2015 YEARS ON NASDAQ

Annual Report 2014-15

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Board of Directors

Sify Technologies Limited

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

T H Chowdary

C B Mouli

P S Raju

S K Rao

C E S Azariah

Audit Committee

C B Mouli
Chairman & Financial Expert

S K Rao

C E S Azariah

Compensation Committee

T H Chowdary
Chairman

P S Raju

S K Rao

C E S Azariah

Nomination & Remuneration Committee

T H Chowdary
Chairman

P S Raju

S K Rao

C E S Azariah

Corporate Social Responsibility Committee

Raju Vegesna
Chairman

Ananda Raju Vegesna

C E S Azariah

M P Vijay Kumar
Chief Financial Officer

L V Veeranjaneyulu Y
Company Secretary

Statutory Auditors

ASA & Associates LLP
Chartered Accountants
Chennai

Internal Auditors

Yoganandh & Ram
Chartered Accountants
Chennai

Secretarial Auditor

V Ramasubramanian
Chennai

Cost Auditor

S Ramachandran
Chennai

Registered Office
2nd Floor, TIDEL Park
4, Rajiv Gandhi Salai
Taramani, Chennai 600 113

Bankers
State Bank of India
AXIS Bank Limited
Union Bank of India
Yes Bank Limited
ICICI Bank Limited
HDFC Bank Limited

DIRECTORS' REPORT

Dear Members,

Your Directors present the Nineteenth Annual Report together with the audited financials of your Company for the financial year ended March 31, 2015.

1 FINANCIAL HIGHLIGHTS

₹ in lakhs

Details	Year ended March 31, 2015*	Year ended March 31, 2014**
Income from operations	1,28,135	1,04,461
Other Income	1,451	2,051
Profit Before Interest, Tax, Depreciation & Amortization and exceptional items	20,186	16,634
Depreciation and amortization	12,808	10,728
Interest expense (Net)	3,489	2,045
Profit before Tax and Exceptional items	3,889	3,861
Exceptional items	–	3,200
Profit before tax	3,889	7,061
Profit after Tax	3,889	7,061
Proposed Dividend	1,410	1,367

* represents the financials of the Company post merger of M/s Pace Info Com Park Private Limited with M/s Sify Technologies Limited effective April 1, 2014.

** represents the financials of the Company post-merger of M/s Sify Software Limited and M/s Hermit Projects Private Limited with M/s Sify Technologies Limited April 1, 2013.

During the year under review, Your Company registered revenue from operations ₹ 1,28,135 lakhs as against ₹ 1,04,461 lakhs in the previous year, a growth of 23%. The EBITDA for the year was ₹ 20,186 lakhs as compared to ₹ 16,634 lakhs in the previous year. The Profit before Tax and Exceptional items for the year was ₹ 3,889 lakhs compared to ₹ 3,861 lakhs in the previous year. The Profit before tax for the year was ₹ 3,889 lakhs compared to the profit of ₹ 7,061 lakhs reported during the previous year.

Financial information of the Subsidiaries:

Sify Technologies (Singapore) Pte. Ltd, Singapore

During the year under review, the Company reported revenue of ₹ 504.5 lakhs as compared ₹ 166.3 lakhs in the previous year. The profit was ₹ 68.6 lakhs as compared to a loss of ₹ 62.3 lakhs in the previous year.

Sify Technologies North America Corporation, USA

For the eleven months period ended on March 31, 2015, the Company reported revenue of ₹ 78.8 lakhs. The Company incurred a loss of ₹ 340.3 lakhs in its first year of operation.

2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

No material changes and commitments have occurred affecting the financial position of the Company after March 31, 2015 till the date of this report.

3. DIVIDEND:

Based on the Company's performance the Directors are pleased to recommend for approval of the members a dividend of ₹ 1 per paid up Equity Share of ₹10 each for the year 2014 - 15 (for 2013 - 14 ₹ 1 per equity share). The dividend, when approved by the members, would involve a cash outflow of ₹ 1,410 lakhs towards Dividend and ₹ 287 lakhs towards Dividend Distribution Tax aggregating a total out flow of ₹ 1,697 lakhs.

4. TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves during the financial year.

5. BUSINESS REVIEW

Your Directors are happy to state that Your Company's focus on Services and Solutions in gaining traction.

- In a clear affirmation of Your Company's strategic vision, several large Enterprises across Private, Government agencies and PSUs picked Sify to migrate them to the next level of Network and Managed Services.
- Your company's Data Centre business won the prestigious CIO CHOICE 2015 award for its suite of Integrated Data Centre solutions.
- Your Company's Cloud and Managed Services was conferred the Best Cloud Storage deployment Architecture by an International OEM.
- The Institute of Directors, India conferred the prestigious Golden Peacock award for Business Excellence on Your Company in August 2014.

Late last year, Your Company completed 15 eventful years of listing on the NASDAQ.

a. Key Business Performance

Telecom and specifically network management business continues to be the entry point for clients buying into Your Company's services portfolio.

- This business continued its strong showing with a revenue growth of more than 30% for the 3rd year in a row. Voice business grew 11% over the previous year. During the course of the year, the business added more than 300 major customers across all verticals.
- A critical part of Your Company's Services eco-system, the submarine cables received a huge boost when the MENA (Middle East North Africa Cable) System became operational at our Cable Landing station in Mumbai. With this addition, Your Company now has access to over 5 cable systems for carrying traffic on the Mediterranean and Atlantic routes. This has helped Your Company grow Internet capacity by more than 6 times in sync with capacity available.
- Your Company has expanded its capacity at its flagship Techspace Data Center in Navi Mumbai by building a dedicated EHV substation, with the capability to expand up to 50 MW.
- Several other notable partnerships were also signed with other OEMs.
- Your Company signed its first end-to-end SAP led total outsourcing deal this year. In all, the Applications Integration business signed up 10 new customers for the newly launched Managed SAP Services offering.
- The Technology Integration Services added more than 110 new customers under Network Integration, Security & DC and Unified Communication services. Multiple Data Centre and Disaster Recovery Infrastructure Build projects for PSU and Governments entities contributed to this business growing 69% over last year.

b. Industry Outlook

The Indian IT industry is undergoing a lateral shift from its traditional revenue generators of hardware and software. It is the age of collaborated work spaces.

By its very definition, it will require virtual platforms and multi-point, multi-device access. Data generated from such collaborative process will be large formats and hence will require secure and scalable storage.

The following factors will drive business going forward.

i. Cloud, convergence, virtualization will drive demand for Virtual and Co-located space.

According to research firm Gartner, Indian data center infrastructure market, comprising of server, storage and networking equipment, will see a 5.4 % increase to $2.03 billion in 2015.

DC service providers will begin to actively cater to the Enterprise business owning to rising popularity of doing business on convergence platforms and access to multiple managed Services. Large new Enterprises entering the country will be actively courted for co-location at Your Company's new Data Centres at Rabale and Noida.

ii. SMAC is the new integrator

A large amount of data generated today is on social forums and quite often than not, through mobile devices. It requires an elastic storage platform like the Cloud to keep pace with the growth and analytics to break it down to make operational sense. It is clearly a business disruptor and can quickly overwhelm non IT organisations. Your company's presence across the full breadth of ICT solutions places it at an unique advantage of being able to integrate and extend these services for all types of customers.

iii. Security

Cloud computing and mobility are the two major pillars on which India SMBs' (small & medium business with 1-999 employees) ICT adoption rests. Their combined wallet share is likely to rise from just above 30% in 2013 to almost 45% within the next five years. Given the rise of virtual storage and the advent of BYOD, Security is now top priority both among in-house and client practises.

IT research and advisory company Gartner also sees the Indian market for security infrastructure (software and hardware) and services (consulting, MSS, implementation and support) together growing to $1.4 billion by 2017 from $989 million this year. Business Standard reports that the Indian market for security infrastructure and services growing to $1.4 billion by 2017 from $989 million in 2014.

All of these reaffirm that Your Company is in the right direction with regards to its product portfolio.

It is now time to amplify these strengths to market.

c. Delivery

The biggest intangible asset of any Company, its brand, builds it equity on the consistent and reliable delivery of all projects. This goes beyond mere people and processes.

In the case of Your Company, the brand promise of building a 'Converged ICT eco-system' by its 'Bring it on' attitude has consistently built allies across very challenging market environment. 'Converged ICT eco-system' is the fabric of solutions and services touching every realm of the ICT industry and 'Bring it on' attitude is the spirit with which the Company approaches every single challenge.

Perhaps the best example of this spirit would be the project for the Department of Posts. When commissioned and delivered, Your Company would have established, perhaps the largest single private MPLS network in the world.

d. Technology initiatives

- Your Company is now present in more than 1300 locations across India supported by a footprint of more than 2500 base stations.
- Your Company's hosting services are now SAP certified at the coveted Gold level.
- Your Company's Cloud enabled Managed hosting services has also entered the much indexed Gartner Magic Quadrant Asia/Pacific service providers.

- Your Company has renewed the TL9000 certification for its Network Operations Center, Network Managed Services and the Service Provider Processes. This quality management practice was designed by the QuEST Forum in 1998 and created to focus on supply chain directives throughout the international telecommunications industry.

6. MAJOR CORPORATE DEVELOPMENTS

a. NASDAQ Listing

Your Company achieved a major milestone when it completed 15 continuous years of listing on the prestigious NASDAQ Stock market.

b. Merger of Subsidiary Companies

The Companies filed petitions with the Hon'ble High Court of Madras and the Court sanctioned the Scheme of Arrangement vide its Order dated February 12, 2015, the merger of Pace Info Com Park Private Limited, the wholly owned Subsidiary Company, with Sify Technologies Limited effective April 1, 2014.

c. Incorporation of US Subsidiary

With a view to expand the Company's international business specifically in the area of Remote Infrastructure Managed Services and IT Services based business, the Company has incorporated its Wholly Owned Subsidiary by name Sify Technologies North America Corporation in the State of Delaware, USA on May 7, 2014.

