AGC

Enabling Experience

PERFORMANCE DRIVEN

FUTURE FOCUSED

PEOPLE POWERED

AGC Networks Limited   Annual Report 2011-12

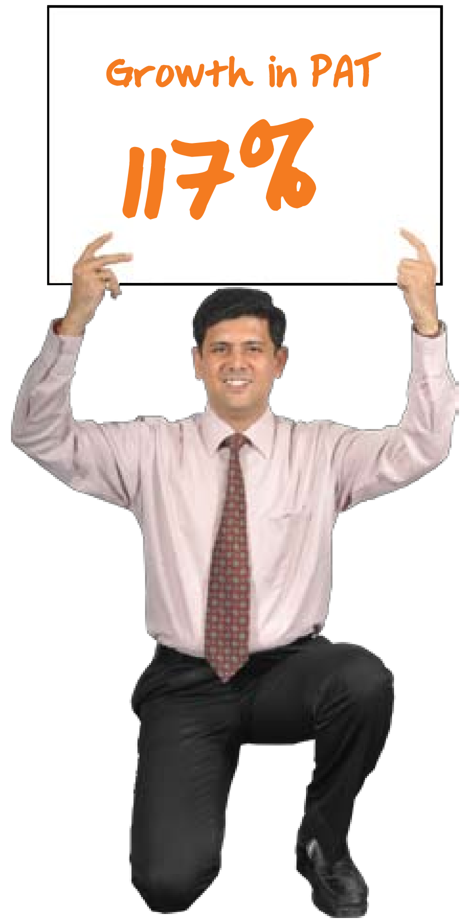
At a time when the global economy was going through uncertainty.

At a time when technology was fast evolving.

At a time when being relevant to customer needs was becoming indispensable.

At a time when opportunities for success were diminishing.

One future focused organization, powered by the passion of its people was creating and delivering value for its stakeholders.



At AGC Networks, we believe this is just the beginning !

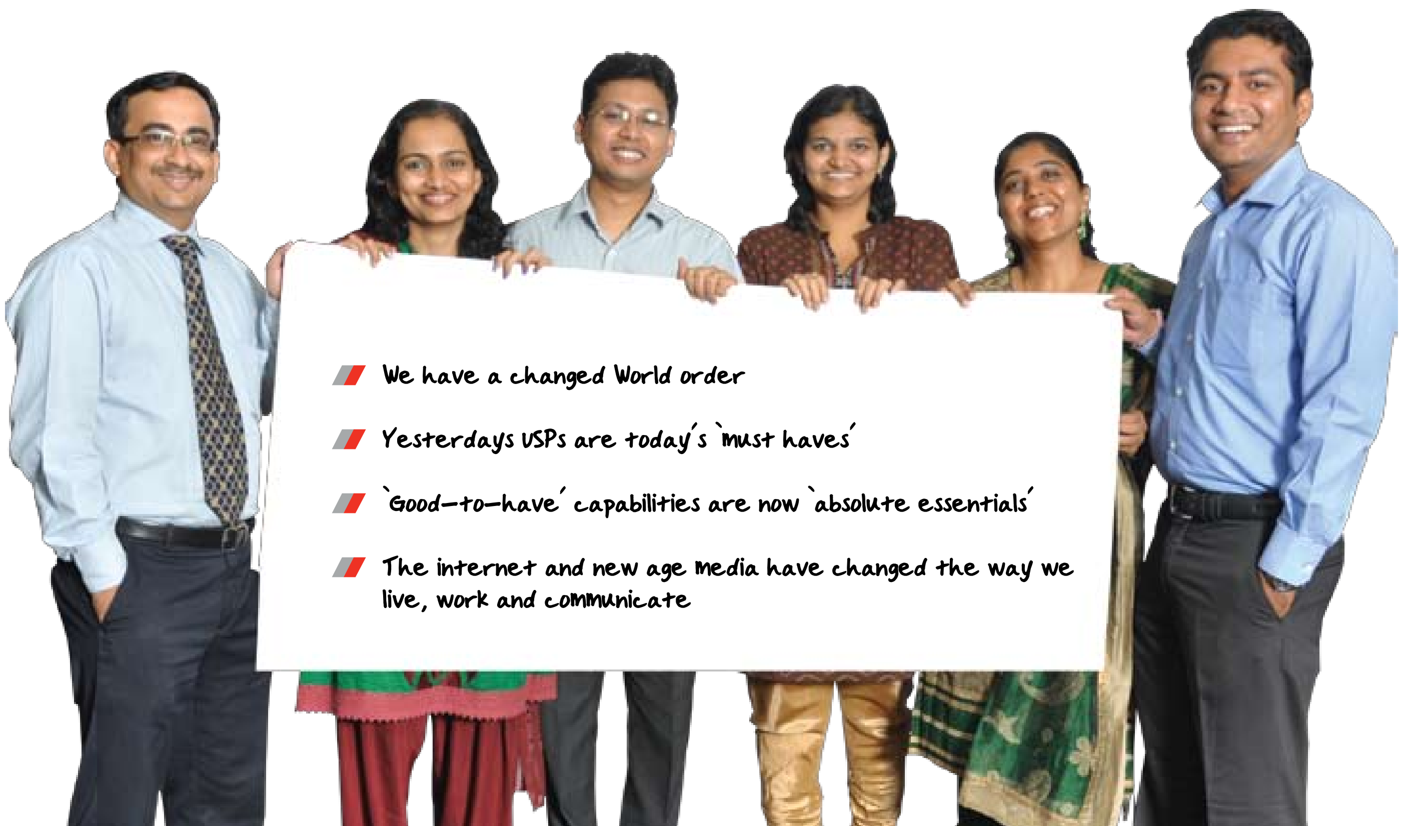
We are

Powered by our People
Focused on the Future
Driven by Performance

All figures are for FY11-12 over FY10-11

So what's inside?

New Paradigms. Better Opportunities.



New Possibilities. Great Future.

The global IT Services spending is expected to surpass US$ 1 trillion by 2015. In 2010, the Technology Solution Integration space alone accounted for almost 23% of the total US$ 793 billion market, amounting to US$ 180 billion. A huge opportunity.

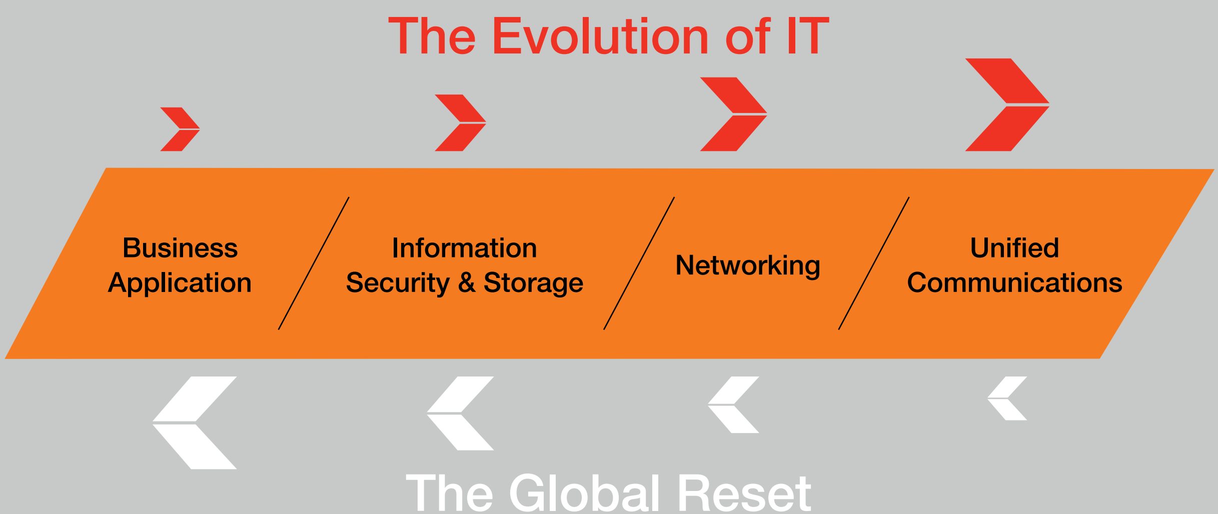
In India alone, this opportunity is growing at 20% on a year to year basis. The opportunity in India for AGC is ₹ 30,000 crores (US$ 5.4 billion) including sale of product led offerings and services.

These growing markets, both globally and in India, are creating exciting possibilities for AGC.

AGC is poised to leverage this high-growth opportunity and offer customized solutions to customers that may currently be under-served by fragmented companies.

Reset. Refocus.

The ICT space is currently undergoing a global reset. And this is coupled with large growth opportunities on the horizon. Disruptive technologies such as cloud computing are threatening established business models. In the past, Business Applications drove Information Security, Storage & Server and Networking requirements that in turn drove Unified Communications. The Reset has resulted in a reversal of this order. Today, Unified Communications drive Networking, Information Security and Storage needs which eventually are influencing the technology platforms for Business Application.



This reset is increasingly shifting the industry toward a non linear future. To emerge as a successful leader, organizations today need to combine services, solutions and platforms. This new future presents itself both as a threat and an opportunity demanding new mind sets and models, innovative approaches and out of box strategies. AGC sees this as a window of opportunity.

With a focused strategy combined with people power and a performance driven approach, AGC aims to leverage this opportunity to become a billion dollar enterprise by 2015.

Transform. Transcend.

Keeping pace with an ever changing technology landscape, AGC has been on a journey of steady transformation which has shaped the organization of today.

Then	Now
Systems Integrator	Solutions Integrator
Voice Communications	Information Communication and Technology
Single Solution Provider	Multiple Solutions Provider
Strategic Single Alliance	Multiple Alliances
Single Geographic Presence	Presence Across Geographies

10 CUBE STRATEGY

Growth needs to be channelized. Speed needs to have focus to be outcome driven and sustainable. With this as a guiding principle, AGC has evolved the 10 Cube strategy.

10 Solutions x 10 Key Alliances x 10 Key Geographies

Aptly named the 10 Cube strategy, this unique strategic growth initiative is instrumental in driving growth exponentially. It also encompasses the strategic vision of AGC.

The 10 Cube strategy focuses on the emerging futures through a multi solutions, multi alliances and multi geographies strategy. This strategy is supplemented with an in-depth domain expertise to ensure adaptability to the exacting requirements of customers.

More Applications. More Alliances. More Relevance.

This approach has begun delivering results in making AGC a formidable player with a varied solutions base and a powerful alliances network. AGC has scaled up from operating in a single market segment, Unified Communications, to now covering Network Infrastructure, Business Applications & Consulting, and Data Centres & Virtualization. As a result, the organization today is relevant to Healthcare, Retail, Oil & Gas, Enterprise, Government Public Sector & Defence and Hospitality, besides its forte in IT / ITES, BFSI and the Telecom verticals.

AGC has the global reach, agility, technology strength, domain expertise and a deep understanding of customer needs.

Enabling Experience

Over the last two and a half decades, AGC has undergone a significant process of transformation. However, the focus has continued to remain on 'Enabling Experience' for customers. And this has been the key differentiator and deliverable for AGC. The organization will continue to deliver by being the 'Experience Specialist' for its customers across the globe. The 10 Cube strategy enables the organization to stay focused on providing a seamless experience to customers at every touch point.

AGC enables customers to see the big picture and engages with them at multiple levels by understanding their business requirements and providing insights into technologies and trends. Improving customer agility by responding to dynamic external changes is AGC's approach to continue evolving.

With an array of technology solutions made available, AGC continues to forge strong partnerships with its customers. AGC offers distinct value and competitive advantage through a strong synergy of technology, domain expertise and reliability helping customers to stay ahead of the curve.

At AGC, we are the Experience Specialists for our customers

The AGC Edge

- Transformational engagements
- Global customer relationships and service delivery
- Symbiotic relationships & alliances with Original Equipment Manufacturers (OEMs)

Our People. Our Power.

Passionate

Inspiring

Honest

Responsive

Innovative

Focused

Energetic

Committed

At AGC, we attribute our success to the people we have chosen to be a part of our team. Handpicked for their enthusiasm, our employees share an unshakeable belief in AGC and in themselves.

It is this strong BELIEF that is shaping how our employees BEHAVE. Today, the sense of growth and focus, direction and purpose, experience and empowerment are reflected in the behaviour of every employee at AGC. We have embraced and aligned ourselves with the larger purpose and focus of the organization. We exhibit a rare combination of personal aspirations, professional ambitions and corporate objectives being driven in the same direction and toward a common goal.

The common goal is to BECOME a fast growing organization and reach US$ 1 billion in revenues by 2015.

“The future is moving towards non linear growth. Opportunities are emerging in newer markets globally, including India. I am confident that your company will continue to build on the momentum it has gathered this year.”

Dear Shareholders,

The year gone by has been excellent for the company in terms of growth. Your company delivered a path-breaking performance based on a well thought out growth strategy that was meticulously executed. Not only did we register impressive growth in our revenues, but were able to register significant growth in EBITDA, PBT, PAT and EPS. Clearly, a sign that AGC has picked up momentum and pace.

What makes this performance special is that it was achieved against the backdrop of uncertain global economy and turbulent changes in the technology space. Gone are the days of linear thinking, linear approaches and linear technologies. Disruptive technologies like cloud computing, analytics, social media and enterprise mobility completely transformed the traditional IT business models. Companies needed to re-think, re-look, and re-strategize. And that is precisely what we did at AGC.

We radically revamped our strategy to evolve from a systems integrator to a solutions integrator; we multiplied our range of solutions through an array of key technology alliances and partners; we expanded our presence into newer geographies of Australia & New Zealand (ANZ),

Managing Director and CEO's Message

Middle East & Africa (MEA) and United States of America (USA).

The 10 Cube strategy is our multi-dimensional growth strategy. 10 key solutions, 10 key geographies and 10 key alliances constitute the 10 Cube strategy. During the year, our focused implementation of the 10 Cube strategy ensured our impressive growth :

- we grew revenues from ₹ 590 crores to ₹ 998 crores – a growth of 69%
- we grew EBITDA from ₹ 52.4 crores to ₹ 108.5 crores – a growth of 107%
- we grew PBT from ₹ 43.0 crores to ₹ 86.2 crores – a growth of 100%
- we grew PAT from ₹ 29.2 crores to ₹ 63.5 crores – a growth of 117%

Our margins also improved substantially : our EBITDA margin grew from 9% to 11%, as did our PAT margin from 5% to 6%.

We declared a dividend of ₹ 15/- per share (150%) for the year which included ₹ 5/- per share (50%) as a special dividend to celebrate 25 years of the company.

Your company has been an experience specialist. Enabling Experience has been at the core of the company. At the state-of-the-art Customer Experience Centre, we simulate real life business environment for our customers, so they can 'experience' the power of technology and solutions.

While experience is at the core of the company, it is the people who are the heart. The impressive growth would not have been possible without our people. I would like to take this opportunity to thank all our people for their superlative effort.

Looking forward, the technology space is growing fast. The future is moving towards non linear growth. Opportunities are emerging in newer markets globally, including India. I am confident that your company will continue to build on the momentum it has gathered this year. At AGC, we are ready for tomorrow – driven by performance, focused on future and powered by people!

Let's Begin!

S. K. Jha
MD & CEO

President’s Message

“We are one of the few companies in the technology space to have performed exceptionally well in the last year amidst challenging scenarios.”

Dear Shareholders,

2011-12 has been one of the most rewarding years for all of us at AGC. It has reinforced our belief that while the technology space is indeed going through a reset brought about by disruptive technologies like cloud and mobile, there are interesting opportunities as well. One needs to believe in the industry, in the opportunity and mostly, in our own abilities and capabilities. With belief, obstacles become challenges, and challenges become opportunities.

BELIEVE, BEHAVE and BECOME. At AGC, these are three simple words that define us. For each of us at AGC, these words are ingrained into our very DNA. We firmly BELIEVE that we own the experience paradigm; we firmly believe in ENABLING EXPERIENCE for our customers. This strong and unshakeable belief shapes how we BEHAVE. Our understanding of customers becomes holistic and three-dimensional. Our approach and actions, our solutions and software, our offerings and processes, are all extensions of our strong belief that we can make a difference on an experiential level to customers' needs. And finally, we BECOME what we believe and how we behave. We are one of the few companies in the technology space to have performed exceptionally well in the last year amidst challenging scenarios.

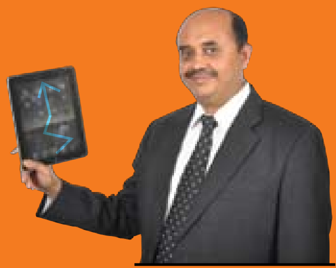
Another key driver of our growth has been our expanding geographic presence. Till a few years ago, we were operating majorly in one country. But in line with our 10 Cube strategy, we have enlarged our footprints across the globe to newer geographies of ANZ, MEA & USA. Through our parent AEGIS, we have access to an elite customer base across geographies like North America, Argentina, Philippines and South Africa. Going forward, we plan to leverage this larger global footprint and introduce our solutions and services in newer markets.

AGC is ready! AGC is growing, and fast! Expect more!

With best wishes,

Sanjeev Verma
President

Meet Our Leadership Team



The sales teams at AGC drive and achieve revenue targets for eight regions in India and SAARC. With 'customer centricity' as the core of our sales strategy, we strive to achieve homogeneity across various geographies, practices and accounts. We adopt a vertical based selling approach across various domains including Government, PSUs and Defence.

Animesh Srivastava
Vice President and
Head – Sales (India & SAARC)

I am responsible for the purpose, vision, strategy and execution of AGC's business across the ANZ region. The key for exponential growth of AGC's business in ANZ is to evolve rapidly to a full service business offering outcome based services, software and technology. The ANZ team consists of highly capable, sales professionals that engage the market in innovative solutions to help businesses transform for competitive differentiation.

Chris Luxford
Head – ANZ

AGC Networks Inc. is a recently formed entity in the USA focused on the ICT integration and outsourcing domain, targeting this large, mature market place. We are building an organization uniquely positioned to capture market share through a global scale leverage and a focused approach on enabling customer experience. Alignment with the best of breed technology partners, deployment of a unique business process and driving innovation into our enterprise customers is the outline.

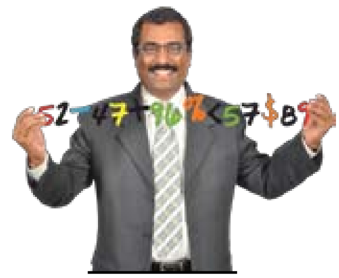
Greg Forrestor
Head – USA

Apart from Business development initiatives in the Middle East and Africa region, our team plays a key role in building transformational business models, joint service development, capacity planning, projects & resource management, and managing teams across geographies. We aim to achieve significant organic growth in the next three years. Joint ventures, regional offices and strategic wins complement the road map ahead.

Kallo K.
Vice President Business
Development (MEA)

Mahua Mukherjee
Vice President & Head HR

AGC's HR department plays an important role of a strategic business facilitator, partnering with different functions and practices to align our peoples' strategies as per changing business needs. We plan launching new methodologies of learning to increase employee development and engagement levels in future.



Prasad Subramaniam
Head – Finance

Our team specializes in conceptualizing and implementing financial procedures for efficient functioning of the organization. We offer strong support to business for profitability improvement, cash flow optimization and adherence to regulatory compliance. With state-of-the-art technology tools and our expertise, we aim to continually fuel the momentum of organization's growth.

Pravin Shinde
Vice President & Head – Service Delivery

Service Delivery is responsible for all the after sales customer activities spanning projects, support, upgrades and other related activities. Customer satisfaction is crucial for us and we have consistently achieved high CuSat scores year after year. In the near future, we are planning to enhance our repair capabilities and to achieve ISO/CMMi certification.

Raghuram Gopalan
Senior Vice President - Business Transformation Services

The Business Transformation Services (BTS) team is focused on revenue, market and profit expansion for AGC. The BTS team works as an industry consultant with potential customers with a long term view to evolve the engagement models for the region. BTS team proposes to enhance and replicate the existing set of services based on their initial success in most of the emerging markets across the globe.

Subir Bhatnagar
Vice President & Global Head - Solutions

AGC's Solutions team consists of technology consultants and industry vertical Subject Matter Experts that interact with customers and provide optimal solutions. We have an interesting line up of activities planned for the near future, some of which include an internal solutions portal, sales handbook, new Customer Experience Centers in Bangalore & Gurgaon.

**At the time of going to print*

Board of Directors

Aparup Sengupta
Director

Shuva Mandal
Independent non-executive Director

Mr. Aparup Sengupta brings with him an enviable legacy with a sterling professional career in the IT and IT-enabled services domains. He is an entrepreneur with three successful start-ups: 24/7 Customer, India's first CRM services company; Ion Idea, an IT services company based out of Fairfax, Virginia; and Think Harbor, a leading BPO consulting company funded by Bank Am and Nomura.

Mr. Sengupta has been a member and the Lead Assessor of the Jury of the CII Business Excellence Award, equivalent to the Malcolm Baldrige Award in the US and the Deming Prize in Japan. He has also served as the Chairman of the BPO Steering Committee of Assocham, India's leading industry forum. He has also been an ambassadorial scholar to the US in 1994. Mr Sengupta is a graduate in electrical engineering from the University of Calcutta.

Mr. Shuva Mandal, is a lawyer with more than 19 years of practice. He is the Managing Partner in Fox Mandal & Associates, and practices in Corporate Commercial Group. Most importantly, Shuva is the fourth generation of Mr. G. C. Mandal, co-founder of Fox Mandal (established 1896). He is a partner of the firm since 1996 and presently heads the entire South India operations of the firm.

Mr. Mandal’s practice includes Inbound Investment to India including strategy, corporate governance, corporate finance including M&A, Joint Ventures, disposal of private companies, private equity & securities transaction, public offerings of debt and equity securities. He holds an LLB from the University of Calcutta and has also attended M&A Program at the The Wharton School, University of Pennsylvania.

S. K. Jha
Managing Director
& CEO

Sujay Sheth
Chairman of the Board of Directors
Independent non-executive Director

Mr. Satya K. Jha has over 18 years of experience in the field of global outsourcing, IT business re- engineering, Systems Integration, Information Technology and Communication Solutions.

Prior to joining Aegis, Mr. Jha was working with Wipro as the Head & Vice President of the ICT Practice. Earlier, as Founder and CEO of 3D Networks, he nurtured the company in several directions, both in services and product development. Under his leadership, 3D Networks achieved spectacular growth by providing ICT outsourcing and products to clients across India, MEA and North America. 3D Networks was sold to Wipro in early 2006.

Mr. Jha holds a bachelor's degree in computer engineering. He is known for his dynamism and passion for excellence and has a collaborative leadership style.

Mr. Sujay R. Sheth holds a Bachelor's degree in Commerce from the Bombay University. He is also a Fellow member of the Institute of Chartered Accountants of India. Currently, Mr. Sheth is the Managing Partner of J. K. Doshi & Co., Chartered Accountants, a reputed firm of Chartered Accountants, established in 1955.

Mr. Sheth's areas of experience are Finance and Accounting, with deep knowledge of direct taxes, corporate laws and significant experience in the fields of transaction advisory, pre-acquisition studies, corporate governance, assurance, valuation and direct taxation. He is involved in audit, taxation, attestation and assurance functions of a wide selection of Indian and multi-national clients.

Company Information

Directors
Sujay R. Sheth - Chairman
S. K. Jha - Managing Director & CEO
Aparup Sengupta
Shuva Mandal

Company Secretary
Vishal Kohli

Auditors
M/s S. R. BATLIBOI & ASSOCIATES,
Chartered Accountants

Registered Office
Equinox Business Park (Peninsula Techno Park),
Tower 1, Off Bandra Kurla Complex, LBS Marg,
Kurla (West), Mumbai - 400 070

Works
E-1/I Gandhinagar Electronics Estate,
Gandhinagar -382 028, Gujarat

Regional Offices
Bangalore, Chennai, Gurgaon, Kolkata, Mumbai, Pune

Branches and Service Centres
Bilaspur, Chandigarh, Guwahati, Hyderabad,
Kochi, Nagpur, Surat, Vadodara

International Offices
USA (Dallas, Texas), Singapore, Dubai, Kenya
(Nairobi), Australia (Sydney, Melbourne)

Bankers - Bank of India
Credit Agricole - CIB
IDBI Bank Limited

Registrars and Share Transfer Agents
Datamatics Financial Services Limited,
Plot No. B5, MIDC, Part B Cross Lane,
Andheri (East), Mumbai - 400 093

Audit Committee
Sujay R. Sheth - Chairman
Shuva Mandal
Aparup Sengupta

Shareholders'/Investors' Grievance Committee
Sujay R. Sheth - Chairman
S. K. Jha

Ethics and Compliance Committee
Shuva Mandal - Chairman
Sujay R. Sheth

Remuneration Committee
Sujay R. Sheth - Chairman
Shuva Mandal

Executive Committee
Aparup Sengupta - Chairman
S. K. Jha
Sujay R. Sheth

Note : The Directorship & Committee position is as on March 31, 2012

AGC Customer Experience Center

The AGC Customer Experience Centre (CEC) attests AGC's philosophy of 'Enabling Experience' while delivering value to its customers.
With the customer at the core, the team at CEC simulates the power of integrated communication solutions in a real life situation.
Emphasizing on technology components that deliver business value, solutions here are tailored to align with industry specific requirements.
The CEC showcases solutions integrated with offerings of over 22 global OEMs.

Creating the wow experience in every visit.

Statutory and Financial Section

NOTICE

AGC NETWORKS LIMITED

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of AGC Networks Limited will be held on Friday, the 27th day of July, 2012 at 11:00 A.M. at the Rangaswar Hall, Chavan Centre, General Jagannath Bhosale Marg, Mumbai – 400 021, to transact the following business :

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report, audited Profit and Loss Account for the period ended March 31, 2012 and the Balance Sheet as at that date.

