transactions) reflects total assets of Rs. 1,626.88 Crores as at 31 March 2020, total revenues of Rs. 4,087.99 Crores, net profit after tax of Rs. 19.10 Crores, total comprehensive loss of Rs. 64.72 Crores, and cash flows (net) of Rs. 102.29 Crores for the year ended on that date, as considered in the Statement. These annual consolidated financial results have been audited by other auditors whose audit report has been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the audit report of such other auditors, and the procedures performed by us as stated in paragraph 13 above.

Further, this subsidiary is located outside India, whose annual consolidated financial results have been prepared in accordance with accounting principles generally accepted in their respective country, and which have been audited by other auditors under generally accepted auditing standards applicable in their respective country. The Holding Company's management has converted the consolidated financial results of this subsidiary from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, in so far as it relates to the balances and affairs of this subsidiary, is based on the audit report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

15. The Statement includes the annual consolidated financial results of one subsidiary, which has not been audited or reviewed, whose annual consolidated financial results (before eliminating inter-company transactions) reflects total assets of Rs. 66.59 Crores as at 31 March 2020, total revenues of Rs. 85.48 Crores, net profit after tax of Rs. 5.85 Crores, total comprehensive income of Rs. 9.72 Crores, and cash flows (net) of Rs. 1.98 Crores for the year then ended, as considered in the Statement. These consolidated financial results have been furnished to us by the Holding Company's management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of aforesaid subsidiary, is based solely on such unaudited / unreviewed consolidated financial results. In our opinion, and according to the information and explanations given to us by the management, these consolidated financial results are not material to the Group.

Our opinion is not modified in respect of this matter with respect to our reliance on the consolidated financial results certified by the Board of Directors.

16. The Statement includes the consolidated financial results for the quarter ended 31 March 2020, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.

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

**BHARAT**  
**KOCHU SHETTY**

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BHARAT KOCHU SHETTY  
Date: 2020.06.30  
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**Bharat Shetty**  
Partner  
Membership No:106815

**UDIN No:20106815AAAABS4514**

**Place:** Mumbai  
**Date:** 30 June 2020

**AGC Networks Limited**  
**Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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## **Annexure 1**

### **List of entities included in the Statement**

- a. AGC Networks Australia Pty Ltd
- b. AGC Networks Pte. Ltd.
- c. AGC Networks LLC and its subsidiaries (consolidated)
- d. AGC Networks Philippines, Inc.
- e. AGC Networks and Cyber Solutions Limited
- f. AGCN Solutions Pte. Limited
- g. AGC Networks L.L.C., Dubai
- h. AGC Networks L.L.C., Abu Dhabi
- i. AGC Networks New Zealand Limited
- j. BBX Main Inc.
- k. BBX Inc. and its subsidiaries (consolidated)

## AGC NETWORKS LIMITED

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

### STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(Rs. in Crores)

Sr. No.	Particulars	Quarter ended			Year ended	
		Unaudited			Audited	
		31/03/2020 (Refer note 2)	31/12/2019	31/03/2019 (Refer note 2)	31/03/2020	31/03/2019
<b>1</b>	<b>Income</b>					
	(a) Revenue from operations	1,249.69	1,257.69	1,233.02	4,993.92	1,852.74
	(b) Other income	2.86	1.05	0.06	33.03	6.44
	<b>Total income</b>	<b>1,252.55</b>	<b>1,258.74</b>	<b>1,233.08</b>	<b>5,026.95</b>	<b>1,859.18</b>
<b>2</b>	<b>Expenses</b>					
	(a) Cost of materials and components consumed	1.36	2.69	3.13	8.93	3.13
	(b) Purchase of stock-in-trade	352.86	370.08	339.92	1,485.39	560.46
	(c) Changes in inventories of work-in-progress, stock-in-trade and finished goods	4.59	3.95	56.47	11.40	58.54
	(d) Service charges	213.84	206.65	204.41	861.86	368.96
	(e) Employee benefits expense (net)	478.43	499.96	477.11	1,894.51	627.53
	(f) Finance costs	29.68	32.98	28.36	129.38	44.54
	(g) Depreciation and amortisation expense	22.54	24.51	6.67	98.96	14.65
	(h) Other expenses	97.71	67.44	140.00	363.37	187.60
	<b>Total expenses</b>	<b>1,201.01</b>	<b>1,208.26</b>	<b>1,256.07</b>	<b>4,853.80</b>	<b>1,865.41</b>
<b>3</b>	<b>Profit / (loss) before exceptional items and tax (1-2)</b>	<b>51.54</b>	<b>50.48</b>	<b>(22.99)</b>	<b>173.15</b>	<b>(6.23)</b>
<b>4</b>	Exceptional items - expenses (refer note 7)	12.89	94.40	77.29	125.05	73.12
<b>5</b>	<b>Profit / (loss) before tax (3-4)</b>	<b>38.65</b>	<b>(43.92)</b>	<b>(100.28)</b>	<b>48.10</b>	<b>(79.35)</b>
<b>6</b>	Tax expense / (credit)					
	- Current tax	(12.14)	5.24	4.29	(2.59)	5.97
	- Deferred tax	9.57	-	(6.55)	9.57	(6.55)
<b>7</b>	<b>Net profit / (loss) for the period (5-6)</b>	<b>41.22</b>	<b>(49.16)</b>	<b>(98.02)</b>	<b>41.12</b>	<b>(78.77)</b>
<b>8</b>	Other comprehensive (loss) / income (refer note 22)	(99.20)	6.54	(1.54)	(99.48)	2.14
<b>9</b>	<b>Total comprehensive loss for the period (7+8)</b>	<b>(57.98)</b>	<b>(42.62)</b>	<b>(99.56)</b>	<b>(58.36)</b>	<b>(76.63)</b>
<b>10</b>	Paid-up equity share capital (face value of Rs.10 each)	29.75	29.74	29.74	29.75	29.74
<b>11</b>	Other equity				(77.57)	(11.07)
<b>12</b>	Earnings / (loss) per share of Rs.10 each before exceptional items :					
	Basic (in Rs.)	18.20*	15.21*	(7.10)*	55.88	(1.93)
	Diluted (in Rs.)	17.92*	15.09*	(7.10)*#	55.27	(1.93)#
	Earnings / (loss) per share of Rs.10 each after exceptional items :					
	Basic (in Rs.)	13.86*	(16.53)*	(33.57)*	13.83	(26.97)
	Diluted (in Rs.)	13.65*	(16.53)*#	(33.57)*#	13.68	(26.97)#