7. ASSOCIATES STOCK OPTION PLAN

The members of the company have approved in their previous Annual General meeting to introduce a new Stock Option Plan with an allocation of 250 lakhs Equity Shares of ₹ 10/- each under Associate Stock Option Plan 2014 (ASOP 2014) for granting to:

i. The full time Associates of the Company and its Holding, Subsidiary or Associate Companies

ii. Members of the Board of Directors

iii. Principal Officers and

iv. Principal Officers and Directors of any Indian / Overseas Subsidiaries and Associates.

The ASOP 2014 gives the Board and the Compensation Committee the absolute discretion and power in formulating the Rules, Regulations, Eligibility criteria, Vesting Schedule, Expiry etc. of the Plan and also to amend the same in the Plan from time to time as they may deem fit and appropriate.

In this regard, the Nomination and Remuneration Committee has approved to grant the options and the details are illustrated as below:

Category	Total No of Options	No. of Associates
Associates who have completed more than 2 years of Service with Sify on the date of grant i.e 20.01.2015	42,40,300	62
Associates who have completed between 1 and 2 years of Service with Sify on the date of grant	4,87,700	8
Associates who have completed less than 1 year of service with Sify on the date of grant	11,42,800	15
Total	**58,70,800**	**85**

8. STATEMENT OF PERFORMANCE EVALUATION BY THE BOARD:

The Board of Directors of your company, basis the procedures (through questionnaires, One to One Meetings and discussion with all the stakeholders), have evaluated its own performance and that of its Committees and Individual Directors.

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

i. Reappointment of Mr Ananta Koti Raju Vegesna

During the year, the Company reappointed Mr Ananta Koti Raju Vegesna as the Chairman and Managing Director of the Company for a further period of five years effective from July 18, 2014 without any remuneration and obtained the approval from the Central Government.

ii. Key Managerial Personnel:

During the year, as per the provisions of Section 203 of the Companies Act, 2013 and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following Officers of the Company were designated as Whole-Time Key Managerial Personnel of the Company:

Mr Raju Vegesna	Chairman & Managing Director
Mr M P Vijay Kumar	Chief Financial Officer
Mr L V Veeranjaneyulu Y	Company Secretary

iii. Independent Directors

During the year, the following Directors were appointed as Independent Directors of the Company and the same was approved by the Shareholders at the Eighteenth Annual General Meeting of the Company.

1. Dr T H Chowdary
2. Mr C B Mouli
3. Dr S K Rao
4. Mr C E S Azariah

During the Financial year 2014 - 15, there was no change in the composition of Key Managerial Personnel and Directors.

10. SUBSIDIARIES:

i. During the financial year 2014 -15 Your Company has incorporated a wholly owned subsidiary viz M/s Sify Technologies North America Corporation in the state of Delaware, USA.

ii. The Companies filed petitions with the Hon'ble High Court of Madras and the Court sanctioned the Scheme of Arrangement vide its Order dated February 12, 2015, the merger of Pace Info Com Private Limited, the wholly owned Subsidiary, with Sify Technologies Limited effective April 1, 2014.

11. Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

12. There are no significant material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

13. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Internal Financial Control is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Applicable Reporting Requirement Standards. Our Internal Financial Control includes:

- that all disclosures as required by law and applicable accounting/reporting standards have been complied with.

- that all Policies and procedures of the company have been adhered to and those policies and procedures relating to safeguarding of assets which have been complied with.
- that compliance of such policies and procedures enable prevention and detection of fraud and error.
- that policies and procedures adopted by the Company ensure accuracy and completeness of accounting records.

On account of its inherent limitations, Internal Financial Control may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The assessment of the effectiveness of our internal financial control as of March 31, 2015 was conducted. The assessment of Internal Financial Control was based on the evaluation of the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Tread way Commission (COSO). Based on the assessment, it was concluded that our internal financial control was effective as of March 31, 2015.

14. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors state:

(i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) that they had selected such accounting policies and applied them consistently and made judgments 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 or loss of the Company for that period;

(iii) that they had taken proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

(v) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

15. CORPORATE GOVERNANCE

Your Company is compliant with the requirements of SEC / NASDAQ Regulations relating to the independence of Directors in Board, Audit, Compensation and Nominating Committees.

Your Company ensures strict compliance of the Whistle Blower Policy and Code of Conduct for the Board of Directors and Senior Management.

The provisions of Sarbanes-Oxley Act of 2002 which are applicable to the Company have been complied with.

16. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has two Subsidiaries as on March 31, 2015. There has been no material change in the nature of Business of Subsidiaries. The Consolidated financial statement of the Company and its subsidiaries is attached as **Annexure**. The Consolidated financial statements have been prepared in accordance with the relevant accounting standards applicable to the Company.

17. VIGIL MECHANISM

In compliance with the procedure laid down under the Whistleblower Policy / Vigil mechanism as required under the Companies Act, 2013 / Sarbanes-Oxley Act, 2002, the Company has established procedures for

i. receiving, retaining and treating complaints received and

ii. confidential, anonymous submission by employees / Directors, of complaints regarding questionable accounting or auditing matters, conduct which results in a violation of law by Company or in a substantial mismanagement of Company resources

iii. reporting the genuine concerns by the employees and Directors

iv. adequate safeguards against victimization of persons who use vigil mechanism

The said policy has been in operation since 2008.

18. BOARD MEETINGS

During the year, the Board of Directors of your Company met 6 times. The date of meetings are April 22, 2014, May 17, 2014, July 28, 2014, October 16, 2014 January 20, 2015 and March 23, 2015.

19. DIRECTORS

i. Retirement by rotation

Mr P S Raju, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommend his re-appointment.

ii. Reappointment of Executive Director

Based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the members of the Company, the Board of Directors of the Company proposes to reappoint Mr Ananda Raju Vegesna as the Executive Director of the Company for a further period of Five years effective June 22, 2015 with such remuneration as may be decided by the Committee and Board in compliance with the provisions of Section 197 read with Part II of Schedule V of the Companies Act, 2013.

iii. Declaration from Independent Directors on Annual Basis

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

20. COMMITTEES

i. Audit Committee

The Audit Committee consists Mr C B Mouli, Dr S K Rao and Mr C E S Azariah. Mr CB Mouli is the Financial Expert of the Committee.

ii. Compensation Committee

The Compensation Committee consists Dr T H Chowdary, Dr S K Rao, Mr P S Raju and Mr C E S Azariah.

iii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists Dr T H Chowdary, Dr S K Rao, Mr P S Raju and Mr C E S Azariah.

The Company has framed a policy on the directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013.

iv. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee consists Mr Raju Vegesna, Mr Ananda Raju Vegesna and Mr C E S Azariah.

v. Nominating Committee

The Nominating Committee constituted under the SEC Regulations consists Dr T H Chowdary, Dr S K Rao and Mr C E S Azariah.

21. EXPLANATION BY THE BOARD ON THE OBSERVATION MADE BY THE SECRETARIAL AUDITOR:

Appointment of Woman Director:

The Company is required to appoint Woman Director on or before March 31, 2015. The Nomination and Remuneration Committee is in the process of identifying the right candidature with related expertise.

22. AUDITORS

i. Statutory Auditors:

a. Name and Address:
M/s ASA & Associates LLP, Chartered Accountants, No 39, 1st Main Road, R A Puram, Chennai.

b. Reappointment:

The Company's Statutory Auditors, M/s ASA & Associates LLP, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment. In terms of Section 139 of the Companies Act, 2013, the Board has recommended to reappoint them to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee.

ii. Secretarial Auditor:

a. Name and Address:

Mr V Ramasubramanian, Practicing Company Secretary, 33, Madhava Perumal Koil Street, Mylapore, Chennai

b. Report:

Secretarial audit report as provided by Mr V Ramasubramanian, Practising Company Secretary is annexed to this Report as **Annexure 1**.

iii. Cost Auditor:

Name and Address:

Mr S Ramachandran, Cost Accountant, 160, MGR Street, Saligramam, Chennai

23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

The particulars prescribed under clause (m) of sub section (3) of Section 134 of the Companies Act, 2013 read with rule 8 (3) of the Companies (Accounts) Rules, 2014 of the following:

i. Conservation of Energy & Technology Absorption

In view of the nature of activities that are being carried out by the Company, the particulars prescribed under clause (m) of sub section (3) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules 2014 on conservation of energy and technology absorption are not applicable to the Company.

ii. Foreign Exchange Earnings and Outgo

During the year, the Company earned foreign exchange of ₹ 40,899 lakhs and the outgo in foreign exchange were ₹ 15,151 lakhs.

24. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013. The details of transactions with parties included in the above section are given below:

		₹ in Lakhs
Sify Technologies (Singapore) Pte Ltd	:	1
Vashi Railway Station Commercial Complex	:	2
Sarayu Clean Gen Pvt Ltd	:	15
Sify Technologies North America Corporation	:	3,078
Total		**3,096**

25. RISK MANAGEMENT POLICY :

Business risks are identified based on incident analysis and the environment in which the company operates. Focused discussions are held by the leadership team and internal audit findings also provide inputs for risk identification and assessment. Further periodic assessment of business risk environment is carried out to identify significant risks to the achievement of business objectives of the Company. Key risks are reported and evaluated at appropriate forums and levels within the Company. The Internal Audit function is responsible for assisting the Audit Committee on an independent basis with a full status of the risk assessments and management of the risks. Audit Committee and the Board also obtain periodical updates on identified risks, depending upon the nature, quantum and likely impact on the business.

26. CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY:

Pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, CSR Committee has been constituted and the said committee has recommended and the Board has approved a policy on Corporate Social Responsibility (CSR) which is displayed on the Company's website at http://corporate.sify.com/csr-policy.html .

For the financial year 2014-15, your company has spent ₹ 2 lakhs in pursuance of its Corporate Responsibility Policy in the following manner:

1. **Contribution to Swachh Bharat Kosh:** Your Company has contributed ₹ 1 lakh towards Swachh Bharat Kosh a prestigious programme initiated by the Central Government to achieve the objective of Clean India (Swachh Bharat) by the year 2019.
2. **Contribution towards promoting Education:** Your Company has contributed ₹ 1 lakh towards promotion of education to M/s Tamilnadu Harijan Sevak Sangh, Tamilnadu for renovation of hostel facility for SC/ST students at Sevalayam, Madurai.

Your Company is required to spend a further amount of ₹ 23.75 lakhs for the financial year 2014-15.

Your Company has spent a sum of ₹ 16.05 lakhs towards Sanitation Projects undertaken at Ganapavaram village, West Godavari District, Andhra Pradesh in the month of April 2015.

Your company is in the process of shortlisting the appropriate projects for spending the balance amount of ₹ 7.70 lakhs.

Annual Report on CSR is attached as **Annexure 2**.

27. RELATED PARTY TRANSACTIONS:

The Company has entered into the following Related Party Transactions (RPT) during the financial year 2014 -15:

Subsidiary Companies:

Sify Technologies (Singapore) Pte Limited	**Amount in ₹ Lakhs**
Advances given	14
Receipt of Services	182
Rendering of Services	5
Sify Technologies North America Corporation	**Amount in ₹ Lakhs**
Investment made	3,078
Advances given	31
Rendering of Services	52

Holding Company:

Raju Vegesna Infotech and Industries Private Limited	**Amount in ₹ Lakhs**
Lease rental paid	9

Enterprise over which KMP have significant influence:

Raju Vegesna Developers Private Limited	**Amount in ₹ Lakhs**
Lease rental paid	4
Radhika Vegesna	
Lease rental paid	35

28. EXTRACTS OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report is attached as **Annexure 3**.

29. EMPLOYEES' PARTICULARS IN TERMS OF SECTION 134 READ WITH RULES THEREWITH OF THE COMPANIES ACT, 2013

The statement containing the particulars of employees as required under Section 197 of the Companies Act, 2013 read with rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the Companies Act, 2013 forms part of this report. However, in terms of Section 136(1) of the said Act, the same is open for inspection at the Registered Office of the Company. Copy of this statement may be obtained by the members by writing to the Company Secretary at the Registered Office.

30. INTENT TO MOVE TO IND AS FROM 1.04.2015:

Ministry of Corporate Affairs has notified the much awaited Indian Accounting Standards (IND AS) which are converged with International Financial Reporting System (IFRS). Notification of IND AS makes Indian accounting system at par with leading global standards. Your Company is required to adapt IND AS from the year 2016-17 only. However, your Company is contemplating for earlier adoption of IND AS voluntarily from the year 2015-16.

31. AWARDS:

Your Directors are pleased to place on record that your Company has completed 15 years of listing on the NASDAQ.

Your Company awarded the following during the financial year 2014-15:

- ✓ the Golden Peacock Award for Business Excellence for 2014
- ✓ the CIO award for Integrated Data Centers Solutions

32. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all Investors, Customers, Vendors, Banks and Government Authorities for their continued support. Your Directors also wish to place on record their appreciation of the valuable contribution made by the employees.

For and on behalf of the Board

Chennai	***Raju Vegesna***	***Ananda Raju Vegesna***	***C B Mouli***
April 23, 2015	Chairman & Managing Director	Executive Director	Director

Annexure 1

Form No MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members

Sify Technologies Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Sify Technologies Limited (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder.

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder:

   As the Company's Equity Shares are not listed in any Stock Exchanges in India, the provisions of the SCRA and the Rules made thereunder is not applicable to the Company.

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB).

5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 are not applicable to the Company as the Company's Equity Shares are not listed in any Stock Exchanges in India.

   However, as the Company's shares are listed in NASDAQ Global Select Market, New York as American Depositary Shares (ADS), the Company has complied with all the applicable Regulations of Securities & Exchange Commission (SEC), NASDAQ and The Sarbanes Oxley Act of 2002 (SoX).

6. Other applicable Laws:

   a) The Indian Telegraph Act, 1885.

   b) Telecom Regulatory Authority of India Act, 1997.

   c) Unified Licence Agreement compliance from Department of Telecommunications for carrying out Internet Service-A, National Long Distance and International Long Distance services.

d) The Information Technology Act, 2008.

e) Controller of Certifying Authority - Licence for issue of Digital Signatures

f) Federal Communications Commission, USA for compliance on Voice Business.

g) Statutory compliance in US & Singapore in respect of wholly owned subsidiaries.

h) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.

i) The Employees State Insurance Act, 1948

j) The Maternity Benefit Act, 1961

k) The Payment of Bonus Act, 1965

l) The Payment of Gratuity Act, 1972

m) The Tamilnadu Labour Welfare Fund Act, 1972

n) The Tamilnadu Shops and Establishment Act, 1947:

I have also examined the compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) As the Company's shares are not listed in any Stock Exchange in India, the compliance under the Listing Agreements with the Stock Exchange is not applicable.

During the period under audit, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

Companies Act, 2013:

In terms of Section 149(1) second proviso read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least one Woman Director on the Board of the Company before March 31, 2015. As the Company has not appointed the Woman Director before the stipulated date, this provision is not complied with.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice was given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

I further report that during the audit period, there were no instances of:

(i) Public / Right / Preferential Issue of Shares / Debentures / Sweat Equity etc.

(ii) Redemption / buy-back of securities.

(iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013:

In terms of the powers conferred on the Board of Directors of the Company under Section 180(1)(a) & (c) of the Act and with the approval of the Board:

a) The Company has created security both on the Immovable and Movable Properties of the Company for the various borrowings made, which were well within the limits approved by the shareholders by Special Resolution at the Eighteenth Annual General Meeting held on July 28, 2014.

b) The Company has borrowed funds from Banks and Non-Banking Financial Companies, which were well within the limits approved by the shareholders at the Fourteenth Annual General Meeting held on September 27, 2010.

(iv) M/s Pace Info Com Park Private Limited, a wholly owned subsidiary Company, has merged with the Company under Section 391 to 394 of the Companies Act, 1956 through a Scheme of Amalgamation sanctioned by the Hon'ble High Court of Madras. The Scheme was effective from April 1, 2014. The Company has filed the Form INC-28 along with the Court Order with the MCA and completed the procedure.

(v) No Foreign Technical Collaboration Agreement was entered during the audit period.

Chennai
April 23, 2015

V Ramasubramanian
ACS No.5890
CP No.11325

Annexure 2

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. Company's CSR Policy:

i. Sify Technologies Limited (STL) believes that in alignment with its vision, it will continue to enhance value through its CSR initiatives and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

ii. This policy, encompasses the company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large, is titled as the 'Sify CSR Policy'.

2. Composition of the CSR Committee

Raju Vegesna, Chairman & Managing Director	Chairperson
Ananda Raju Vegesna, Executive Director	Member
C E S Azariah, Independent Director	Member
L V Veeranjaneyulu Y, Company Secretary	Secretary

3. Average Net Profit of the Company for last three financial years

Financial Year	Net Profit before exceptional items in ₹ crores
2013-14	38.63
2012-13	–
2011-12	–
Total	**38.63**

Average Net Profit = ₹ 12.88 crores

A sum of ₹ 25.75lakhs is to be spent, being 2% of the average net profit of ₹ 12.88 crores.

4. CSR Spent during the financial year.

Amount spent as on March 31, 2015:

i. Contribution to Swachh Bharath Kosh : ₹ 1 lakh

ii. Contribution to "Sevalayam" Hostel : ₹ 1 lakh

Amount spent after March 31, 2015:

Ganapavaram Village for Sanitation and safe drinking water : ₹ 16.05 lakhs

Balance amount to be spent for the financial year 2014 -15 : ₹ 7.70 lakhs

5. Reason for not spending the amount in its Board report.

The Company is in the process of identifying the appropriate projects and upon identification of the right projects the balance amount will be spent.

6. Responsibility statement of the CSR Committee:

The implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

C E S Azariah
Member

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs in ₹.	Cumulative expenditure upto the reporting period in ₹.	Amount Spent: Direct or through implementing agency.* * details of implementing agency
Amount spent as of March 31, 2015:							
1.	Swachh Bharath Kosh	For the promotion of Sanitation set up by the Central Government	Across India	1,00,000	1,00,000	1,00,000	Direct contribution to the Swachh Bharath Kosh Account
2.	Promoting Education	For the welfare of Scheduled Casts & Scheduled Tribes	Within the State	1,00,000	1,00,000	2,00,000	Direct contribution to the Tamilnadu Harijan Sevak Sangh account inorder to provide continuous education to SC / ST Students by maintaining Hostel "Sevalayam" located at Madurai.
Amount spent after March 31, 2015 and till the date of Director's Report:							
1.	Sanitation and Safe Drinking water	For the promotion of Sanitation and Safe Drinking Water	Ganapavaram Village, West Godhawari district, Andhra Pradesh.	16,00,000	16,05,000	18,05,000	Donation of Tractor and Trailor.

