

AGC Networks Ltd.
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AGC/PB/SE/2014/005

February 14, 2014

Corporate Relationship Department Bombay Stock Exchange Limited P.J. Towers, Dalal Street, Fort, Mumbai - 400 001	Corporate Relationship Department National Stock Exchange Limited Exchange plaza, Bandra Kurla complex, Bandra (E) Mumbai 400051
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Dear Sir,

Sub.: Outcome of the Board meeting of the Company held on 14th February, 2014 & un-audited financial results of the Company (stand-alone and consolidated) for the quarter ended 31st December, 2013 along with limited review report

Ref.: Script code BSE 500463/NSE AGCNET

This is to inform you that the Board of AGC Networks Limited at its meeting held on Friday, 14th February, 2014 at registered office of the Company, inter-alia considered and approved the un-audited financial results of the Company (stand-alone and consolidated) for the quarter ended 31st December, 2013. Signed copies of the same along with the copy of Limited Review Report from the statutory auditors of the Company for the quarter ended 31st December, 2013 are attached herewith.

This is for your information, record and necessary action.

Thanking You,

For AGC Networks Limited


Pratik Bhanushali
Company Secretary
Encl.: A./a.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

5th Floor, Block B 2
Nirlon Knowledge Park
Off Western Express Highway
Goregaon (East), Mumbai-400 063, India
Tel : +91 22 6192 0000
Fax : +91 22 6192 3000

Limited Review Report

Review Report to
The Board of Directors
AGC Networks Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results of AGC Networks Group comprising AGC Networks Limited ('the Company') and its subsidiaries (together, 'the Group'), for the quarter ended December 31, 2013 (the "Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review 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. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *We report that the Company has certain trade and other receivables aggregating to Rs. 610 millions; which in our opinion are doubtful of recovery. Had the impact of the above been considered in the unaudited financial results, the loss after tax for the quarter and year to date would have been higher by Rs. 610 millions.*
4. Based on our review conducted as above, *except for the possible effects of the matter stated in para 3 above*, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 Interim Financial Reporting notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W

Shyam Sundar Pachisia

per Shyamsundar Pachisia
Partner
Membership No.: 49237

Place : Mumbai
Date: February 14, 2014



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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Limited Review Report

**Review Report to
The Board of Directors
AGC Networks Limited**

1. We have reviewed the accompanying statement of unaudited financial results of AGC Networks Limited ('the Company') for the quarter ended December 31, 2013 (the "Statement"), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review 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. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *We report that the Company has certain trade and other receivables aggregating to Rs. 219 millions, which in our opinion are doubtful of recovery. Had the impact of the above been considered in the unaudited financial results, the loss after tax for the quarter and year to date would have been higher by Rs. 219 millions.*
4. Based on our review conducted as above, except for the possible effects of the matter stated in para 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W