2. To declare dividend on equity shares

3. To appoint a Director in place of Mr. Sujay R. Sheth who retires by rotation and is eligible for re-appointment.

4. To appoint M/s. S. R. Batliboi & Associates, Chartered Accountants, as Statutory Auditors of the Company and fix their remuneration and for the purpose, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

   "RESOLVED that M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai, be and are hereby appointed Auditors of the Company, to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company, to examine and audit the accounts of the Company for the financial year 2012-13 on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors in addition to reimbursement of service tax, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them."

SPECIAL BUSINESS

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

   "RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and such permissions, consents and approvals, if any, from various authorities as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals and which the Board of Directors is hereby authorized to accept, the consent of the Company be and is hereby accorded to the payment of remuneration, on the terms and conditions set out below, to Mr. S. K. Jha, Managing Director & CEO of the Company, for a period of 3 (three) years w.e.f. December 01, 2011 to November 30, 2014 :

I. Period of Appointment :

The period of appointment of the Managing Director & CEO is from August 31, 2010 to August 30, 2015. However, the Managing Director & CEO shall be paid remuneration w.e.f. December 01, 2011 till November 30, 2014.

The services of the Managing Director & CEO may be terminated by either party, by giving the other party three (3) months' notice or either party paying three (3) months' consolidated / gross salary in lieu of the notice period or part thereof.

Provided that if at any time the 'Managing Director & CEO' ceases to be a Director of the Company, for any cause whatsoever, he shall cease to be the 'Managing Director & CEO' of the Company.

II. Remuneration :

(a) Salary (w.e.f. December 01, 2011 till November 30, 2014) (3 years) :

Particulars	Amount p.m.
Basic Salary	In the range of Rs. 3,75,000/- to Rs. 11,90,000/-
House Rent Allowance (HRA)	In the range of Rs. 1,87,500/- to Rs. 5,95,000/-
Medical Expenses	In the range of Rs. 1,250/- to Rs. 4,000/-
Personal Allowance	In the range of Rs. 4,35,470/- to Rs. 13,82,000/-
Provident Fund	In the range of Rs. 780/- to Rs. 3,667/-
Variable Compensation (including Bonus)	In the range of Rs. 2,50,000/- to Rs. 9,92,000/-
Total	In the range of Rs. 12,50,000/- to Rs. 41,66,667/-

Note 1: Range includes both the lower and the upper limits.

Note 2: The annual increments / remuneration of the Managing Director & CEO for the period from April 01, 2012 to November 30, 2014, will be merit-based (subject to yearly review) and will take into account the Company's performance, however, the total remuneration of the Managing Director & CEO shall not exceed Rs. 5.00 crores per annum.

Note 3: The MD & CEO will be entitled to be paid the remuneration within the range as specified hereinabove under various heads, with the option to interchange the remuneration within the various heads, subject to the total overall limits as specified.

(b) Others :-

(i) Leave Encashment and other policies :

Leave Encashment and other policies (including but not limited to Leave Policy) would be as applicable in the Company from time to time.

(ii) Communication facilities :

The Company shall provide communication facility (cellphone / mobile, phone, etc.) to the Managing Director & CEO, the expenses for which shall be reimbursed at actuals.

(iii) Insurance :

(a) GPA insurance with an indemnity limit of Rs. 1.50 crores.

(b) Hospitalization Expense Reimbursement up to Rs. 90,000/- per person per year which includes Self, Spouse, 2 Children and 1 dependant parent.

(iv) Payment / Reimbursement of entertainment, traveling and other expenses incurred for the business of the Company. The Managing Director & CEO shall be entitled to reimbursement of expenses incurred by him through credit cards, for the business of the Company.

Explanation :

Perquisites, allowances and amenities, etc. shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

Company's contribution to Provident Fund or Annuity Fund (if any) to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per the rules of the Company at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(c) The Managing Director & CEO shall be entitled to be paid / reimbursed by the Company all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.

III. Other terms and conditions :

1. The Managing Director & CEO shall be in-charge of the day-to-day management of the business and affairs of the Company and shall, subject to the superintendence, control and direction of the Board of Directors of the Company, as also subject to the provisions of the Companies Act, 1956, and Articles of Association of the Company, look after and manage day-to-day affairs and business of the Company and for such purpose the Managing Director & CEO shall have the authority to appoint any Officer, Executive, Technician, Engineer or other staff members, buy and sell goods (including capital assets) for and on behalf of the Company, grant loans from or otherwise lend or invest the Company's funds, etc., provided always that the Managing Director & CEO shall exercise his powers subject to such limits and conditions, if any, as may be imposed from time to time by the Board of Directors.

2. During the continuance of his appointment the Managing Director & CEO shall use his best endeavors to promote the interests and welfare of the Company. He shall not either before or after the termination of his appointment disclose to any person whomsoever any information relating to the Company or its business or customers or any trade secrets of which he shall become possessed of while acting as Managing Director & CEO.

3. The Managing Director & CEO undertakes not to become interested or otherwise concerned directly or through his wife and / or minor children and / or dependent parents in any selling agency of the Company, at present and in future, without the prior approval of the Central Government, and the appointment shall cease and determine upon the contravention of this undertaking.

4. The Managing Director & CEO shall not be entitled to supplement his earnings with any buying or selling commissions.

5. In terms of Article 182 of the Articles of Association of the Company, the Managing Director & CEO shall not, while he continues to hold that office, be subject to retirement by rotation.

6. The Managing Director & CEO, so long as he functions as such, shall not be paid any sitting fees for attending the Meetings of the Board or Committee thereof.

7. Subject to the supervision and control of the Board of Directors, the day-to-day management of the Company shall be in the hands of the Managing Director & CEO.

8. The Managing Director & CEO shall also perform such other duties and services and exercise such powers as shall from time to time be entrusted to him by the Board of Directors including the powers exercisable by the Board under the Articles of Association of the Company.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take all such steps including the power to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board and the Managing Director & CEO, subject to such approval as may be necessary, proper and expedient and to do any acts, deeds, matters and things to give effect to this resolution.

RESOLVED FURTHER that the Board of Directors, subject to the provisions of Section 198 of the Companies Act, 1956 read with Schedule XIII, and other applicable provisions, if any of the said Act, be and are hereby authorized to alter and vary the terms and conditions of the said appointment including the power to increase / decrease the remuneration mentioned therein (under each individual head) up to the overall limit of Rs. 5.00 crores mentioned hereinabove and to do other acts, deeds and things as may be considered necessary / expedient in this connection.

RESOLVED FURTHER that notwithstanding anything contained herein above, where, in any financial year during the currency of this appointment, the Company has no profits or its profits are inadequate, the remuneration payable to the Managing Director and CEO as salary, incentives, perquisites and other allowances shall be governed by, and be subject to the ceilings provided under Section II of Part II of Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration and / or the remuneration shall be subject to the approval of the Central Government, if required.

RESOLVED FURTHER that the Directors and / or the Company Secretary of the Company be and are hereby severally authorized to execute all such documents, writings and agreements, and to do all such acts, deeds, things and matters as may be necessary / expedient for giving effect to this resolution."

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

"RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the payment and distribution of a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, by way of commission to and amongst the Non-Executive and Independent Directors of the Company in such amounts or proportions and in such manner and in all respects as may be determined by the Board of Directors from time to time and such payments shall be made for a period of five years commencing April 01, 2012.

RESOLVED FURTHER that, the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

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

"RESOLVED that subject to the approval of the Central Government pursuant to Section 309(5B) of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to waive the excess remuneration of Rs. 45.52 lakhs paid to Mr. Anil Nair (erstwhile Joint Managing Director and President) for the financial year 2010-11 over and above the limits prescribed under Section 309 read with Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER that the Board of Directors and / or the Company Secretary be and are hereby severally authorized to do all such acts, deeds and things and furnish such information / clarifications / declaration, certificate and other papers as may be required in this regard including making / modifying application to the Central Government and authorizing any other person to represent the Company before the Central Government for seeking the approval as aforesaid of the Central Government."

Notes :

a. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items 5, 6 & 7 set out above are annexed hereto. The relevant details in respect of item no. 3 above, as required by Clause 49 of the Listing Agreement entered into with Stock Exchanges are also annexed.

b. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member. In order to be effective, the proxy must be received by the Company not less than 48 hours before the meeting.

c. Member / Proxy holder must bring the attendance slip to the meeting and hand it over at the entrance duly signed.

d. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th July, 2012 to 27th July, 2012 (both days inclusive).

e. The dividend on Equity Shares as recommended by the Directors for the period ended March 31, 2012, if declared at the meeting will be paid on and after August 21, 2012, to those Members whose names appear on the Register of Members of the Company on July 27, 2012. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on July 17, 2012, as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

f. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrars and Share Transfer Agents of the Company.

g. Members are requested to notify, immediately, any change in their address to the Company's Registrars and Share Transfer Agents.

h. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

i. Members are requested to bring their copy of the Annual Report.

j. Members are advised to avail ECS facility for the credit of dividend directly to their bank accounts. This facilitates quick credit of the dividend amount and eliminates any delay or loss of the dividend warrants in transit and also ensures safety against fraudulent encashment.

k. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial year 1997-98, 2001-02, 2002-03 & 2003-04 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

   Dividends for the financial year ended March 31, 2005 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date they become due for payment will be transferred by the Company to IEPF. Members who have not so far encashed dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Share Transfer Agents, immediately.

   Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed or unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.

l. As the members are aware, your Company's shares are tradable compulsorily in electronic form. In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

m. In order to provide protection against fraudulent encashment of the warrants, members holding shares in physical form are requested to intimate the Registrar and Share Transfer Agents under the signature of the Sole / First holder, the following information to be incorporated on the Dividend Warrants : (i) Name of the Sole / First joint holder and the folio number, (ii) Particulars of the Bank Account viz., (1) Name of the Bank, (2) Name of the Branch, (3) Complete address of the Bank with Pin code number, and (4) Bank Account no. allotted by the Bank.

   In respect of other matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name / address etc., the members are requested to approach the Company's Registrars and Share Transfer Agents, in case of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company / Registrars and Share Transfer Agents, members are requested to quote their account / folio numbers or DP ID and Client ID for physical or electronic holdings respectively.

n. M/s. Datamatics Financial Services Limited (DFSL) is the Company's "Registrar and Share Transfer Agent". All members and investors are hereby advised to contact DFSL at the following address for any assistance, request or instruction regarding transfer or transmission of shares, dematerialization of shares, change of address, non-receipt of annual report, dividend payments and other query / grievance relating to the shares:

M/s. Datamatics Financial Services Limited,
Plot No. B-5, Part B Crosslane,
MIDC, Marol, Andheri (East), Mumbai - 400093
Tel : +91 22 6671 2151 to 6671 2156
Fax : +91 22 6671 2209
E-mail : agcinvestors@dfssl.com

o. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Datamatics Financial Services Limited (DFSL) – the Company's "Registrar and Share Transfer Agent".

Keeping in view the theme underlying the circular issued by MCA, the Company is / will be sending documents like notice calling for annual general meeting, audited financial statements, directors' report, auditors' report, etc. and other communications, in electronic form, to e-mail addresses of those members which are available in the records of the Company. Service of notices / documents to the members, whose e-mail addresses are not registered with the depository of the Company, will be effected by modes of service as provided under Section 53 of the Companies Act, 1956.

Please note that these documents will also be available on the Company's website www.agcnetworks.com for download by the shareholders. Physical copies will also be available for inspection during office hours at our Registered Office in Mumbai.

By Order of the Board of Directors

Place : Mumbai
Date : May 10, 2012

VISHAL KOHLI
Company Secretary

Registered Office :
Equinox Business Park
(Peninsula Techno Park),
Off Bandra Kurla Complex,
LBS Marg, Kurla West,
Mumbai – 400 070.

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956

Item No. 5 :

The members of the Company, at the Twenty Fourth Annual General Meeting held on 20th December, 2010, appointed Mr. S. K. Jha as the 'Managing Director & CEO' of the Company for a period of five years, with effect from August 31, 2010 till August 30, 2015, without payment of any remuneration from the Company.

Subsequently, the Remuneration Committee and the Board of Directors of the Company, at its meeting(s) held on October 20, 2011, approved the payment of remuneration / terms and conditions of appointment for Mr. S. K. Jha, Managing Director and CEO of the Company, for a period of three years, with effect from December 01, 2011 till November 30, 2014. The said remuneration / terms and conditions of appointment were further revised by the Remuneration Committee and the Board of Directors of the Company, at its meeting(s) held on May 10, 2012, the details of such remuneration / terms and conditions of appointment being mentioned below:

I. Period of Appointment :

The period of appointment of the Managing Director & CEO is from August 31, 2010 to August 30, 2015. However, the Managing Director & CEO shall be paid remuneration w.e.f. December 01, 2011 till November 30, 2014.

The services of the Managing Director & CEO may be terminated by either party, by giving the other party three (3) months' notice or either party paying three (3) months' consolidated / gross salary in lieu of the notice period or part thereof.

Provided that if at any time the 'Managing Director & CEO' ceases to be a Director of the Company, for any cause whatsoever, he shall cease to be the 'Managing Director & CEO' of the Company.

II. Remuneration :

(a) Salary (w.e.f. December 01, 2011 till November 30, 2014) (3 years) :

Particulars	Amount p.m.
Basic Salary	In the range of Rs. 3,75,000/- to Rs. 11,90,000/-
House Rent Allowance (HRA)	In the range of Rs. 1,87,500/- to Rs. 5,95,000/-
Medical Expenses	In the range of Rs. 1,250/- to Rs. 4,000/-
Personal Allowance	In the range of Rs. 4,35,470/- to Rs. 13,82,000/-
Provident Fund	In the range of Rs. 780/- to Rs. 3,667/-
Variable Compensation (including Bonus)	In the range of Rs. 2,50,000/- to Rs. 9,92,000/-
Total	In the range of Rs. 12,50,000/- to Rs. 41,66,667/-

Note 1: Range includes both the lower and the upper limits.

Note 2: The annual increments / remuneration of the Managing Director & CEO for the period from April 01, 2012 to November 30, 2014, will be merit-based (subject to yearly review) and will take into account the Company's performance, however, the total remuneration of the Managing Director & CEO shall not exceed Rs. 5.00 crores per annum.

Note 3: The MD & CEO will be entitled to be paid the remuneration within the range as specified hereinabove under various heads, with the option to interchange the remuneration within the various heads, subject to the total overall limits as specified.

(b) Others :-

(i) Leave Encashment and other policies :

Leave Encashment and other policies (including but not limited to Leave Policy) would be as applicable in the Company from time to time.

(ii) Communication facilities :

The Company shall provide communication facility (cellphone / mobile, phone, etc.) to the Managing Director & CEO, the expenses for which shall be reimbursed at actuals.

(iii) Insurance :

(a) GPA insurance with an indemnity limit of Rs. 1.50 crores.

(b) Hospitalization Expense Reimbursement up to Rs. 90,000/- per person per year which includes Self, Spouse, 2 Children and 1 dependant parent.

(iv) Payment / Reimbursement of entertainment, traveling and other expenses incurred for the business of the Company. The Managing Director & CEO shall be entitled to reimbursement of expenses incurred by him through credit cards, for the business of the Company.

Explanation :

Perquisites, allowances and amenities, etc. shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

Company's contribution to Provident Fund or Annuity Fund (if any) to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per the rules of the Company at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(c) The Managing Director & CEO shall be entitled to be paid / reimbursed by the Company all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.

III. Other terms and conditions :

1. The Managing Director & CEO shall be in-charge of the day-to-day management of the business and affairs of the Company and shall, subject to the superintendence, control and direction of the Board of Directors of the Company, as also subject to the provisions of the Companies Act, 1956, and Articles of Association of the Company, look after and manage day-to-day affairs and business of the Company and for such purpose the Managing Director & CEO shall have the authority to appoint any Officer, Executive, Technician, Engineer or other staff members, buy and sell goods (including capital assets) for and on behalf of the Company, grant loans from or otherwise lend or invest the Company's funds, etc., provided always that the Managing Director & CEO shall exercise his powers subject to such limits and conditions, if any, as may be imposed from time to time by the Board of Directors.

2. During the continuance of his appointment the Managing Director & CEO shall use his best endeavors to promote the interests and welfare of the Company. He shall not either before or after the termination of his appointment disclose to any person whomsoever any information relating to the Company or its business or customers or any trade secrets of which he shall become possessed of while acting as Managing Director & CEO.

3. The Managing Director & CEO undertakes not to become interested or otherwise concerned directly or through his wife and / or minor children and / or dependent parents in any selling agency of the Company, at present and in future, without the prior approval of the Central Government, and the appointment shall cease and determine upon the contravention of this undertaking.

4. The Managing Director & CEO shall not be entitled to supplement his earnings with any buying or selling commissions.

5. In terms of Article 182 of the Articles of Association of the Company, the Managing Director & CEO shall not, while he continues to hold that office, be subject to retirement by rotation.

6. The Managing Director & CEO, so long as he functions as such, shall not be paid any sitting fees for attending the Meetings of the Board or Committee thereof.

7. Subject to the supervision and control of the Board of Directors, the day-to-day management of the Company shall be in the hands of the Managing Director & CEO.

8. The Managing Director & CEO shall also perform such other duties and services and exercise such powers as shall from time to time be entrusted to him by the Board of Directors including the powers exercisable by the Board under the Articles of Association of the Company.

A brief resume / profile of Mr. S. K. Jha is as follows :

Mr. Satya Kumar Jha is the Managing Director and CEO of the Company. In this role, Mr. S. K. Jha has the overall responsibility of the Company.

Mr. S. K. Jha has over 19 years of experience in the areas of Systems Integration, Operations, Sales & Marketing of IT & Telecom Solutions and Strategic Business Planning. He had established 3D Networks, a specialist organization in India / Middle East / USA providing IT and Telecom services and successfully sold the company to Wipro in 2006. Before joining the Company / Aegis, he was working as Vice President with Wipro Limited. Academically, he holds a Bachelors Degree in Computer Engineering.

Mr. S. K. Jha is known for his dynamism, passion for excellence and has collaborative leadership style. He is a recognized leader and has the ability to nurture teams and drive businesses.

Mr. S. K. Jha is a member of the Shareholders' / Investors' Grievance Committee and Executive Committee of the Company.

Nature of expertise in specific functional areas – Systems Integrations, Operations, Sales & Marketing of IT & Telecom Solutions and Strategic Business Planning.

As on March 31, 2012, Mr. S. K. Jha is a director of the following other Company : AGC Networks Pte. Ltd., Singapore.

Mr. S. K. Jha does not hold any equity shares (either in own name or held by / for other persons on a beneficial basis) in the Company.

In compliance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956, the remuneration / terms and conditions of appointment of Mr. S. K. Jha as 'Managing Director & CEO' as set out in this item of the accompanying Notice is now being placed before the members for their approval.

This may also be treated as an abstract of terms of appointment of the Managing Director & CEO and the Memorandum of Interest of the Director pursuant to Section 302 of the Companies Act 1956.

The Board recommends the resolution for approval of the members.

Save and except Mr. S. K. Jha, none of the Directors is, in any way, concerned or interested in this resolution.

Item No. 6 :

Section 309(4) of the Companies Act, 1956 provides that, in the case of the Directors who are neither Managing / Executive Director(s) nor in the whole time employment of the Company, the shareholders, may by a Special Resolution authorize the payment of commission for a period of five years to such Director(s).

In view of the valuable contribution and suggestions made by the Non-Executive and Independent Directors towards improving the overall performance of the Company, it is proposed to obtain shareholders' approval for payment of commission to the Non-Executive and Independent Directors of the Company for a period of five years commencing April 01, 2012, in the manner set out in the resolution. This amount will be distributed amongst the Non-Executive and Independent Directors in accordance with the directions given by the Board.

Mr. Sujay R. Sheth and Mr. Shuva Mandal are concerned or interested in the Resolution at Item No. 6 of the Notice to the extent of the amount that may be received by them.

Item No. 7 :

During the six months Financial Year ended March 31, 2011 (October 01, 2010 – March 31, 2011), Mr. Anil Nair (erstwhile Joint Managing Director and President) was paid remuneration as per the terms and conditions approved by the shareholders of the Company by way of ordinary resolutions passed in the Annual General Meetings of the Company held on December 20, 2010 and July 29, 2011.

Due to overall recessionary market scenario, slowdown in the global and the domestic market, acute inflation in India and the fact that the financial year 2011 was for a period of six months only (from October 01, 2010 to March 31, 2011), the Company earned profits which were inadequate for the purpose of determination of managerial remuneration under Schedule XIII of the Companies Act, 1956. Thus the remuneration of Rs. 148.57 lakhs paid to Mr. Anil Nair for the FY11 exceeded the permissible limit under Section 309(3) read with Schedule XIII of the Companies Act, 1956 by Rs. 45.52 lakhs. The Company had accordingly made an application to the Central Government seeking its approval to waive the recovery of the excess amount paid to Mr. Anil Nair. The Central Government, later, advised the Company to obtain the approval of the members for waiver of excess remuneration vide its communication dated August 01, 2011.

In view of the above, the resolution for waiver of excess remuneration paid to Mr. Anil Nair and the proposed application to the Central Government is recommended for approval by the shareholders.

None of the directors of the Company are in any way concerned or interested in this resolution.

By Order of the Board of Directors

VISHAL KOHLI
Company Secretary

Place : Mumbai
Date : May 10, 2012
Registered Office :
Equinox Business Park
(Peninsula Techno Park),
Off Bandra Kurla Complex,
LBS Marg, Kurla West,
Mumbai – 400 070.

Brief Resume and other information in respect of the Directors seeking re-appointment at the Annual General Meeting :

Mr. Sujay R. Sheth

Mr. Sujay Rajababu Sheth holds a Bachelor's degree in Commerce from the Bombay University. He is a Fellow member of the Institute of Chartered Accountants of India. Currently, Mr. Sheth is the Managing Partner of J. K. Doshi & Co., Chartered Accountants, a reputed firm of Chartered Accountants, established in 1955.

Mr. Sheth's areas of experience are Finance and Accounting, with deep knowledge of direct taxes, corporate laws and significant experience in the fields of transaction advisory, pre-acquisition studies, corporate governance, assurance, valuation and direct taxation. Mr. Sheth is involved in audit, taxation, attestation and assurance functions of a wide selection of Indian and multi-national clients.

Nature of expertise in specific functional areas - Finance and Accounting.

As on March 31, 2012, Mr. Sujay R. Sheth is not a Director of any other Company.

Mr. Sheth does not hold any equity shares (either in own name or held by / for other persons on a beneficial basis) in the Company.

DIRECTORS' REPORT

1. The Directors hereby present the Twenty Sixth Annual Report and the audited statement of accounts for the year ended March 31, 2012.

2. Financial Results

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

Rs/millions

	Standalone		Consolidated	
	12 months Year ended 31/03/2012	6 months Year ended 31/03/2011	12 months Year ended 31/03/2012	6 months Year ended 31/03/2011
Sales & Services (Gross)	6240	3073	9976	3255
Sales & Services (Net) (including Other Income)	6324	3085	10075	3269
Profit before interest, depreciation & tax (EBIDA)	435	231	1065	236
Less : Interest and finance charges (Net)	63	6	85	6
Less : Depreciation	82	37	117	38
Profit before tax	290	188	863	192
Less : Provision for tax (including Deferred tax)	127	60	228	60
Profit after tax	163	128	635	132
Balance brought forward from previous year	885	810	794	715
Amount available for appropriation	1048	938	1429	847
Appropriations :				
Proposed dividend	213	32	213	32
Corporate Dividend Tax	35	5	35	5
Transfer to General Reserve	16	15	16	15
Balance carried to Balance Sheet	784	885	1165	794

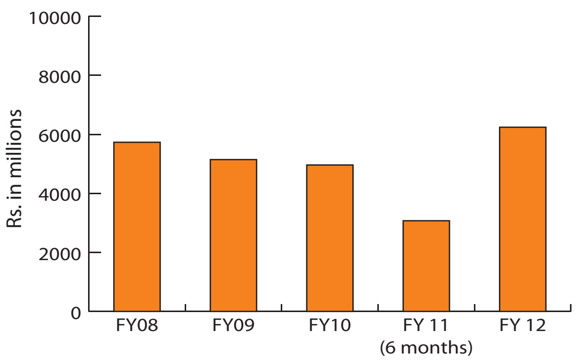
3. Dividend

Your Directors are pleased to recommend the payment of dividend at the rate of Rs.15.00 per share (Previous Year Rs. 2.25 per share) on 1,42,33,232 Equity Shares of Rs. 10/- each for the year ended March 31, 2012, subject to the approval of the shareholders in the ensuing Annual General Meeting.

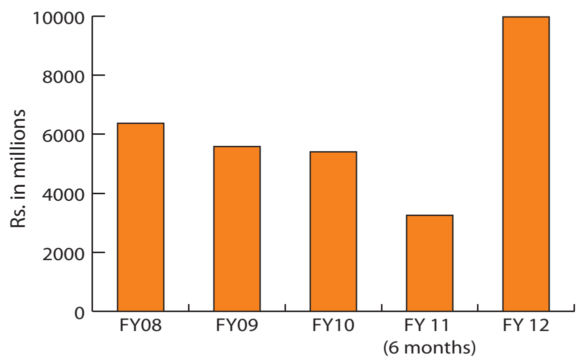
4. Financial Performance

The Company, for the period ended March 31, 2012 recorded a gross turnover of Rs. 6240 millions, as against Rs. 3073 millions for the period ended March 31, 2011. The profit before tax is Rs. 290 millions for the period ended March 31, 2012 as against Rs. 188 millions for the previous period. The profit after tax is Rs.163 millions as against Rs. 128 millions for the previous period.