Chennai
April 23, 2015

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

C E S Azariah
Member

Annexure 3

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

a) Corporate Identification Number (CIN): U72200TN1995PLC0050809

b) Registration Date: December 12, 1995

c) Name of the Company: Sify Technologies Limited

d) Category / Sub-Category of the Company: Company Limited by shares

e) Address of the Registered office and contact details: 2nd Floor, TIDEL Park, No. 4, Rajiv Gandhi Salai, Taramani, Chennai 600 113

f) Whether listed Company: No

g) Name, Address and Contact details of Registrar and Transfer Agent, if any: Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and description of Main Products / Services	NIC Code of the Product/ Service	% to Total Turnover of the Company
1.	Telecom Services	611 & 612	66%
2.	Technology Integration Services	611 & 612	11%
3.	Data Centre Services	611 & 612	10%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Ramanand Core Investment Company Pvt Ltd	U65990AP2011PTC075512	Holding Company	70.02%	2(46)
2.	Sify Technologies (Singapore) Pte Ltd	200922843Z	Subsidiary Company	100%	2(87)
3.	Sify Technologies North America Corporation	-	Subsidiary Company	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt	-	-	-	-	-	-	-	-	-
c. State Govt	-	-	-	-	-	-	-	-	-
d. Bodies Corp	1,45,30,000	12,50,00,000	13,95,30,000	78.15	1,45,30,000	12,50,00,000	13,95,30,000	78.15	Nil
e. Banks/FI	-	-	-	-	-	-	-	-	-
f. Any others	-	-	-	-	-	-	-	-	Nil
Sub-total (A) (1)	1,45,30,000	12,50,00,000	13,95,30,000	78.15	1,45,30,000	12,50,00,000	13,95,30,000	78.15	Nil
2. Foreign									
a. NRIs – Individuals	-	-	-	-	-	-	-	-	Nil
b. other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corp	1,39,02,860	-	1,39,02,860	7.79	1,39,02,860	-	1,39,02,860	7.79	-
d. Banks /FI	-	-	-	-	-	-	-	-	Nil
e. Any others	5,78,191	-	5,78,191	0.32	5,78,191	-	5,78,191	0.32	Nil
Sub-total (A) (2)	1,44,81,051	-	1,44,81,051	8.12	1,44,81,051	-	1,44,81,051	8.11	Nil
Total Shareholding of Promoter A= (A) (1) + (A) (2)	2,90,11,051	12,50,00,000	15,40,11,051	86.27	2,90,11,051	12,50,00,000	15,40,11,051	86.27	Nil

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding Pattern									
1. Institutions	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Banks/FI	-	-	-	-	-	-	-	-	-
c. Central Govt	-	-	-	-	-	-	-	-	-
d. State Govt (s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1):	-	-	-	-	-	-	-	-	-
2. Non Institutions	-	-	-	-	-	-	-	-	-
a. Bodies Corp.	-	-	-	-	-	-	-	-	-
1. Indian	-	-	-	-	-	-	-	-	-
2. Overseas	-	-	-	-	-	-	-	-	-
b. Individuals	-	-	-	-	-	-	-	-	-
i. Individual Shareholders holding nominal share capital upto ₹ 1 lakh	92	560	652	0.00	92	560	652	0.00	Nil
ii. Individual Shareholders holding nominal share capital excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (2):	92	560	652	0.00	92	560	652	0.00	Nil
Total public Shareholding B = (B) (1) + (B) (2)	92	560	652	0.00	92	560	652	0.00	Nil
C. Shares held by custodian for GDRs & ADRs	2,45,19,084	0.00	2,45,19,084	13.73	2,45,19,084	0.00	2,45,19,084	13.73	Nil
Grand Total (A+B+C)	5,35,30,227	12,50,00,560	17,85,30,787	100.00	5,35,30,227	12,50,00,560	17,85,30,787	100.00	Nil

ii. Shareholding of Promoters:

Shareholders Name	No. of Shares held at the Beginning of the year			No. of Shares held at the end of the year			% of Change during the year
	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	
Ramanand Core Investment Company Pvt Ltd	12,50,00,000	70.02	0.00	12,50,00,000	70.02	0.00	Nil
Infinity Satcom Universal Pvt Ltd	1,45,30,000	8.14	0.00	1,45,30,000	8.14	0.00	Nil
Infinity Capital Ventures LLP, USA	1,39,02,860	7.79	0.00	1,39,02,860	7.79	0.00	Nil
Vegesna Family Trust, USA	5,78,191	0.32	0.00	5,78,191	0.32	0.00	Nil
Total	**15,40,11,051**	**86.27**	**0.00**	**15,40,11,051**	**86.27**	**0.00**	**Nil**

iii. Change in Promoter's Shareholding (Please specify, if there is no Change)

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	**No Change**			
	Date wise Increase / Decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	At the end of the year				

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For each of the Top 10 shareholders	No of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	At the end of the year				

v. Shareholding of Directors and Key Managerial Personnel:

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For each of the Directors and KMP	No of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	At the end of the year				

V. INDEBTEDNESS (to be updated)

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	27,475	3,812	85	31,372
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	96	44	-	140
Total (i)+(ii)+(iii)	27,571	3,856	85	31,512
Change in Indebtedness during the financial year				
Addition	19,464	1,558	-	21,022
Reduction	11,268	279	-	11,547
Net Change	8,196	1,279	-	9,475
Indebtedness at the end of the financial year				
i. Principal Amount	35,642	5,077	85	40,804
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	125	58	-	183
Total (i)+(ii)+(iii)	35,767	5,135	85	40,987

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Remuneration to Managing Director, Whole time Director and / or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		–	–	–	–	
1.	**Gross salary** (a) Salary as per provisions contained in section 17 (1) of the Income tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (C) Profit in lieu of salary u/s 17(3) of the Income tax Act, 1961					**Nil**
2.	**Stock Options**					
3.	**Sweat Equity**					
4.	**Commission** - as % of profit - others, specify.					
5.	**Others, please specify**					
	Total (A)					
	Ceiling as per the Act					

b. Remuneration to other directors:

S. No.	Particulars of Remuneration	Amount in ₹				Total in ₹
		T H Chowdary	C B Mouli	S K Rao	C E S Azariah	
	1. Independent Directors • fee for attending board committee meetings • Commission • Others, please specify	3,70,000 – –	3,90,000 – –	3,10,000 – –	4,90,000 – –	
	Total (1)	**3,70,000**	**3,90,000**	**3,10,000**	**4,90,000**	**15,60,000**
		P S Raju				
	2. Other Non-Executive Directors • fee for attending board committee meetings • Commission • Others, please specify	3,50,000 – –				
	Total (2)	**3,50,000**				**3,50,000**
	Total (B) = (1)+(2)					**19,10,000**

c. Remuneration to Key Managerial Personnel other than MD/WTD/Manager

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		CEO	CFO	CS	Total
1.	**Gross salary** (a) Salary as per provisions contained in section 17 (1) of the Income tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (C) Profit in lieu of salary u/s 17(3) of the Income tax Act, 1961	 0.00 0.00 0.00	 97,85,008 0.00 0.00	 13,71,907 0.00 0.00	 1,11,56,915 0.00 0.00
2.	**Stock Options ***	-	-	-	-
3.	**Sweat Equity**	-	-	-	-
4.	**Commission** - as % of profit - others, specify.	-	-	-	-
5.	**Others, please specify**	-	-	-	-
	Total	**0.00**	**97,85,008**	**13,71,907**	**1,11,56,915**

* Options granted

VII. PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
A. Company					
Penalty			**Nil**		
Punishment					
Compounding					
B. Directors					
Penalty			**Nil**		
Punishment					
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

INDEPENDENT AUDITORS' REPORT

To the Members of Sify Technologies Limited

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Sify Technologies Limited ("the Company" in which are incorporated the financial statements for the year ended March 31, 2015 audited by us of Pace Info Com Private Limited which has merged with the Company with effect from April 1, 2014), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flow for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

5.1 As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

5.2 As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 19 (a) (Contingent liabilities) and note 41 (Legal proceedings) to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 28 (Disclosure pursuant to AS 7 – Construction contracts) and Note 36 (Financial and derivative instruments) to the financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **ASA & Associates LLP**
Chartered Accountants
Firm's Registration No: 009571N/N500006

J. Sivasankaran
Partner
Membership No: 022103

Place: Chennai
Date : 23 April 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 5.1 of the Independent Auditors' Report of even date to the members of Sify Technologies Limited on the standalone financial statements for the year ended March 31, 2015

(i) a) The Company is maintaining proper records showing full particulars including quantitative details of fixed assets. The Company is in the process of integrating the situation details of fixed assets into the fixed asset records.

b) The Company has a regular programme of physical verification of fixed assets in a phased manner in a period of three years. Pursuant to the program, certain assets were covered by physical verification during the year and the shortfall in coverage (in wireless equipment on the field) is to be taken into consideration in the forthcoming plan. The Company is in the process of reconciling the results of the verification with the book records, to identify the discrepancies, if any.

(ii) a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

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

c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records, which have been properly dealt with in the books of account, were not material.

(iii) The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 189 of the Act.