\* Not annualised

# The effect of 626,262 potential equity shares outstanding as at 31 December 2019 and 31 March 2019 is anti-dilutive and thus these shares are not considered in determining diluted earnings / (loss) per share.

#### Note

Tax impact on exceptional items has not been considered for the purpose of reporting earnings / (loss) per share.

**Notes:**

- These consolidated financial results have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI circular dated 5 July 2016.
- Figures for the quarter ended 31 March 2020 and 31 March 2019 are the balancing figures between the audited figures in respect of the full financial year and the unaudited published year to date figures up to the third quarter of the current and previous financial year.
- The above consolidated results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30 June 2020. These results have been prepared on the basis of audited consolidated financial statements for the year ended 31 March 2020.
- The Board at its meeting held on 12 August 2014 allotted 1,500,000 1% Non-Cumulative Non-Convertible Redeemable Preference Share ("NCRPS") having face value of Rs.100 each for the period of 7 years. On 30 March 2018, the Holding Company received approval from the preference shareholders for extension of term by 5 years post expiry of original term of 7 years. Further, pursuant to the shareholders approval and in principle approval from the stock exchanges, the nature and terms of the NCRPS were changed to 0.01% Compulsorily Convertible Preference Shares ("CCPS"). Subsequently on 31 August 2018, the Holding Company has allotted equity shares on account of conversion of the CCPS as per pricing formula prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at a price of Rs. 118 per equity share.
- The members of the Holding Company at the annual general meeting held on 1 August 2018, approved the re-classification within authorised share capital where-in authorised preference share capital was re-classified to Rs. 100 Crores comprising of 5,000,000 cumulative / non-cumulative redeemable preference shares of Rs. 100 each and 5,000,000 convertible preference shares of Rs. 100 each.
- The Holding Company declared the dividend of Re.1 per NCRPS having face value of Rs.100 each which was approved at annual general meeting held on 1 August 2018.
- Exceptional items:**

(Rs. in Crores)

Particulars	Quarter ended			Year ended	
	Unaudited			Audited	
	31/03/2020 (Refer note 2)	31/12/2019	31/03/2019 (Refer note 2)	31/03/2020	31/03/2019
Reversal of provision against obsolete / non-moving inventory [refer note (a)]	-	-	(1.50)	-	(3.65)
Interest income against sale of property, plant and equipment [refer note (b)]	-	-	-	-	(0.91)
Profit on sale of property, plant and equipment [refer note (c)]	-	-	-	-	(1.11)
Other intangible assets written off [refer note (d)]	-	-	-	5.05	-
Severance expenses [refer note (e)]	3.81	0.87	32.06	1.09	32.06
Acquisition cost [refer note (f)]	0.09	-	34.42	1.77	34.42
Foreclosure of leases [refer note (g)]	4.16	0.95	2.02	8.53	2.02
Provision / (reversal) for policy change in employee vacation [refer note (h)]	13.20	(22.01)	10.29	-	10.29
Inventory written off [refer note (i)]	3.32	2.66	-	6.51	-
Bad debt adjustment [refer note (j)]	(3.78)	1.92	-	-	-
Securitization costs [refer note (k)]	(7.91)	107.85	-	99.94	-
Non-routine consulting and IT costs [refer note (l)]	-	2.16	-	2.16	-
	<b>12.89</b>	<b>94.40</b>	<b>77.29</b>	<b>125.05</b>	<b>73.12</b>

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

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

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

(d) Represents other intangible assets written off related to BBX Inc.