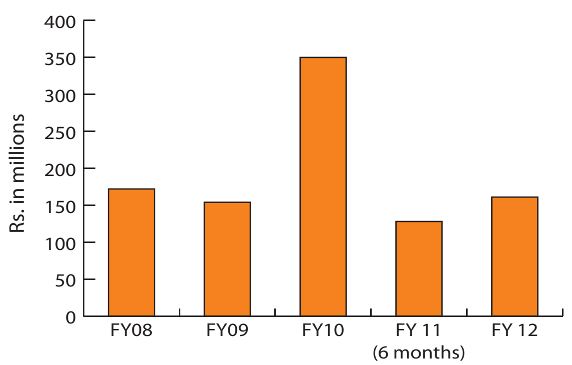
Gross Sales & Services - Last 5 Years (Standalone)



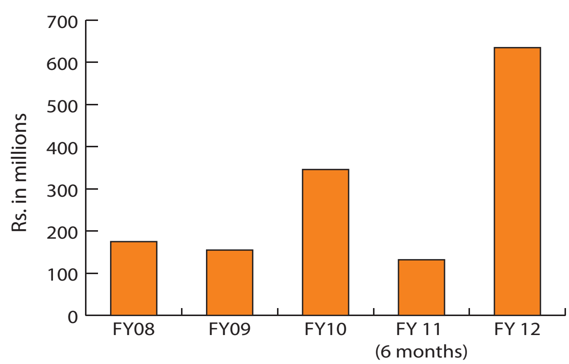
Gross Sales & Services - Last 5 Years (Consolidated)



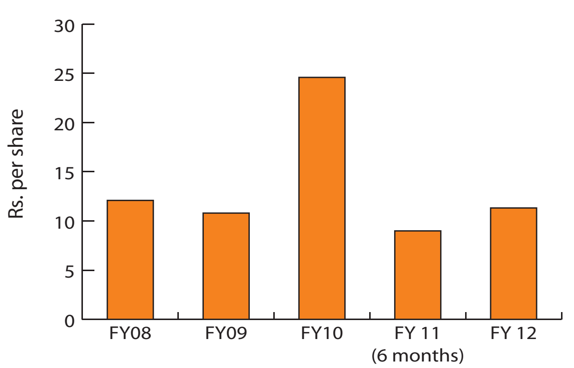
Profit after Tax - Last 5 Years (Standalone)



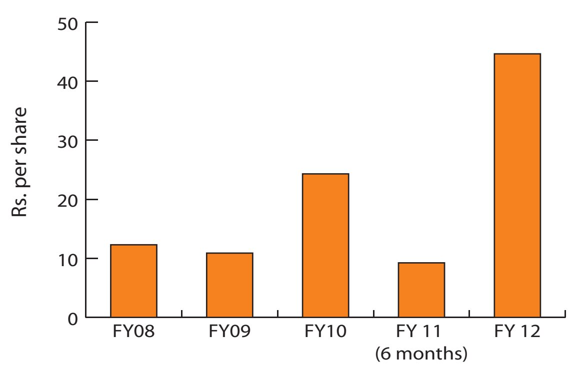
Profit after Tax - Last 5 Years (Consolidated)



Earning per share - Last 5 Years (Standalone)



Earning per share - Last 5 Years (Consolidated)



5. Operations

During the period under review, there was a marginal recovery in the US economy. However, this was overshadowed by the Greek debt-crisis and the near collapse of the Euro in the Eurozone. The earthquake and tsunami in Japan further slowed the economy.

However, the Asian juggernaut continued to roll ahead registering impressive rates of growth. As in the previous year, growth in Asia was dominated by China and India, even though both these economies faced internal pressures of inflation, which slowed down growth rates.

Improved business sentiments in the US had a positive effect on global technological spending. Your company was firmly placed to reap benefits of this positive trend and registered significant top-line and bottom-line growth over the previous review period. All business verticals grew from strength to strength over the previous year.

This noteworthy performance of your Company was achieved by its sustained focus in ENABLING EXPERIENCE for its customers. Your Company has transformed over the last few years to become a SOLUTIONS INTEGRATOR from a SYTEMS INTEGRATOR, and thus offer its customers the entire gamut of IT based practices, solutions and services. Your Company continues to expand its offerings and garner larger share of the market. New products launched in the previous review period like Storage & Security Solutions, IT Governance Risk and Compliance (IT GRC) Consulting, Data Networking and Managed Services were well-received by customers and continue to find larger markets.

Your Company's established products in the UC segment comprising of Contact Centre and Enterprise Telephony also carried over their good performance from the previous year.

Joint Venture between AGC and Hareez International

AGC Networks Limited and Hareez Holding Limited have entered into a joint venture to provide IT services in Riyadh and other Middle East regions.

Kingdom of Saudi Arabia, is a very prominent market for Technology consumption. With AGC's solution offerings and Hareez's market knowledge, presence, relationship with the prospective customers in the Kingdom, the joint venture is poised for a speedy organic growth in the Kingdom.

Strategy & Tactics:

It envisages achieving this objective by identifying and developing multiple ICT service offerings in emerging growth areas as separate business opportunities such as Application Integration (SAP, Oracle), infrastructure support services, business intelligence services and telecommunication, Smart building solutions, reaching out to the citizens etc, and providing services to identified industry vertical from the cloud – "pay as you go".

The growth plan includes offering a full service technology solution including systems integration, support services, software and networking solutions along with branded hardware products which the company hopes would enhance profitability significantly. Resources have been mobilized onsite to show commitment to the nation as a whole, with "Best of Breed" solutions.

Joint Venture between AGC and one of the leading group in UAE

AGC and a leading UAE group have entered into a joint venture partnership to implement a citizen services solution and deliver it over 7 years. These services are envisaged around unique citizen identities.

This JV is expected to build, install, deploy and service support a functionally rich, Solution and System that would be dedicated for United Arab Emirates citizen to enhance the citizen services to start with and then potentially be extended to other GCC countries.

Overall business requirements:

- full Citizen service processing environment incorporating all online processing, web processing and accounting processes associated with the unique identities.
- A guaranteed current and ongoing compliance with global and regional mandates guidance and best practices
- Provide a minimum five year strategic solution roadmap that assures the company that the solution will allow the company to grow and deploy new services through the same product deployment
- A demonstrable and history of delivering large scale enterprise projects to the customer's satisfaction supported by customer references

Currently, AGC together with its local partner, is doing a pilot project for the JV along with its ecosystem partners.

6. Business Outlook

As the global economy continues to improve and as India continues to grow, your Company expects to continue with its growth plan. The Company has aligned its operations to the customer needs and has positioned itself to ensure that it is relevant to the entire industry as a Solutions Integrator across the globe through its 10 cube strategy. The Company has focussed on 10 key practices and offerings through 10 key technology alliances to be taken to 10 key geographies across the globe, which form the core of its growth strategy. The Company plans to grow its core business from the Contact Centre and Unified Communication space in India to business applications, Data and Information Security, Storage and Servers to other key global markets.

The Company focuses on innovation and considers innovation a key to expand into newer markets through newer products. During the review period, the Company launched three new offerings:

- Customer Experience Applications Suite
- Strategic Intelligence Solution Framework
- SAFE city Solution Framework

These have been developed with a customer-centric approach and the Company's over-arching approach of ENABLING EXPERIENCE for its customers.

During the period under review, your Company has transformed itself from a single-alliance to a multi-alliance company. Your Company today has key technology alliances and strategic partnerships with OEMs to offer best-in-class solutions in Remote Infrastructure Management, System Integration, Professional Services and Managed Services.

Your Company is firmly positioned to build on the excellent growth of the previous year and looks forward to another good year.

7. Recognitions conferred on the Company

As a testimony to your Company's excellent performance, it has received a total of 12 awards during the year. These are :

(1) Best Performance BFSI, Enterprise – AMX

(2) Partner of the Year, 2011 – Aspect

(3) APAC Technical Excellence Partner of the Year, Avaya

(4) APAC Best Promising Partner – Christi

(5) Best Emerging Partner of the Year – Citrix

(6) Most Extreme Partner of the Year – Extreme

(7) Best Partner – HARMANPRO

(8) Highest Growth Partner – Jabra

(9) APAC Commercial Partner of the Year – Juniper

(10) APAC Best Service Partner of the Year 2011 – NICE

(11) APAC Best Service Partner – Polycom

(12) Best Sales Partner, BFSI and Enterprise – Samsung

During the year, Mr. S. K. Jha, MD & CEO, was honoured with "Outstanding Entrepreneurship Award" by Enterprise Asia, a NGO for entrepreneurship at APEA (Asia Pacific Entrepreneurship Awards).

8. New Products

Your company is predominantly in the technology business which is evolving and changing every day due to new technological advances and innovation in the enterprise communications domain. Your Company fully recognizes that its success is closely linked to the pace it keeps with these fast changing developments.

Your Company is also at the fore-front of innovation, and over the last year has launched the following new products keeping in line with its larger objective of ENABLING EXPERIENCE to its customers:

Customer Experience Applications Suite

A flexible and comprehensive product that enables 360 degrees collaboration and leads to enhanced efficiency, experience, process optimization, cost savings and process transformation both within and outside an enterprise, primarily BPO's and organizations focusing on customer care.

Strategic Intelligence Solution Framework

Aimed at aiding homeland and defense intelligence agencies , this solution is a fusion based analytics framework that allows data and security related intelligence to be captured and co-related for better predictability and prevention of terrorist activities, organised crime and white-collar crime.

SAFE city Solution Framework

A video surveillance and analytics solution for creating safe city environments for citizen safety thus helping decision makers be better prepared in case of emergencies.

9. Organizational Initiatives

Your Company has evolved an aggressive growth strategy based on multiple practices and offerings and multiple partners/alliances to work in multiple geographies. During the year, your company has also initiated a BELIEVE BEHAVE BECOME initiative. Your company strongly believes in investing in future managers and leaders. With this philosophy in mind, your company offers mentorship programs, challenging assignments, creative freedom to the budding leaders.

The Company's workforce increased by 20% during the year. The total headcount has increased to 1124 Employees (as on 31st March 12) with additional around 350 contract employees against 919 employees last year (as on 31st March 2011).The people growth has been attained while optimizing the People cost through focused Hiring at Junior Band through realigning and restructuring the roles in the organisation pyramid, Realistic Compensation Hike (within 20%) and encouraging "High Potential Low Cost" Hires. Equal emphasis has been laid on Diversity Hiring focussing on our six dimensional Diversity model. The achievement of 2% population comprising of the differently abled employees portrays the persistent diversity management initiatives which mirrors in our workplace.

With over 50 GETs (Graduate Engineering Trainees) that have joined in last year, the Company believes in investing in tomorrow and intends to ready the next level of management over the next 2-3 years. These GET's have imbibed the value system that AGC stands for through an on going mentorship and capability development program. An exhaustive three months In house Training program has been designed including Product Training, Function Specific Training and Cross Functional Training to make them aware of the business and functions in the Organisation. The Company has invested over 6500 man days of training of its employees in technical and behavioural areas and also imparted more than 200 certifications to strengthen the functional skills, technical skills, business knowledge and behavioural facets.

10. Fixed Deposits

The Company has not accepted any Fixed Deposits during the year.

11. Subsidiaries

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

12. Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sujay Rajababu Sheth, retires by rotation and being eligible, offers himself for re-appointment.

At the Board meeting of the Company held on July 28, 2011, Mr. Anil Nair and Mr. Vikash Saraf have resigned from the directorship of the Company. Further, Prof. Debashis Chatterjee resigned from the directorship of the Company w.e.f. December 19, 2011. The Board places on record its sincere appreciation for the services rendered by the Directors.

13. Auditors and their observations

Members are requested to appoint Auditors for the current year and to authorize the Board of Directors to fix their remuneration. M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai, the retiring Auditors have under Section 224(1B) of the Companies Act, 1956, furnished a certificate of their eligibility for re-appointment.

14. Personnel

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

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Member who is interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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

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

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

(iii) Part C pertaining to foreign exchange earnings and outgoings is as contained in note nos. 36 and 38 of the accounts.

16. Directors' Responsibility Statement as per Section 217 (2AA)

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm that -

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis.

17. Audit Committee

The details relating to Audit Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

18. Shareholders' / Investors' Grievance Committee

The details relating to Shareholders' / Investors' Grievance Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

19. Ethics & Compliance Committee

The details relating to Ethics & Compliance Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

20. Remuneration Committee

The details relating to Remuneration Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

21. Executive Committee

The details relating to Executive Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

22. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

23. Group for Inter se transfer of shares

Based on the information received from the Promoters and as required under Clause 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, persons constituting Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the aforesaid SEBI Takeover Regulations comprises : Aegis Limited, Essar Capital Finance Private Limited and AGC Holdings Limited (formerly known as Essar Services Holdings Limited).

24. Acknowledgements

The Board is thankful to the Shareholders and the Bankers of the Company for their continued support. It also takes this opportunity to express gratitude to its various suppliers and its major partners for their continued co-operation, support and assistance. Above all, the Board expresses its appreciation to each and every employee for his / her contribution, dedication and sense of commitment to the Company's objectives.

For and on behalf of the Board of Directors

S. K. JHA Managing Director & CEO	APARUP SENGUPTA Director

Mumbai, May 10, 2012

Annexure 'B' to Directors' Report

Disclosure relating to Research and Development (R&D) & Technology Absorption

RESEARCH & DEVELOPMENT :

1.	Specific areas in which Development carried out by the Company	:	N.A.		
2.	Benefits derived as a result	:	N.A.		
3.	Future Plan on Development	:	N.A.		
					(Rs. in Crores)
4.	Expenditure on Development	(a)	Capital		N.A.
		(b)	Recurring		N.A.
			Total		**N.A.**
		(c)	% to Revenue		N.A.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1.	Efforts in brief, made towards, technology absorption, adaptation and innovation	:	N.A.
2.	Benefits derived as a result of the efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	:	N.A.
3.	(i) Technology Imported	:	N.A.
	(ii) Year of Import	:	N.A.
	(iii) Has technology been fully absorbed	:	N.A.
	(iv) If not fully absorbed, areas where this has not taken place, reasons thereof & future plan.	:	N.A.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

AGC Networks Limited (AGC) is a leading player in the Enterprise Communications and Solutions Integration space. It is the leader in Enterprise Communications in India with global footprints in over 9 countries including India, Middle East, US, ANZ and Africa. It has a differentiated approach to Solutions Integration and offers domain focused flexible and customised solutions to its customers. Your Company has a base of more than 2000 customers including Fortune 500 companies.

Your Company is a subsidiary of Aegis Limited, which is owned by Essar Global Limited, a $17 billion global conglomerate. Essar Global is a global conglomerate and a leading player in the sectors of Steel, Energy (Oil & Gas and Power), Infrastructure (Ports, Projects & Concessions) and Services (Shipping, Telecom, Realty and Business Process Outsourcing).

Your Company has over 18 offices in India with a network of key technology alliance partners and channel partners. It has its delivery centres in all major cities of India.

The core business of your Company is divided into four quadrants, namely:

(1) Unified Communications
  - (a) Contact Centres
  - (b) IP Communications
  - (c) Audio/Video Integration
  - (d) Video Collaboration & Presence
  - (e) Physical Security and Surveillance

(2) Network Infrastructure
  - (a) Switching
  - (b) Routing
  - (c) Wireless
  - (d) Passive

(3) Information Security, Storage and Servers
  - (a) Network & IT Security, IT Governance, Risk and Compliance
  - (b) Security Audit and Certifications
  - (c) Servers & Storage
  - (d) Data Centre & Desktop Virtualization

(4) Business Applications and Consulting
  - (a) IVR/Speech/CTI
  - (b) Work Force Optimization
  - (c) Customer Experience Analytics
  - (d) Enterprise Applications & Consulting
  - (e) Professional Services

Industry Structure and Development

The Telecommunications Industry can broadly be divided into the two segments viz.

(1) Service Provider - Basic Services, Mobile Telephony, Contact Centre Services etc.

(2) Solution Providers - Network Equipments, Enterprise Communication, Contact Centre equipment etc.

Your Company aspires to be a world class solutions integrator in the Enterprise Communication space. Your Company's solutions help organizations accelerate revenue growth, increase market share and become customer responsive.

According to latest industry estimates, in 2011 worldwide IT spending totalled USD 3.7 trillion, up 6.9 percent from 2010 levels. Worldwide IT spending is forecast to total USD 3.8 trillion in 2012, a 3.7 per cent increase from 2011. The four major technology sectors are Computing Hardware, Enterprise Software, IT Services, Telecommunications Equipment, and Telecommunication Services. The Enterprise Software segment registered the highest growth rate of over 9.5 per cent amongst constituent segments, whereas the lowest growth rate was registered by the Telecommunications Services segment of a shade over 6 per cent. All these four major technology sectors computing hardware, enterprise software, IT services and telecommunications equipment and services are expected to experience slower spending growth in 2012 than previously forecast.

The Indian enterprise IT spending increased from about USD 33 billion in 2010 to approximately USD 36 to 37 billion in 2011, an increase of roughly 8.5 to 9 per cent. This trend is expected to continue in 2012 through till 2015. In 2012, IT spending is expected to surpass USD 40 billion.

Within the Indian enterprise market, government spending continues to maintain a healthy CAGR of over 12 per cent for the period 2010 - 2015.

Opportunities and Threats

As AGC transforms itself with multiple alliances and multiple products, its offerings are now expected to appeal to and attract new clients in new industries. The Company is expected to maintain its growth trend by launch of new products like Customer Experience Applications Suite, Strategic Intelligence Solution Framework and SAFE city Solution Framework.

With revival of retail, banking and telecommunications in India, the Indian market also provides high growth opportunities for the Company. AGC is favourably positioned to leverage its pan-India presence through various locations to take full advantage of this opportunity and grow its Indian business substantially.

Rising salary levels in India (rising at 10-12 per cent annually) could increase the costs of the company in the short-term and have a depressing effect on its net margins. Since the business of the Company is heavily dependent on highly-skilled and talented employees, a rise in salary is a considered threat.

As a large proportion of the Company's business is based on import of equipment and services from the international markets, a depreciating rupee is always a threat for the Company. However, the Company is confident that with its prudent foreign exchange policies, any impact of such rupee depreciation will be negated.

Attrition of highly-skilled and trained employee is also a considered threat in the industry. If key employees leave on-going and live projects, this could have an effect on timely delivery to clients. While this remains a potential threat, the Company is confident that it enjoys a high-level of loyalty with its employees. The attrition rate has been one of the lowest in the industry for the Company.

Risks and Concerns

Economy

The Company has a global client-base and is therefore, not immune to major recession or slowdown happening in particular country or geographies. However, this risk is largely mitigated as the Company carefully and thoroughly checks the countries and clients before it enters into business contracts with them.

Risks in Technology Spends

In case of a drastic reduction in technology spends, the operations of the Company may be affected. However, it is highly unlikely that there would be an absolute reduction in technology spending by all countries at once. The Company has its presence in multiple geographies and multiple product categories, which significantly reduces and mitigates such risks.

Risk of Competition

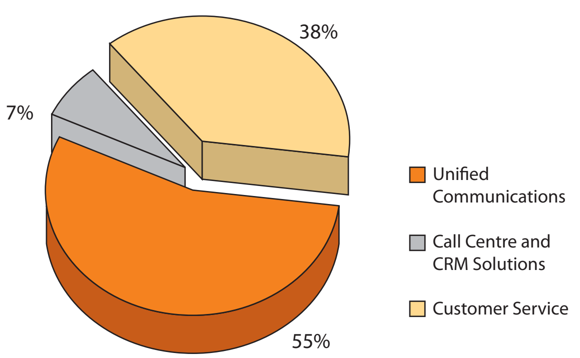
Being in the very competitive space, the Company does face the risk of competitors' trying to take away clients by aggressive pricing. The Company has considered this and the strategy of enabling our sales teams with the necessary solutions and offerings and conducting ongoing Customer Satisfaction surveys to gauge customer views and feedback is towards minimizing this risk. Moreover, it is the people of the Company who ensure that clients are offered the best solutions at best prices at all times.

Performance by 'Solutions'

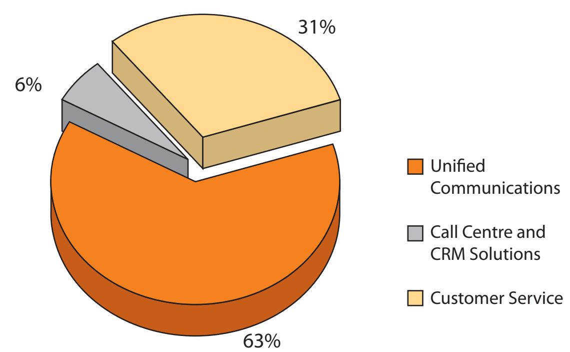
The break-up of the year's revenue by Solutions is given below: **Rs/Millions**

Solutions	Standalone			Consolidated		
	FY 2011-12 (12 mths)	FY 2010-11 (6 mths)	Growth (%)	FY 2011-12 (12 mths)	FY 2010-11 (6 mths)	Growth (%)
Unified Communications	3425	1543	122%	6250	1583	295%
Call Centre and CRM Solutions	460	640	(28%)	650	674	(4%)
Customer Service	2355	890	164%	3076	998	208%
TOTAL	**6240**	**3073**	**103%**	**9976**	**3255**	**206%**

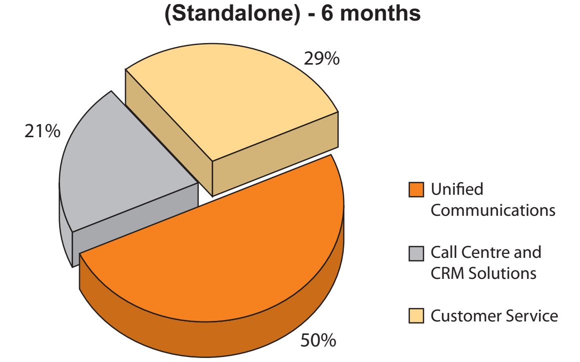
Performance by Solutions-FY12 (Standalone)



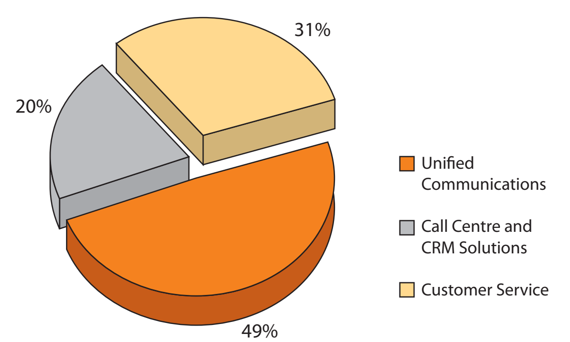
Performance by Solutions-FY12 (Consolidated)



Performance by Solutions-FY11 (Standalone) - 6 months



Performance by Solutions-FY11 (Consolidated) - 6 months



Outlook

Driven by the 10 CUBE growth strategy and assuming the given market conditions, the Company is striving to be a USD 1 billion organisation by 2015. The Company plans to achieve more profitable growth by focussing on:

(1) Continue to growing its core business in India

(2) Expand to global key high-growth markets

(3) Expand into newer practices and services

(4) Further consolidate AGC geographies by leveraging existing customer relationships

(5) Use the AEGIS parentage and its Indian capability to scale-up

Internal Control Systems and their Adequacy

AGC Networks has an adequate system of internal controls to ensure that the assets are safeguarded, and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly.

A detailed programme of internal audits, reviews by management, and documented policies, guidelines and procedures, supplements the internal control systems. The internal control systems are designed to ensure that the financial and other records are reliable, for preparing financial statements and other data, and for maintaining accountability of assets.

Your Company has implemented an integrated SAP and business management system, which provides system based checks and controls, resulting in increased efficiency and effectiveness of AGC Networks' internal control systems.

The Company has independent internal audit systems, covering on a continuous basis, the operations of the organization.

In addition to the in-house internal audit team, AGC Networks has Grant Thornton, a leading firm of Chartered Accountants, who evaluate the financial and operating system controls of the Company.

The top management and the Audit Committee of the Board review internal audit findings and recommendations. The Audit Committee is empowered by the Board with the authority to investigate any matter relating to the internal control system and to review the scope of Internal Audit. The Committee ensures compliance of internal control systems and also reviews the quarterly, half-yearly and annual financial statements before these are submitted to the Board.

Financial performance

Share Capital

The Company has at present only one class of shares viz. Equity Shares. The total number of equity shares of the Company, as on March 31, 2012, is 1,42,33,232 with a face value of Rs. 10/- each.

Reserves and Surplus

India:

Capital Reserve of the Company stands at Rs. 226 millions. After transfer of an amount of Rs. 16 millions from the current year's profit, the General Reserve of the Company stands at Rs. 1006 millions.

Consolidated:

Capital Reserve of the Company stands at Rs. 380 millions. After transfer of an amount of Rs. 16 millions from the current year's profit, the General Reserve of the Company stands at Rs. 1006 millions.

Secured Loans

The Company has secured loans of Rs. 1288 millions as on March 31, 2012 (Previous Year Nil), used for working capital requirements. Company has no Long Term loans as on March 31, 2012.

Fixed Assets

India:

The fixed assets (net block including capital work-in-progress) have decreased by Rs. 32 million during the year.

Consolidated:

The fixed assets (net block including capital work-in-progress) have increased by Rs. 134 millions during the year.

Investments

India:

The total investment of the Company as on March 31, 2012, is at Rs. 950 millions.

Consolidated:

The total investment of the Company as on March 31, 2012, is at Rs. 805 millions.

Net Current Assets

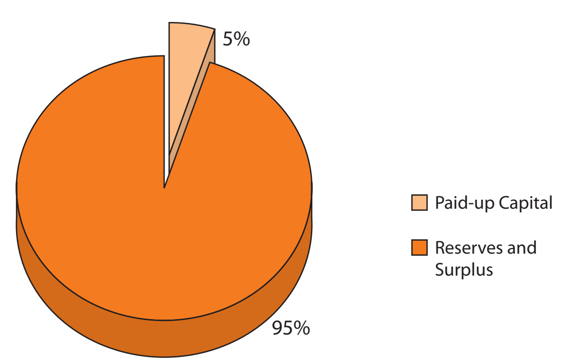
India:

The net current assets of the Company, as on March 31, 2012, have increased by 48% to Rs.2111 millions, from Rs. 1427 millions as on March 31, 2011.