(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, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of services where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (l) of section 148 of the Companies Act and are of the opinion that prime facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax/Value Added Tax (VAT), wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax/ Value Added Tax (VAT), wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2015 which have not been deposited on account of a dispute are as follows:

Name of the Statute	Period to which it relates	Amount in ₹ Lakhs	Forum where Pending
Finance Act,1994 (Service tax)	01-04-2005 to 31-03-2006, 01-04-2006 to 30-09-2006, 01-10-2006 to 30-09-2007, 01-10-2007 to 31-03-2008	2,315	CESTAT, Chennai
	April 2008 & May 2008	111	
	Oct 2005 to Mar 2006	136	
	July 2003 to February 2007	7	
	Prior to 16-May-2009	48	
	Oct 2005 to Mar 2010	1,390	
	Oct 2005 to Mar 2009	156	
	May 2006 to June 2011	337	
	April 10 to March 11	66	
	July 2011-June 2012	75	
	April 2010-Jan 2013	32	
	April 2011-March 2012	24	
Finance Act,1994 (Service tax)	April 2005 to September 2005	294	Commissioner of Service Tax
Uttar Pradesh Value Added Tax Act, 2008	2003-04 to 2005-06	127	At Various levels including Joint Commissioner (Appeals), Commercial Tax Officer, etc
	2011-12	8	Commercial Tax Officer, UP
Income Tax Act, 1961	Assessment year 2008-09	80	Commissioner of Income Tax Appeals
	Assessment year 2009-10	1,056	

c) There is no requirement to transfer funds to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

(viii) The Company has no accumulated losses as at March 31, 2015 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.

(ix) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institution or banks as at the balance sheet date.

(x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions

(xi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

(xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **ASA & Associates LLP**
Chartered Accountants
Firm's Registration No: 009571N/N500006

J.Sivasankaran
Partner
Membership No: 022103

Date : 23 April 2015
Place: Chennai

Balance Sheet as at March 31, 2015

(All amounts are in Indian ₹ lakhs except share data and as stated)

	Note (C)	As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	14,231	14,231
(b) Reserves and surplus	2	56,512	54,299
		70,743	68,530
(2) Non - Current liabilities			
(a) Long-term borrowings	3	14,394	12,891
(b) Other long-term liabilities	4	5,073	4,302
(c) Long term provisions	5 & 37	727	302
		20,194	17,495
(3) Current liabilities			
(a) Short-term borrowings	6	15,003	10,859
(b) Trade payables	7 & 47	28,789	23,730
(c) Other current liabilities	8	27,060	19,454
(d) Short term provisions	5 & 27	1,765	1,684
		72,617	55,727
Total equity and liabilities		1,63,554	1,41,752
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	57,384	44,386
(ii) Intangible assets	10	5,568	5,418
(iii) Capital work in progress	9	10,268	8,551
(b) Non-current investments	11	3,096	2,440
(c) Long-term loans and advances	12	8,169	15,247
(d) Other non current assets	13	447	554
		84,932	76,596
(2) Current assets			
(a) Inventories	14	2,331	2,008
(b) Trade receivables	15	46,570	35,115
(c) Cash and bank balances	16	12,085	12,685
(d) Short-term loans and advances	17	15,696	13,917
(e) Other current assets	18	1,940	1,431
		78,622	65,156
Total assets		1,63,554	1,41,752

Significant accounting policies and notes to the financial statements B and C

The notes referred to above form an integral part of the Balance Sheet
This is the Balance Sheet referred to in our report of even date.

for **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

J Sivasankaran
Partner
Membership No: 022103

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 23, 2015

M P Vijay Kumar
Chief Financial Officer

L V Veeranjaneyulu Y
Company Secretary

Profit and Loss statement for the year ended March 31, 2015

(All amounts are in Indian ₹ lakhs except share data and as stated)

	Note (C)	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from operations	21	1,28,135	1,04,461
Other income	22	1,451	2,051
Total revenue		1,29,586	1,06,512
EXPENSES			
Cost of goods sold and services rendered	23	72,567	57,278
Employee benefits expense	24	15,669	12,711
Finance costs	25	5,075	3,720
Depreciation and amortisation	9 & 10	12,808	10,728
Other expenses	26	19,578	18,214
Total expenses		1,25,697	1,02,651
Profit before exceptional items and tax		3,889	3,861
Exceptional items	27	–	3,200
Tax expense		–	–
Profit after tax		3,889	7,061
Earnings per equity share (₹ 10 paid up)	35 & 40		
Basic		2.76	5.17
Diluted		2.76	5.17
Earnings per equity share ₹ 7 (March 31, 2014 : ₹ 7) paid up			
Basic		1.93	3.62
Diluted		1.93	3.62
Significant accounting policies and notes to the financial statements	B and C		

The notes referred to above form an integral part of the Profit and loss statement.
This is the Profit and loss statement referred to in our report of even date.

for **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

J Sivasankaran
Partner
Membership No: 022103

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 23, 2015

M P Vijay Kumar
Chief Financial Officer

L V Veeranjaneyulu Y
Company Secretary

Cash flow statement for the year ended March 31, 2015

(All amounts are in Indian ₹ lakhs except share data and as stated)

		For the year ended March 31, 2015	For the year ended March 31, 2014
Profit before exceptional items and taxation		3,889	3,861
Adjustments for :			
Depreciation and amortisation		12,808	10,728
Finance expenses (considered separately)		4,072	2,664
Provision for doubtful debts (including bad debts written off and provision written back) (net)		1,990	1,742
Employee stock compensation expense		59	*
Deposits/ advances, no longer payable, written back		(416)	(566)
Provision for doubtful advances		616	304
Custom Duty credit entitlement written off		–	264
Unrealised foreign exchange fluctuation loss/(gain), net		607	85
Interest income (considered separately)		(487)	(1,104)
(Profit) /loss on sale of fixed assets, (net)		(40)	(11)
Operating profit / (loss) before exceptional item and before working capital changes		23,098	17,967
(Increase)/decrease in trade receivables		(13,439)	(10,520)
(Increase)/decrease in inventories		(323)	(161)
(Increase)/decrease in long term loans and advances		(1149)	(414)
(Increase)/decrease in short term loans and advances		(61)	(2,273)
(Increase)/decrease in non current assets		107	229
(Increase)/decrease in other current assets		(599)	(166)
Increase/(decrease) in trade payables		5,148	4,486
Increase/(decrease) in other long term liabilities		771	2,069
Increase/(decrease) in other current liabilities		3,601	2,556
Increase/(decrease) in long term provisions		425	(188)
Increase/(decrease) in short term provisions		(17)	52
Cash generated from operations		17,562	13,637
Amount spent for CSR		(2)	–
Tax (paid)/refund received		(3,088)	535
Net cash generated from operating activities	***(A)***	14,472	14,172
Cash flow from investing activities			
Investment in subsidiary		(3,078)	–
Purchase of fixed assets		(8,829)	(14,522)
Sale proceeds of fixed assets		40	57
Advance to subsidiaries		(7)	(267)
Interest income received		577	1,071
Net cash used in investing activities	***(B)***	(11,297)	(13,661)
Cash flow from financing activities			
Proceeds from issuance of share capital		–	3,000
Proceeds from exercise of Associate Stock Options		–	12
Proceeds from long-term borrowings		9,806	9,044
Repayment of long-term borrowings		(11,409)	(9,247)
Increase/(decrease) in short-term borrowings		3,494	2,027
Dividend paid		(1,367)	–
Dividend distribution tax paid		(232)	–
Interest paid		(4,029)	(2,580)
Net cash generated from/ (used in) financing activities	***(C)***	(3,737)	2,256
Effect of exchange differences on translation of cash and cash equivalents	***(D)***	(45)	(5)
Net increase in cash and cash equivalents during the period	***(A) + (B) + (C) + (D)***	(607)	2,762
Cash and cash equivalents at the beginning of the year		12,685	8,657
Cash and cash equivalents taken over as part of merger		7	1,266
Cash and cash equivalents at the end of the year#		12,085	12,685
# Cash and cash equivalents subject to lien		2,479	2,102

*amount is below the rounding off norm adopted by the Company

This is the cash flow statement referred to in our report of even date

for **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

J Sivasankaran
Partner
Membership No: 022103

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 23, 2015

M P Vijay Kumar
Chief Financial Officer

L V Veeranjaneyulu Y
Company Secretary

(All amounts are in Indian ₹ lakhs except share data and as stated)

A COMPANY OVERVIEW

Sify Technologies Limited ('Sify' or 'the Company') is a Company domiciled in India. The address of the Company's registered office is 2nd Floor, Tidel Park, 4, Rajiv Gandhi Salai, Taramani, Chennai – 600113, India. The Company offers converged ICT solutions comprising network, data center, cloud, integration, IT and software services. Sify was incorporated on December 12, 1995 and is listed on the NASDAQ Global Select Market.

B SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis of accounting, except for cash flow statement. GAAP comprises accounting standards as specified in section 133 of the Companies Act, 2013 read together with rule 7 of Companies (Accounts) Rules 2014, other pronouncements of the Institute of Chartered Accountants of India and the provisions of Companies Act, 2013, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set-out in schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include estimates of provision for diminution in the value of investments, provision for doubtful debts, future obligations under employee retirement benefit plans and useful life of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively.

3. Revenue recognition

Revenue from the sale of goods is measured at the value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Revenue from services rendered is generally recognized in proportion to the stage of completion of the transaction at the reporting date. The revenue recognition policies in respect of various streams of revenue are described in detail below.

Telecom Services:

Revenue from Telecom services include Data network services and Voice services. Telecom services primarily include revenue from connectivity services, NLD/ILD services, network management and revenues from the installation of connectivity links.

The Company provides connectivity and network management for a fixed period of time at a fixed rate regardless of usage. The revenue attributable to connectivity services is recognised rateably over the period of the contract. The revenue attributable to the installation of the link is recognised on completion of the installation work.

The Company provides NLD (National Long Distance) and ILD (International Long Distance) services through Company's network. The Company carries voice traffic, both national and international, using the network back-bone and delivers voice traffic to Inter-connect Operators. Revenue is recognised based upon metered call units of voice traffic terminated on the Company's network.

Income from operating leases:

Lease rentals arising on assets given on operating leases are recognised over the period of the lease term on a straight line basis.

