

AGC/SD/SE/2020/79

September 18, 2020

To
Sr. Manager - Listing Compliance
The National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G-Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400051.

AGC Networks Limited
Equinox Business Park
Tower 1, Off BKC
LBS Marg, Kurla (West)
Mumbai 400 070
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www.agcnetworks.com

Ref: Email dated September 14, 2020 from the exchange w.r.t. Clarification on Financial Results

Sub: Clarification on Financial Results submission

Dear Sir,

This is with reference to your Email Dated September 14, 2020 received by AGC Networks Limited ("the Company") with respect to delay in submission of Financial Results (Quick Results) post completion of the Board meeting and format of the Limited Review Report provided by the Auditors of the Company.

Please see below our pointwise response on the queries:

a. Financial results not submitted within 30 minutes from end of board meeting.

We would like to draw your attention to the fact that the Board meeting was being conducted on Video Conference and was attended by the Directors, Auditors and other participants from different locations across the globe. The Company Secretary was attending the meeting from Indore where Internet Connectivity was very poor and there were several instances of power cuts. Signatories of the Company i.e. CFO and Executive Directors were attending the meeting from USA. Auditors attended the meeting from Mumbai and they were also encountering net connectivity issues due to heavy rains.

The financial results were to be signed by the authorized signatories in USA and then sent to Auditors for their Signatures. Post Signatures of Auditors, the same was to be submitted along with outcome of the meeting.

Given the circumstances of Covid, we found it very difficult and challenging to arrange all the documents within the stipulated time for submission. The unavoidable delay was despite our best efforts to ensure Compliance.

The Company has always submitted the outcome within the stipulated timeline in the past. Considering the one time nature of this event and the facts given above, we humbly request you to condone the aforesaid delay in submission of the results/outcome. We also assure you that no such events would occur in future and the Company will continue to adhere to the deadlines as in the past.

b. Limited Review Report/ Independent Auditor's Report is not in the format prescribed by SEBI

We have discussed this with the Auditors. They have reviewed the Limited Review Report issued and they are of the view that there is no disconnect with the format prescribed by SEBI. There is no change in format given by SEBI since last 2-3 quarters and accordingly they have issued their review report.

We would request you to confirm the relevant information/detail/area where there is any deviation from the format as prescribed by the SEBI.

Compliance is the top most priority for the Board of the Company and it has always endeavored to follow best practices to adhere to all the statutory requirements in letter & spirit and will continue to follow the same in future as well.

We hope you will find our clarifications reasonable and support worthy considering the challenging times being faced by all of us.

Thanking You.

For **AGC Networks Limited**

Aditya
Goswami
Digitally signed by
Aditya Goswami
DN: cn=Aditya
Goswami, c=IN,
o=AGC Networks
Limited
Date: 2020.09.18
11:20:40 +05'30'

Aditya Goswami
Company Secretary & Compliance Officer

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date 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

1. We have reviewed the accompanying statement of unaudited consolidated 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'), (refer Annexure 1 for the list of subsidiaries included in the Statement) for the quarter ended 30 June 2020, 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), including relevant circulars issued by the SEBI from time to time.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the accounting principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the SEBI Circular CIR / CFD / CMD1 / 44 / 2019 dated 29 March 2019 issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review report of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the accounting principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.



Walker Chandiook & Co LLP

AGC Networks Limited

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

5. We draw your attention to Note 12 to the accompanying Statement, 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 conclusion is not modified in respect of above matter.

6. We did not review the interim consolidated financial results of one subsidiary included in the Statement, whose financial information (before eliminating inter-company transactions) reflects total revenues of Rs. 895.18 Crores, total net profit after tax of Rs. 9.45 Crores, and total comprehensive income of Rs. 4.51 Crores, for the quarter ended on 30 June 2020, as considered in the Statement. These interim consolidated financial results have been reviewed by other auditors whose review report has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the review report of such other auditors and the procedures performed by us as stated in paragraph 3 above.

Further, this subsidiary is located outside India, whose interim consolidated financial results have been prepared in accordance with accounting principles generally accepted in their respective country and which have been reviewed by other auditors under International Standard on Review Engagement (ISRE) 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 reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based on the review report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

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

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



Bharat Shetty
Partner
Membership No:106815

UDIN No:20106815AAAACW8018

Place: Mumbai
Date: 21 August 2020

Walker ChandioK &Co LLP

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

Annexure 1

List of entities included in the Statement

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

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AGC NETWORKS LIMITED

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

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2020

(Rs. in Crores)