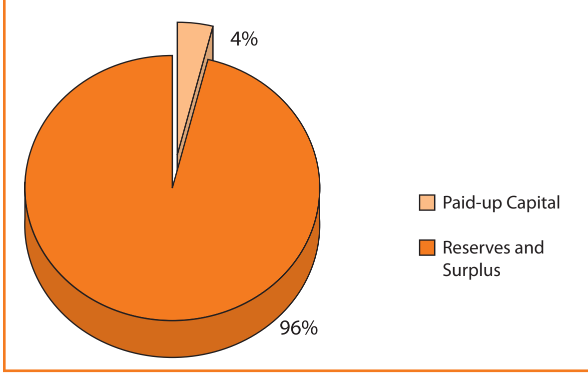
Consolidated:

The net current assets of the Company, as on March 31, 2012, have increased by 89% to Rs. 2817 millions from Rs. 1491 millions as on March 31, 2011.

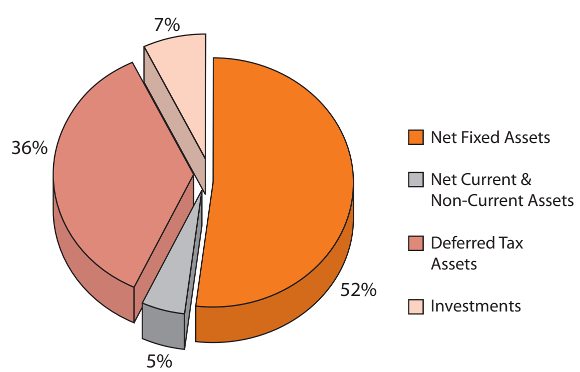
Sources of Funds-FY12 (Standalone)



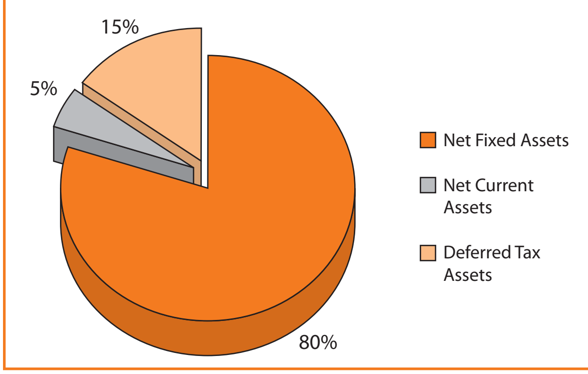
Sources of Funds-FY12 (Consolidated)



Application of Funds-FY12 (Standalone)



Application of Funds-FY12 (Consolidated)



Operating results (Consolidated)

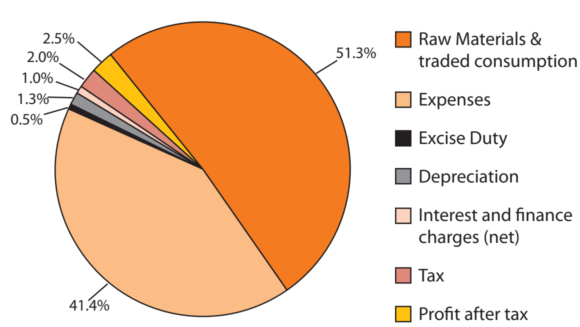
The Gross revenue for the financial year 2011-12, stood at Rs. 9976 millions, as against Rs. 3255 millions for the previous 6 months financial year ended March 31, 2011. The profit before tax is Rs.863 millions for the financial year ended March 31, 2012, as against Rs. 192 millions for the previous 6 months financial year ended March 31, 2011.

Employee cost constitutes 13.52% of the total income as against 16.42% in the previous period. The operating & administration expenses are at 18.55% (19.73% in the previous period) of the total income.

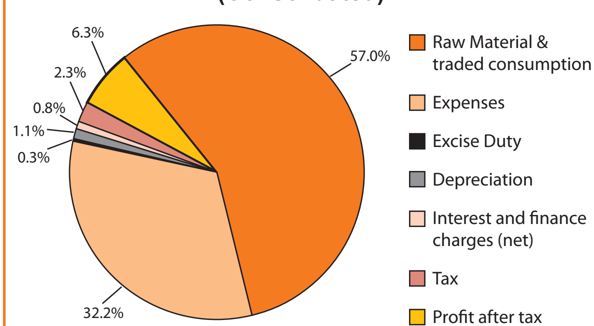
Depreciation constituted 1.15% of the total income as against 1.16% in the previous period.

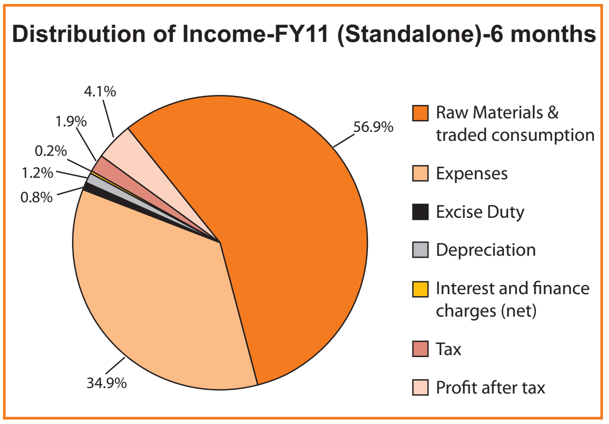
For the year 2011-12, the Board has recommended a dividend of 150% for the approval of members in the ensuing Annual General Meeting.

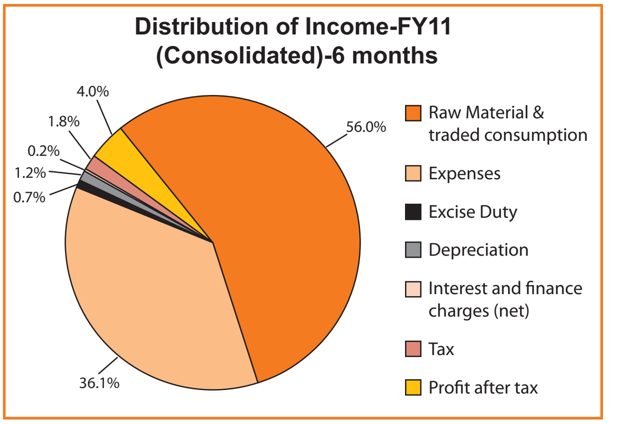
Distribution of Income-FY12 (Standalone)



Distribution of Income-FY12 (Consolidated)







Ratios

Financial Performance	FY 2011-12 (12 mths)		FY 2011 (Six Months)	
	India	Consolidated	India	Consolidated
Gross Margin	30.0%	25.5%	24.0%	25.3%
EBITDA	7.0%	10.7%	7.5%	7.2%
PBT/ Revenue	4.7%	8.7%	6.1%	5.9%
PAT/ Revenue	2.6%	6.4%	4.2%	4.0%
PAT/Networth	6.3%	19.7%	4.7%	5.0%
Revenue per Employee (Rs/million)- Annualised	6.14	9.41	6.66	6.84
Average no. of employees	1016	1060	923	951
Income tax/PBT	43.8%	26.4%	32.0%	31.3%
Net working capital/Revenue	48.3%	41.2%	46.5%	45.8%

Material Developments in Human Resources

Your Company places utmost importance in its people. It firmly strives towards creating and sustaining a progressive workplace that enables partnership for prosperity. Your company believes in ensuring a fulfilling career progression for its team by offering challenging and creative assignments. Each of the employees of your company believes that their role contributes to organizational growth and is proud of being a part of AGC. Your company follows an Open-Door policy and treats each employee with respect and dignity.

The Company strives to maintain a safe, healthy and happy work-place environment. Core values of the company like commitment, honestly, innovation, responsiveness, passion and inspiring others are inculcated in its people through world-class people practices that include cross-cultural integration. Talent is nurtured and developed through various developmental programmes and it encourages its employees to undertake these for both professional and personal development. Your company recognizes and felicitates the top performers/ trendsetters regularly with exciting and highly contested awards/ special mentions. Talent is motivated through the People Connect interventions and employee engagement programs leading to Employee satisfaction score of 77 %.

As on March 31, 2012, the Company employed 1124 people. During the financial year under review, 245 people left the services of the Company and 450 people were recruited.

AGC Networks Australia Pty Ltd & AGC Networks Pte. Limited (Dubai Branch) runs a Human Resources model which is closely aligned with its business model. We believe that essentially it is a 'people business' in that, its customers look to our people to solve their business communication problems. Highly specialized and experienced technocrats who are adept at identifying customer pain points and supplying solutions to overcome these are employed. Consequently the workforce consists entirely of self starters who need maximum empowerment, flexibility and independence in their work environment.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of AGC Networks Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the AGC Networks Limited Annual Report, 2011-12.

CORPORATE GOVERNANCE REPORT

Corporate Governance

Corporate Governance pertains to systems, by which companies are directed and controlled, keeping in mind long-term interest of stakeholders. It is a blend of legal, regulatory and voluntary good practices which, enables companies to attract financial and human capital, perform efficiently, and provide sustainable economic value for all its stakeholders.

It aims to align interest of the companies with its stakeholders. The incentive for companies, and those who own and manage them, to adopt global governance standards, is that these standards help them to achieve a long-term sustainable partnership with its stakeholders efficiently. The principal characteristics of corporate governance are:

- Transparency
- Independence
- Accountability
- Responsibility
- Fairness
- Social Responsibility

1. Corporate Governance at AGC NETWORKS

The Company's philosophy of Corporate Governance is aimed at maximizing the shareholders' interest and protection of the interest of other stakeholders. The Company aims to achieve this through proper & full disclosure of material facts and achievement of the highest levels of transparency, accountability and equity in all facets of its operations.

2. Board of Directors

As on March 31, 2012, the Board of Directors comprises four members and is responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board also include:

- Approving corporate philosophy and mission
- Participating in the formulation of strategic business plans
- Reviewing and approving financial plans and budgets
- Monitoring and reviewing corporate performance vis-à-vis the business plans
- Ensuring compliance of laws and regulations

Composition of the Board of Directors as on March 31, 2012, is as follows:

Director	Executive/Non-Executive/Independent
Mr. S. K. Jha	Managing Director & CEO – Executive
Mr. Aparup Sengupta	Non-Executive
Mr. Sujay R. Sheth	Non-Executive & Independent
Mr. Shuva Mandal	Non-Executive & Independent

F.Y. 2011-12 (April'11 to March'12)

Name of the Director	Attendance Particulars			Sitting fees	No. of other Directorship and committee membership/chairmanship		
	Board meetings	Last EGM	Last AGM	Rs.	Other Directorship	Committee Membership	Committee Chairmanship
Mr. S. K. Jha	6	-	Yes	-	-	-	-
Mr. Anil Nair (*)	2	Yes	-	-	N.A.	N.A.	N.A.
Mr. Aparup Sengupta	5	-	Yes	-	3	1	-
Mr. Vikash Saraf (*)	-	-	-	-	N.A.	N.A.	N.A.
Prof. Debashis Chatterjee (*)	-	-	-	-	N.A.	N.A.	N.A.
Mr. Sujay R. Sheth	5	-	Yes	380,000	-	-	-
Mr. Shuva Mandal	5	-	Yes	240,000	-	-	-
Mr. S. Ramakrishnan (*)	1	Yes	-	40,000	N.A.	N.A.	N.A.
Mr. Anil Batra (*)	1	-	-	40,000	N.A.	N.A.	N.A.
Mr. Anshuman Ruia (*)	-	-	-	-	N.A.	N.A.	N.A.

- The other Directorship excludes the directorship of Private Limited Companies and Foreign Companies.
- The no. of other directorship and committee membership/chairmanship is as on 31st March, 2012
- The last Extraordinary General Meeting of the Company was held on 21st April, 2010.
- Only two committees viz. the 'Audit Committee' and the 'Shareholders'/Investors' Grievance Committee' have been considered for committee membership / chairmanship.
- Sitting fees include fees paid for attending Board meetings and relevant committee meetings.
- (*) Mr. S. Ramakrishnan, Mr. Anshuman Ruia and Mr. Anil Batra resigned from the Directorship of the Company w.e.f. May 21, 2011.
- Mr. Sujay R. Sheth and Mr. Shuva Mandal were appointed as Additional Directors of the Company w.e.f. May 21, 2011.
- (*) Mr. Anil Nair and Mr. Vikash Saraf resigned from the Directorship of the Company w.e.f. July 28, 2011.
- (*) Prof. Debashis Chatterjee resigned from the Directorship of the Company w.e.f. December 19, 2011.

Number of Board Meetings held and dates on which held:

During the F.Y. 2011-12, six (6) Board meetings were held, on the following dates :

21st May 2011, 28th July 2011, 20th October 2011, 16th December 2011, 31st January 2012 and 13th February 2012.

3. Audit Committee

The following Directors are the members of the Audit Committee as on 31st March, 2012:

- Mr. Sujay R. Sheth - Chairman
- Mr. Shuva Mandal
- Mr. Aparup Sengupta

The majority of the members of the Audit Committee are independent and have knowledge of finance, accounts, company law and telecom industry as a whole. The quorum for audit committee meeting is minimum of two independent directors.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges that inter alia, include overseeing financial reporting processes, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of internal audit function and discussion with internal auditors on any significant findings. During the F.Y. 2005-06, the Audit Committee Charter was enlarged in terms of the changes to the Listing Agreement.

During the F.Y. 2011-12, four (4) meetings of the Audit Committee were held, on the following dates : 21st May 2011, 28th July 2011, 20th October 2011 and 31st January 2012.

Name of the Member	No. of meetings attended
Mr. S. Ramakrishnan	1
Mr. Anil Batra	1
Prof. Debashis Chatterjee	-
Mr. Aparup Sengupta	4
Mr. Sujay R. Sheth	3
Mr. Shuva Mandal	3

The Company Secretary acts as the Secretary to the Committee.

4. Shareholders'/Investors' Grievance Committee

The following Directors are the members of the Shareholders' / Investors' Grievance Committee as on 31st March, 2012:

- Mr. Sujay R. Sheth - Chairman
- Mr. S. K. Jha

The Committee looks into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, dematerialisation of shares, investors' complaints, etc.

During the F.Y. 2011-12, two (2) meetings of the Shareholders' / Investors' Grievance Committee were held, on the following dates : 28th July 2011 and 31st January 2012.

Name of the Member	No. of meetings attended
Mr. Sujay R. Sheth	2
Prof. Debashis Chatterjee	-
Mr. S. K. Jha	2

Note : Prof. Debashis Chatterjee resigned from the Directorship of the Company w.e.f. December 19, 2011.

The Board has designated Mr. Vishal Kohli, Company Secretary, as the Compliance Officer.

The total number of correspondence (including complaints / queries) received and replied to the satisfaction of shareholders during the period April 01, 2011 to March 31, 2012, was 233. There was no outstanding complaint/ query as on 31st March, 2012. No request for transfer was pending for approval as on 31st March, 2012.

5. Ethics and Compliance Committee

The following Directors are the members of the Ethics and Compliance Committee as on 31st March, 2012:

- Mr. Shuva Mandal - Chairman
- Mr. Sujay R. Sheth

The Committee, at its meeting(s), sets forth the policies relating to and oversees the implementation of the 'Code of Conduct', adopted by the Board of Directors, at its meeting held on 23rd October, 2002, pursuant to the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, takes on record the monthly status reports prepared by the Compliance Officer detailing the dealings in securities by the specified persons and decides penal action in respect of violation of the Regulations / the Code by any specified person. The Committee also overviews the 'Code of Conduct' of the Company and related matters (including review of complaints received under Whistle Blower Policy of the Company, any violations, penal actions, etc.).

During the F.Y. 2011-12, two (2) meetings of the Ethics & Compliance Committee were held, on the following dates : 28th July 2011 and 31st January 2012.

Name of the Member	No. of meetings attended
Prof. Debashis Chatterjee	-
Mr. Shuva Mandal	2
Mr. Sujay R. Sheth	2

Note : Prof. Debashis Chatterjee resigned from the Directorship of the Company w.e.f. December 19, 2011.

The Board had already, at its meeting held on January 25, 2002, appointed Mr. Vishal Kohli, Company Secretary, as the Compliance Officer of the Company, responsible for liaisoning with various authorities such as SEBI, Stock Exchanges, Registrar of Companies, etc. and the Investors.

6. Remuneration Committee

The Board of Directors of the Company, at its meeting held on October 20, 2004, constituted a 'Remuneration Committee', in terms of Schedule XIII of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges. This Committee would basically look into and determine the Company's policy on remuneration packages of the executive director(s).

The following Directors are the members of the Committee as on 31st March, 2012 :

- Mr. Sujay R. Sheth - Chairman
- Mr. Shuva Mandal

During the F.Y. 2011-12, two (2) meetings of the Remuneration Committee were held, on the following dates : 28th July 2011 and 20th October 2011.

Name of the Member	No. of meetings attended
Mr. Sujay R. Sheth	2
Mr. Shuva Mandal	2
Prof. Debashis Chatterjee	-

Note : Prof. Debashis Chatterjee resigned from the Directorship of the Company w.e.f. December 19, 2011.

7. Executive Committee

The Board of Directors of the Company, at its meeting held on November 15, 2010, constituted an 'Executive Committee' comprising of Mr. Aparup Sengupta, Mr. S. K. Jha, Mr. Anil Nair and Mr. Vikash Saraf. This Committee would basically look into the operational matters relating to the Company including making recommendations to the Board on certain operational matters.

The following Directors are the members of the Committee as on 31st March, 2012:

- Mr. Aparup Sengupta - Chairman
- Mr. S. K. Jha
- Mr. Sujay R. Sheth

During the F.Y. 2011-12, seven (7) meetings of the Executive Committee were held on the following dates : 5th April 2011, 21st May 2011, 28th July 2011, 8th August 2011, 2nd November 2011, 5th December 2011 and 21st December 2011.

Name of the Member	No. of meetings attended
Mr. Aparup Sengupta	6
Mr. S. K. Jha	7
Mr. Anil Nair	2
Mr. Vikash Saraf	-
Mr. Sujay R. Sheth	5

Note : Mr. Anil Nair and Mr. Vikash Saraf resigned from the Directorship of the Company w.e.f. July 28, 2011.

8. Remuneration to Directors

The Company does not pay remuneration to any of its Non-Executive Directors barring sitting fees for attendance during the meeting(s). The details in respect of the remuneration paid to the Managerial personnel during the period from 1st April 2011 to 31st March 2012 are as under :

Name	Period	Designation	Amount
Mr. Anil Nair	1st April 2011 to 28th July 2011	Joint Managing Director & President	Rs. 53.03 lakhs (*)
Mr. S. K. Jha	1st December 2011 to 31st March 2012	Managing Director & CEO	Rs. 50.00 lakhs (*)

Note : Mr. Anil Nair resigned from the Directorship of the Company w.e.f. July 28, 2011.

(*) The break-up of remuneration paid to Mr. Anil Nair and Mr. S. K. Jha is as under :

Sl. No.	Particulars / Head	Mr. Anil Nair	Mr. S. K. Jha	Total (Rs. In lakhs)
1.	Salary	9.37	15.00	24.37
2.	Perquisites	30.57	34.97	65.54
3.	Other Allowances	12.61	-	12.61
4.	Contribution to Gratuity	0.45	-	0.45
5.	Contribution to Provident Fund	0.03	0.03	0.06
	Total	53.03	50.00	103.03

9. Means of Communication

The quarterly results (including half-yearly and annual results) are usually published in 'The Economic Times' (English Daily) and 'Maharashtra Times' (Marathi Daily). The results are also promptly forwarded to the Bombay and National Stock Exchanges. The Company has developed a section dedicated for Investors on the Company's website (www.agcnetworks.com) to display latest annual, half-yearly & quarterly results. The official news releases and the presentations made to the Investors / Analysts are also displayed on the website.

The Management Discussion and Analysis Report is attached to and forms part of the Annual Report.

10. Disclosures

A. **Disclosure of material financial and commercial transactions where management has personal interest that may have a potential conflict with the interest of the company at large.**

During the year, there were no material financial and commercial transactions where management had personal interest that may have a potential conflict with the interest of the company at large.

B. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.**

None.

C. **Disclosure of number of shares held by non-executive directors.**

None of the directors of the Company (including executive director) hold any equity shares in the Company.

D. Disclosure relating to Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.

The Company has implemented a Whistle Blower Policy in the Company and no personnel have been denied access to the audit committee of the Company.

E. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

The Company has complied with all the mandatory requirements of Clause 49 (Corporate Governance) of the Listing Agreement. Further, the Company has adopted the following non-mandatory requirements of Clause 49 : (i) Setting-up / Constitution of a Remuneration Committee and (ii) Implementation of Whistle Blower Policy in the Company.

11. General Shareholder information

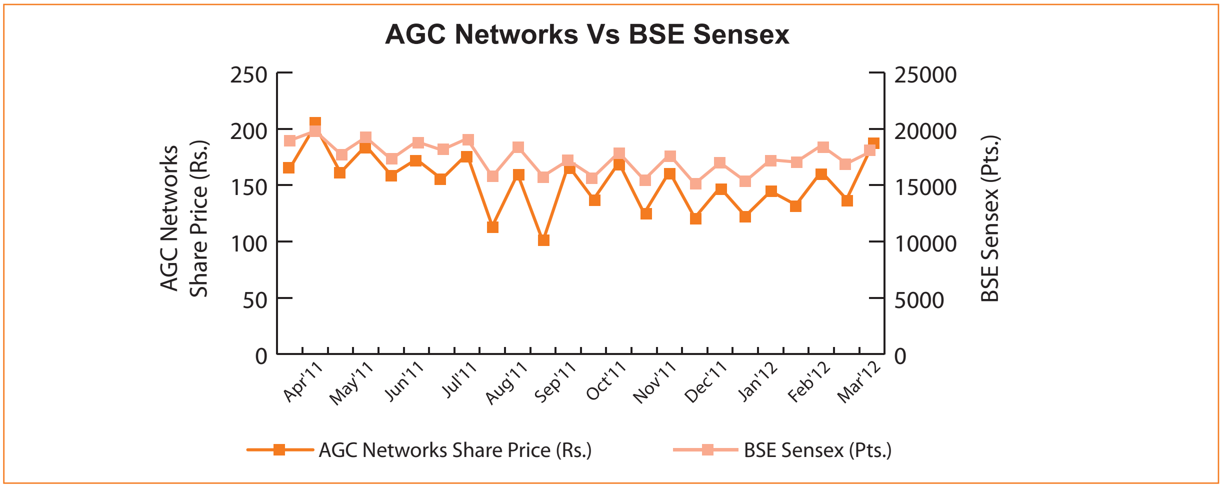
AGM :	Date	27th July, 2012
	Time	11:00 a.m.
	Venue	Rangaswar Hall, Chavan Centre, General Jagannath Bhosale Marg, Mumbai - 400 021
Financial Year		April 2011 to March 2012
Dates of Book Closure		18th July, 2012 to 27th July, 2012
Dividend Payment Date		The dividend, if recommended by the Directors and approved by the members, will be paid within the statutory time limit
Listing on Stock Exchanges		Mumbai & National Stock Exchange
Stock Code / Symbol		Mumbai - 500463; NSE - AGCNET
Demat ISIN Numbers in NSDL & CDSL for Equity Shares		ISIN No. : INE676A01019
Market price Data : High, Low during each month in the financial year 2011-12		See Table No.1 below
Registrar and Share Transfer Agents		Datamatics Financial Services Limited, Plot No. B-5, MIDC, Part B Cross Lane, Andheri (East), Mumbai - 400 093, to whom the authority has been delegated by the Board to attend share transfer formalities etc.
Share Transfer System		Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects
Distribution of shareholding & Category-wise distribution		See Table No. 2 & 3
De-materialisation of shares and liquidity		See Table No. 4
Plant Location		E1/I, Gandhinagar Electronics Estate, Gandhinagar – 382 028 (Gujarat)
Address for correspondence		Registered Office : Equinox Business Park (Peninsula Techno Park), Off Bandra Kurla Complex, LBS Marg, Kurla West, Mumbai - 400 070

Table 1 – Market Price Data

High and Low of market price of the Company's shares traded on The Bombay Stock Exchange, Mumbai and National Stock Exchange of India Limited, Mumbai, during the period April 2011 – March 2012

Month	BSE		NSE	
	High	Low	High	Low
Apr - 2011	202.95	165.15	204.80	167.60
May - 2011	185.00	161.20	185.55	158.15
Jun - 2011	173.00	159.00	174.50	157.00
Jul - 2011	177.50	155.50	184.90	155.35
Aug - 2011	160.00	113.60	157.00	111.20
Sep - 2011	167.50	100.30	168.70	102.10
Oct - 2011	170.00	137.45	169.90	135.05
Nov - 2011	161.95	125.00	157.60	121.30
Dec - 2011	147.90	121.10	146.80	122.00
Jan - 2012	144.65	122.60	141.35	120.00
Feb - 2012	162.00	132.55	158.45	133.50
Mar - 2012	184.75	137.50	185.00	137.50

Stock Performance of the Company in comparison to BSE Sensex



Note : Based on the monthly high and low of AGC Networks Share Price and BSE Sensex.