(e) Represents net severance cost of BBX Inc. towards rationalisation of manpower to enhance operational efficiencies.

(f) Represents acquisition related cost of BBX Inc. which includes valuation fees, advisory fees, legal and professional fees and consulting fees.

(g) Represents early closure of leases related to BBX Inc.

(h) Represents provision / (reversal) for policy change in employee vacation related to BBX Inc.

(i) Represents inventory written off related to BBX Inc.

(j) Represents bad debt adjustment related to BBX Inc.

(k) Represents incidental charges incurred for securitizing trade receivables related to BBX Inc.

(l) Represents non-routine consulting and IT costs related to BBX Inc.

- During the year ended 31 March 2015, the Holding Company entered into deed of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of Rs. 44.63 Crores. During April 2015, the lender to whom these assets were provided as security provided its in-principle 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 Holding Company had recognised profit on sale of property, plant and equipment of Rs. 40.85 Crores (net of incidental expenses Rs. 3.04 Crores) during the year ended 31 March 2015.

During the year ended 31 March 2019, the said property was re-assigned in the name of the Holding Company by the buyer since the buyer expressed its inability to get the aforementioned sale deed registered with the relevant government authority. Subsequently, the said property had been transferred to another buyer through a separate sale transaction for a consideration of Rs. 23.51 Crores, and the Holding Company had recorded the differential amount of Rs.1.11 Crores between the said consideration and balance receivable as at re-assignment date from the earlier recognised sale, as profit on sale of property, plant and equipment. The amount of consideration already received amounting to Rs. 22.23 Crores as at re-assignment date from the erstwhile buyer is not required to be refunded by the Holding Company. The entire transaction stands completed.

- Adoption of new accounting standard on leases - Ind AS 116**

The Group has adopted Ind AS 116, "Leases", effective 1 April 2019, using modified retrospective approach, as a result of which comparative information is not required to be restated. The Group has discounted lease payments using the incremental borrowing rate as at 1 April 2019 for measuring lease liabilities at Rs. 143 Crores and accordingly recognised right-of-use assets at Rs. 132.86 Crores (after adjusting prepaid lease rent) by adjusting retained earnings by Rs. 8.02 Crores, as at the aforesaid date. The Company has elected not to apply the requirements of Ind AS 116 to short term leases and certain leases for which the underlying asset is of low value. In the consolidated statement of profit and loss for the current period, the expenses in respect of operating leases are recognised as amortisation of right of use assets and finance cost, as compared to lease rent in previous periods, and to this extent consolidated results for the current period are not comparable.

The impact of adopting Ind AS -116 on the consolidated financial results for the quarter / year ended 31 March 2020 is as follows:

(Rs. in Crores)

Particulars	Quarter ended			Year ended		
	31/03/2020 (Erstwhile basis)	31/03/2020 (As per Ind AS -116)	Increase / (decrease) in profit	31/03/2020 (Erstwhile basis)	31/03/2020 (As per Ind AS -116)	Increase / (decrease) in profit
	Finance costs	25.08	29.68	(4.60)	113.32	129.38
Depreciation and amortisation expense	6.19	22.54	(16.35)	24.87	98.96	(74.09)
Other expenses	116.37	97.71	18.66	451.29	363.37	87.92
Profit before tax	40.94	38.65	(2.29)	50.33	48.10	(2.23)