Shyam Pachisia

per Shyamsundar Pachisia
Partner
Membership No.: 49237

Place : Mumbai
Date: February 14, 2014



AGC NETWORKS LIMITED
STATEMENT OF STANDALONE/CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31 DECEMBER 2013

Sr. No.	Particulars	Standalone						Consolidated					
		Quarter ended		Nine months ended		Year ended		Quarter ended		Nine months ended		Year ended	
		31/12/2013	30/09/2013	31/12/2012	31/12/2013	31/12/2012	31/03/2013	31/12/2013	30/09/2013	31/12/2012	31/12/2013	31/12/2012	31/03/2012
1	Gross sales/income from operations	737	874	1,345	2,365	4,200	5,910	1,891	2,135	2,493	5,947	7,773	20
	Excise duty	2	3	7	8	20	32	2	3	7	8	20	
	(a) Net sales/income from operations	735	871	1,338	2,377	4,180	5,878	1,889	2,132	2,486	5,939	7,753	77
	(b) Other operating income	1	24	1	35	60	66	0	24	1	35	77	
	Total income from operations (net)	736	895	1,339	2,412	4,240	5,944	1,889	2,156	2,487	5,974	7,830	
2	Expenses												
	a) Cost of materials consumed	13	12	47	42	161	226	13	12	47	42	161	
	b) Purchase of stock-in-trade	281	361	795	1,292	2,244	3,142	720	925	1,476	2,653	4,526	
	c) Change in inventories of finished goods, work-in-progress and stock-in-trade	95	115	(172)	85	(234)	(162)	168	186	(247)	94	(461)	
	d) Employee benefits expenses	163	181	280	623	830	1,142	538	563	564	1,653	1,504	
	e) Depreciation and amortisation expense	23	21	19	68	58	111	106	100	31	306	92	
	f) Service Charge	280	320	293	715	700	998	452	520	338	1,270	878	
	g) Other expenses	184	211	204	685	505	737	289	305	307	1,157	757	
	Total expenses	1,019	1,221	1,466	3,520	4,264	6,196	2,286	2,612	2,510	7,675	7,457	
3	(Loss)/Profit from operations before other income, finance costs and exceptional items (1-2)	(283)	(326)	(127)	(1,106)	(24)	(252)	(397)	(455)	(29)	(1,701)	373	
4	Other income	43	54	294	154	378	421	44	56	295	158	380	
5	(Loss)/Profit from ordinary activities before finance costs and exceptional items (3+4)	(240)	(272)	167	(954)	354	169	(353)	(400)	266	(1,543)	753	
6	Finance costs	75	75	89	220	225	323	98	90	98	271	252	
7	(Loss)/Profit from ordinary activities after finance costs but before exceptional items (5-6)	(315)	(347)	78	(1,174)	129	(154)	(451)	(490)	168	(1,814)	501	
8	Exceptional items (Refer note 3 below)	(164)	69	-	(95)	-	-	(445)	69	-	(376)	-	
9	(Loss)/Profit from ordinary activities before tax (7-8)	(479)	(278)	78	(1,269)	129	(154)	(896)	(421)	168	(2,190)	501	
10	Tax expense	-	-	-	-	(29)	78	0	2	29	(27)	46	
11	Net (Loss)/Profit from ordinary activities after tax (9-10)	(479)	(278)	77	(1,269)	158	(232)	(896)	(423)	199	(2,163)	485	
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-	-	-	-	-	-	
13	Net (Loss)/Profit for the period (11-12)	(479)	(278)	77	(1,269)	158	(232)	(896)	(423)	199	(2,163)	485	
14	Share of profit/(loss) of associates	-	-	-	-	-	-	-	-	-	-	-	
15	Minority interest	-	-	-	-	-	-	-	-	-	-	-	
16	Net (Loss)/Profit after taxes, minority interest and share of profit of associates (13-14+15)	(479)	(278)	77	(1,269)	158	(232)	(896)	(423)	199	(2,163)	485	
17	Net (Loss)/Profit for the period from continuing operations	(479)	(278)	77	(1,269)	158	(232)	(896)	(423)	216	(2,057)	574	
18	Net (Loss)/Profit for the period from discontinuing operations (Refer note 6 below)	-	-	-	-	-	-	-	-	(77)	(106)	(119)	
19	Paid-up equity share capital (Face value of 10 each)	285	285	285	285	285	285	285	285	285	285	285	
20	Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	-	-	2,105	-	-	-	-	-	
21	Earnings per share of ₹ 10/- each (not annualised): Basic and Diluted (in ₹)	(17)	(10)	3	(45)	6	(9)	(31)	(15)	5	(76)	16	

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S. R. BATLIBOI & ASSOCIATES LLP
 MUMBAI



Sr. No. Particulars	Standalone						Consolidated					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Year end Audit
	31/12/2013	30/09/2013	31/12/2012	31/12/2013	31/12/2012	31/03/2013	31/12/2013	30/09/2013	31/12/2012	31/12/2013	31/12/2012	31/03/20
A PARTICULARS OF SHAREHOLDING												
1 Public shareholding :												
Number of shares	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616	7.1
Percentage of shareholding	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	
Promoters and Promoter Group Shareholding												
a) Pledged/Encumbered												
Number of shares	20,451,976	20,451,976	20,451,976	20,451,976	20,451,976	20,451,976	20,451,976	20,451,976	20,451,976	20,451,976	20,451,976	20.4
Percentage of shares (as a % of the total shareholding of promoter and Promoter group)	95.79	95.79	95.79	95.79	95.79	95.79	95.79	95.79	95.79	95.79	95.79	
Percentage of shares (as a % of the total share capital of the Company)	71.85	71.85	71.85	71.85	71.85	71.85	71.85	71.85	71.85	71.85	71.85	
b) Non-encumbered												
Number of shares	897,872	897,872	897,872	897,872	897,872	897,872	897,872	897,872	897,872	897,872	897,872	8.1
Percentage of shares (as a % of the total shareholding of promoter and Promoter group)	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	
Percentage of shares (as a % of the total share capital of the Company)	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	
B INVESTOR COMPLAINTS												
Pending at the beginning of the quarter	2											
Received during the quarter	8											
Disposed of during the quarter	10											
Remaining unresolved at the end of the quarter	0											

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[Signature]

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MUMBAI



Notes:

- 1) The results for the quarter ended 31 December 2013 have been subjected to limited review by the statutory auditors of the Company and have been reviewed by the audit committee and approved by the Board of Directors at its meeting held on 14 February 2014.
- 2) The Company operates in one business segment i.e., Business Communication Solutions and Integrators.
- 3) Exceptional items include:
 - for the quarter/nine months ended 31 December 2013:
 - (a) Provision for inventory which has been identified as obsolete/slow moving/non-moving aggregating to ₹ 110 million on standalone basis and ₹ 210 million on consolidated basis.
 - (b) Amounts arising out of vendor reconciliations aggregating to ₹ 54 million on standalone basis and ₹ 235 million on consolidated basis (including amounts pertaining to earlier years ₹ 54 million and ₹ 229 million respectively)
 - for the quarter ended 30 September 2013 and nine months ended 31 December 2013:
 - On 23 September 2013, the Company entered into an agreement with a group company, whereby it sold certain trade receivables totalling to ₹ 178 million at a discounted value for cash consideration of ₹ 145 million on a fully non-recourse basis. Of the total receivables sold, ₹ 102 million represented old overdue balances for which the Company had previously recorded an allowance for doubtful debts. As a result of this sale of accounts receivable in the current quarter, the Company reversed the doubtful debt provision and recorded ₹ 69 million (net of discount of ₹ 33 million) as an exceptional item in the statement of unaudited financial results.
- 4) Net sales/income from operations for the quarter/nine months ended 31 December 2013 is net of reversal of sales amounting to ₹ 52 million pertaining to earlier year on standalone and consolidated basis.
- 5) The Company has certain trade and other receivables aggregating to ₹ 219 million on standalone basis and ₹ 610 million on consolidated basis in respect of which the management is confident of their realisability and hence no provision has been considered necessary for the same. The statutory auditors of the Company have modified their report for non-recovery of these receivables.
- 6) On 8 July 2013, the Board of Directors of the Company's subsidiary, AGC Networks Inc., approved the demerger of its Specialized Managed Services Division (the "Caplve Division") with effect from 01 April 2012. In accordance with the demerger agreement, on 08 July 2013 the Company transferred the Caplve Division along with specified assets and liabilities to Agis Global Inc., a group company, for cash consideration of US\$ 1000. At the date of transfer, the Caplve Division had a net liability of ₹ 393 million which has been recorded by the Company as a credit to reserves. Discontinued operations disclosure with respect to the Caplve Division as required under Accounting Standard - 24 is given below:

	Quarter ended		Consolidated		Year ended
	Unaudited	Unaudited	Nine months ended	Unaudited	
Key Financial Numbers of Discontinuing Operations	31/12/2013	30/09/2013	31/12/2012	31/12/2013	Audited 31/03/2013
Income from operations	-	-	75	53	168
(Loss)/Profit before tax	-	-	(77)	(106)	(256)
(Loss)/Profit after tax	-	-	(77)	(106)	(256)

- 7) The statement of consolidated unaudited financial results for quarter/nine months ended 31 December 2013 is prepared in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006 (as amended).

The financial results of the following entities have been consolidated with the financial results of the Company:

AGC Networks Pty Limited, Australia
AGC Networks Pte Limited, Singapore
AGC Networks, Inc., USA

- 8) Previous period figures have been re-grouped and reclassified, wherever necessary, to correspond to those of the current period.

Place: Mumbai
Date : 14 February 2014

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BY

S. R. BATLIBOI & ASSOCIATES LLP
MUMBAI



FOR AND ON BEHALF OF THE BOARD

S. K. JHA
MANAGING DIRECTOR & CEO