Table 2 - Distribution of shareholding as on March 31, 2012

No. of Equity Shares held	No. of shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 100	467999	3.29	8440	66.96
101 to 500	888630	6.24	3614	28.67
501 to 1000	255467	1.79	332	2.63
1001 to 5000	344077	2.42	170	1.35
5001 to 10000	130475	0.92	18	0.14
10001 to 100000	839631	5.90	28	0.22
100001 and above	11306953	79.44	2	0.02
Total	**14233232**	**100.00**	**12604**	**100.00**

Table 3 - Category-wise distribution of shareholding as on March 31, 2012

Sr. No.	Category	No. of Shareholders	No. of shares held	% of total shares
1.	Promoters	1	10674924	75.00
2.	Public Financial Institutions and Banks	13	146198	1.03
3.	Mutual Funds	7	3100	0.02
4.	Bodies Corporate	326	379226	2.66
5.	Resident Individuals	12003	2125741	14.94
6.	FIIs & OCBs	11	777103	5.46
7.	Non-Resident Individuals	242	105607	0.74
8.	State Government	1	21333	0.15
	Total	**12604**	**14233232**	**100.00**

Shareholding Pattern as on March 31, 2012

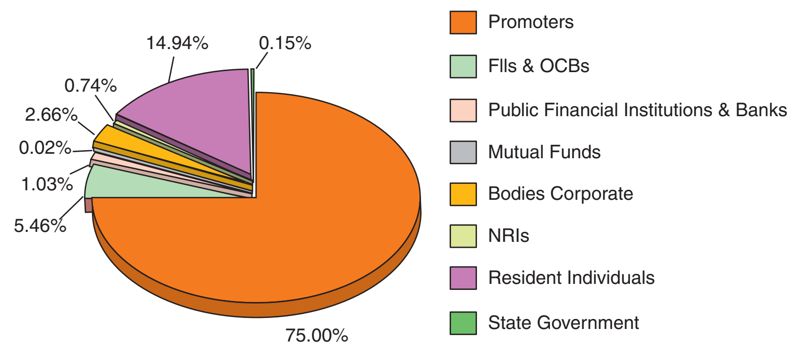


Table 4 - Break-up of shares in physical & electronic mode as on March 31, 2012

Mode	No. of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	2004	15.90	314962	2.21
Electronic	10600	84.10	13918270	97.79
Total	**12604**	**100.00**	**14233232**	**100.00**

Table 5 – Office of Registrar and Share Transfer Agent

Datamatics Financial Services Ltd. (DFSSL),
Plot No. B5, MIDC, Part B Cross Lane,
Andheri (East),
Mumbai - 400 093
Contact Person : Mr. Salim Shaikh
Tel. No. : 022 – 66712237, Fax : 022 – 66712209
Email : agcinvestors@dfssl.com
Website : www.dfssl.com
Business Hours : Monday to Friday (10.00 a.m. to 4.00 p.m.) excluding holidays

Details of Directors appointed and re-appointed during the year

The details relating to the Directors being appointed and re-appointed during the year are mentioned in the 'Notice', which forms a part of the Annual Report.

12. General Body Meetings

The particulars of Annual General Meetings (AGM) and Extraordinary General Meeting (EGM) of the Company are as under. The shareholders passed all the resolutions set out in the respective notices.

F.Y.	AGM / EGM	Location	Date	Time
2008-09	AGM	Kamalnayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai	29th January 2010	11:00 a.m.
2009-10	EGM	Kamalnayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai	21st April 2010	11:00 a.m.
2009-10	AGM	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Haji Ali, Mumbai	20th December 2010	11:00 a.m.
2010-11	AGM	Kamalnayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai	29th July 2011	11:00 a.m.

- The resolution for change of name of the Company from 'Avaya GlobalConnect Limited' to "AGC Networks Limited" was passed by the Shareholders by way of a Special Resolution at the Extraordinary General Meeting of the shareholders held on 21st April 2010 at 11:00 a.m.

  Mr. S. Ramakrishnan, Mr. Anil Nair, Mr. Amarnath K. Pai & Mr. Hoshang Noshirwan Sinor attended this meeting. The Chairman of the meeting was Mr. S. Ramakrishnan.

- No resolutions have been put through postal ballot at any of the General Body Meetings.

13. 'Managing Director' under Section 269 of the Companies Act, 1956

The shareholders, at the 24th Annual General Meeting of the Company held on 20th December, 2010, appointed Mr. S. K. Jha as 'Managing Director and CEO' of the Company, for a period of 5 (five) years, with effect from August 31, 2010 till August 30, 2015.

14. Code of Conduct

The Company had adopted the Code of Conduct for directors and senior management. The Code had been circulated to all the members of the board and senior management and the same had been put on the Company's website www.agcnetworks.com. The board members and senior management have affirmed their compliance with the Code and declaration signed by the Managing Director & CEO is given below :

"It is hereby declared that the Company has obtained from all members of the board and senior management affirmation that they have complied with the Code of Conduct for directors and senior management of the Company for the financial year 2011-12."

S. K. Jha
Managing Director & CEO

AUDITORS' CERTIFICATE

To
The Members of AGC Networks Limited

We have examined the compliance of conditions of corporate governance by AGC Networks Limited, for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

per Shyamsundar Pachisia
Partner
Membership No.: 49237

Place: Mumbai
Date: May 10, 2012

STANDALONE ACCOUNT

AUDITORS' REPORT

To

THE MEMBERS OF AGC NETWORKS LIMITED

1. We have audited the attached Balance Sheet of AGC Networks Limited ('the Company') as at March 31, 2012 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
   - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
     - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
     - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
     - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per Shyamsundar Pachisia
Partner
Membership No.: 49237

Place : Mumbai
Date : 10 May 2012

Annexure to Auditors' Report

Annexure referred to in paragraph [3] of our report of even date

Re: [AGC Networks Limited] ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.

(iii) (a) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(a) to (d) of the order are not applicable to the Company and hence not commented upon.

(b) According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(e) to (g) of the order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases relating to professional tax, works contract tax and sales tax.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. Million)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Demands on account of incorrect duty credit / short payment	4.31	1991-92 to 1996-97	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service tax on RTU activation and penalty thereon	3.52	2006-07 and 2007-08	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service tax on RTU activation and penalty thereon	7.41	2004-05 to 2006-07	Commissioner of Service Tax, Appeals
West Bengal Sales Tax Act, 1994	Interest on works Contract tax/Sales tax	0.29	2003-04, 2005-06 and 2006-07	Assistant Commissioner Commercial Taxes
West Bengal Sales Tax Act, 1994	VAT & Interest payable on the basis of an Ex- Parte Assessment	4.44	2008-09	Joint Commissioner Of Commercial Tax
Kerala Value Added Tax Act, 2003	Differential VAT rate demand	0.73	2008-09	Deputy Commissioner of Appeals

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W
Chartered Accountants

per Shyamsundar Pachisia
Partner
Membership No.: 49237
Place : Mumbai
Date : 10 May 2012

Balance Sheet as at 31 March 2012

	Notes	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Equity and liabilities			
Shareholders' funds			
Share capital	3	142	142
Reserves and surplus	4	2,479	2,564
		2,621	**2,706**
Non-current liabilities			
Other long-term liabilities	5	40	25
Long-term provisions	6	46	49
		86	**74**
Current liabilities			
Short-term borrowings	7	902	-
Trade payables	8	1,845	1,347
Other current liabilities	8	494	403
Short-term provisions	6	305	100
		3,546	**1,850**
TOTAL		**6,253**	**4,630**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	163	150
Intangible assets	10	22	36
Capital work-in-progress		0	31
Non-current investments	11	150	950
Deferred tax assets (net)	12	125	138
Long-term loans and advances	13	129	41
Other non-current assets	14.2	7	7
		596	**1,353**
Current assets			
Current investments	11	800	-
Inventories	15	696	410
Trade receivables	14.1	2,670	1,974
Cash and bank balances	16	486	94
Short-term loans and advances	13	982	799
Other current assets	14.2	23	0
		5,657	**3,277**
TOTAL		**6,253**	**4,630**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place : Mumbai
Date : 10 May 2012

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

S. K. JHA
MD & CEO

APARUP SENGUPTA
Director

VISHAL KOHLI
Company Secretary

S. PRASAD
AVP & Head (Finance)

Place : Mumbai
Date : 10 May 2012

Statement of Profit and Loss for the year ended 31 March 2012

	Notes	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Income			
Revenue from operations (gross)	17	6,240	3,073
Less: excise duty	17	30	17
Revenue from operations (net)		**6,210**	**3,056**
Other income	18	114	29
Total revenue (I)		**6,324**	**3,085**
Expenses			
Cost of raw material and components consumed	19	237	90
Purchase of traded goods	20	3,314	1,623
(Increase)/ decrease in inventories of finished goods, work-in-progress and stores and spares	20	(290)	52
Excise duty	17	1	7
Employee benefits expense	21	1,070	459
Other expenses	22	1,548	623
Exceptional items	23	9	-
Total (II)		**5,889**	**2,854**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		**435**	**231**
Depreciation and amortization expense	24	82	37
Finance costs	25	63	6
Profit before tax		**290**	**188**
Tax expenses			
Current tax		114	77
Short/(Excess) provision of tax for earlier years		33	(1)
Deferred tax		(20)	(16)
Total tax expense		**127**	**60**
Profit for the year from continuing operations		**163**	**128**
Earnings per equity share [nominal value of share Rs. 10 (31 March 2011: Rs. 10)]	**26**		
Basic and diluted earning per share (in Rs.)		**11.43**	**8.99**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

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Date : 10 May 2012

Cash Flow Statement for the year ended 31 March 2012

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Cash flow from operating activities		
Profit before tax	290	188
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization on continuing operation	82	37
Loss / (profit) on sale of fixed assets	(2)	-
Provision for warranties	(12)	(1)
Provision for doubtful debts and advances	68	3
Liabilities for earlier years no longer required written back	(72)	(4)
Unrealized foreign exchange loss	29	7
Interest expense	63	6
Interest income	(28)	(21)
Total	**128**	**27**
Operating profit before working capital changes	**418**	**215**
Movements in working capital :		
Increase / (decrease) in trade payables	529	476
Increase / (decrease) in long-term provisions	(3)	26
Increase / (decrease) in short-term provisions	6	(1)
Increase / (decrease) in other current liabilities	90	(130)
Increase / (decrease) in other long-term liabilities	15	(59)
Decrease / (increase) in trade receivables	(747)	(692)
Decrease / (increase) in inventories	(205)	46
Decrease / (increase) in long-term loans and advances	(17)	3
Decrease / (increase) in short-term loans and advances	(198)	(24)
Decrease / (increase) in other non-current assets (refer note 1)	(1)	(7)
Total	**(531)**	**(362)**
Cash generated from / (used in) operations	(113)	(147)
Direct taxes paid (net of refunds)	(98)	(79)
Net cash flow from / (used in) operating activities (A)	**(211)**	**(226)**
Cash flows from investing activities		
Purchase of fixed assets, including intangibles, CWIP and capital advances	(137)	(44)
Proceeds from sale of fixed assets	8	1
Purchase of non-current investments	-	(805)
Investments in bank deposits (having original maturity of more than three months)	(306)	(6)
Acquisition of subsidiary	(70)	(200)
Interest received	5	21
Net cash flow from / (used in) investing activities (B)	**(500)**	**(1,033)**

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Cash flows from financing activities		
Proceeds from short-term borrowings	902	-
Interest paid	(63)	(6)
Dividend paid on equity shares	(32)	(63)
Tax on equity dividend paid	(5)	(11)
Net cash flow from / (used in) in financing activities (C)	**802**	**(80)**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**91**	**(1,339)**
Effect of exchange differences on cash & cash equivalents held in foreign currency	(5)	(12)
Cash and cash equivalents at the beginning of the year	94	1,445
Cash and cash equivalents at the end of the year	**180**	**94**
Components of cash and cash equivalents		
Cash on hand	0	0
Cheques / drafts on hand	9	25
With banks - on current account	168	66
- unpaid dividend accounts*	3	3
Total cash and cash equivalents (note 16)	**180**	**94**
Summary of significant accounting policies 2.1		

* The company can utilize these balances only toward settlement of the respective unpaid dividend liabilities.

Note 1 :- Rs. 7 Million of Margin Money Deposit given against bank guarantees issued are regrouped under non current assets.

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Notes to financial statements for the year ended 31 March 2012

1. Corporate information

AGC Networks Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and integrating network solutions and selling reputed brand of Video Conference, Voice and Data Products and electronic appliances. The Company caters to both domestic and international markets. The Company also provides annual maintenance service for electronics products.

2. Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

2.1. Summary of Significant Accounting Policies

(a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous period figures in accordance with the requirements applicable in the current year.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future period.

(c) Tangible assets

Tangible assets are stated at cost of acquisition or construction, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Assets acquired under finance lease are recognised at the inception of the lease at lower of the fair value or the present value of minimum lease payments. The initial direct costs incurred in connection with finance leases are recognised as an asset under the lease.

(d) Depreciation and Amortisation

Depreciation on fixed assets is provided on straight-line basis in accordance with Section 205(2)(b) of the Companies Act,1956 at the rates and in the manner specified in Schedule XIV to the Act, except in respect of certain fixed assets where higher rates are applicable considering the estimated useful life, which are as follows:

i) Plant and Equipment - 3 to 5 years

ii) Furniture, Fixtures and Office Equipments - 5 years

iii) Computers - 4 years

iv) Cost of leasehold land is amortised over the period of lease (generally 99 years)

v) Vehicles - 4 years

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

vii) Electrical Installations - 5 years

viii) Computer Softwares - 4 years

(e) Impairment

The carrying amounts of tangible assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. Intangible assets includes Computer softwares which are amortised over the period of four years.

(f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(g) Inventories

Inventories are valued at cost or net realisable value, whichever is lower, except service spares which are valued at cost less amounts charged off to revenue over their estimated useful life. The cost is determined on weighted average basis, and includes all costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and finished goods, cost also includes costs of conversion.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Further, inventory contains service spares which have been used as replacement stocks by the Company for servicing the customers repairs and maintenance requirements during the service period. Such Inventories are amortised over a period of 6 years.

(h) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provision for warranties

The Company accrues provision for estimated future warranty costs based upon its historical relationship of warranty claims to sales. The Company periodically reviews the adequacy of its product warranties and adjusts, if necessary, the warranty percentage and accrued warranty provision, for actual experience. The estimate of such warranty-related costs is revised annually.

(i) Foreign currency translation

Foreign currency transactions and balances

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction;

(iii) Exchange differences

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. All other exchange differences are recognized as income or as expenses in the period in which they arise.

(j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of product is recognized when the ownership and title is transferred on invoicing based on confirmed purchase orders / sales contract which generally coincides with delivery. Sales include excise duty but exclude sales tax.

The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from Services

(i) Services including "installation and commissioning" related to products supplied or on a stand-alone basis are recognized based on proportionate completion method where revenue is recognized proportionately with the degree of completion of services. The purchase price of the products and services sold directly typically includes a warranty for a period up to one year.

(ii) Maintenance Income is recognized on pro-rata basis over the period of the contract as defined in the contractual terms.

(iii) Service Income is recognized on performance of the services as defined in the contractual terms. In case where services are availed from the vendors to service confirmed customer orders and the Company does not carry obligation to serve, revenue is recognized at the time of raising of invoices.

(iv) Service Income of a periodical nature which is not accrued during the year is disclosed as Unearned Revenue.

(v) The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Other Income

Other income is accounted on accrual basis except where receipt of income is uncertain.

(k) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Tax rate and tax laws used to compute the amount are those that are enacted by the reporting date. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(l) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(m) Employee benefits

(A) Post-employment Benefits

Defined Benefit Plans:

Funded Plans:

The Company has defined benefit plans for Post-employment benefits in the form of:

(i) Gratuity for all employees which is administered through Life Insurance Corporation of India. Liability for Gratuity is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

(ii) Provident Fund for all employees was administered through Company managed trust till previous year. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's contribution and such shortfall are charged to statement of profit and loss as and when incurred.

From the current year onwards, Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(B) Other Long term and Short term Employee Benefits:

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. Encashment of leave benefit is payable on death whilst in service, withdrawal from service such as resignation, termination or early retirement or from retirement from service at normal retirement date. In view of increase in salary taking place, salary growth rates have been used to project the salary at the time when encashment of leave is assumed to take place.

The accumulated leave may be reduced on account of in-service utilization or encashment if permissible under the rules of leave encashment, or increase on account of leave entitlement every year. The effect of in service utilization or encashment and entitlement will be reflected in year to year balance and the liability will be adjusted accordingly at every periodic actuarial valuation for long term benefits. Short term benefits are provided on estimated basis.

(C) Termination benefits are recognised as an expense as and when incurred.

(D) The actuarial gains and losses arising during the year are recognised in the statement of profit and loss of the year without resorting to any amortisation.

(n) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

(o) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(p) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(q) Segment reporting

Identification of segments

The Company operates in single as Technology and Network Solution Integrator. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers, if any, at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(r) Measurement of EBITDA

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956,* the company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

Notes to financial statements for the year ended 31 March 2012

3. Share capital

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Authorized shares		
2,50,00,000 (31 March 2011: 2,50,00,000) equity shares of Rs. 10/- each	250	250
10,00,000 (31 March 2011: 10,00,000) cumulative redeemable preference shares of Rs. 100/- each	100	100
Issued, subscribed and fully paid-up shares		
1,42,33,232 (31 March 2011: 1,42,33,232) equity shares of Rs. 10/- each fully paid up	142	142
Total issued, subscribed and fully paid-up share capital	**142**	**142**

<u>Note:</u>

Of the above, 426,692 equity shares have been allotted on amalgamation of the erstwhile Tata Keltron Limited without payment being received in cash.

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

Equity shares

	31 March 2012		31 March 2011	
	No. of shares	Rs. Millions	No. of shares	Rs. Millions
At the beginning of the period	14,233,232	142	14,233,232	142
Issued during the period	-	-	-	-
Outstanding at the end of the period	**14,233,232**	**142**	**14,233,232**	**142**

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 15.00 (31 March 2011: Rs. 2.25).

(c) Shares held by holding Company

Out of equity shares issued by the Company, shares held by its holding Company are as below:

Name of shareholder	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Aegis Limited, (Holding Company w.e.f. 3 June 2011) held 10,674,924 (31 March 2011: 28,46,647) equity shares of Rs. 10 each fully paid	107	28
AGC Holdings Limited (formerly known as Essar Services Holdings Limited), (the holding Company upto 2 June 2011) Nil Equity shares (31 March 2011: 84,15,988) equity shares of Rs. 10 each fully paid	-	84

Notes to financial statements for the year ended 31 March 2012

(d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs.10 each fully paid				
Aegis Limited, (Holding Company w.e.f. 3 June 2011) held	10,674,924	75.00%	2,846,647	20.00%
AGC Holdings Limited (formerly known as Essar Services Holdings Limited), (the holding Company upto 2 June 2011)	-	0.00%	8,415,988	59.13%
	10,674,924	**75.00%**	**11,262,635**	**79.13%**

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

4. Reserves and surplus

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Capital reserve	**226**	**226**
Securities premium account	**463**	**463**
General reserve		
Balance as per the last financial statements	990	975
Add: amount transferred from surplus balance in the statement of profit and loss	16	15
Closing Balance	**1,006**	**990**
Surplus in the statement of profit and loss		
Balance as per last financial statements	885	809
Profit for the year	163	128
Less: Appropriations		
Proposed final equity dividend (amount per share Rs. 15.00 (31 March 2011: Rs. 2.25))	213	32
Tax on proposed equity dividend	35	5
Transfer to general reserve	16	15
Total appropriations	**264**	**52**
Net surplus in the statement of profit and loss	**784**	**885**
Total reserves and surplus	**2,479**	**2,564**

5. Other long-term liabilities

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Unearned revenue	40	25
	40	**25**

Notes to financial statements for the year ended 31 March 2012

6. Provisions

	Long-term		Short-term	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Provision for employee benefits				
Provision for gratuity (note 27)	12	13	-	-
Provision for leave benefits	34	36	3	-
	46	**49**	**3**	**-**
Other provisions				
Provision for warranties	-	-	15	27
Provision for provident funds	-	-	5	2
Provision for tax	-	-	34	34
Proposed equity dividend	-	-	213	32
Provision for tax on proposed equity dividend	-	-	35	5
	-	**-**	**302**	**100**
	46	**49**	**305**	**100**

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the last one year, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within a year after the reporting date. The table below gives information about movement in warranty provisions.

Provision for warranties

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
At the beginning of the year	27	28
Arising during the year	-	-
Utilized during the year	-	-
Unused amounts reversed	(12)	(1)
At the end of the year	**15**	**27**
Current portion	15	27
Non-current portion	-	-

7. Short-term borrowings

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Cash credit from banks	692	-
Buyers credit from banks	210	-
	902	**-**
The above amount includes		
Secured borrowings	902	-
Unsecured borrowings	-	-

Cash credit and Buyers credit from banks is secured against hypothication of inventories and sundry debtors. The cash credit is repayable on demand and Buyers credit is repayable on due date.

Notes to financial statements for the year ended 31 March 2012

8. Other current liabilities

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Trade payables (including acceptances) (refer note 35 for details of dues to micro and small enterprises)	**1,845**	**1,347**
Other liabilities		
Other current liabilities	156	12
Unearned revenue AMC Services	71	92
Unearned revenue Others	125	134
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	3	3
Book overdraft	-	3
Others		
Advances from customers	46	59
Statutory Dues Payable*	61	70
TDS payable	32	30
	494	**403**
	2,339	**1,750**

*It includes Service/VAT/Sales tax/Professional tax/WCT payable

Notes to financial statements for the year ended 31 March 2012

9. Tangible assets

(Rs. Millions)

	Leasehold Land	Freehold Land	Buildings	Plant and equipment	Computers	Electrical Installations	Furniture and fixtures and Office Equipments	Vehicles	Total
Cost or valuation									
At 01 October 2010	4	1	33	253	134	23	196	3	647
Additions	-	-	-	17	2	-	12	-	31
Disposals	-	-	-	46	13	-	20	-	79
At 31 March 2011	**4**	**1**	**33**	**224**	**123**	**23**	**188**	**3**	**599**
Additions	-	-	-	69	13	10	31	-	123
Assets transferred to Inventory (Refer Note 3 below)	-	-	-	51	-	-	-	-	51
Disposals	-	-	1	2	14	4	27	-	48
At 31 March 2012	**4**	**1**	**32**	**240**	**122**	**29**	**192**	**3**	**623**
Depreciation									
At 01 October 2010	1	-	19	192	113	16	159	2	502
Charge for the period	0	-	1	11	8	1	10	-	31
Disposals	-	-	-	46	18	-	20	-	84
At 31 March 2011	**1**	**-**	**20**	**157**	**103**	**17**	**149**	**2**	**449**
Charge for the year	0	-	1	32	14	3	19	-	69
Assets transferred to Inventory (Refer Note 3 below)	-	-	-	16	-	-	-	-	16
Disposals	-	-	-	2	13	2	25	-	42
At 31 March 2012	**1**	**-**	**21**	**171**	**104**	**18**	**143**	**2**	**460**
Net Block									
At 31 March 2011	**3**	**1**	**13**	**67**	**20**	**6**	**39**	**1**	**150**
At 31 March 2012	**3**	**1**	**11**	**69**	**18**	**11**	**49**	**1**	**163**

1. Building includes Rs.Nil (31 March 2011: One share of Rs.100) fully paid up in a co-operative society for Ahmedabad office.
2. Building includes those constructed on leasehold land.
3. Assets transferred to inventory represents the assets released from one of the customers location which are identified to be usable as inventory and can be consumed for other commercial contracts.

Notes to financial statements for the year ended 31 March 2012

10. Intangible assets

(Rs. Millions)

	Computer software	Total
Gross block		
At 01 October 2010	**104**	**104**
Purchase	13	**13**
At 31 March 2011	**117**	**117**
Purchase	14	**14**
Transfer to Inventory (Refer Note 1 below)	(22)	**(22)**
At 31 March 2012	**109**	**109**
Amortization		
At 01 October 2010	**70**	**70**
Charge for the period	6	**6**
Deduction/adjustment	(5)	**(5)**
At 31 March 2011	**81**	**81**
Charge for the year	13	**13**
Transfer to Inventory (Refer Note 1 below)	(7)	**(7)**
At 31 March 2012	**87**	**87**
Net block		
At 31 March 2011	36	**36**
At 31 March 2012	**22**	**22**

1. Assets transferred to inventory represents the assets released from one of the customers location which are identified to be usable as inventory and can be consumed for other commercial contracts.

11. Investments

	Non-Current		Current	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Trade Investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in subsidiaries				
100 (31 March 2011: Nil) ordinary shares of SGD 1 each fully paid-up in AGC Networks Pte. Limited (formerly Aegis Tech. Singapore Pte. Limited)	0	-	-	-
42,24,993 (31 March 2011: 42,24,993) equity shares of AUD 1 each fully paid-up in AGC Networks Australia Pty Limited (formerly known as GlobalConnect Australia Pty. Limited)	145	145	-	-
Investment in holding company				
57,14,285 (31 March 2011: 57,14,285) Equity shares of Rs. 140 each fully paid-up in Aegis Limited*	-	800	800	-
	145	**945**	**800**	**-**
Non Trade Investments (valued at cost unless stated otherwise)				
Government and trust securities (unquoted)				
Investment in Rural Electrification Corporation Limited Bonds	5	5	-	-
	5	**5**	**-**	**-**
	150	**950**	**800**	**-**
Aggregate amount of unquoted investments	150	950	800	-

*Subsequent to balance sheet date the Board of Directors of the Company approved the sale of 57,14,285 fully paid-up equity shares (of the face value of Rs.10/- each) held in Aegis Limited to AGC Holdings Limited hence it has been disclosed under current investment.

Notes to financial statements for the year ended 31 March 2012

12. Deferred tax assets (net)

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	24	14
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	45	70
Provision for doubtful debts and advances	42	39
Other provisions	14	15
Gross deferred tax asset	**125**	**138**
Gross deferred tax liability	**-**	**-**
Deferred tax asset (Net)	**125**	**138**

13. Loans and advances

	Non-Current		Current	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Capital advances				
Unsecured, considered good	4	2	-	-
	4	**2**	**-**	**-**
Deposits				
Unsecured, considered good	19	9	45	74
	19	**9**	**45**	**74**
Loan and advances to related parties (note 30)				
Unsecured, considered good	97	27	270	200
Advances recoverable in cash or kind				
Unsecured considered good	2	2	224	50
	99	**29**	**494**	**250**
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	-	-	398	414
Prepaid expenses	7	1	43	59
Balances with statutory / government authorities	-	-	2	2
	7	**1**	**443**	**475**
Total	**129**	**41**	**982**	**799**

Loans and advances due by directors or other officers, etc.