Indefeasible Right of Use (IRU):

The Company has entered into IRU arrangements through which it entitles its customers to right of use of specified bandwidth capacity for a specified period of time. The upfront payment received towards right of use of bandwidth capacities under such agreements have been treated as deferred revenue and is recognised on a straight line basis over the term of the arrangement.

Data Center Services (DC):

Revenues from DC services consist of co-location of racks, caged racks and power charges. The contracts are mainly for a fixed rate for a period of time and are recognised over the period during which the service is provided.

Cloud and Managed Services:

Revenue from cloud and managed services include revenue from cloud and storage solutions, managed services, value added services and International managed services. Revenues from cloud and on demand compute and storage, are primarily fixed for a period of time. Revenues from domestic and international managed services, comprise of value added services, operations and maintenance of projects and remote infrastructure management. Contracts from this segment are fixed term or time and material contracts where revenue is recognised on percentage completion method. The stage of completion is measured by efforts spent to estimated total efforts or straight line basis over the term of the contract.

Technology Integration Services:

Revenue from Technology Integration Services include System Integration Services, revenue from construction of data centers, security solutions, digital certificate based authentication services and revenue from sale of hardware and software.

Revenue from construction contract represents revenue from construction of data centres to the specific needs and design of the customer. Such contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity. The stage of completion is assessed by reference to the cost incurred till date to the total estimated costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of profit or loss.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Digital Certification revenues include income received on account of Web certification. Generally the Company does not hold after-sale service commitments after the activation of the Digital Certificates sold and accordingly, revenue is recognised fully on the date of activation of the respective certificate. Billing towards one time installation / training is recognised upon completion thereof.

Applications Integration Services:

Revenues from Applications Integration services include online assessment, document management services, web development, mailing solutions, supply chain software and e-learning software development services. E-learning software development services consists of structuring of contents, developing modules, delivery and training users in the modules developed. Revenue from Applications Integration Services is recognised based on percentage of completion method. Revenue in relation to 'time' is measured as the agreed rate per unit of time multiplied by the units of time expended. The element of revenue related to materials is measured in accordance with the terms of the contract.

The Company enters into contracts with customers to serve advertisements in the portal and the Company is paid on the basis of impressions, click-throughs or leads and in each case the revenue is recognised rateably over the period of the contract based on actual impressions/click throughs / leads delivered.

In certain cases, some elements belonging to the services mentioned above are sold as a package consisting of all or some of the elements. In these cases it is necessary to apply the recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction with different revenue allocations for each component. These multiple element arrangements are recognised as separable elements because each element constitutes a separate earning process, each element has a fair value that is reliable, verifiable and objectively determinable, and the undelivered element is not essential to functionality of the delivered elements.

4. Fixed assets and Depreciation/amortisation

Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation / amortisation. Direct costs are capitalised until fixed assets are ready for use as intended by the Management. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Depreciation/Amortization:

Depreciation on fixed assets is provided using the straight-line method based on the useful life of the assets as estimated by the management. Depreciation is calculated on a pro-rata basis for assets purchased / sold during the year.

Individual assets costing less than ₹ 5 (thousands) are generally depreciated in full in the year of acquisition and contract specific assets in the year of implementation.

Leasehold land is amortised using straight-line method over the lease period.

Software for internal use is acquired primarily from third-party vendors in ready-to-use condition. Costs for acquiring such software are capitalised. Capitalised software costs are amortised on straight-line basis over the estimated useful life of the software.

The useful life in respect of some assets is different from the useful life prescribed in Part C of Schedule II of the Companies Act, 2013. The useful life of assets estimated by the Company is based on internal assessment, technical advice and experience with similar type of assets.

Management's estimates of the useful lives of such categories of fixed assets are given below:-

Asset description	Estimated useful life (in years)
Buildings	28
Undersea Cable Capacity	12
Plant and equipment	
- Towers, telecom ducts, Cables and optical fibre and telecom transceivers	3 - 8
- Computer servers	5
Furniture and fittings	5
Office equipment	5
Motor vehicles	3
Software	1 - 3
Other intangibles	3 - 5

Depreciation on assets acquired under finance lease is provided on a straight line basis over shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation on contract-specific assets are charged co-terminus over the contract period .

5. Investments

Long-term investments comprise investments in subsidiaries, associates and other equity instruments made to enhance the company's business interests. These investments are carried at cost with provision being made for diminution if any, other than temporary, in their value. Such diminution is determined for each investment individually on the basis of the past performance of such subsidiaries / associates / investees and the future expected benefits to the Company from such investments. Current investments are carried at lower of cost and fair value.

6. Income from investments

Income from investments is recognised only when the right to receive the same on or before the Balance sheet date is established i.e only when it is approved by the Shareholders at the Annual General Meeting of the investee.

7. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchase and all incidental costs incurred in bringing the inventories to their present location and condition. Cost of hardware and software purchased for the purpose of resale is determined using the first-in-first-out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

8. Foreign currency transactions and balances

Initial Recognition:

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Subsequent measurements:

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates . The resultant exchange differences are recognised in the profit and loss account.

Non-Monetary items which are carried in terms of historical cost are recorded at the rates prevailing on the date of the transaction.

Integral – Foreign Operations:

Profit and loss items at the foreign branch (integral foreign operations) are translated at the respective monthly average rate. Monetary items at the branch office at the Balance Sheet date are translated using the exchange rate prevalent at the date of the Balance Sheet. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

Foreign Exchange Contracts:

Forward contracts are entered into to hedge the foreign currency risk of the underlying. The premium or discount on all such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or expense for the period.

9. Accounting for Derivatives

The company has accounted for the Principal only Swap (PoS) derivative transaction as per the clarificatory announcement issued by the Institute of Chartered Accountants of India. The outstanding derivative contracts are marked to market and the gains/losses, if any, are recognised in the profit and loss statement.

10. Employee benefits

Short Term Employee Benefits:

The short term employee benefits are recognised as an expense during the period in which services are rendered by the employees.

Post -employment benefits:

Defined contribution plan:

Provident fund: Eligible employees receive benefits from a provident fund, which is a defined contribution plan managed by the Regional Provident Fund Commissioner. Both the employee and the Company make monthly contributions to the provident fund plan equal to 12% of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions.

Defined benefit plan:

Gratuity: The Company provides for gratuity, a defined benefit retirement Plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan commenced on 1st April, 1997. The Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's last drawn salary and the tenure of employment with the Company. The Company provides the gratuity benefit through annual contribution to a fund managed by the Life Insurance Corporation of India (LIC). Under this scheme the settlement obligation remains with the Company although the LIC administers the scheme. Liabilities related to the gratuity plan are determined by actuarial valuation performed by an independent actuary as at the Balance Sheet date.

Long term employee benefits:

Compensated absences: Provision for compensated absences are made on the basis of actuarial valuation at the balance sheet date, carried out by an independent actuary.

11. Earnings per share

The basic earnings per share ("EPS") is computed by dividing the net profit after tax available for the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value.

12. Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the period) and fringe benefit tax. The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

13. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

14. Export incentives

Income in respect of duty credit entitlement arising from export sales under the "Served From India Scheme" of the Government of India is recognised in the period of exports, provided there is no significant uncertainty regarding the entitlement and availment of the credit and the amount thereof.

15. Provisions, contingent liabilities and contingent assets

Provision is recognised when there is a present obligation as a result of past event and 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 determined based on best estimates required to settle the obligation at the Balance Sheet date.

(All amounts are in Indian ₹ lakhs except share data and as stated)

These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

16. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

17. Leases

Finance lease: Leases under which the company assumes substantially all the risk and rewards of ownership are classified as finance leases. When acquired, an asset and a lease liability is recognised, at lower of fair value of asset and present value of Minimum Lease Payments at the inception of lease.

Operating Lease: Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as an expense on a straight line basis in the profit and loss account over the period of the lease term. Lease income from operating leases should be recognised in the statement of profit and loss on a straight line basis over the lease term,

Indefeasible Right of Use (IRU)

The Company has entered into IRU arrangements which entitle the company to right of use of specified bandwidth capacity for a specified period of time. Such right is being treated as operating lease since the risks and rewards are not transferred to the Company. Hence, the upfront payments made towards right of use of bandwidth capacities under such agreements have been treated as prepayments and is amortized over the term of the contract.

18. Employees stock option

In respect of stock option granted pursuant to the company's stock option schemes, the intrinsic value of the options (excess of market price of the share on the grant date over the exercise price of the option) is treated as employee compensation cost and is charged over the vesting period of the options.

C. NOTES TO ACCOUNTS

	As at March 31, 2015	As at March 31, 2014
1. SHARE CAPITAL		
Authorized		
20,40,00,000 (March 31, 2014: 18,51,00,000) equity shares of ₹ 10 each (Refer Note (a) below)	20,400	18,510
Issued		
17,85,30,787 (March 31, 2014: 17,85,30,787) equity shares of ₹ 10 each	17,853	17,853
Subscribed and fully paid		
5,35,30,787 (March 31, 2014: 5,35,30,787) equity shares of ₹ 10 each fully paid up	5,353	5,353
Subscribed but not fully paid		
12,50,00,000 (March 31, 2014: 12,50,00,000) equity shares of ₹ 10 each partly paid up [Refer note (d) below]	8,750	8,750
	14,103	14,103
Add: Forfeited shares - amount originally paid up on 1,28,23,202 equity shares	128	128
	14,231	14,231

(a) The authorized share capital of the Company was enhanced by an amount of ₹ 1,890 divided into 1,89,00,000 equity shares of ₹ 10 each during the current year.

(b) The equity shares are the only class of share capital having a par value of ₹ 10 per share. Of the above, 3,90,00,135 shares are represented by American Depository Shares ('ADS') issued by the Company in accordance with applicable laws and regulations.