- 10) The statement of consolidated results is prepared in accordance with the requirements of Ind AS 110 – 'Consolidated Financial Statements' specified under Section 133 of the Act.
- 11) As on 1 April 2019, The Holding Company had 5 directors on board. The Holding Company has appointed sixth director in the board meeting held on 14 August 2019.
- 12) As on 1 April 2019, the Holding Company had not appointed at least one of its independent directors as a director on the board of directors of its unlisted material subsidiary entities incorporated outside India. The Holding Company had appointed its independent directors as director on the board of directors of these unlisted material subsidiary entities incorporated outside India during the year ended 31 March 2020.
- 13) On 27 December 2019, Black Box Corporation, step-down subsidiary of the Holding Company, has entered into a non-recourse accounts receivable securitisation program for the sale of both billed and unbilled receivables originated by Black Box Corporation's subsidiaries in the United States and the United Kingdom to an unaffiliated third party. The securitisation program allows availability up to \$90 million to Black Box Corporation. Additionally, Black Box Corporation entered into \$15 million term loan facility that is secured by one of the tranches in the securitisation program. The proceeds from the sale of receivables and term loan were used to pay off all outstanding loans from the former lenders. The Securitisation program expires on 27 December, 2022.
- 14) Black Box Network Services India Private Limited, step-down subsidiary of the Holding Company, has entered into a slump sale agreement to acquire Internet of Things (IoT) and Sxtro business for a purchase consideration of Rs. 0.15 Crores. The acquisition was effective from 1 February 2020.
- 15) The paid-up equity share capital stands increased to Rs. 29.75 Crores (29,744,649 equity shares of Rs.10 each) upon allotment of 7,000 equity shares of Rs.10 each pursuant to ESOP Scheme 2015 during the quarter ended 31 March 2020.
- 16) AGC Networks Pte. Limited ("AGC Singapore"), subsidiary of the Holding Company has contributed its 35% interest in COPC Holdings Inc. ("COPC"), step-down subsidiary of the Holding Company to AGC Networks Inc. ("AGC USA"), step-down subsidiary of the Holding Company. As a result of which, COPC becomes a wholly-owned subsidiary of AGC USA, effective on 31 March 2020 as of 11:59:59 p.m. Subsequently, AGC USA is converted into Limited Liability Company pursuant to the Limited Liability Company Act of State of Delaware and name of the company is changed to AGC Networks LLC effective on 31 March 2020 as of 11:59:59 p.m.
- 17) A stock purchase agreement is executed between AGC Singapore, Norstan Communication Inc. ("Norstan"), step-down subsidiary of the Holding Company and Black Box Corporation, step-down subsidiary of the Holding Company, where-in AGC Singapore has sold 100% holding of AGC USA to Norstan effective on 31 March 2020 as of 11:59:59 p.m. On 1 April 2020, AGC USA transferred its ownership interest in COPC to Norstan, and Norstan transferred its ownership interest in COPC to Black Box Corporation. As a result of which, AGC USA and COPC become step-down subsidiaries of Black Box Corporation.
- 18) The spread of COVID-19, a pandemic caused by the novel Coronavirus, is having an unprecedented impact on global economy and way of doing business. The Group has responded to the situation swiftly and maintained business operations with the support of their customers, vendors, employees and other stakeholders through the crisis. There has been no significantly adverse impact on the operations and results for the year ended 31 March 2020. The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of trade receivables, inventories, tangible assets, intangible assets, investments and other financial assets and continues to monitor changes in future economic conditions. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group, as at the date of approval of these consolidated financial results, has used internal and external sources of information and based on current estimates, expects that the carrying amount of these assets will be recovered. The eventual outcome of the impact of the pandemic may be different from those estimated as on the date of approval of these consolidated financial results.
- 19) On 31 May 2020, Black Box Holdings Limited, step-down subsidiary of the Holding Company, has entered into a share sale agreement to acquire 100% holding of Fujisoft Technology LLC (Dubai), Fujisoft Security Solutions LLC (Dubai) and Fuji Soft Technology LLC (Abu Dhabi) for a total consideration of AED 9,866,353 with 50% of the consideration payable at the completion of acquisition and the balance as deferred consideration. Out of the deferred consideration, 25% is payable after 9 months and the remaining 25% after 18 months from the completion of acquisition. The said acquisition is anticipated to be completed within 6 months.
- 20) On 10 June 2020, Black Box Networks Services Australia Pty Ltd, step-down subsidiary of the Holding Company, has entered into a share sale agreement with Agile Group Limited ("seller") to acquire 100% holding in Pyrios Pty Limited, Australia for a total consideration of USD 800,000. The said acquisition is anticipated to be completed within 6 months.
- 21) On 10 June 2020, Black Box Networks Services New Zealand Ltd, step-down subsidiary of the Holding Company, has entered into a share sale agreement with Agile Group Limited ("seller") to acquire 100% holding in Pyrios Limited, New Zealand for a total purchase consideration of USD 1,950,000 with USD 700,000 of the consideration payable on the completion of acquisition and the balance as deferred consideration. Out of the deferred consideration, USD 750,000 is payable after 6 months and USD 500,000 after 18 months from the completion of acquisition. The said acquisition is anticipated to be completed within 6 months.
- 22) Other comprehensive income mainly includes re-measurement loss on defined pension plan of BBX Inc. and its subsidiaries, USA for the quarter and year ended 31 March 2020 amounting to Rs. 78.13 Crores and Rs. 82.15 Crores respectively.
- 23) Previous periods / year figures have been re-grouped and reclassified, wherever necessary, to conform to those of the current period.