	Non-Current		Current	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Loans to employees include				
Dues from officers	-	-	0	-
Dues from non-executive directors and officers jointly with other persons	-	-	-	-

Notes to financial statements for the year ended 31 March 2012

14. Trade receivables and other assets

14.1. Trade receivables (Current)

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	404	192
Doubtful	130	121
	534	**313**
Provision for doubtful receivables	130	121
	404	**192**
Other receivables		
Unsecured, considered good	2,266	1,782
	2,266	**1,782**
	2,670	**1,974**

14.2. Other assets

	Non-Current		Current	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note16)	7	7	-	-
Others				
Interest accrued on fixed deposits	-	-	6	0
Interest accrued on Inter-Corporate Deposits	-	-	17	0
Interest accrued on investments	0	0	-	-
	0	**0**	**23**	**0**
	7	**7**	**23**	**0**

15. Inventories (valued at lower of cost and net realizable value)

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Raw materials and components (includes in transit inventory of Rs. 0 Million (31 March 2011: Rs. 6 Millions)) (refer note 19)	3	7
Work-in-progress (refer note 20)	44	39
Traded goods (refer note 20) (including stock-in-transit inventory of Rs. 64 Millions (31 March 2011: Rs. 41 Millions))	394	133
Stock at Customer site (Due to unearned revenue) (refer note 20)	165	133
Stores and spares (Service spares) (refer note 20)	90	98
	696	**410**

Notes to financial statements for the year ended 31 March 2012

16. Cash and bank balances

	Non-Current		Current	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	168	66
– On unpaid dividend account	-	-	3	3
Cheques / drafts on hand	-	-	9	25
Cash on hand	-	-	0	0
	-	**-**	**180**	**94**
Other bank balances				
– Deposits with original maturity for more than 12 months	-	-	306	-
– Margin money deposit*	7	7	-	-
	7	**7**	**306**	**-**
Amount disclosed under other non-current assets (note 14.2)	**(7)**	**(7)**	**-**	**-**
	-	**-**	**486**	**94**

***Margin money deposits given as security**

Margin money deposits with a carrying amount of Rs. 7 Millions (31 March 2011: Rs. 7 Millions) are given against bank guarantees issued.

It includes deposit with the original maturity of less than 12 months which is rolled over till the maturity of the bank guarantee.

17. Revenue from operations

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Revenue from operations		
Sale of products		
- Finished goods	352	196
- Traded goods	3,534	1,991
Sale of services	2,354	886
Revenue from operations (gross)	**6,240**	**3,073**
Less: Excise duty #	30	17
Revenue from operations (net)	**6,210**	**3,056**

Excise duty on sales amounting to Rs. 30 Million (Period ended 31 March 2011: Rs.17 Million) has been reduced from sales in statement of profit & loss and excise duty on increase/decrease in stock amounting to Rs. 1 Million (Period ended 31 March 2011: Rs. 7 Million) has been considered as expense in the statement of profit and loss.

Note: The accounting policy in relation to Revenue Recognition has been reiterated and re-framed during the year in-order to clarify and to be more specific for better understanding for the users of the financial statements. The revenues are accounted consistently as were accounted during the previous year and reiterating the accounting policy has no impact on the revenues accounted for the year.

Notes to financial statements for the year ended 31 March 2012

Detail of products sold

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Finished goods sold		
Unified communications	352	196
	352	**196**
Traded goods sold		
Telephone instruments	702	24
Teleconferencing solutions (TCS)	1,059	16
Converged solutions	1,773	1,951
	3,534	**1,991**
Total Products sold	**3,886**	**2,187**

Detail of services rendered

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Maintenance services	1,733	726
Implementation services	621	160
Total Services rendered	**2,354**	**886**
Revenue from operations (Gross)	**6,240**	**3,073**

18. Other income

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Interest income on		
Bank deposits	8	5
Long-term investments	1	-
Inter-Corporate Deposits	18	14
Others	1	2
Liabilities for earlier years no longer required written back	72	4
Profit on sale of fixed assets	2	0
Exchange differences (net)	-	1
Other non-operating income	12	3
	114	**29**

19. Cost of raw material and components consumed

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Inventory at the beginning of the year	7	1
Add: Purchases	233	96
	240	97
Less: Inventory at the end of the year	3	7
Cost of raw material and components consumed	**237**	**90**

Notes to financial statements for the year ended 31 March 2012

Details of raw material and components consumed

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Printed circuit boards	149	15
Static converters	7	3
Cabinet	61	34
Peripherals	9	2
Others	11	36
	237	**90**

20. (Increase) / decrease in inventories

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions	(Increase) / decrease Rs. Millions
Inventories at the end of the year			**31 March 2012**
Traded goods	394	133	(261)
Stock at Customer site	165	133	(32)
Work-in-progress	44	39	(5)
Stores and spares (Service spares)	90	98	8
	693	**403**	**(290)**
Inventories at the beginning of the year			**31 March 2011**
Traded goods	133	98	(35)
Stock at Customer site	133	187	54
Work-in-progress	39	58	19
Stores and spares (Service spares)	98	112	14
	403	**455**	**52**
	(290)	**52**	

Details of purchase of traded goods

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Telephone instruments	254	127
Teleconferencing solution (TCS)	212	67
Converged Solutions	2,848	1,429
	3,314	**1,623**

Details of inventory

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Traded goods & Stock at customer site		
Telephone instruments	34	24
Teleconferencing solution (TCS)	40	12
Converged Solutions	485	230
	559	**266**
Work-in-progress		
Converged Solutions	44	39
	44	**39**
	90	98
Stores & spares (Service spares)	**90**	**98**
	693	**403**

Notes to financial statements for the year ended 31 March 2012

21. Employee benefits expense

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Salaries, wages and bonus	1,004	419
Contribution to provident and other funds	13	14
Gratuity expense (note 27)	(1)	14
Staff welfare expenses	54	12
	1,070	**459**

22. Other expenses

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Service charges	920	398
Installation and commissioning expenses	57	9
	977	407
Consumption of stores and spares	1	1
Power and water charges	19	8
Rent	118	75
Rates and taxes	15	5
Insurance	1	1
Repairs and maintenance:		
- Buildings	-	-
- Plant and Machinery	2	1
- Other	48	17
Travelling and conveyance	124	42
Telephone, telex and fax	27	12
Printing and stationery	6	3
Legal and professional fees	13	6
Advertisement and sales promotion	13	8
Outward freight, clearing and forwarding charges	34	9
Commission to others	9	2
Directors' sitting fees	1	0
Payment to auditor (Refer details below)	5	2
Exchange differences (net)*	30	-
Provision for doubtful debts and advances	68	3
Other expenses	37	20
	1,548	**623**

*Includes Rs. 2 Millions (period ended 31 March 2011: Rs. Nil) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2012

Payment to auditor

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
As auditor:		
Audit fee	2	2
Limited review	2	0
In other capacity		
Other services	1	0
Reimbursement of expenses	0	0
	5	**2**

Notes to financial statements for the year ended 31 March 2012

23. Exceptional items

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Employee Separation Scheme	9	-
	9	**-**

In order to right size the workforce, the company had announced a Employee Separation Scheme (ESS) on 01 August 2011. The scheme was open till 31 March 2012. Twenty Two workmen opted for ESS aggregating expenditure of Rs. 9 Million, charged to the statement of profit and loss for the year ended 31 March 2012.

24. Depreciation and amortization expense

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Depreciation of tangible assets	69	31
Amortization of intangible assets	13	6
	82	**37**

25. Finance costs

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Interest *	32	0
Bank charges	31	6
	63	**6**

*Rs. 2 Millions (period ended 31 March 2011: Rs. Nil) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2012 is included in Exchange differences (net) in note no. 22.

26. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Total operations for the year from continuting operations		
Net profit / (loss) for calculation of basic and diluted EPS	**163**	**128**
	No. of shares	**No. of shares**
Weighted average number of equity shares in calculating basic and diluted EPS	**14,233,232**	**14,233,232**
Basic and diluted earnings per share (in Rs.)	**11.43**	**8.99**
Nominal Value per share (in Rs.)	**10.00**	**10.00**

27. Employee benefits plan

(a) Defined contribution plan - The Company has recognised the following amount in the statement of profit and loss for the year ended:

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Contribution to provident fund	**12**	**14**

Above amount has been included in the line item 'Contribution to provident and other funds' in note 21 to the financial statements.

(b) Defined benefit plan - The company has one defined plan, i.e. Gratuity, for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Notes to financial statements for the year ended 31 March 2012

	Gratuity	
	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Net employee benefit expense recognized in the employee cost		
Current service cost	8	5
Interest cost on benefit obligation	5	2
Expected return on plan assets	(4)	(2)
Net actuarial (gain) / loss recognized in the year	(10)	9
Net benefit expense	**(1)**	**14**
The total expense recognised in the statement of profit and loss includes Rs. 12 Million (previous period Rs. 14 Million) as contribution to provident fund. All the above amount has been included in the line item Contribution to provident and other funds' in note 21 to the financial statements.		
Balance sheet		
Benefit asset / liability		
Present value of defined benefit obligation	48	65
Fair value of plan assets	36	52
Funded status [surplus / (deficit)]	(12)	(13)
Plan asset / (liability)	**(12)**	**(13)**
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	65	53
Current service cost	8	5
Interest cost	5	2
Benefits paid	(19)	(4)
Actuarial (gains) / losses on obligation	(10)	9
Closing defined benefit obligation	**48**	**65**
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	51	53
Expected return	4	2
Contributions by employer	-	-
Benefits paid	(19)	(4)
Actuarial gains / (losses)	-	0
Closing fair value of plan assets	**36**	**51**
The company expects to contribute Rs. Nil to gratuity in the next year (Period ended 31 March 2011: Rs. Nil).		
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investments with insurer	100%	100%

Notes to financial statements for the year ended 31 March 2012

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

	Gratuity	
	01 April 2011 to 31 March 2012	**01 October 2010 to 31 March 2011**
Discount rate	8.40%	8.36%
Expected rate of return on assets	8.50%	9.25%
Salary escalation rate	6.00%	6.00%
Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Withdrawal rate	Upto age 26 years 0.10%	Upto age 26 years 0.10%
	Upto age 27-34 years 2.50%	Upto age 27-34 years 2.50%
	Upto age 35-44 years 6.50%	Upto age 35-44 years 6.50%
	Upto age 45-54 years 1.50%	
	Above age 54 years 0.50%	

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

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

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

	31 March 2012	31 March 2011	30 September 2010	30 September 2009	30 September 2008
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
Gratuity					
Defined benefit obligation	48	65	53	53	58
Plan assets	36	52	53	54	58
Deficit/(surplus)	12	13	-	(1)	-
Present value of unfunded obligations	12	13	-	(1)	
Experience adjustments on plan liabilities	(10)	-	-	-	-
Experience adjustments on plan assets	1	-	-	-	-

28. Leases

Operating lease: company as lessee

The company has entered into various leasing agreement classified as operating leases for residential, office, warehouse premises and vehicles which are renewable by mutual consent on mutually agreeable terms. These agreement generally range between 11 months to 4 years. The company does not have sub-leasing agreements. Lease payments are recognised in the statement of profit and loss under 'Rent' in note 22.

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

	01 April 2011 to 31 March 2012	01 October 2010 to 31 March 2011
	Rs. Millions	Rs. Millions
Within one year	52	67
After one year but not more than five years	135	198
More than five years	-	-

29. Segment information

The Company operates as technology and network solution integrators and thus there is only one business segment i.e., technology and network solutions and there is only one geographical segment viz. India.

Notes to financial statements for the year ended 31 March 2012

30. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company	Aegis Limited (w.e.f. 03 June 2011)
	Aegis Limited - Subsidiary of holding company (w.e.f. 20 Jan 2011 till 02 June 2011)
	AGC Holdings Limited [(formerly known as Essar Services Holdings Limited) upto 02 June 2011]
	Essar Capital Finance Limited (up to 19 Jan 2011)
	Essar Telecom Limited (Subsidiary of Essar Global Limited)
Ultimate holding company	Essar Global Limited
Subsidiaries	AGC Networks Australia Pty. Limited
	AGC Networks Pte Limited (formerly known as Aegis Tech. Singapore Pte. Limited) (w.e.f. 01 May 2011, fellow subsidiary upto 30 Apr 2011)

Related parties with whom transactions have taken place during the year

Fellow subsidiaries	Aegis Tech Limited
	Actionline DE Argentina SA
	Aegis Communications Group Inc
	Aegis Services Australia Pty Limited
	Aegis Services Philippines Inc
	Aegis Aspire Consultancy Services Limited
	Global Vantage Private Limited
	Aegis BPO Holdings SA
	Aegis BPO Services Limited
	Aegis BPO Costa Rica
	Aegis Global Services FZ-LLC
	Aegis Outsourcing UK Limited
	Aegis People Support Inc
	Aegis USA Inc
	Equinox Business Parks Pvt Limited
	Essar Services Mauritius
	Essar House Limited
	Essar Information Technology Limited
	Essar Infrastructure Services Limited
	Essar Investment Limited
	Essar Oil Limited
	Essar Power MP Limited
	Essar Projects India Limited
	Essar Projects Singapore Pte Limited
	Essar Services India Limited
	Essar Power Gujarat Limited
	Essar Power Jharkhand Limited
	Essar Steel Limited
	Essar Telecom Kenya Limited
	Essar Management Consultants Limited
	The Mobile Stores Limited
Key management personnel	Mr. S. K. Jha Managing director (w.e.f. 31 Aug 2010) (Remuneration (w.e.f. 01 Dec 2011))
	Mr. Anil Nair (upto 31 Aug 2011)

Notes to financial statements for the year ended 31 March 2012

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

a. Transactions and Balances with Related Parties

(Rs. Millions)

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on Invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Inter-Corporate Deposits placed	Inter-Corporate Deposits withdrawn	Interest received/ receivable	Dividend paid/ payable	Expenses reimbuse-ment received	Investment purchased	Advances recover-able in cash or in kind	Investment made	Inter-Corporate Deposits receivables	Amount owed by related parties*	Amount owed to related parties*
Holding and ultimate holding companies																	
Aegis Limited	31-Mar-12	83	163	-	-	38	-	-	-	160	-	-	2	800	-	10	38
	31-Mar-11	71	30	-	-	-	800	800	10	25	1	800	1	800	-	110	-
AGC Holdings Limited (formerly Essar Services Holdings Limited)	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiaries																	
AGC Networks Australia Pty. Limited	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	145	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	145	-	-	-
AGC Networks Pte. Limited (formerly Aegis Tech. Singapore Pte. Limited)	31-Mar-12	-	1	35	6	-	-	-	-	-	65	0	135	0	-	-	74
	31-Mar-11	72	-	38	-	-	-	-	-	-	-	-	-	-	-	35	38
Fellow subsidiaries																	
Aegis Tech. Limited	31-Mar-12	7	51	23	17	-	-	-	-	-	-	-	-	-	-	37	40
	31-Mar-11	5	-	-	12	-	-	-	-	-	17	-	17	-	-	5	12
Actionline DE Argentina SA	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Communications Group LLC	31-Mar-12	-	11	-	-	-	-	-	-	-	-	-	-	-	-	4	7
	31-Mar-11	5	3	-	-	-	-	-	-	-	-	-	-	-	-	7	-
Aegis Services Australia Pty Limited	31-Mar-12	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	87
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Services Philippines Inc	31-Mar-12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Vantage Private Limited	31-Mar-12	-	-	-	-	-	-	-	19	-	-	-	-	-	200	-	-
	31-Mar-11	-	-	-	-	-	400	200	4	-	-	-	-	-	200	-	-
Aegis BPO Costa Rica	31-Mar-12	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equinox Business Parks Pvt Limited	31-Mar-12	3	-	-	-	60	-	-	-	-	-	-	27	-	-	3	-
	31-Mar-11	-	-	-	-	17	-	-	-	-	-	-	27	-	-	-	-

a. Transactions and Balances with Related Parties *(Contd.)*

(Rs. Millions)

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on Invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Inter-Corporate Deposits placed	Inter-Corporate Deposits withdrawn	Interest received/ receivable	Dividend paid/ payable	Expenses reimbuse-ment received	Investment purchased	Advances recover-able in cash or in kind	Investment made	Inter-Corporate Deposits receivables	Amount owed by related parties*	Amount owed to related parties*
Essar House Limited	31-Mar-12	7	-	-	-	-	-	-	-	-	-	-	-	-	-	24	-
	31-Mar-11	28	-	-	-	-	-	-	-	-	-	-	-	-	-	28	-
Essar Infrastructure Services Limited	31-Mar-12	2	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-
	31-Mar-11	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Essar Investment Limited	31-Mar-12	73	-	-	-	-	-	-	-	-	-	-	-	-	-	73	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Information Technology Limited	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-
Essar Oil Limited	31-Mar-12	18	1	-	-	-	-	-	-	-	-	-	-	-	-	15	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Projects India Limited	31-Mar-12	4	-	-	-	-	-	-	-	-	-	-	3	-	-	5	-
	31-Mar-11	13	-	-	-	-	-	-	-	-	-	-	-	-	-	9	-
Essar Power MP Limited	31-Mar-12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	2	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-
Essar Power Gujarat Limited	31-Mar-12	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Power Jharkhand Limited	31-Mar-12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Services India Limited	31-Mar-12	95	-	-	-	-	-	-	-	-	-	-	-	-	-	36	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Steel Limited	31-Mar-12	55	3	-	-	-	-	-	-	-	-	-	-	-	-	30	-
	31-Mar-11	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Essar Telecom Kenya Limited	31-Mar-12	-	3	-	-	-	-	-	-	-	-	-	-	-	-	0	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
The Mobile Stores Limited	31-Mar-12	4	-	2	-	-	-	-	-	-	-	-	-	-	-	3	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* The amounts are classified as trade receivables and trade payables/other liabilities/advance to drs, respectively.

Notes to financial statements for the year ended 31 March 2012

b. **Remuneration to key managerial personnel**

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Mr. S.K. Jha Managing director		
Salary, bonus and contribution to PF	5	-
Payable	1	-
Mr. Anil Nair (Refer note 32)		
Salary, bonus and contribution to PF	5	15
Payable	3	15

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

31. Capital and other commitments

(a) Estimate amount of contracts remaining to be executed on capital account and not provided for Rs. 32 Million (Period ended 31 March 2011: Rs. 44 Million)

(b) For commitments relating to lease arrangements, please refer note 28.

32. Remuneration to Managing Director

Approval from the Central Government of India is awaited for the amount of Rs.5 Million paid/payable to the Managing Director for the period ended March 31, 2011 in excess of the limits specified under the Companies Act 1956. The company had filed the application on 20 May 2011.

33. Contingent liabilities

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Contingent liabilities in respect of disputed demands of:		
(a) Income tax authorities	236	170
(b) Excise and Customs authorities	83	83
(c) Sales tax matters	14	9
(d) Bills Discounted	19	46

Income tax:

The demand is raised mainly on deferral profit due to change in revenue recognition policy and other cases for Rs. 236 Million (31 March 2011 Rs. 170 Million). This is a timing difference liability and appeal is filed before Commissioner of appeals.

Excise :

The amount is reported as contingent liability as an abundant caution for the appeal filed by the department with higher authority for applicability of custom duty on royalty remittance for Rs. 67 Million (31 March 2011 Rs. 67 Millions). The order from the lower authority is issued in favour of the company. Rs. 11 Million (31 March 2011 Rs. 11 Million) relate to Service tax on RTU activation charges & penalty thereon. AGC has filed appeal before commissioner in this case. Rs. 5 Million (31 March 2011 Rs. 5 Million) related to Excise duty demand on sales of Software. AGC has filed appeal before tribunal.

Sales tax:

This represents Rs. 8 Million (31 March 2011 Rs. 8 Million) on account of non-receipt of 'F' form which is based on abundant precaution. 'F' forms are to be received from AGC's own branches. Balance amount of Rs. 6 Million (31 March 2011 Rs. 1 Million) is sales tax liability in the state of Kerala & West Bengal against which we have filed appeal before competent authority.

Bills Discounted:

Bill discounted represents sales bills discounted with banks against receivables from customers.

Notes to financial statements for the year ended 31 March 2012

34. Unhedged foreign currency exposure

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

Particulars	01 April 2011 to 31 March 2012 Foreign Currency		01 April 2011 to 31 March 2012 Rupees in Million	01 October 2010 to 31 March 2011 Foreign Currency		01 October 2010 to 31 March 2011 Rupees in Million
Trade Payables	12,758,091	USD	653	13,252,003	USD	591
	1,300	GBP	0	-	GBP	-
	14,026	EURO	1	753	EURO	0
Bank Balances	2,391,653	USD	122	555,360	USD	25
Trade Receivables	3,504,514	USD	178	8,662,731	USD	386
	9,900	AUD	1	-	GBP	-
Short term borrowings	4,106,586	USD	210		-	-
Short term loans and advances	1,275,657	USD	65		-	-
Other current liabilities	1,114,296	USD	57		-	-

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

Sundry creditors include -

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Total outstanding dues of micro and small enterprises	**1**	**2**

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

			01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year.	a. Principal	1	2
		b. Interest	0	0
		Total	**1**	**2**
2	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	a. Principal	13	1
		b. Interest	-	-
		Total	**13**	**1**
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.		-	-
4	The amount of interest accrued and remaining unpaid at the end of the year.	a. Total Interest accrued	0	0
		b. Total Interest unpaid	0	0
5	The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Included in S. No. 4(b) above is Rs. 0 Million (previous period Rs. Nil) being interest on amounts outstanding as at the beginning of the accounting year.		

Notes to financial statements for the year ended 31 March 2012

36. Value of imports calculated on CIF basis

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Raw materials and components	44	83
Traded goods	2,252	1,259
Capital goods	23	12
	2,319	**1,354**

37. Expenditure in foreign currency (accrual basis)

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
AMC Services	107	50
Travelling expenses	19	3
Repairs	3	-
Professional charges	1	-
Other matters	4	1
	134	**54**

38. Earning in foreign currency (accrual basis)

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Sales proceeds from overseas branch/Export Oriented Unit	893	760
	893	**760**

39. Imported and indigenous raw materials, components and spare parts consumed

	% of total consumption	Value (Rs. Millions)	% of total consumption	Value (Rs. Millions)
	01 April 2011 to 31 March 2012		01 October 2010 to 31 March 2011	
Imported	97.40	**231**	97.92	**88**
Indigenously obtained	2.60	**6**	2.08	**2**
	100.00	**237**	**100.00**	**90**

40. Net dividend remitted in foreign exchange

Year of remittance	**01 April 2011 to 31 March 2012**	**01 October 2010 to 31 March 2011**
Period to which it relates	01 Oct 2010 to 31 Mar 2011	01 Oct 2009 to 30 Sept 2010
Number of non-resident shareholders	-	1
Number of equity shares held on which dividend was due	-	8,415,988
Amount remitted (in USD)	-	38

Notes to financial statements for the year ended 31 March 2012

41. During the year ended 31 March 2012

a) The Company has entered into a 60:40 joint venture agreement with a Saudi Arabian Company for developing the Saudi Arabian market for the products and services of AGC or any of its affiliates.

b) The Company, through its wholly owned subsidiary in Singapore has entered into a 42:40:18 joint venture agreement with an enterprise in UAE for execution of implementation projects in Dubai offering technology, infrastructure, integration, operation and management services.

42. Previous year figures

Till the period ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

Since the company had changed its year end from September end to March end in the previous year, current year statement of profit and loss is for twelve months ended 31 March 2012 and is not comparable to previous period figures which is for six months period ended 31 March 2011.

43. All amounts are in Rupees (in Million) except otherwise stated specifically - '0' denotes amounts less than a Million rupees.