(c) Equity shares carry voting rights proportionate to the paid-up value per share. In the event of liquidation of the company, holders of the equity shares are entitled to be repaid the amounts credited as paid up on those equity shares. All surplus assets after settlement of liabilities as at the commencement of winding-up shall be paid to the holders of equity shares in proportion to their shareholdings. The above payment is subject to the rights of creditors, employees, taxes, if any, and any other sums as may be prescribed under the Companies Act, 2013. Of the above ADS, 1,39,02,860 ADS held by M/s Infinity Capital Ventures LP are not tradable and are restricted.

(d) In 2010-11, the Company approved the issuance, in a private placement, of upto an aggregate of 12,50,00,000 of the Company's equity shares at a price of ₹ 32 per share aggregating to ₹ 40,000.These shares carry a face value of ₹ 10. As of March 31, 2015, these shares are partly paid to the extent of ₹ 7 (March 31, 2014: ₹ 7) per share. Until the full purchase price is paid by the purchasers, the company retains a lien on these equity shares. Also refer note C (48).

(e) Of the total outstanding shares,12,50,00,000 shares (March 31, 2014: 12,50,00,000) are held by M/s Ramanand Core Investment Company Private Limited, holding company

(f) Of the total outstanding shares, 2,50,00,000 shares are reserved for issue to eligible employees under Associate Stock Option Plans. Refer note C (40) for activities in Associate Stock Option plan.

(All amounts are in Indian ₹ lakhs except share data and as stated)

1.1 Reconciliation of number of shares in the beginning and at the end of the year

	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount paid-up	Number of shares	Amount paid-up
Number of shares outstanding at the beginning of the year	17,85,30,787	14,231	17,85,13,589	13,292
Add: Shares issued during the year on private placement	–	–	–	937*
Add: Issues of shares on exercise of ASOP	–	–	17,198	2
Number of shares outstanding at the end of the year	17,85,30,787	14,231	17,85,30,787	14,231

*represents call money received at ₹ 0.75 per share on 12,50,00,000 equity shares issued on a private placement made during the year ended March 31, 2011.

1.2 Shareholders holding more than 5% of the shares of the Company:

	As at March 31, 2015		As at March 31, 2014	
	Number of Shares held	% holding	Number of Shares held	% holding
Ramanand Core Investment Company Private Limited@	12,50,00,000	70.02%	12,50,00,000	70.02%
Infinity Satcom Universal Private Limited,	1,45,30,000	8.14%	1,45,30,000	8.14%
Infinity Capital Ventures, LP	1,39,02,860	7.79%	1,39,02,860	7.79%

@These shares are partly paid-up to the extent of ₹ 7 per share
Also refer to note C (48)

2. Reserves and surplus

		As at March 31, 2015	As at March 31, 2014
Securities premium			
Securities premium account balance		71,110	69,036
Add: Received during the year on fresh issue of shares/call money (Refer note C(1))		–	2,063
Add: Transfer from stock options outstanding account		–	1
Add: Received during the year on exercise of associate stock options		–	10
		71,110	71,110
Less: Accumulated losses dealt with vide scheme of merger (Refer note C(43))		(27,661)	(27,661)
Closing balance	(A)	43,449	43,449
General reserve			
Opening balance		536	510
Add: Transferred from stock options outstanding account		3	26
Closing balance	(B)	539	536
Stock option outstanding account			
Opening Balance		3	30
Add: Employee stock compensation cost for the year		59	*
Less: Transfer to general reserve in respect of grants lapsed during the year		(3)	(26)
Less: Transferred to securities premium account in respect of exercised options		–	(1)
Closing Balance	(C)	59	3
* Amount is below the rounding off norm adopted by the Company			
Profit and loss account			
Opening Balance		10,311	(19,783)
Accumulated losses of subsidiaries as of April 1, 2013 (Refer note C (42) and (43))		–	(7,878)
Accumulated losses dealt with as per scheme of arrangement adjusted with Securities Premium Account (Refer note C (42) and (43))		–	27,661
Merged opening balance		10,311	–
Adjustments:			
Profit for the year		3,889	7,061
Adjustment of (deficit)/ surplus arising on account of merger (Refer note C (42), C (43) and C(44))		(36)	4,849
Closing Balance after merger adjustments		14,164	11,910
Less: Appropriations			
Amount spent for CSR (Refer note C (49))		(2)	–
Proposed dividend		(1,410)	(1,367)
Dividend distribution tax		(287)	(232)
	(D)	12,465	10,311
	(A)+(B)+(C)+(D)	56,512	54,299

(All amounts are in Indian ₹ lakhs except share data and as stated)

3. LONG TERM BORROWINGS

Particulars	As at March 31, 2015	As at March 31, 2014	Security	Interest rate and repayment terms
Secured Term loan from banks	4,058	4,309	Of total balance of ₹ 5,192 (PY: ₹ 5,442) (Incl current maturities) an amount of ₹ 2,500 (PY: ₹ 2,170) is primarily secured by charge on movable fixed assets funded by term loan and also collaterally secured by extension of equitable mortgage of title deeds of property at Noida in the name of M/s Pace Info Com Park Pvt Ltd (Merged with the Company from 1st April 2014) together with their corporate guarantee in this regard. Balance amount of ₹ 2,692 (PY: ₹ 3,272) is primarily secured by equitable mortgage of title deeds of property of the company at Rabale at Mumbai.	The term loans bear interest rate ranging from 12.50% to 13.00% (PY: 12.75% to 13.25%) and repayable in equal monthly / quarterly installments within a tenor of 6 years after moratorium periods ranging from 3 months to one year
Loan from others	2,686	245	These loans are primarily taken from NBFCs and are secured by charge on relevant assets.	The loans bear interest rate ranging from 12.00% to 13.00% (PY: 12.00% to 14.00%) and repayable over a period of 18 to 60 months on equated monthly / quarterly instalments.
Long term maturities of finance lease obligations	6,171	7,008	These loans are primarily taken from NBFCs and are secured by lease of relevant assets and also secured by financial bank guarantee ranging from 10% to 20%	The loans bear interest rate ranging from 12.00% to 13.00% (PY: 12.00% to 14.00%) and repayable over a period of 18 to 60 months on equated monthly / quarterly instalments.
Unsecured Term loan from banks	756	-	These loans are taken from Banks and are secured by 20% margin money representated by fixed deposits.	These loans are foreign currency term loans bearing interest rate of 6.5% and repayable over a period of 24 months on quarterly instalments.
Loan from others	723	1,329	These loans are primarily taken from NBFCs and secured by way of financial bank guarantee ranging from 15% to 30%	The loans bear interest rate ranging from 12.00% to 13.00% (PY: 12.00% to 14.00%) and repayable over a period of 18 to 60 months, either on balloon repayments or on equated monthly / quarterly instalments.
	14,394	12,891		

Note:
The current maturities of the above borrowings, carrying the aforesaid security and repayment terms are grouped under other current liabilities. Refer notes C (8) and C (20).

The current maturities are as under:

	As at March 31,2015	As at March 31,2014
Secured		
Term loan from banks	1,134	1,133
Loan from others	1,022	398
Current maturities of finance lease obligations	5,568	3,523
Unsecured		
Term loan from banks	756	–
Loan from others	2,842	2,483
	11,322	7,537

4. OTHER LONG-TERM LIABILITIES

Deposits	85	85
Unearned income	3,424	2,731
Other liabilities	1,564	1,486
	5,073	4,302

5. PROVISIONS

Short-term provisions			
Compensated absences		68	85
Proposed dividend		1,410	1,367
Tax on dividend		287	232
	(A)	1,765	1,684
Long-term provisions			
Gratuity [Refer note C(37)]		459	127
Compensated absences		268	175
	(B)	727	302
	(A) + (B)	2,492	1,986

(All amounts are in Indian ₹ lakhs except share data and as stated)

	As at March 31, 2015	As at March 31, 2014
6. SHORT-TERM BORROWINGS		
Loans repayable on demand from banks – Secured		
Working capital facilities [Refer notes (a) to (c) below]	14,831	10,859
Buyers' credit from banks	172	–
	15,003	10,859

(a) Cash credit facilities amounting to ₹ 14,831 are primarily secured by way of pari-passu first charge on the entire current assets of the Company to all working capital bankers under consortium.

(b) In addition to the above, out of these Cash Credit facilities,

(i) exposure amounting to ₹ 8,579 is collaterally secured by way of pari-passu charge on the unencumbered movable fixed assets of the Company, both present and future.

(ii) exposure amounting to ₹ 7,416 is collaterally secured by way of equitable mortgage over the properties at Tidel Park, Chennai and Vashi, Vile Parle at Mumbai.

(iii) exposure amounting to ₹ 6,252 is collaterally secured by equitable mortgage over the land and building at Noida, Delhi in the name of M/s Pace Info Com Park Private Limited (Merged with the Company since 1 April 2014), and

(iv) the exposure amounting to ₹ 986 is collaterally secured by equitable mortgage over the Vashi property at Mumbai.

(c) These working capital facilities bear interest ranging from 11.50% to 12.25% p.a. and these facilities are subject to renewal annually.

