

AGC/SD/SEBI/2019/105

November 25, 2019

To,
The Chief General Manager
Corporate Finance Department
Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A, "G" Block
Bandra Kurla Complex, Bandra (East)
Mumbai - 400051
Phone: 02226449430

AGC Networks Limited
Equinox Business Park
Tower 1, Off BKC
LBS Marg, Kurla (West)
Mumbai 400 070
India
T +91 22 6661 7272
www.agcnetworks.com

Sub: Request for Informal Guidance by way of interpretative letter on Compliance of Regulation 24 read with Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {" the Regulations" or "SEBI LODR"}

Ref: AGC Networks Limited ("AGC" or "the Company")

Dear Sir,

We, AGC Networks Limited, is a Public Listed Company registered under the Companies Act 1956 and an existing Company under the Companies Act, 2013, having its Registered office at Equinox Business Park, Tower 1, Off BKC, LBS Marg, Kurla (West), Mumbai - 400 070, having its equity shares listed on The National Stock Exchange Limited and Bombay Stock Exchange Limited with ISIN INE676A01019.

BACKGROUND

Regulation 24 (1) of SEBI LODR provides that:

"At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not."

Further, the term **Material Subsidiary** has been defined under **Regulation 16** as *"a subsidiary, whose income or net worth exceeds [ten] percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year."*

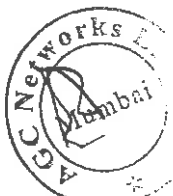
Explanation to Regulation 24(1) provides: for the purpose of this provision, notwithstanding anything to the contrary contained in Regulation 6, the term 'Material Subsidiary' shall mean a subsidiary whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year."

FACTS

The Company has 65 Subsidiaries spread across the globe as on 31st March 2019. The summary of key financial details of these Subsidiaries is enclosed herewith as **Annexure A**. The details of the Subsidiaries identified as Material for the purpose as aforesaid and the working/calculation considered for arriving at the conclusion are enclosed herewith as **Annexure B**.

CALCULATION

While identifying the Material Subsidiaries, the management has considered Income and Net worth criteria as provide under the Regulations. The Net worth criteria has been considered in the following manner for all the subsidiaries:



Total Assets – Total Liabilities – Immediate Holding Company Investments = Net worth of the Particular Subsidiary

REQUEST

Basis above, the management has identified three Material Subsidiaries and appointed Independent Director in these three Subsidiaries to comply with the provisions. However, the management intends to ensure that the methodology of calculation considered by the Company is appropriate and in consonance with the objective of the provision as intended by the SEBI.

In view of the above and pursuant to SEBI (Informal Guidance) Scheme, 2003, we request for an interpretative letter from you on the above calculation and working for ascertaining the Material Subsidiaries based on Net worth Criteria and will be pleased to provide any additional information as may be required in this matter for further discussion.

We are enclosing herewith demand draft of Rs. 25,000/- dated 22/11/2019 bearing no. 128078 favoring Securities Exchange Board of India, drawn on Yes Bank towards the fees payable for seeking interpretative letter of the Board under SEBI (Informal Guidance) Scheme, 2003.

Any request for further information/clarification required on this matter may be addressed to:

AGC Networks Limited
Equinox Business Park, Tower -1
Off BKC, LBR Road, Kurla West,
Mumbai – 400070
Email: Aditya.goswami@agcnetworks.com
Tel. No.: 022 6667 1459

We would highly appreciate your consideration in this matter.

For AGC Networks Limited


Aditya Goswami
Company Secretary & Compliance Officer
Membership No: A27365