**FOR AND ON BEHALF OF THE BOARD**

SANJEEV  
SHEKHAR  
VERMA



Place: Dallas, Texas, The United States of America  
Date : 30 June 2020  
CIN : L32200MH1986PLC040652

**SANJEEV VERMA**  
**WHOLE-TIME DIRECTOR**  
**DIN: 06871685**

## Consolidated balance sheet

(Rs. in Crores)

Particulars	Consolidated	
	Audited	
	31/03/2020	31/03/2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	62.75	155.99
Right of use assets	186.52	-
Goodwill	234.24	205.37
Other intangible assets	42.60	38.10
Financial assets		
Loans	1.93	1.80
Other financial assets	53.24	9.25
Tax assets (net)	72.45	63.47
Deferred tax assets (net)	20.27	31.98
Other non-current assets	77.46	29.24
<b>Total non-current assets</b>	<b>751.46</b>	<b>535.20</b>
<b>Current assets</b>		
Inventories	136.56	150.84
Financial assets		
Trade receivables	361.31	861.77
Cash and cash equivalents	315.87	205.94
Bank balances other than cash and cash equivalents	53.57	56.95
Loans	19.37	24.00
Other financial assets	385.21	75.43
Other current assets	311.87	521.61
<b>Total current assets</b>	<b>1,583.76</b>	<b>1,896.54</b>
<b>TOTAL ASSETS</b>	<b>2,335.22</b>	<b>2,431.74</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	29.75	29.74
Other equity	(77.57)	(11.07)
<b>Total equity</b>	<b>(47.82)</b>	<b>18.67</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	15.21	586.89
Lease liabilities	118.76	2.39
Other financial liabilities	-	2.31
Provisions	197.41	116.51
Other non-current liabilities	63.38	46.86
<b>Total non-current liabilities</b>	<b>394.76</b>	<b>754.96</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	241.80	206.61
Trade payables		
Total outstanding dues to micro enterprises and small enterprises	17.17	6.99
Total outstanding dues to creditors other than micro enterprises and small enterprises	529.96	544.41
Lease liabilities	78.84	1.93
Other financial liabilities	563.34	275.14
Other current liabilities	472.30	489.61
Provisions	84.87	133.42
<b>Total current liabilities</b>	<b>1,988.28</b>	<b>1,658.11</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,335.22</b>	<b>2,431.74</b>

## AGC NETWORKS LIMITED

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

### STATEMENT OF AUDITED CONSOLIDATED SEGMENT INFORMATION FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

**Segment information**

(Rs. in Crores)

Particulars	Quarter ended			Year ended	
	Unaudited			Audited	
	31/03/2020 (Refer note 2)	31/12/2019	31/03/2019 (Refer note 2)	31/03/2020	31/03/2019
<b>Segment revenue</b>					
System integration	1,037.56	1,013.80	986.67	4,067.06	1,606.39
Technology product solutions	191.01	211.94	227.19	820.81	227.19
Others	21.12	31.95	19.16	106.05	19.16
<b>Revenue from operations</b>	<b>1,249.69</b>	<b>1,257.69</b>	<b>1,233.02</b>	<b>4,993.92</b>	<b>1,852.74</b>
<b>Segment results</b>					
System integration	47.86	52.85	6.47	172.84	33.03
Technology product solutions	29.27	20.60	(1.28)	77.41	(1.28)
Others	1.23	8.96	0.12	19.25	0.12
<b>Total of segment results</b>	<b>78.36</b>	<b>82.41</b>	<b>5.31</b>	<b>269.50</b>	<b>31.87</b>
Other income	2.86	1.05	0.06	33.03	6.44
Finance costs	29.68	32.98	28.36	129.38	44.54
<b>Profit / (loss) before exceptional items and tax</b>	<b>51.54</b>	<b>50.48</b>	<b>(22.99)</b>	<b>173.15</b>	<b>(6.23)</b>
Exceptional items - expenses (refer note 7)	12.89	94.40	77.29	125.05	73.12
<b>Profit / (loss) before tax</b>	<b>38.65</b>	<b>(43.92)</b>	<b>(100.28)</b>	<b>48.10</b>	<b>(79.35)</b>
Tax (credit) / expense	(2.57)	5.24	(2.26)	6.98	(0.58)
<b>Net profit / (loss) for the period / year</b>	<b>41.22</b>	<b>(49.16)</b>	<b>(98.02)</b>	<b>41.12</b>	<b>(78.77)</b>
Depreciation and amortisation expense	22.54	24.51	6.67	98.96	14.65

**Notes on segment information :**

1 Further to the significant acquisitions in January 2019, the Board has reviewed the segmental presentation of financial information; it was required to assess performance and allocate resources. The Board now considers a business activity focused reporting format to be more meaningful from a management forecasting perspective.