As per our report of even date

For S. R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place : Mumbai
Date : 10 May 2012

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

S. K. JHA
MD & CEO

APARUP SENGUPTA
Director

VISHAL KOHLI
Company Secretary

S. PRASAD
AVP & Head - Finance

Place : Mumbai
Date : 10 May 2012

AUDITORS' REPORT CONSOLIDATED 2011 - 12

The Board of Directors

AGC Networks Limited

We have audited the attached consolidated balance sheet of AGC Networks Limited Group, as at 31st March 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the AGC Networks Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 167 Million as at 31st March 2012, the total revenue of Rs. 365 Million and cash flows amounting to Rs. 8 Million for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the AGC Networks Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the AGC Networks Group as at 31st March 2012;

(b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

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

per Shyamsundar Pachisia
Partner
Membership No.: 49237

Place : Mumbai
Date : 10 May 2012

Consolidated Balance Sheet as at 31 March 2012

	Notes	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Equity and liabilities			
Shareholders' funds			
Share capital	3	142	142
Reserves and surplus	4	3,083	2,485
		3,225	**2,627**
Non-current liabilities			
Other long-term liabilities	5	40	25
Deferred tax liability (net)	12.2	53	-
Long-term provisions	6	48	49
		141	**74**
Current liabilities			
Short-term borrowings	7	1,288	-
Trade payables	8	3,255	1,420
Other current liabilities	8	935	465
Short-term provisions	6	398	117
		5,876	**2,002**
TOTAL		**9,242**	**4,703**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	331	153
Intangible assets	10	22	36
Capital work-in-progress		0	30
Non-current investments	11	5	805
Deferred tax assets (net)	12.1	125	138
Long-term loans and advances	13	59	41
Other non-current assets	14.2	7	7
		549	**1,210**
Current assets			
Current investments	11	800	-
Inventories	15	778	420
Trade receivables	14.1	5,178	2,062
Cash and bank balances	16	627	211
Short-term loans and advances	13	1,287	800
Other current assets	14.2	23	0
		8,693	**3,493**
TOTAL		**9,242**	**4,703**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S. R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place : Mumbai
Date : 10 May 2012

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

S. K. JHA
MD & CEO

APARUP SENGUPTA
Director

VISHAL KOHLI
Company Secretary

S. PRASAD
AVP & Head (Finance)

Place : Mumbai
Date : 10 May 2012

Consolidated Statement of Profit and Loss

for the year ended 31 March 2012

	Notes	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Income			
Revenue from operations (gross)	17	9,976	3,255
Less: excise duty	17	30	17
Revenue from operations (net)		**9,946**	**3,238**
Other income	18	129	31
Total revenue (I)		**10,075**	**3,269**
Expenses			
Cost of raw material and components consumed	19	237	90
Purchase of traded goods	20	5,883	1,700
(Increase) / decrease in inventories of finished goods, work-in-progress and stores and spares	20	(362)	52
Excise duty	17	1	7
Employee benefits expense	21	1,363	536
Other expenses	22	1,868	648
Exceptional items	23	20	-
Total (II)		**9,010**	**3,033**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		**1,065**	**236**
Depreciation and amortization expense	24	117	38
Finance costs	25	85	6
Profit before tax		**863**	**192**
Tax expenses			
Current tax		184	77
Short/(Excess) provision of tax for earlier years		33	(1)
Deferred tax		11	(16)
Total tax expense		**228**	**60**
Profit from continuing operations		**635**	**132**
Earnings per equity share [nominal value of share Rs. 10 (31 March 2011: Rs. 10)]	**26**		
Basic and diluted earning per share (in Rs.)		**44.64**	**9.24**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
For S. R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place : Mumbai
Date : 10 May 2012

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

S. K. JHA
MD & CEO

APARUP SENGUPTA
Director

VISHAL KOHLI
Company Secretary

S. PRASAD
AVP & Head (Finance)

Place : Mumbai
Date : 10 May 2012

Consolidated Cash Flow Statement

for the year ended 31 March 2012

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Cash flow from operating activities		
Profit before tax	863	192
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization on continuing operation	117	38
Loss / (profit) on sale of fixed assets	(2)	(0)
Provision for warranties	(5)	(1)
Provision for doubtful debts and advances	74	3
Liabilities for earlier years no longer required written back	(72)	(4)
Unrealized foreign exchange loss	(30)	8
Exchange Difference on Translation	-	3
Interest expense	85	6
Interest (income)	(33)	(24)
Total	**134**	**29**
Operating profit before working capital changes	**997**	**221**
Movements in working capital :		
Increase / (decrease) in trade payables	1,971	476
Increase / (decrease) in long-term provisions	(0)	23
Increase / (decrease) in short-term provisions	7	(1)
Increase / (decrease) in other current liabilities	(151)	(130)
Increase / (decrease) in other long-term liabilities	16	(59)
Decrease / (increase) in trade receivables	(2,571)	(682)
Decrease / (increase) in inventories	(273)	46
Decrease / (increase) in long-term loans and advances	(17)	3
Decrease / (increase) in short-term loans and advances	(380)	(22)
Decrease / (increase) in other non-current assets (refer note 1)	(1)	(7)
Total	**(1,399)**	**(353)**
Cash generated from / (used in) operations	(402)	(132)
Direct taxes paid (net of refunds)	(98)	(79)
Net cash flow from / (used in) operating activities (A)	**(500)**	**(211)**
Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(255)	(44)
Proceeds from sale of fixed assets	50	1
Purchase of non-current investments	-	(805)
Acquisition of Subsidiary, net of cash acquired	(60)	-
Redemption / maturity of bank deposits (having original maturity of more than three months)	(306)	(6)
Investments in Inter Corporate Deposits	-	(200)
Interest received	10	24
Net cash flow from / (used in) investing activities (B)	**(561)**	**(1,030)**

Consolidated Cash Flow Statement

for the year ended 31 March 2012

		31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Cash flows from financing activities			
Proceeds from short-term borrowings		1,288	-
Interest paid		(85)	(6)
Dividend paid on equity shares		(32)	(63)
Tax on equity dividend paid		(5)	(11)
Net cash flow from / (used in) in financing activities (C)		**1,166**	**(80)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)		**105**	**(1,321)**
Effect of exchange differences on cash & cash equivalents held in foreign currency		5	(13)
Cash and cash equivalents at the beginning of the year		211	1,545
Cash and cash equivalents at the end of the year		**321**	**211**
Components of cash and cash equivalents			
Cash on hand		0	0
Cheques / drafts on hand		8	24
With banks - on current account		310	184
- unpaid dividend accounts*		3	3
Total cash and cash equivalents (note 16)		**321**	**211**
Summary of significant accounting policies	2.1		

* The company can utilize these balances only toward settlement of the respective unpaid dividend liabilities.

Note 1 :- Rs. 7 Million of Margin Money Deposit given against bank guarantees issued are regrouped under non current assets.

As per our report of even date

For S. R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place : Mumbai
Date : 10 May 2012

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

S. K. JHA
MD & CEO

APARUP SENGUPTA
Director

VISHAL KOHLI
Company Secretary

S. PRASAD
AVP & Head (Finance)

Place : Mumbai
Date : 10 May 2012

Notes to consolidated financial statements

for the year ended 31 March 2012

1. **Corporate information**

   AGC Networks Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and integrating network solutions and selling reputed brand of Video Conference, Voice and Data Products and electronic appliances. The Company caters to both domestic and international markets. The company also provides annual maintenance service for electronics products.

2. **Basis of Preparation of Financial Statements**

   The consolidated financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

2.1. **Summary of Significant Accounting Policies**

(a) **Change in accounting policy**

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. Except accounting for dividend on investments in subsidiary companies (see below), the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) **Basis of consolidation**

(a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21) on 'Consolidated Financial Statements' and on the basis of the separate audited financial statements of AGC Networks Limited and its subsidiary. Reference in the notes to 'the Company' shall mean to include AGC Networks Limited and 'Group' shall include AGC Networks Limited and its subsidiaries consolidated in these Financial Statements unless otherwise stated.

(b) The financial statements of the Group are combined on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with AS-21.

(c) The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, have been made in Consolidated Financial Statements.

Foreign subsidiary considered in the Consolidated Financial Statements

Name of the subsidiary	Country of incorporation	Extent of holding as on March 31, 2012	Extent of holding as on March 31, 2011
AGC Networks Australia Pty Limited*	Australia	100%	100%
AGC Networks Singapore Pte Limited**	Singapore	100%	-

* Incorporated on September 03, 2004 under the Corporation Act, 2001, Australia.

** Acquisition on May 01, 2011, the Company incorporated in Singapore.

AGC Networks, Inc. is a subsidiary incorporated on 22 February 2012, the Company registered in Delaware. The subsidiary did not had any operations during the year and hence is excluded for consolidation purposes.

Notes to consolidated financial statements

for the year ended 31 March 2012

Foreign Currency Translation:

The Consolidated Financial Statements are prepared in Indian Rupees which is the reporting currency for AGC Networks Limited. However, Australian and U. S. Dollar are the reporting currency for its foreign subsidiary located in Australia and Singapore. The translation of the reporting currency of the foreign subsidiary into the reporting currency is performed

(a) for assets and liabilities using the exchange rate in effect at the balance sheet date

(b) for revenues, costs and expenses using average rate prevailing during the reporting months and

(c) for share capital, using the exchange rate at the date of transaction.

The resultant translation exchange gain/loss has been disclosed as Foreign Currency Translation Reserve under Reserves and Surplus.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future period.

(d) Tangible assets

Tangible assets are stated at cost of acquisition or construction, less accumulated depreciation and impairment losses if any.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(e) Depreciation and Amortisation

Depreciation on fixed assets is provided on straight-line basis in accordance with Section 205(2)(b) of the Companies Act,1956 at the rates and in the manner specified in Schedule XIV to the Act, except in respect of certain fixed assets where higher rates are applicable considering the estimated useful life, which are as follows:

i) Plant and Equipment - 3 to 5 years
ii) Furniture, Fixtures and Office Equipments - 5 years
iii) Computers - 4 years
iv) Cost of leasehold land is amortised over the period of lease (generally 99 years)
v) Vehicles - 4 years
vi) Assets purchased specifically for projects are depreciated over the life of the projects.
vii) Electrical Installations - 5 years
viii) Computer Softwares - 4 years

(f) Impairment

The carrying amounts of tangible assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. Intangible assets includes Computer softwares which are amortised over the period of four years.

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(h) Inventories

Inventories are valued at cost or net realisable value, whichever is lower, except service spares which are valued at cost less amounts charged off to revenue over their estimated useful life. The cost is determined on weighted average basis, and includes all costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and finished goods, cost also includes costs of conversion.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Further, inventory contains service stocks which have been used as replacement stocks by the Company for servicing the customers repairs and maintenance requirements during the service period. Such Inventories are amortised over a period of 6 years.

(i) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provision for warranties

The Company accrues provision for estimated future warranty costs based upon its historical relationship of warranty claims to sales. The Company periodically reviews the adequacy of its product warranties and adjusts, if necessary, the warranty percentage and accrued warranty provision, for actual experience. The estimate of such warranty-related costs is revised annually.

(j) Foreign currency translation

Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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for the year ended 31 March 2012

(iii) Exchange differences

1. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

(k) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of product is recognized when the ownership and title is transferred on invoicing based on confirmed purchase orders / sales contract which generally coincides with delivery. Sales include excise duty but exclude sales tax.

The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from Services

(i) Services including "installation and commissioning" related to products supplied or on a stand-alone basis are recognized based on proportionate completion method where revenue is recognized proportionately with the degree of completion of services.

The purchase price of the products and services sold directly typically includes a warranty for a period up to one year.

(ii) Maintenance Income is recognized on pro-rata basis over the period of the contract as defined in the contractual terms.

(iii) Service Income is recognized on performance of the services as defined in the contractual terms. In case where services are availed from the vendors to service confirmed customer orders and the Company does not carry obligation to serve, revenue is recognized at the time of raising of invoices.

(iv) Service Income of a periodical nature which is not accrued during the year is disclosed as Unearned Revenue.

(v) The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Other Income

Other income is accounted on accrual basis except where receipt of income is uncertain.

Notes to consolidated financial statements

for the year ended 31 March 2012

(l) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Tax rate and tax laws used to compute the amount are those that are enacted by the reporting date. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(m) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(n) Employee benefits

(A) Post-employment Benefits

Defined Benefit Plans:

Funded Plans:

The Company has defined benefit plans for Post-employment benefits in the form of:

(i) Gratuity for all employees which is administered through Life Insurance Corporation of India. Liability for Gratuity is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

(ii) Provident Fund for all employees which is administered through Company managed trust. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's contribution and such shortfall are charged to statement of profit and loss as and when incurred.

From the current year onwards, Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund. Other Long-term Employee Benefits:

(B) Other Long term and Short term Employee Benefits:

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. Encashment of leave benefit is payable on death whilst in service, withdrawal from service such as resignation, termination or early retirement or

Notes to consolidated financial statements

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from retirement from service at normal retirement date. In view of increase in salary taking place, salary growth rates have been used to project the salary at the time when encashment of leave is assumed to take place.

The accumulated leave may be reduced on account of in-service utilization or encashment if permissible under the rules of leave encashment, or increase on account of leave entitlement every year. The effect of in service utilization or encashment and entitlement will be reflected in year to year balance and the liability will be adjusted accordingly at every periodic actuarial valuation for long term benefits. Short term benefits are provided on estimated basis.

(C) Termination benefits are recognised as an expense as and when incurred.

(D) The actuarial gains and losses arising during the year are recognised in the statement of profit and loss of the year without resorting to any amortisation.

(o) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

(p) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(q) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(r) Segment reporting

Identification of segments

The Company operating in single segment as Technology and Network Solution Integrator. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers, if any, at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(s) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expense, finance costs and tax expense.

Notes to consolidated financial statements

for the year ended 31 March 2012

3. Share capital

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Authorized shares		
2,50,00,000 (31 March 2011: 2,50,00,000) equity shares of Rs. 10/- each	250	250
10,00,000 (31 March 2011: 10,00,000) cumulative redeemable preference shares of Rs. 100/- each	100	100
Issued, subscribed and fully paid-up shares		
1,42,33,232 (31 March 2011: 1,42,33,232) equity shares of Rs. 10/- each fully paid up	142	142
Total issued, subscribed and fully paid-up share capital	**142**	**142**

Note:

Of the above, 426,692 equity shares have been allotted on amalgamation of the erstwhile Tata Keltron Limited without payment being received in cash.

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

Equity shares

	31 March 2012		31 March 2011	
	No. of shares	Rs. Millions	No. of shares	Rs. Millions
At the beginning of the period	14,233,232	142	14,233,232	142
Issued during the period	-	-	-	-
Outstanding at the end of the period	14,233,232	142	14,233,232	142

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 15.00 (31 March 2011: Rs. 2.25).

(c) Shares held by holding Company

Out of equity shares issued by the Company, shares held by its holding Company are as below:

Name of shareholder	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Aegis Limited, (Holding Company w.e.f. 3 June 2011) held 10,674,924 (31 March 2011: 28,46,647) equity shares of Rs. 10 each fully paid	107	28
AGC Holdings Limited (formerly known as Essar Services Holdings Limited), (the holding Company upto 2 June 2011) Nil Equity shares (31 March 2011: 84,15,988) equity shares of Rs. 10 each fully paid	-	84

Notes to consolidated financial statements

for the year ended 31 March 2012

(d) **Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at 31 March 2012 No. of shares	% holding in the class	As at 31 March 2011 No. of shares	% holding in the class
Equity shares of Rs.10 each fully paid				
Aegis Limited, (Holding Company w.e.f. 3 June 2011) held	10,674,924	75.00%	2,846,647	20.00%
AGC Holdings Limited (formerly known as Essar Services Holdings Limited), (the holding Company upto 2 June 2011)	-	0.00%	8,415,988	59.13%
	10,674,924	**75.00%**	**11,262,635**	**79.13%**

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

4. **Reserves and surplus**

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Capital reserve		
Balance as per the last financial statements	226	226
Add: Additions during the year (refer note below)	154	-
Closing Balance	**380**	**226**
Securities premium account	**463**	**463**
Foreign currency translation reserve		
Balance as per the last financial statements	12	9
Add: Additions during the year	57	3
Closing Balance	**69**	**12**
General reserve		
Balance as per the last financial statements	990	975
Add: amount transferred from surplus balance in the statement of profit and loss	16	15
Closing Balance	**1,006**	**990**
Surplus in the statement of profit and loss		
Balance as per last financial statements	794	714
Profit for the year	635	132
Less: Appropriations		
Proposed final equity dividend (amount per share Rs. 15.00 (31 March 2011: Rs. 2.25))	213	32
Tax on proposed equity dividend	35	5
Transfer to general reserve	16	15
Total appropriations	**264**	**52**
Net surplus in the statement of profit and loss	**1,165**	**794**
Total reserves and surplus	**3,083**	**2,485**

Note:

On 01 May, 2011, the company has acquired ownership interest of AGC Networks Pte Ltd (formerly known as Aegis Tech Singapore Pte Ltd).

Notes to consolidated financial statements

for the year ended 31 March 2012

The details of the acquisition date financial information are provided below:

Particulars	Rs. In Millions
Net assets	224
Purchase consideration	70
Capital reserve	154

The net assets of AGC Networks Pte Ltd as on 31 March 2012 are Rs. 787 Million (before elimination), net revenue for the period from 1 May 2011 to 31 March 2012 are Rs. 3,403 Million (before elimination) and the net profit after tax during the period from 1 May 2011 to 31 March 2012 Rs. 503 Million (before elimination).

5. Other long-term liabilities

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Unearned revenue	**40**	**25**
	40	**25**

6. Provisions

	Long-term		Short-term	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Provision for employee benefits				
Provision for gratuity (note 27)	12	13	0	0
Provision for leave benefits	36	36	20	17
	48	**49**	**20**	**17**
Other provisions				
Provision for warranties	-	-	22	27
Provision for provident funds	-	-	5	2
Provision for tax	-	-	103	34
Proposed equity dividend	-	-	213	32
Provision for tax on proposed equity dividend	-	-	35	5
	-	**-**	**378**	**100**
	48	**49**	**398**	**117**

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the last one year, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within a year after the reporting date. The table below gives information about movement in warranty provisions.

Provision for warranty

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
At the beginning of the year	27	28
Arising during the year	7	-
Utilized during the year	-	-
Unused amounts reversed	(12)	(1)
At the end of the year	**22**	**27**
Current portion	22	27
Non-current portion	-	-

Notes to consolidated financial statements

for the year ended 31 March 2012

7. Short-term borrowings

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Cash credit from banks	965	-
Buyers credit from banks	323	-
	1,288	**-**
Total above amount includes		
Secured borrowings	1,288	-
Unsecured borrowings	-	-

Cash credit and buyers credit from banks is secured against hypothication of inventories and sundry debtors. The cash credit is repayable on demand and buyers credit is repayable on due date.

8. Other current liabilities

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Trade payables (including acceptances)	**3,255**	**1,420**
Other liabilities		
Other current liabilities	300	19
Unearned revenue on AMC Services	71	92
Unearned revenue on Others	198	188
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	3	3
Book overdraft	-	3
Others		
Advances from customers	270	60
Statutory Dues Payable*	61	70
TDS payable	32	30
	935	**465**
	4,190	**1,885**

*It includes Service/VAT/Sales tax/Professional tax/WCT payable

9. Tangible assets

(Rs. Millions)

	Leasehold Land	Freehold Land	Buildings	Plant and equipment	Computers	Electrical Installations	Furniture and fixtures and Office Equipments	Vehicles	Exchange fluctuation on consolidation of non-integral foreign subsidiary	Total
Cost or valuation										
At 01 October 2010	4	1	33	253	142	23	206	4	6	672
Additions	-	-	-	17	2	-	12	-	-	31
Disposals	-	-	-	46	13	-	21	1	(1)	80
At 31 March 2011	**4**	**1**	**33**	**224**	**131**	**23**	**197**	**3**	**7**	**623**
Additions	-	-	-	69	38	10	76	-	-	193
Assets acquired on business combination	-	-	-	-	77	-	47	-	18	142
Assets transferred to stock (Refer Note 3 below)	-	-	-	51	-	-	-	-	-	51
Disposals	-	-	1	2	14	4	27	-	4	52
At 31 March 2012	**4**	**1**	**32**	**240**	**232**	**29**	**293**	**3**	**21**	**855**
Depreciation										
At 01 October 2010	1	-	19	192	119	17	168	2	3	521
Charge for the period	0	-	1	11	9	1	11	-	-	33
Disposals	-	-	-	46	19	-	21	-	(2)	84
At 31 March 2011	**1**	**-**	**20**	**157**	**109**	**18**	**158**	**2**	**5**	**470**
Charge for the year	0	-	1	32	40	3	30	-	-	106
Assets acquired on business combination	-	-	-	-	2	-	1	-	-	3
Assets transferred to stock (Refer Note 3 below)	-	-	-	16	-	-	-	-	-	16
Disposals	-	-	-	2	14	2	25	-	(4)	39
At 31 March 2012	**1**	**-**	**21**	**171**	**137**	**19**	**164**	**2**	**9**	**524**
Net Block										
At 31 March 2011	**3**	**1**	**13**	**67**	**22**	**5**	**39**	**1**	**2**	**153**
At 31 March 2012	**3**	**1**	**11**	**69**	**95**	**10**	**129**	**1**	**12**	**331**

1. Building includes one share of Rs.Nil (31 March 2011: Rs.100) fully paid up in a co-operative society for Ahmedabad office.
2. Building includes those constructed on leasehold land.
3. Assets transferred to inventory represents the assets released from one of the customers location which are identified to be usable as inventory and can be consumed for other commercial contracts.

Notes to consolidated financial statements

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10. Intangible assets

(Rs. Millions)

	Computer software	Total
Gross block		
At 01 October 2010	**104**	**104**
Purchase	13	**13**
Deletion	-	**-**
At 31 March 2011	**117**	**117**
Purchase	14	**14**
Assets transferred to Inventory (Refer Note 1 below)	(22)	**(22)**
At 31 March 2012	**109**	**109**
Amortization		
At 01 October 2010	**70**	**70**
Charge for the period	6	**6**
Deduction / adjustment	(5)	**(5)**
At 31 March 2011	**81**	**81**
Assets transferred to Inventory (Refer Note 1 below)	(7)	**(7)**
Charge for the year	13	**13**
At 31 March 2012	**87**	**87**
Net block		
At 31 March 2011	36	36
At 31 March 2012	**22**	**22**

1. Assets transferred to inventory represents the assets released from one of the customers location which are identified to be usable as inventory and can be consumed for other commercial contracts.

11. Investments

	Non-Current		Current	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Trade investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in holding company				
57,14,285 (31 March 2011: 57,14,285) Equity shares of Rs. 140 each fully paid-up in Aegis Limited*	**-**	**800**	**800**	**-**
	-	**800**	**800**	**-**
Non-Trade investments (valued at cost unless stated otherwise)				
Government and trust securities (unquoted)				
Investment in Rural Electrification Corporation Limited Bonds	**5**	**5**	-	-
	5	**5**	**-**	**-**
	5	**805**	**800**	**-**
Aggregate amount of unquoted investments	5	805	800	-

*Subsequent to balance sheet date the Board of Directors of the Company approved the sale of 57,14,285 fully paid-up equity shares (of the face value of Rs.10/- each) held in Aegis Limited to AGC Holdings Limited hence it has been disclosed under current investment.

Notes to consolidated financial statements

for the year ended 31 March 2012

12.1 Deferred tax asset (net)

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	24	14
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	45	70
Provision for doubtful debts and advances	42	39
Other provisions	14	15
Gross deferred tax asset	**125**	**138**
Gross deferred tax liability	**-**	**-**
Deferred tax asset (Net)	**125**	**138**

12.2 Deferred tax liability (net)

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Deferred tax liability		
Deferred tax liability on non-repatriation of profits	53	-
Gross deferred tax liability	**53**	**-**
Gross deferred tax assets	**-**	**-**
Deferred tax liability (Net)	**53**	**-**

13. Loans and advances

	Non-Current		Current	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Capital advances				
Unsecured, considered good	4	2	-	-
	4	**2**	**-**	**-**
Deposits				
Unsecured, considered good	19	9	45	75
	19	**9**	**45**	**75**
Loan and advances to related parties (note 30)				
Unsecured, considered good	27	27	228	200
Advances recoverable in cash or kind				
Unsecured, considered good	2	2	566	50
	29	**29**	**794**	**250**
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	-	-	398	414
Prepaid expenses	7	1	48	59
Balances with statutory / government authorities	-	-	2	2
	7	**1**	**448**	**475**
Total	**59**	**41**	**1,287**	**800**

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14. Trade receivables and other assets

14.1. Trade receivables (Current)

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,041	193
Doubtful	136	121
	1,177	**314**
Provision for doubtful receivables	136	121
	1,041	**193**
Other receivables		
Unsecured, considered good	4,137	1,869
	4,137	**1,869**
	5,178	**2,062**

14.2. Other assets

	Non-Current		Current	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Unsecured, considered good unless stated otherwise				
Non-current bank balances				
(note16)	**7**	**7**	**-**	**-**
Others				
Interest accrued on fixed deposits	-	-	6	0
Interest accrued on Inter-Corporate Deposits	-	-	17	-
Interest accrued on investments	0	0	-	-
	0	**0**	**23**	**0**
	7	**7**	**23**	**0**

15. Inventories (valued at lower of cost and net realizable value)

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Raw materials and components (includes in transit inventory of Rs. 0 Million (31 March 2011: Rs. 6 Millions)) (refer note 19)	3	7
Work-in-progress (refer note 20)	44	39
Traded goods (refer note 20) (including stock-in-transit inventory of Rs. 64 Millions (31 March 2011: Rs. 41 Millions))	462	133
Stock at Customer site (Due to unearned revenue) (refer note 20)	179	143
Stores and spares (Service spares) (refer note 20)	90	98
	778	**420**

Notes to consolidated financial statements

for the year ended 31 March 2012

16. Cash and bank balances

	Non-Current		Current	
	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	310	183
- On unpaid dividend account	-	-	3	3
Cheques / drafts on hand	-	-	8	25
Cash on hand	-	-	0	0
	-	**-**	**321**	**211**
Other bank balances				
- Deposits with original maturity for more than 12 months	-	-	306	-
- Margin money deposit*	7	7	-	-
	7	**7**	**306**	**-**
Amount disclosed under other non-current assets (note 14.2)	(7)	(7)	-	-
	-	**-**	**627**	**211**

***Margin money deposits given as security**

Margin money deposits with a carrying amount of Rs. 7 Millions (31 March 2011: Rs. 7 Millions) are given against bank guarantees issued.

It includes deposit with the original maturity of less than 12 months which is rolled over till the maturity of the bank guarantee.

17. Revenue from operations

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Revenue from operations		
Sale of products		
- Finished goods	352	196
- Traded goods	6,697	2,061
Sale of services	2,927	998
Revenue from operations (gross)	**9,976**	**3,255**
Less: Excise duty #	30	17
Revenue from operations (net)	**9,946**	**3,238**

Excise duty on sales amounting to Rs. 30 Million (Period ended 31 March 2011: Rs. 17 Million) has been reduced from sales in statement of profit & loss and excise duty on increase/decrease in stock amounting to Rs. 1 Million (Period ended 31 March 2011: Rs. 7 Million) has been considered as expense in the statement of profit and loss.

Note: The accounting policy in relation to Revenue Recognition has been reiterated and re-framed during the year in-order to clarify and to be more specific for better understanding for the users of the financial statements. The revenues are accounted consistently as were accounted during the previous year and reiterating the accounting policy has no impact on the revenues accounted for the year.