	As at March 31, 2015	As at March 31, 2014
7. TRADE PAYABLES		
Towards purchase of goods and services	26,254	21,224
Others	2,535	2,506
	28,789	23,730
8. OTHER CURRENT LIABILITIES		
Capital creditors	1,523	1,009
Current maturities of long term debt**	1,134	1,133
Current maturities of finance lease obligations**	5,568	3,523
Current maturities of other loans**	4,620	2,881
Interest accrued but not due on borrowings	183	140
Advances received from customers	1,571	1,145
Statutory payables	1,255	754
Unearned income	9,157	6,678
Deposits	778	795
Other payables	1,271	1,396
Unpaid dividends	*	–
	27,060	19,454

* Amount is below the rounding off norm adopted by the Company

**Also refer notes C (3) and C (20)

9. TANGIBLE ASSETS

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2014	Assets transferred on merger	Additions	Deletions/ Adjustments	As at March 31,2015	Upto March 31,2014	Assets transferred on merger	Depreciation/ amortization	Deletions/ Adjustments	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
Leasehold land	5,051	3,060	–	–	8,111	66	37	93	–	196	7,915	4,985
Owned assets												
Buildings	9,239	5,978	1,824	–	17,041	2,536	202	609	–	3,347	13,694	6,703
Plant and equipment	69,152	609	5,400	1,225	73,936	48,164	71	6,635	1,225	53,645	20,291	20,988
Furniture and fittings	1,454	42	40	59	1,477	1,440	7	54	59	1,442	35	14
Office equipment	2,369	–	449	31	2,787	1,863	–	236	31	2,068	719	506
Leasehold improvements	5,014	–	935	33	5,916	4,057	–	406	33	4,430	1,486	957
Assets acquired under lease												
Building	2,911	–	–	–	2,911	771	–	103	–	874	2,037	2,140
Plant and machinery	11,005	–	6890	–	17,895	2,913	–	3,775	–	6,688	11,207	8,092
Motor vehicles	29	–	–	–	29	28	–	1	–	29	–	1
	106,224	9,689	15,538	1,348	130,103	61,838	317	11,912	1,348	72,719	57,384	44,386
Previous year	85,872	246	28,575	8,469	106,224	60,213	120	9,927	8,422	61,838	44,386	–

Capital work in progress: Capital work in progress includes assets purchased for construction of Data Centre at Rabale (Mumbai) and assets taken under finance lease pending installation.

(All amounts are in Indian ₹ lakhs except share data and as stated)

10. INTANGIBLE ASSETS

Particulars	GROSS BLOCK					AMORTISATION					NET BLOCK	
	As at April 1, 2014	Assets transferred on merger	Additions	Deletions/ Adjustments	As at March 31, 2015	Upto March 31, 2014	Assets transferred on merger	Amortization for the year	Deletions/ Adjustments	Upto March 31,2015	As at March 31, 2015	As at March 31, 2014
Undersea cable capacity	5,533	–	232	–	5,765	922	–	484	–	1,406	4,359	4,611
System software	4,589	–	584	–	5,173	4,044	–	365	–	4,409	764	545
License fees	500	–	230	–	730	238	–	47	–	285	445	262
Customer related intangibles	1,824	–	–	–	1,824	1,824	–	–	–	1,824	–	–
	12,446	–	1,046	–	13,492	7,028	–	896	–	7,924	5,568	5,418
Previous year	12,384	76	389	403	12,446	6,588	42	801	403	7,028	5,418	–

The useful life in respect of some assets is lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The useful life of assets estimated by the Company is based on internal assessment, technical advice and experience with similar type of assets. The differences in useful life prescribed by Schedule II and useful life considered by the Company are given below:

Asset description	Estimated useful life (in years)	Useful life prescribed by Schedule II (in years)
Buildings	28	30
Plant and equipment		
– Towers, telecom ducts, Cables and optical fibre and telecom transceivers	3 - 8	18
– Computer servers	5	6
– Telecom Transceivers	8	13
Furniture and fittings	5	10
Motor vehicles	3	8

11. NON-CURRENT INVESTMENTS

		As at March 31, 2015	As at March 31, 2014
Trade Investments – carried at cost			
Investments in subsidiaries – unquoted			
Sify Technologies (Singapore) Pte Limited [2,000 (March 31,2014 : 2000) equity shares of S $1 each fully paid up]		1	1
Sify Technologies North America Corporation [100 (March 31, 2014: Nil) Common stock of ₹ 0.006155 (USD 0.0001) each fully paid up]		*	–
Pace Info com Park Private Limited [Refer notes (a) below & C (44)] [Nil (March 31, 2014: 10,000) equity shares of ₹ 10 each fully paid up]		–	2,422
Sify Technologies North America Corporation [8,00,00,000 (March 31, 2014: Nil) Preferred stock of ₹ 0.006155 (USD 0.0001) each fully paid up]		3,078	–
	(A)	3,079	2,423
Investment in equity of others – unquoted			
Investment in Vashi Railway Station Commercial Complex Limited [15,000 (March 31, 2014: 15,000) equity shares of ₹10 each fully paid up]		2	2
Investment in Sarayu Clean Gen Pvt Ltd [1,56,000 (March 31,2014: l,56,000) equity shares of ₹10 each fully paid up]		15	15
	(B)	17	17
	(A) + (B)	3,096	2,440
Aggregate cost of unquoted investments		3,096	2,440

* amount is below the rounding off norm adopted by the Company

Notes:

a) During the year 2011-12, pursuant to Memorandum of Understanding with Advance India Projects Limited (AIPL), the company purchased the shares of Hermit Projects Private Limited (HERMIT) from AIPL with a view to acquire land held by Pace Info Com Park Private Limited (PACE) (subsidiary of HERMIT) at Noida and the building constructed by AIPL on the said land for a total consideration of ₹ 11,400. By virtue of merger of HERMIT with the Company during the previous year, HERMIT's subsidiary PACE became the Subsidiary of the Company effective April 1, 2013.

b) During current year, the Honourable High Court of Madras, vide its order dated 12th day of February 2015, has approved the merger of Pace Info Com Park Private Limited (PACE) with the company with effect from April 1, 2014.

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(All amounts are in Indian ₹ lakhs except share data and as stated)

	As at March 31, 2015	As at March 31, 2014
12. LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and advances to related parties		
Advances to subsidiaries [Refer notes C (11) and C (39)]	–	7,107
Others		
Advances recoverable in cash or in kind for value to be received	–	1,807
Deposits	2,878	2,843
Prepaid expenses	3,276	1,213
Capital advances	2,015	2,277
	8,169	15,247
13. OTHER NON-CURRENT ASSETS		
Long term trade receivable	223	155
Accrued income	224	399
	447	554
14. INVENTORIES		
Traded hardware and software (net)	2,331	2,008
	2,331	2,008
15. TRADE RECEIVABLES		
Secured		
Outstanding for a period exceeding six months from due date		
– considered good	1	2
Other debts		
– considered good	4	5
	5	7
Unsecured		
Outstanding for a period exceeding six months from due date		
– considered good	9,245	6,856
– considered doubtful	2,029	1,700
Other debts		
– considered good*	37,320	28,252
	48,594	36,808
Less: Provision for doubtful debts	(2,029)	(1,700)
	46,570	35,115

	As at March 31, 2015	As at March 31, 2014
16. CASH AND BANK BALANCES		
Cash and cash equivalents		
(a) Cash on hand	5	6
(b) Balance with banks		
(i) in current accounts	8,468	7,576
(ii) deposits	1,123	3,001
Other Bank Balances		
Bank deposits [Refer note (a) and (b) below]	2,489	2,102
Unpaid dividend account	*	–
	12,085	12,685
*amount is below rounding off norm adopted by the Company		
(a) Balances in deposit accounts subject to lien in favour of banks for obtaining Bank Guarantees /Letter of Credits	2,479	2,102
(b) Deposits with more than 12 months maturity	300	–
17. SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and advances to related parties		
Loans and advances to subsidiaries [Refer note C (39)]	152	145
Others		
Advances recoverable in cash or in kind for value to be received	1,959	3,975
Balances with service tax and sales tax authorities	2,818	2,746
Prepaid expenses	2,425	1,496
Deposits	411	511
Advance tax and tax deducted at source	7,931	5,044
(A)	15,696	13,917
Unsecured, considered doubtful		
Advances recoverable in cash or in kind for value to be received		
– to others	1,442	826
Less: provision for advances doubtful of recovery	(1,442)	(826)
(B)	–	–
(A) +(B)	15,696	13,917
18. OTHER CURRENT ASSETS		
Accrued income	1,827	1,227
Interest accrued on advances and deposits	113	204
	1,940	1,431

(All amounts are in Indian ₹ lakhs except share data and as stated)

	As at March 31, 2015	As at March 31, 2014

19. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

(i) The Company had received orders from Income Tax department for various financial years towards income tax claims against the Company as at March 31, 2015 amounting to ₹ 1,136 (PY : ₹ 80).

(ii) Contingencies due to certain Service Tax claims as at March 31, 2015 amounted to ₹ 5,020 (PY: ₹ 5,020).

(iii) Contingencies due to certain Sales Tax claims as at March 31, 2015 amounted to ₹ 135 (PY: ₹ 135).

The company believes it has adequate defence against these demands and ultimate outcome of these actions may not have a material adverse effect on the Company's financial position and results of operations.

(b) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for	3,300	13,033

(c) Other commitments

(i) Export obligation under EPCG : Effective 2012-13, the Company has participated in the Export Promotion Capital Goods Scheme ("the scheme") under which capital equipments are permitted to be imported against a specific licence at a substantially reduced customs duty, subject to fulfilment of obligation to export services rendered by use of capital equipment imported under the scheme to the extent of over 6 times the value of duty saved over a period of 6 years from the date of obtaining the licence. In case of failure to meet the export obligation, the company would be liable to pay the differential between the normal duty and the duty saved under the scheme along with interest.

As of March 31, 2015, the company is holding 30 (PY : 32) licenses with a corresponding export obligation of ₹ 10,653 (PY : ₹ 12,273). Considering the track record of the exports, the Company believes it would be able to meet the export obligation within the time frame and would not be exposed to any liability on account of the above scheme.

Notes:

(a) Refer note C(41) in respect of contingencies arising on legal proceedings.

(b) