

AGC Networks Announces Results for the Quarter ended December 31, 2013

Mumbai, 14th February, 2014: AGC Networks Limited, (BSE: 500463 and NSE: AGCNET), a Global ICT Solutions Provider and Integrator in Unified Communications, Network Infrastructure, Data Centre & Virtualization and Enterprise Applications and a subsidiary of Aegis Limited, an Essar enterprise, today announced financial results for Q3 FY 2014.

Key Consolidated Financial & Operational Highlights for Q3 FY 2014

Financial highlights

- Revenue for Q3 FY 2014 decreased by **11%** from Rs. **213** cr to Rs. **189** cr over the previous quarter of Q2 FY 2014. Higher dollar value and difficult economic conditions has led to slow down in discretionary technology spending across various industry verticals.

	Q3' FY 13-14	Q3 FY 12 - 13	Q2' FY 13-14
Total Revenue	189.1	249.3	213.5
PBT	(89.6)	16.8	(42.1)
PAT	(89.6)	13.9	(42.3)

- Company did hold on to its overall gross margin levels at the back of improved productivity and better yield especially from overseas business
- The overall market conditions remained subdued with delay in decision making in the Indian market further resulting in the delay of purchase decisions for the current quarter
- Existing rupee volatility compounded with uncertainty, especially from Government customers, due to upcoming elections in India, further lowered the agility of the decision making process with most clients, apart from market losses due to currency fluctuations
- The company has taken remediation measures across the organization including its inventory management and aggressive provisioning policies which are required in the current business scenario and which have resulted in extraordinary one time provisions and prior period charges of Rs 63 cr. The company expects these remedial measures to have a sustainable long term positive effect on profitability from the next financial year.

Business highlights

Key highlights of India business

- Uptake of engagements in the select verticals of IT/ITeS, BFSI, Hospitality/Healthcare and Education.
- With a continued focus on customer-centricity, the ongoing **AGC Connect program** is a programme aimed at enhancing and building stronger relations with the stakeholders, technology partners and customers
 - AGC Connect programme aims at creating a customer outreach across verticals spread across regions of India demonstrating expertise in the Unified Communications and Networking Infrastructure quadrants
 - One of the strategic initiatives within **AGC Connect program** was the kick-start of **AGC road shows**, that saw AGC's customers and technology partners have a common engagement platform spurring various business opportunities for the company.
- AGC Networks 10 Cube strategy encompassing multi-dimensional growth through focus on 10 key solutions, 10 key geographies and 10 key alliances has helped the company to invest strategically towards lucrative markets like North America and MEA. North America continues to be an evolving contributor to AGC progress.

Key Highlights of the US business

- Increase in demand of IT products and services especially within the IT/ITES sector
- Increased revenue share from non-Unified Communications (UC) quadrant
- Expansion of solution portfolio from existing customers
- Operations in the North America geography have stabilized and expected to do better in the coming quarters

Industry outlook

- As per NASSCOM, Indian IT-Business Process Management (IT-BPM) export revenues will grow 12% -14% in 2014-15 to touch \$84- \$87 billion. It represents a possible rise in growth for this year thus offering AGC a positive head-start towards the focus areas for the year ahead
- As a direct result of current economic necessities and ongoing technological developments, the IT/ITES industry is undergoing a number of fundamental shifts which has led the company to further device a renewed strategy and focus towards growth and sustainability and commitment towards its stakeholders.

Speaking on the occasion, **Mr. S. K. Jha, MD & CEO, AGC Networks** said “The unstable economic scenario has been compelling enterprises to opt cautious outlook and is impacting the overall business sentiments. AGC Networks is no exception towards this existing scenario. However, together with our strong emphasis on customer-centricity, partner alliance network and technology expertise we will continue to gain client-stickiness and focus in proving best-in-class returns to our stakeholders ultimately creating an enabling experience in the upcoming quarters.”

Mr. Srinivasa Raghavan, Chief Financial Officer, AGC Networks added “AGC Networks strives towards its corporate vision of delivering enterprise innovation, unlocking value and ultimately creating wealth for its customers and stakeholders. With appropriate strategies and extremely relevant processes, controls and procedures rolled out over the last quarter, AGC Networks is well poised to grow faster and expect uplifting our overall performance in all the key markets we serve. AGC has undertaken aggressive provisioning policies for a stronger and a robust balance sheet going forward”.

About AGC Networks:

AGC Networks (AGC) is a Global ICT Solutions Provider and Integrator seamlessly delivering technology based solutions across global markets and verticals layered with a spectrum of applications and services in Unified Communications, Network Infrastructure, Data Center & Virtualization and Enterprise Applications. Being a leader in Enterprise Communications in India and spanning the Middle East, North America, Australia, New Zealand and Africa, AGC Networks has a differentiated approach to Solutions Integration and offers domain-focused, flexible and customized solutions to customers across the globe. Equipped with Global technology alliance partners like Avaya, Juniper, NICE Systems, Aspect, HP, Polycom, Cisco, Microsoft, Verint, NEC, Sony, Plantronics, EMC, Dialogic, NetApp, Checkpoint and Jabra among others. AGC ‘Experience specialists’ deliver ICT solutions. AGC Networks is a subsidiary of Aegis Limited, an Essar Enterprise. For more information log on to www.agcnetworks.com

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