2 Assets and liabilities used in the Group's business are not identifiable to any of the reportable segments, as these are used interchangeably between segments. The management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

**AGC Networks Limited**  
**Consolidated cash flow statement**

(Rs. in Crores)

	Year ended	
	Audited	
	31/03/2020	31/03/2019
<b>Cash flow from operating activities</b>		
Profit / (loss) before tax	48.10	(79.35)
<b>Adjustments for non-cash transactions and items considered separately:</b>		
Depreciation and amortisation expense	98.96	14.65
Gain on disposal of property, plant and equipment	(25.67)	(1.10)
Other intangible assets written off	5.05	-
(Reversal) / expenses on employee stock option scheme	(0.17)	0.64
(Reversal) / creation of provision for warranties	(1.06)	0.09
Creation / (reversal) of allowances for doubtful debts (net)	9.71	(1.09)
Liabilities / provisions for earlier years no longer required written back	(14.69)	(4.08)
Unrealised foreign exchange gain	(0.82)	(1.55)
Finance costs	129.38	44.54
Interest income on bank deposits	(0.21)	(0.18)
Reversal of provision against obsolete / non-moving inventory	-	(3.65)
Interest income on consideration from sale of Gandhinagar land and building	-	0.91
Interest income on inter corporate deposits	(3.63)	(1.89)
Actuarial loss on defined benefit plans	-	(0.77)
Inventory written off	6.51	-
Securitisation expense	99.94	-
<b>Operating profit / (loss) before working capital changes</b>	<b>351.40</b>	<b>(32.83)</b>
Changes in working capital :		
Trade receivables	493.52	(650.59)
Inventories	8.99	(116.18)
Loans and other assets	122.57	(495.87)
Trade payables	6.80	423.19
Provisions and other liabilities	56.56	826.55
<b>Cash generated from / (used in) operating activities before taxes</b>	<b>1,039.84</b>	<b>(45.73)</b>
Income taxes paid	(25.54)	(26.22)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>1,014.30</b>	<b>(71.95)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and other intangible assets (including Gandhinagar land and building)	(22.45)	(30.31)
Proceeds from sale of property, plant and equipment and other intangible assets (including Gandhinagar land and building)	95.78	25.90
Note receivable - securitisation	(285.82)	-
Acquisition of property, plant and equipment on acquisition of subsidiaries (including goodwill)	-	(288.42)
Payment towards acquisition of business (including goodwill)	(0.15)	-
Inter corporate deposit received back / (given)	3.20	(22.39)
Liquidation of / (investment in) margin money and bank deposits	10.20	(41.61)
Interest received on bank deposits	0.33	0.29
<b>Net cash used in investing activities (B)</b>	<b>(198.91)</b>	<b>(356.54)</b>
<b>Cash flows from financing activities</b>		
Issue of equity shares	0.01	-
Security premium received on issue of equity shares	0.05	-
(Repayment) / avilment of term loan	(408.56)	621.74
Repayment of working capital loan	(7.03)	(12.74)
Avilment of cash credits	53.87	46.86
Avilment of finance lease facilities	-	3.40
Payment for lease liabilities (net)	(75.34)	-
Payment of unclaimed dividend	(0.16)	(0.03)
Payment of interest	(222.20)	(30.21)
<b>Net cash (used in) / generated from financing activities (C)</b>	<b>(659.36)</b>	<b>629.02</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>156.03</b>	<b>200.53</b>
Cash and cash equivalents at the beginning of the year	205.94	9.22
Foreign currency adjustments	(46.10)	(3.81)
<b>Cash and cash equivalents at the end of the year</b>	<b>315.87</b>	<b>205.94</b>