Notes to consolidated financial statements

for the year ended 31 March 2012

Detail of products sold

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Finished goods sold		
Unified communications	352	196
	352	**196**
Traded goods sold		
Telephone instruments	702	24
Teleconferencing solutions (TCS)	1,059	16
Converged solutions	4,936	2,021
	6,697	**2,061**
Total Products sold	**7,049**	**2,257**

Detail of services rendered

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Maintenance services	1,899	809
Implementation services	1,028	189
Total Services rendered	**2,927**	**998**
Revenue from operations (Gross)	**9,976**	**3,255**

18. Other income

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Interest income on		
Bank deposits	14	7
Long-term investments	0	-
Inter-Corporate Deposits	18	14
Others	1	3
Liabilities for earlier years no longer required written back	72	4
Profit on sale of fixed assets	2	0
Exchange differences (net)	-	1
Other non-operating income	22	2
	129	**31**

19. Cost of raw material and components consumed

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Inventory at the beginning of the year	7	1
Add: Purchases	233	96
	240	97
Less: Inventory at the end of the year	3	7
Cost of raw material and components consumed	**237**	**90**

Notes to consolidated financial statements

for the year ended 31 March 2012

Details of raw material and components consumed

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Printed circuit boards	149	15
Static converters	7	3
Cabinet	61	34
Peripherals	9	2
Others	11	36
	237	**90**

20. (Increase) / decrease in inventories

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions	(Increase) / decrease Rs. Millions
Inventories at the end of the year			**31 March 2012**
Traded goods	462	133	(328)
Stock at Customer site	179	143	(36)
Work-in-progress	44	39	(5)
Stores and spares (Service spares)	90	98	8
	775	**413**	**(362)**
Inventories at the beginning of the year			**31 March 2011**
Traded goods	133	99	(35)
Stock at Customer site	143	196	54
Work-in-progress	39	58	19
Stores and spares (Service spares)	98	112	14
	413	**465**	**52**
	(362)	**52**	

Details of purchase of traded goods

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Telephone instruments	222	127
Teleconferencing solution (TCS)	212	67
Converged Solutions	5,449	1,506
	5,883	**1,700**

Details of inventory

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Traded goods & Stock at customer site		
Telephone instruments	34	24
Teleconferencing solution (TCS)	40	12
Converged Solutions	567	240
	641	**276**
Work-in-progress		
Converged Solutions	44	39
	44	**39**
Stores & spares (Service spares)	90	98
	90	**98**
	775	**413**

Notes to consolidated financial statements

for the year ended 31 March 2012

21. Employee benefits expense

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Salaries, wages and bonus	1,292	496
Contribution to provident and other funds	13	14
Gratuity expense (note 27)	(1)	14
Staff welfare expenses	59	12
	1,363	**536**

22. Other expenses

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Service charges	1,134	398
Installation and commissioning expenses	72	9
	1,206	407
Consumption of stores and spares	1	1
Power and water charges	21	9
Rent	136	81
Rates and taxes	20	8
Insurance	2	1
Repairs and maintenance:		
- Buildings	-	-
- Plant and Machinery	3	1
- Other	48	17
Travelling and conveyance	137	46
Telephone, telex and fax	35	15
Printing and stationery	7	3
Legal and professional fees	35	6
Advertisement and sales promotion	16	9
Outward freight, clearing and forwarding charges	34	9
Commission to others	9	2
Directors' sitting fees	1	0
Payment to auditor	5	2
Exchange differences (net)*	30	-
Provision for doubtful debts and advances	74	3
Other expenses	48	28
	1,868	**648**

*Includes Rs. 2 Millions (period ended 31 March 2011: Rs. Nil) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2012.

23. Exceptional items

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Employee Separation Scheme	20	-
	20	**-**

During the year, in order to right size the workforce, the company had announced a Employee Separation schemes. The aggregate expenditure of Rs. 20 Million, charged to the statement of profit and loss for the year ended 31 March 2012.

Notes to consolidated financial statements

for the year ended 31 March 2012

24. Depreciation and amortization expense

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Depreciation of tangible assets	104	32
Amortization of intangible assets	13	6
	117	**38**

25. Finance costs

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Interest *	33	0
Bank charges	52	6
	85	**6**

*Rs. 2 Millions (period ended 31 March 2011: Rs. Nil) on account of interest parity fluctuation on Buyers' Credit for the year ended 31 March 2012 is included in Exchange differences (net) in note no. 22.

26. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Total operations for the year from continuing operations		
Net profit/ (loss) for calculation of basic and diluted EPS	**635**	**132**
	No. of shares	**No. of shares**
Weighted average number of equity shares in calculating basic and diluted EPS	**14,233,232**	**14,233,232**
Basic and diluted earnings per share (in Rs.)	**44.64**	**9.24**
Nominal Value per share (in Rs.)	**10.00**	**10.00**

27. Employee benefits plan

(a) Defined contribution plan - The Company has recognised the following amount in the statement of profit and loss for the year ended:

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Contribution to provident fund	**12**	**14**

Above amount has been included in the line item 'Contribution to provident and other funds' in note 21 to the financial statements.

(b) Defined benefit plan - The company has one defined plan, i.e. Gratuity, for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Notes to consolidated financial statements

for the year ended 31 March 2012

Statement of profit and loss

	Gratuity	
	01 April 2011 to 31 March 2012 Rs. Millions	**01 October 2010 to 31 March 2011 Rs. Millions**
Net employee benefit expense recognized in the employee cost		
Current service cost	8	5
Interest cost on benefit obligation	5	2
Expected return on plan assets	(4)	(2)
Net actuarial (gain) / loss recognized in the year	(10)	9
Net benefit expense	**(1)**	**14**
The total expense recognised in the statement of profit and loss inlcudes Rs. 12 Million (previous period Rs. 14 Million) as contribution to provident fund. All the above amount has been included in the line item 'Contribution to provident and other funds' in note 21 to the financial statements.		
Balance sheet		
Benefit asset/liability		
Present value of defined benefit obligation	48	65
Fair value of plan assets	36	52
Funded status [surplus / (deficit)]	(12)	(13)
Plan asset / (liability)	**(12)**	**(13)**
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	65	53
Current service cost	8	5
Interest cost	5	2
Benefits paid	(19)	(4)
Actuarial (gains) / losses on obligation	(10)	9
Closing defined benefit obligation	**48**	**65**
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	51	53
Expected return	4	2
Contributions by employer	-	-
Benefits paid	(19)	(4)
Actuarial gains / (losses)	-	0
Closing fair value of plan assets	**36**	**51**

The company expects to contribute Rs. Nil to gratuity in the next year (Period ended 31 March 2011: Rs. Nil).

Notes to consolidated financial statements

for the year ended 31 March 2012

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	01 April 2011 to 31 March 2012	01 October 2010 to 31 March 2011
Investments with insurer	100%	100%

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

	Gratuity	
	01 April 2011 to 31 March 2012	01 October 2010 to 31 March 2011
Discount rate	8.40%	8.36%
Expected rate of return on assets	8.50%	9.25%
Salary escalation rate	6.00%	6.00%
Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Withdrawal rate	Upto age 26 years 0.10%	Upto age 26 years 0.10%
	Upto age 27-34 years 2.50%	Upto age 27-34 years 2.50%
	Upto age 35-44 years 6.50%	Upto age 35-44 years 6.50%
	Upto age 45-54 years 1.50%	
	Above age 54 years 0.50%	

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

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

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

	31 March 2012	31 March 2011	30 September 2010	30 September 2009	30 September 2008
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
Gratuity					
Defined benefit obligation	48	65	53	53	58
Plan assets	36	52	53	54	58
Deficit/(surplus)	12	13	-	(1)	-
Present value of unfunded obligations	12	13	-	(1)	
Experience adjustments on plan liabilities	(10)	-	-	-	-
Experience adjustments on plan assets	1	-	-	-	-

28. Leases

Operating lease: company as lessee

The company has entered into various leasing agreement classified as operating leases for residential, office, warehouse premises and vehicles which are renewable by mutual consent on mutually agreeable terms. These agreement generally range between 11 months to 4 years. The company does not have sub-leasing agreements. Lease payments are recognised in the statement of profit and loss under Rent' in note 22.

Notes to consolidated financial statements

for the year ended 31 March 2012

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

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Within one year	63	67
After one year but not more than five years	186	198
More than five years	-	-

29. Segment information

(a) Primary Segment

The Group operates in one business segment as Technolony and Network solution.

(b) Secondary Segment: Geographical segments

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Revenues - Within India	6,240	3,073
- Outside India	3,768	182
Less: Intercompany transactions	32	-
Total	**9,976**	**3,255**

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed for technology and network solutions integreter and accordingly there is only one Primary Business segment i.e. technology and network solution segment.

Geographical segments

The company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The following tables present revenue, expenditure and certain asset information regarding the company's geographical segments:

Year ended 31 March 2012

Particulars	Within India	Outside India	Eliminations	Total
Revenue				
External sales	6,240	3,736	-	9,976
Inter segment sales	-	32	32	-
Total revenue	**6,240**	**3,768**	**32**	**9,976**
Segment assets	6,108	3,343	209	9,242
Unallocated assets	-	-	-	-
Total assets	**6,108**	**3,343**	**209**	**9,242**
Other segment information				
Capital expenditure:				
Tangible assets	123	70	-	193
Intangible assets	14	-	-	14

Period ended 31 March 2011

Particulars	Within India	Outside India	Eliminations	Total
Revenue				
External sales	3,073	182	-	3,255
Inter segment sales	-	-	-	-
Total revenue	**3,073**	**182**	**-**	**3,255**
Segment assets	4,485	218	-	4,703
Unallocated assets	-	-	-	-
Total assets	**4,485**	**218**	**-**	**4,703**
Other segment information				
Capital expenditure:				
Tangible assets	31	-	-	31
Intangible assets	13	-	-	13

Notes to consolidated financial statements

for the year ended 31 March 2012

30. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company	Aegis Limited (w.e.f. 03 June 2011)
	Aegis Limited - Subsidiary of holding company (w.e.f. 20 January 2011 till 02 June 2011)
	AGC Holdings Limited [(formerly known as Essar Services Holdings Limited) upto 02 June 2011]
	Essar Capital Finance Limited (up to 19 January 2011)
	Essar Telecom Limited (Subsidiary of Essar Global Limited)
Ultimate holding company	Essar Global Limited
Subsidiaries	AGC Networks Australia Pty. Limited
	AGC Networks Pte Limited (formerly known as Aegis Tech. Singapore Pte. Limited) (w.e.f. 01 May 2011, fellow subsidiary upto 30 April 2011)

Related parties with whom transactions have taken place during the year

Fellow subsidiaries	Aegis Tech Limited
	Actionline DE Argentina SA
	Aegis Communications Group LLC
	Aegis Services Australia Pty Limited
	Aegis Services Philippines Inc
	Aegis Aspire Consultancy Services Limited
	Global Vantage Private Limited
	Aegis Outsourcing South Africa Pty Limited
	Aegis BPO Costa Rica
	Aegis Global Services FZ-LLC
	Aegis Outsourcing UK Limited
	Aegis People Support Inc
	Aegis USA Inc
	Aegis Services Lanka P Limited
	Equinox Business Parks Pvt Limited
	Essar Services Mauritius
	Essar House Limited
	Essar Information Technology Limited
	Essar Infrastructure Services Limited
	Essar Investment Limited
	Essar Oil Limited
	Essar Power MP Limited
	Essar Projects India Limited
	Essar Projects Singapore Pte Limited
	Essar Services India Limited
	Essar Power Gujarat Limited
	Essar Power Jharkhand Limited
	Essar Steel Limited
	Essar Telecom Kenya Limited
	Essar Management Consultants Limited
	Contact Center Company LLC
	The Mobile Stores Limited
Key management personnel	Mr. S. K. Jha Managing director (w.e.f. 31 Aug 2010) (Remuneration (w.e.f. 01 Dec 2011))
	Mr. Anil Nair (upto 31 Aug 2011)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

a. Transactions and Balances with Related Parties

(Rs. Millions)

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Inter-Corporate Deposits placed	Inter-Corporate Deposits withdrawn	Interest received/ receivable	Dividend Paid/ payable	Expenses reimbuse-ment received	Invest-ment purchased	Advances recovera-ble in cash or in kind	Invest-ment made	Inter-Corporate Deposits	Amount owed by related parties*	Amount owed to related parties*
Holding and ultimate holding companies																	
Essar Global Limited	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Limited	31-Mar-12	347	163	-	-	38	-	-	-	160	-	-	2	800	-	303	38
	31-Mar-11	71	30	-	-	-	800	800	10	25	1	800	1	800	-	110	-
Essar Services Holdings Limited	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fellow subsidiaries																	
AGC Networks Pte. Limited	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	72	-	38	-	-	-	-	-	-	-	-	-	-	-	35	38
Aegis Tech. Limited	31-Mar-12	7	51	23	17	-	-	-	-	-	-	-	-	-	-	45	44
	31-Mar-11	5	-	-	12	-	-	-	-	-	17	-	17	-	-	5	12
Actionline DE Argentina SA	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Communications Group LLC	31-Mar-12	84	11	-	-	-	-	-	-	-	-	-	-	-	-	4	33
	31-Mar-11	5	3	-	-	-	-	-	-	-	-	-	-	-	-	7	-
Aegis Services Australia Pty Limited	31-Mar-12	30	1	-	-	-	-	-	-	-	-	-	23	-	-	36	189
	31-Mar-11	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Services Philippines Inc	31-Mar-12	49	-	-	-	-	-	-	-	-	-	-	-	-	-	0	27
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Vantage Private Limited	31-Mar-12	-	-	-	-	-	-	-	19	-	-	-	-	-	200	-	-
	31-Mar-11	-	-	-	-	-	400	200	4	-	-	-	-	-	200	-	-
Aegis Outsourcing South Africa Pty Limited	31-Mar-12	30	-	-	-	-	-	-	-	-	-	-	-	-	-	14	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis BPO Costa Rica	31-Mar-12	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Global Services FZ-LLC	31-Mar-12	137	-	-	-	-	-	-	-	-	-	-	-	-	-	137	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Outsourcing UK Limited	31-Mar-12	32	-	-	-	-	-	-	-	-	-	-	-	-	-	38	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis People Support Inc	31-Mar-12	128	-	-	-	-	-	-	-	-	-	-	4	-	-	21	1
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Aspire Consultancy Services Limited	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis USA Inc	31-Mar-12	53	-	-	-	-	-	-	-	-	-	-	-	-	-	(0)	150
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aegis Services Lanka P Limited	31-Mar-12	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Related party transactions *(Contd.)*

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

a. Transactions and Balances with Related Parties

(Rs. Millions)

	Year ended	Sale of goods (Based on Invoicing)	Sale of services (Based on invoicing)	Purchase of traded goods	Purchase of capital goods	Services received	Inter-Corporate Deposits placed	Inter-Corporate Deposits withdrawn	Interest received/ receivable	Dividend Paid/ payable	Expenses reimbursement received	Investment purchased	Advances recoverable in cash or in kind	Investment made	Inter-Corporate Deposits	Amount owed by related parties*	Amount owed to related parties*
Equinox Business Parks Pvt Limited	31-Mar-12	3	-	-	-	60	-	-	-	-	-	-	27	-	-	3	-
	31-Mar-11	-	-	-	-	17	-	-	-	-	-	-	27	-	-	-	-
Essar Services Mauritius	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar House Limited	31-Mar-12	7	-	-	-	-	-	-	-	-	-	-	-	-	-	24	-
	31-Mar-11	28	-	-	-	-	-	-	-	-	-	-	-	-	-	28	-
Essar Infrastructure Services Limited	31-Mar-12	2	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-
	31-Mar-11	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Essar Investment Limited	31-Mar-12	147	-	-	-	-	-	-	-	-	-	-	-	-	-	150	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Information Technology Limited	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-
Essar Oil Limited	31-Mar-12	18	1	-	-	-	-	-	-	-	-	-	-	-	-	15	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Projects India Limited	31-Mar-12	4	-	-	-	-	-	-	-	-	-	-	3	-	-	5	-
	31-Mar-11	13	-	-	-	-	-	-	-	-	-	-	-	-	-	9	-
Essar Projects Singapore Pte Limited	31-Mar-12	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Power MP Limited	31-Mar-12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	2	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-
Essar Power Gujarat Limited	31-Mar-12	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Power Jharkhand Limited	31-Mar-12	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Services India Limited	31-Mar-12	95	-	-	-	-	-	-	-	-	-	-	-	-	-	36	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Steel Limited	31-Mar-12	55	3	-	-	-	-	-	-	-	-	-	-	-	-	30	-
	31-Mar-11	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Essar Telecom Kenya Limited	31-Mar-12	-	3	-	0	-	-	-	-	-	-	-	10	-	-	0	(10)
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essar Management Consultants Limited	31-Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
The Mobile Stores Limited	31-Mar-12	4	-	2	-	-	-	-	-	-	-	-	-	-	-	3	-
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contact Center Company LLC	31-Mar-12	88	-	-	-	2	-	-	-	-	-	-	-	-	-	88	2
	31-Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* The amounts are classified as trade receivables and trade payables/other liabilities/advance to drs, respectively.

Notes to consolidated financial statements

for the year ended 31 March 2012

b. Remuneration to key managerial personnel

	31 March 2012 Rs. Millions	31 March 2011 Rs. Millions
Mr. S. K. Jha Managing director		
Salary, bonus and contribution to PF	5	-
Payable	1	-
Mr. Anil Nair (Refer note 32)		
Salary, bonus and contribution to PF	5	15
Payable	3	15

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

31. Capital and other commitments

(a) Estimate amount of contracts remaining to be executed on capital account and not provided for Rs. 32 Million (Period ended 31 March, 2011: Rs. 44 Million)

(b) For commitments relating to lease arrangements, please refer note 28.

32. Remuneration to Managing Director

Approval from the Central Government of India is awaited for the amount of Rs.5 Million paid/payable to the Managing Director for the period ended March 31, 2011 in excess of the limits specified under the Companies Act 1956. The company had filed the application on 20 May 2011.

33. Contingent liabilities

	01 April 2011 to 31 March 2012 Rs. Millions	01 October 2010 to 31 March 2011 Rs. Millions
Contingent liabilities in respect of disputed demands of:		
(a) Income tax authorities	236	170
(b) Excise and Customs authorities	83	83
(c) Sales tax matters	14	9
(d) Bills Discounted	19	46

Income tax:

The demand is raised mainly on deferral profit due to change in revenue recognition policy and other cases for Rs. 236 Million (31 March 2011 Rs. 170 Million). This is a timing difference liability and appeal is filed before Commissioner of appeals.

Excise :

The amount is reported as contingent liability as an abundant caution for the appeal filed by the department with higher authority for applicability of custom duty on royalty remittance for Rs. 67 Million (31 March 2011 Rs. 67 Millions). The order from the lower authority is issued in favour of the company. Rs. 11 Million (31 March 2011 Rs. 11 Million) relate to Service tax on RTU activation charges & penalty thereon. AGC has filed appeal before commissioner in this case. Rs. 5 Million (31 March 2011 Rs. 5 Million) related to Excise duty demand on sales of Software. AGC has filed appeal before tribunal.

Sales tax:

This represents Rs. 8 Million (31 March 2011 Rs. 8 Million) on account of non-receipt of 'F' form which is based on abundant precaution. 'F' forms are to be received from AGC's own branches. Balance amount of Rs. 6 Million (31 March 2011 Rs. 1 Million) is sales tax liability in the state of Kerala & West Bengal against which we have filed appeal before competent authority.

Bills Discounted:

Bill discounted represents sales bills discounted with banks against receivables from customers.

Notes to consolidated financial statements

for the year ended 31 March 2012

34. Unhedged foreign currency exposure

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

Particulars	01 April 2011 to 31 March 2012			01 October 2010 to 31 March 2011		
	Foreign Currency		Rupees in Million	Foreign Currency		Rupees in Million
Trade Payables	12,302,602	USD	629	13,252,003	USD	591
	1,300	GBP	0	-	GBP	-
	14,026	EURO	1	753	EURO	0
Bank Balances	2,391,653	USD	122	555,360	USD	25
Trade Receivables	3,504,514	USD	178	8,662,731	USD	386
	9,900	AUD	1	-	GBP	-
Short term borrowings	4,106,586	USD	210		-	-
Other current liabilities	121,686	USD	6		-	-

* Impact of exchange gain / loss on unhedged exposure of receivables / payables as reflected above, will offset to the extent of outstanding balances.

35. During the year ended 31 March 2012

a) The Company has entered into a 60:40 joint venture agreement with a Saudi Arabian Company for developing the Saudi Arabian market for the products and services of AGC or any of its affiliates. For this purpose, it has committed Rs. 37 Million (SAR 2.7 Million) towards initial share capital in the joint venture comprising 27 thousand shares of 100 SAR each.

b) The Company, through its wholly owned subsidiary in Singapore has entered into a 42:40:18 joint venture agreement with an enterprise in UAE for execution of implementation projects in Dubai offering technology, infrastructure, integration, operation and management services.

36. Previous year figures

Till the period ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

Since the company had changed its year end from September end to March end in the previous year, current year statement of profit and loss is for twelve months ended 31 March 2012 and is not comparable to previous period figures which is for six months period ended 31 March 2011. Further, the Company has acquired stake in AGC Networks Pte Limited (formerly known as Aegis Tech Singapore Pte Limited) w.e.f. 01 May 2011 for which numbers are included in the current year and which were not part of previous period numbers.

37. All amounts are in Rupees (in Million) except otherwise stated specifically - '0' denotes amounts less than a Million rupees.

As per our report of even date

For S. R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants

per SHYAMSUNDAR PACHISIA
Partner
Membership no.: 49237

Place : Mumbai
Date : 10 May 2012

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

S. K. JHA
MD & CEO

APARUP SENGUPTA
Director

VISHAL KOHLI
Company Secretary

S. PRASAD
AVP & Head (Finance)

Place : Mumbai
Date : 10 May 2012

Statement regarding Subsidiary Companies

Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

Rs. Million

Sr. No.	Name of Subsidiary Company	Reporting currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding investment in subsidiaries)	Turnover	Profit/(loss) before Taxation	Provision For Taxation	Profit/(loss) After Taxation	Proposed Dividend	Country
1	AGC NETWORKS AUSTRALIA PTY LIMITED	AUD	53.2027855	225	(178)	167	120	-	397	(31)	-	(31)	-	AUSTRALIA
2	AGC NETWORKS PTE LIMITED	USD	51.1565000	0	693	3,173	2,480	-	3,547	621	105	516	-	SINGAPORE
3	AGC NETWORKS INC. USA	USD	51.1565000	-	-	-	-	-	-	-	-	-	-	USA

NOTE:

The Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rate as on 31.03.2012.

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

S. K. JHA
MD & CEO

APARUP SENGUPTA
Director

VISHAL KOHLI
Company Secretary

S. PRASAD
AVP & Head (Finance)

Place : Mumbai
Date : 10 May 2012

Financial Highlights – Consolidated

(Rs. in Million)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Fixed Assets (Net) and Investment	**1,158**	1,026	217	199	272	264	322	267	298	335
Net Current Assets	**3,283**	1,463	2,191	1,937	1,739	1,642	1,315	1,179	1,239	989
Total Capital Employed	**3,225**	2,627	2,530	2,257	2,154	2,040	1,733	1,513	1,573	1,332
Shareholders' Funds										
I. Equity	**142**	142	142	142	142	142	142	142	142	142
II. Reserves and Surplus	**3,083**	2,485	2,388	2,115	2,010	1,892	1,579	1,349	1,189	935
Total	**3,225**	2,627	2,530	2,257	2,152	2,034	1,721	1,491	1,331	1,077
Sales (including excise)	**9,976**	3,255	5,404	5,584	6,372	9,247	4,779	3,386	4,019	3,257
Other Income	**129**	31	103	42	34	83	166	48	770	13
Profit Before Tax	**863**	192	524	232	286	690	523	363	527	300
Provision for Tax										
I. Current Tax	**217**	76	178	51	108	282	227	160	228	110
II. Deferred Tax	**11**	(16)	-	21	(9)	(36)	(29)	(30)	(27)	5
III. Fringe Benefit Tax	**-**	-	-	5	12	17	17	-	-	-
Profit After Tax	**635**	132	346	155	175	427	309	233	327	186
Dividend (%)	**150**	22.50	45.00	35.00	35.00	67.50	45.00	45.00	45.00	25.00
Debt Equity Ratio	**0.40**	-	-	-	-	-	0.01	0.01	0.02	0.04
Assets Cover Ratio	**-**	-	-	-	-	146.59	83.76	31.20	23.92	22.64
Earning per share (Rs.)	**44.64**	9.24	24.31	10.90	12.30	30.01	21.69	16.39	22.96	13.04
Cash Earning per share (Rs.)	**52.85**	11.94	29.79	18.13	20.80	42.29	29.25	23.90	31.29	16.68
Book Value per share (Rs.)	**226.63**	184.57	177.78	158.60	151.21	142.91	120.94	104.77	93.77	75.85

AGC NETWORKS LIMITED

Regd. Office: Equinox Business Park (Peninsula Techno Park),
Off Bandra Kurla Complex, LBS Marg, Kurla (West), Mumbai – 400 070.

Attendance Slip

I hereby record my presence at the TWENTY-SIXTH ANNUAL GENERAL MEETING of the Company at Rangaswar Hall, Chavan Centre, General Jagannath Bhosale Marg, Mumbai – 400021 at 11:00 a.m. on Friday, 27th July, 2012.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

Notes:

1. Member / Proxyholder wishing to attend the meeting must bring this Attendance Slip to the meeting and hand it over at the entrance duly signed.
2. Member / Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

Shareholders are requested to claim dividend for the years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 if not claimed so far.

AGC NETWORKS LIMITED

Regd. Office: Equinox Business Park (Peninsula Techno Park),
Off Bandra Kurla Complex, LBS Marg, Kurla (West), Mumbai – 400 070.

Proxy

I/We ....of

.... in the district of .... being a

member / members of the above named Company, hereby appoint ....

.... of .... in the district of .... or failing him / her

.... of .... in the district of

.... as my / our Proxy to attend and vote for me / us and on

my / our behalf at the Twenty-Sixth Annual General Meeting of the Company, to be held on Friday, 27th July, 2012 and at any adjournment thereof.

Signed this .... day of .... 2012.

Reference Folio ____________________

Client ID No. ____________________

DP ID ____________________

No. of Shares held

Signature ____________ Affix Re. one revenue stamp ____________

This form is to be used * In favour of / * against the resolution. Unless otherwise instructed, the Proxy will act as he / she thinks fit.

* Strike out whichever is not desired.

Note: The Proxy must be returned so as to reach the Registered Office of the Company at Equinox Business Park (Peninsula Techno Park), Off Bandra Kurla Complex, LBS Marg, Kurla (West), Mumbai – 400 070 not less than FORTY-EIGHT HOURS before the time for holding the meeting.

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AGC

Enabling Experience

Registered Office

Equinox Business Park (Peninsula Techno Park), Tower 1,
Off Bandra Kurla Complex, LBS Marg,
Kurla (West), Mumbai - 400 070. India.

www.agcnetworks.com