Sr. No.	Particulars	Quarter ended			Year ended
		Unaudited			Audited
		30/06/2020	31/03/2020 (Refer note 2)	30/06/2019	31/03/2020
1	Income				
	(a) Revenue from operations	993.86	1,249.37	1,228.47	4,993.92
	(b) Other income	0.94	2.36	2.58	33.03
	Total income	994.80	1,251.73	1,231.05	5,026.95
2	Expenses				
	(a) Cost of materials and components consumed	1.63	1.36	6.39	8.93
	(b) Purchase of stock-in-trade	327.67	352.86	384.81	1,485.39
	(c) Changes in inventories of work-in-progress, stock-in-trade and finished goods	(11.07)	4.59	(10.46)	11.40
	(d) Service charges	132.14	213.84	215.16	861.86
	(e) Employee benefits expense (net)	399.99	479.07	449.10	1,894.51
	(f) Finance costs	20.62	29.68	30.98	129.38
	(g) Depreciation and amortisation expense	25.01	22.54	24.36	98.96
	(h) Other expenses	85.59	96.25	110.52	363.37
	Total expenses	981.58	1,200.19	1,210.86	4,853.80
3	Profit before exceptional items and tax (1-2)	13.22	51.54	20.19	173.15
4	Exceptional items - expenses (refer note 4)	5.85	12.89	4.66	125.05
5	Profit before tax (3-4)	7.37	38.65	15.53	48.10
6	Tax expense / (credit)				
	- Current tax	3.20	(12.14)	1.97	(2.59)
	- Deferred tax	(0.16)	9.57	-	9.57
7	Net profit for the period / year (5-6)	4.33	41.22	13.56	41.12
8	Other comprehensive income / (loss) (refer note 16)	13.19	(99.20)	(0.51)	(99.48)
9	Total comprehensive income / (loss) for the period / year (7+8)	17.52	(57.98)	13.05	(58.36)
10	Paid-up equity share capital (face value of Rs. 10 each)	29.78	29.75	29.74	29.75
11	Other equity				(77.57)
12	Earnings per share of Rs. 10 each before exceptional items :				
	Basic (in Rs.)	3.42*	18.20*	6.13*	55.88
	Diluted (in Rs.)	3.37*	17.92*	6.09*	55.27
	Earnings per share of Rs. 10 each after exceptional items :				
	Basic (in Rs.)	1.45*	13.86*	4.56*	13.83
	Diluted (in Rs.)	1.43*	13.65*	4.53*	13.68

* Not annualised

Note

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



Notes:

- 1) 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.
- 2) Figures for the quarter ended 31 March 2020 are the balancing figures between the audited figures in respect of the full financial year ended 31 March 2020 and the unaudited published year to date figures up to 31 December 2019 which were subject to limited review.
- 3) The consolidated results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 21 August 2020. The auditors have carried out a limited review of these unaudited consolidated results.
- 4) **Exceptional items:**

Particulars	(Rs. in Crores)			
	Quarter ended			Year ended
	Unaudited			Audited
	30/06/2020	31/03/2020 (Refer note 2)	30/06/2019	31/03/2020
Other intangible assets written off [refer note (a)]	-	-	-	5.05
Provision / (reversal) of severance expenses [refer note (b)]	-	-	-	1.09
Acquisition cost [refer note (c)]	1.87	3.81	(2.00)	1.77
Foreclosure of leases [refer note (d)]	-	0.09	-	8.53
Provision for policy change in employee vacation [refer note (e)]	3.07	4.16	2.34	-
Inventory written off [refer note (f)]	-	13.20	4.32	6.51
Bad debt adjustment [refer note (g)]	-	3.32	-	-
Securilisation costs [refer note (h)]	-	(3.78)	-	99.94
Non-routine consulting and IT costs [refer note (i)]	-	(7.91)	-	2.16
COVID-19 expenses [refer note (j)]	0.91	-	-	-
	5.85	12.88	4.65	125.05

- (a) Represents other intangible assets written off related to BBX Inc.
 - (b) Represents net severance cost of BBX Inc. towards rationalisation of manpower to enhance operational efficiencies.
 - (c) Represents acquisition related cost of BBX Inc. which includes valuation fees, advisory fees, legal and professional fees and consulting fees.
 - (d) Represents early closure of leases related to BBX Inc.
 - (e) Represents provision for policy change in employee vacation related to BBX Inc.
 - (f) Represents inventory written off related to BBX Inc.
 - (g) Represents bad debt adjustment related to BBX Inc.
 - (h) Represents incidental charges incurred for securitising trade receivables related to BBX Inc.
 - (i) Represents non-routine consulting and IT costs related to BBX Inc.
 - (j) Represents expenses incurred on COVID-19 safety measures which includes purchase of masks, gloves, sterilisation equipment and other safety products for employees of BBX Inc.
- 5) 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.
 - 6) Black Box Network Services India Private Limited, step-down subsidiary of AGC Networks Limited ("the Holding Company"), had entered into a slump sale agreement to acquire Internet of Things (IoT) and Sxtreo business for a purchase consideration of Rs. 0.15 Crores. The acquisition was effective from 1 February 2020.
 - 7) The paid-up equity share capital stands increased to Rs 29.78 Crores (29,779,876 equity shares of Rs 10 each) upon allotment of 35,227 equity shares of Rs 10 each pursuant to ESOP Scheme 2015 during the quarter ended 30 June 2020.
 - 8) AGC Networks Pte. Limited ("AGC Singapore"), subsidiary of the Holding Company had 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 was converted into Limited Liability Company pursuant to the Limited Liability Company Act of State of Delaware and name of the company was changed to AGC Networks LLC effective on 31 March 2020 as of 11:59:59 p.m.
 - 9) A stock purchase agreement was 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 had 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.
 - 10) The Holding Company has not appointed at least one independent woman director on the board. The Holding Company is in the process of identifying the independent woman director and appointment will be done at the earliest.



- 11) The outstanding balance of trade receivables and trade payables as at 30 June 2020 include amount receivable aggregating to Rs. 0.46 Crores and amount payable aggregating to Rs. 2.54 Crores respectively from / to the companies situated outside India. These balances are pending for settlement and there is delay in collection / remittance beyond the timeline stipulated under the Foreign Exchange Management Act, 1999. The Holding Company has filed the necessary applications with the appropriate authority for extension of time period / write off / condonation of such delays during the quarter ended 30 June 2020. Pending conclusion of the aforesaid matter, the amount of penalty, if any, that may be levied, is not ascertainable and accordingly, the accompanying consolidated financial results do not include any adjustments that may arise due to such delay / default.
- In case of all the above-mentioned receivables and payables, approval is pending from AD Category - I bank ("AD Bank") as at 30 June 2020. Further, the Holding Company has remitted amounts aggregating to Rs. 0.38 Crores towards imports, subsequent to 30 June 2020.
- 12) 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. Majority of the countries across the world had announced a series of lock-down measures starting in January 2020 which have been extended from time to time. With the change in global circumstances, governments have issued directives which indicate calibrated and gradual or complete withdrawal of lockdown and partial or complete resumption of economic activities depending on the severity of the disruption caused in respective countries. However, the extent to which the COVID-19 pandemic will impact the consolidated financial results will depend on future developments, which are highly uncertain, including among other things, any new information concerning the severity of the COVID-19 pandemic and action to contain its spread or mitigate its impact. The Group has considered the possible effects on financial performance 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.
- 13) On 31 May 2020, Black Box Holdings Limited, step-down subsidiary of the Holding Company, had entered into a share purchase 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. 50% of the consideration is 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. This acquisition is anticipated to be completed within 6 months.
- 14) On 10 June 2020, Black Box Networks Services Australia Pty Ltd, step-down subsidiary of the Holding Company, has entered into a share purchase agreement with Agile Group Limited ("seller") to acquire 100% holding in Pyrios Pty Limited, Australia for a total consideration of USD 800,000. This acquisition is completed on 13 August 2020 with the effective date being 1 July 2020.
- 15) On 10 June 2020, Black Box Networks Services New Zealand Ltd, step-down subsidiary of the Holding Company, has entered into a share purchase 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. This acquisition is completed on 13 August 2020 with the effective date being 1 July 2020.
- 16) Other comprehensive income includes remeasurement loss on defined pension plan of BBX Inc. and its subsidiaries, USA for the quarter ended 30 June 2020, 31 March 2020 and 30 June 2019 and year ended 31 March 2020 amounting to Rs. Nil, Rs. 78.13 Crores, Rs. Nil and Rs. 82.15 Crores, respectively.
- 17) 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

SANJEEV VERMA
WHOLE-TIME DIRECTOR
DIN: 06871685

Place: Dallas, Texas, The United States of America
Date : 21 August 2020
CIN : L32200MH1986PLC040652



AGC NETWORKS LIMITED

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

STATEMENT OF UNAUDITED CONSOLIDATED SEGMENT INFORMATION FOR THE QUARTER ENDED 30 JUNE 2020

Segment information

(Rs. in Crores)

Particulars	Quarter ended			Year ended
	Unaudited			Audited
	30/06/2020	31/03/2020 (Refer note 2)	30/06/2019	31/03/2020
Segment revenue				
System integration	823.50	1,037.24	1,007.88	4,067.06
Technology product solutions	159.66	191.01	201.13	820.81
Others	10.70	21.12	19.46	106.05
Revenue from operations	993.86	1,249.37	1,228.47	4,993.92
Segment results				
System integration	36.63	48.36	38.10	172.84
Technology product solutions	(1.38)	29.27	10.78	77.41
Others	(2.35)	1.23	(0.29)	19.25
Total of segment results	32.90	78.86	48.59	269.50
Other income	0.94	2.36	2.58	33.03
Finance costs	20.62	29.68	30.98	129.38
Profit before exceptional items and tax	13.22	51.54	20.19	173.15
Exceptional items - expenses (refer note 4)	5.85	12.89	4.66	125.05
Profit before tax	7.37	38.65	15.53	48.10
Tax expense / (credit)	3.04	(2.57)	1.97	6.98
Net profit for the period / year	4.33	41.22	13.56	41.12
Depreciation and amortisation expense	25.01	22.54	24.36	98.96

Notes on segment information :

- 1 The Board 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.