Annexure 1			
Statement on Impact of Audit Qualification (for audit report with modified opinion) submitted along-with Annual Audited Financial Results (Consolidation)			
Statement on Impact of Audit Qualification for the Financial Year ended 31 March 2020			
[See Regulation 33/52 of the SEBI (LODR) Amendment Regulations, 2016]			
			(Amount in ₹ Crore)
I.	Sl. No.	Particulars	Adjusted Figures (audited figures after adjusting for qualifications)
			(as reported before adjusting for qualifications)
	1	Turnover/Total Income	5,026.95
	2	Total Expenditure	4,985.83
	3	Net Profit/(Loss)	41.12
	4	<b>Earnings per Share</b>	
		Basic	13.83
		Dilutive	13.68
	5	Total Assets	2,335.22
	6	Total Liabilities	2,383.04
	7	Net Worth	(47.82)
	8	Any other financial item(s) (as felt appropriate by the management)	-
<b>II. Auditor's qualification</b>			
	a.	Details of Audit Qualification:	<p><b>(i) Auditor's qualification on annual audited financial results (consolidation)</b></p> <p>As stated in Note 8 to the accompanying consolidated financial results, during the previous year ended 31 March 2019, the Holding Company had recorded only the differential amount of Rs 1.11 Crores, as profit on sale of property, plant and equipment, being the difference between the sale consideration of a certain property re-assigned to a new buyer and the outstanding receivable from an earlier sale transaction incorrectly recorded without the transfer of risks and rewards of ownership of such property in the year ended 31 March 2015.</p> <p>Had the Holding Company followed the principles of Ind AS 16, Property, Plant and Equipment, and corrected the aforementioned errors relating to incorrect recognition of sale in earlier year, of the said property, in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, exceptional item (income), representing gain on sale of property, plant and equipment, for the year ended 31 March 2019 would have been higher by Rs. 22.79 Crores (quarter ended 31 March 2019: Nil), while depreciation expense for the year ended 31 March 2019 would have been higher by Rs. 0.02 Crores (quarter ended 31 March 2019: Nil).</p> <p>Our reports on the consolidated financial results for the quarter ended 31 December 2019 and year ended 31 March 2019 were also qualified in respect of the above matter, and accordingly, our opinion on the accompanying consolidated financial results for the year ended 31 March 2020 is also qualified with respect to the effects of this matter on the comparability of current and corresponding figures in the accompanying consolidated financial results.</p>
	b.	Type of Audit Qualification:	Qualified opinion
	c.	Frequency of Qualification:	Auditor's qualification on annual audited financial results (consolidation) has been appearing from the year ended 31 March 2015 and has been updated for the year ended 31 March 2020 based on the facts mentioned under the qualification para.
	d.	For Audit Qualification (s) where the impact is quantified by the auditor, Management views:	<p>During the year ended 31 March 2015, the Holding Company entered into deed of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of Rs. 44.63 Crores. During April 2015, the lender to whom these assets were provided as security provided its in-principle 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 Holding Company had recognised profit on sale of property, plant and equipment of Rs. 40.85 Crores (net of incidental expenses Rs. 3.04 Crores) during the year ended 31 March 2015.</p> <p>During the year ended 31 March 2019, the said property was re-assigned in the name of the Holding Company by the buyer since the buyer expressed its inability to get the aforementioned sale deed registered with the relevant government authority. Subsequently, the said property had been transferred to another buyer through a separate sale transaction for a consideration of Rs. 23.51 Crores, and the Holding Company had recorded the differential amount of Rs.1.11 Crores between the said consideration and balance receivable as at re-assignment date from the earlier recognised sale, as profit on sale of property, plant and equipment. The amount of consideration already received amounting to Rs. 22.23 Crores as at re-assignment date from the erstwhile buyer is not required to be refunded by the Holding Company. The entire transaction stands completed.</p>
	e.	For Audit Qualification (s) where the impact is not quantified by the auditor:	NA
	i)	Management's estimation on the impact of audit qualification:	NA
	ii)	If management is unable to estimate the impact, reasons for the same:	NA
	iii)	Auditors' comments on (i) or (ii) above	NA
<b>III. Signatures:</b>			
		<p>For <b>AGC Networks Limited</b></p> <p><b>SANJEEV SHEKHAR VERMA</b></p> <p><small>Digitally signed by SANJEEV SHEKHAR VERMA, DN: cn=SANJEEV SHEKHAR VERMA, o=AGC NETWORKS LIMITED, ou=AGC NETWORKS LIMITED, email=sanjeev.verma@agcnetworks.com, c=IN, Date: 2020.06.30 23:35:02 +05'30'</small></p> <p><b>SANJEEV VERMA</b> WHOLE TIME DIRECTOR DIN : 06871685</p>	<p><b>DEEPAK KUMAR BANSAL</b></p> <p><small>Digitally signed by DEEPAK KUMAR BANSAL, DN: cn=DEEPAK KUMAR BANSAL, o=AGC NETWORKS LIMITED, ou=AGC NETWORKS LIMITED, email=deepak.kumar@agcnetworks.com, c=IN, Date: 2020.06.30 23:35:02 +05'30'</small></p> <p><b>DEEPAK KUMAR BANSAL</b> CFO and Director</p>
		<p>For <b>Walker Chandniok &amp; Co LLP</b></p> <p>Chartered Accountants Firm Registration No. 001076N / N500013</p> <p><b>BHARAT KOCHU SHETTY</b></p> <p><small>Digitally signed by BHARAT KOCHU SHETTY, Date: 2020.06.30 23:35:02 +05'30'</small></p> <p><b>Bharat Shetty</b> Partner Membership No.: 106815</p>	<p></p> <p><b>SUJAY SHETH</b> AUDIT COMMITTEE CHAIRMAN</p>
		Place: Mumbai Date: 30 June 2020	

## **Report on the Material Impact of CoVID-19 pandemic on AGC Networks Limited (“the Company”)**

*(Pursuant to Regulation 30(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations upon application of materiality and SEBI Circular dated May 20, 2020)*

### **1. Impact of CoVID-19 pandemic on business:**

The unprecedented situation of COVID-19 has impact on economy and way of doing business generally in all the geographies the Company operates. The Company has responded to the situation swiftly to maintain our business operations with the support of our customers, vendors and employees apart from other stakeholders. The Company has activated business continuity plans focusing primarily on employee safety, mitigation of operational and financial impact and sustain normal operations. Various initiatives undertaken related to awareness to all stakeholders including tools for work-for-home (WFH), guidance on masks and other personal protective equipment as per requirement from customer and local jurisdiction guidelines. The Company hasn't seen significant or material impact on its operations and financial results of COVID-19 for the year ended March 31, 2020.

We continue to monitor opening of various countries as per respective guidelines and relevant changes in evolving economic situation across the geographies we operate.

### **2. Ability to maintain operations including the factories/units /office spaces functioning and closed down:**

The Company has been able to activate WFM and provided tools to all its employees to perform the work which can be done remotely in consultation with our customers. As most of our services are identified as essential services in almost all geographies we operate and particularly in India and the United States of America, our technical staff was allowed to go to customer sites to perform tasks. The Company has set up control rooms to help all its stakeholders including customers, employees and vendors. We have been able to keep most of the services operational to serve our customers, depending on their requirement.

### **3. Scheduled, if any, for restarting the operations:**

The Company continues to watch guidelines issued by respective local Government in countries we operate and issued directions to offices all across to act upon the same. Some of our offices in India, Europe and the United States of America have started opening up. The Company is strictly adhering to all measures and guidelines issued by various local bodies.

### **4. Steps taken to ensure smooth functioning of operations:**

We have mentioned various steps taken to ensure smooth functioning of operations above.

### **5. Steps taken to ensure safety and health of employees:**

As mentioned earlier, health and safety of employees being the topmost priority for the Company, management had activated WFH in last week of March 2020 and being essential services to



Accelerating Business

present at customer sites depending on customer requirement with all protective equipment including face masks, face shields, gloves and Hazmat suit.

We are adhering guideline issued by various local bodies to sanitize our offices while we are re-opening our offices in phases in various countries.

#### 6. Estimation of the future impact of COVID-19 on its operations:

This unprecedented crisis is rapidly evolving and has created lot of uncertainties around the world and particularly in India, Europe and the United States of America. The extent of the impact on Company's operations, including the duration and scale of such impact, is dependent on several factors that we may not be able to estimate currently due to evolving and dynamic situation.

We are conscious of the demand pressures in FY2021 following the pandemic. The Company is in discussions with all its customers and based on our current assessment, we expect low-double digit decline in revenues for Q1 FY21 as compared with Q4 FY20 with revenue growth recovery starting from Q2FY21.

Regarding the impact on the specific industry verticals, the Company has negligible exposure to specific stressed verticals which bore the maximum first order impact from this pandemic. Within industry verticals where the Company operates, our Retail, Manufacturing and Energy & Utilities verticals shall see the highest negative impact during these times. We expect steady performance from our Healthcare, Financial Services and Consumer Goods verticals as these businesses are better placed versus the broader economy during this crisis.

While in the short term the Company expects some demand pressure, it also sees growth opportunities over the longer term as we accelerate digital transformation initiatives for our customers and offer cloud based solutions.

#### 7. Details of CoVID-19 on the Company:

<b>Capital &amp; Financial Resources</b>	The Company has sufficient liquidity to discharge our obligations
<b>Profitability</b>	The Company hasn't seen significant or material impact on its operations and financial results of COVID-19 for the year ended March 31, 2020. There would be some pressure on our revenues and profitability in Q1 FY21 with significant recovery expected from Q2 FY21 onwards.
<b>Liquidity</b>	The Company has sufficient liquidity to discharge its obligations with adequate borrowing availability. We continue to monitor cash flow situation in various geographies on regular basis.
<b>Ability to service debt and other financial arrangements</b>	No Concerns
<b>Assets</b>	Company has secured all its assets and are in working condition
<b>Internal financial reporting and control</b>	Internal Financial reporting and control is working effectively and not adversely impacted

<b>Supply Chain</b>	We do not anticipate significant disruption in the supply chain since most of our vendors have restarted their operations and started supplies.
<b>Demand for our product/service</b>	In the current scenario, there is a demand pressure for our services and products. However, we expect demand to pick by Q2 FY21.

**8. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on Company’s business:**

The Company is well positioned to fulfil its obligations and does not foresee any significant impact on the business due to non-fulfilment of the obligations by any party.

**9. Annual Audited Accounts — FY 20:**

Generally, the Company publishes its annual audited accounts by end of May for each financial year. The Board Meeting to approve annual financials for FY20 was conducted today, well within the extended time of July 31, 2020.

**10. Other relevant material updates about the Company’s business:**

The Company is evaluating tuck-in acquisition opportunities at reasonable or lower valuations in current situation, where it feels that we have transformation opportunities to generate more profitability. Accordingly, the Company has signed definitive agreements to acquire businesses in Middle East in May 2020 and in Australia, New Zealand in June 2020, which are expected to close within 6 months.

For **AGC Networks Limited**

Aditya Goswami  
Digitally signed by Aditya Goswami  
 DN: cn=Aditya Goswami, c=IN, ou=AGC Networks Limited  
 Date: 2020.06.30 20:57:14 +05'30'

**Aditya Goswami**  
**Company Secretary & Compliance Officer**

Date: June 30, 2020  
 Place: Mumbai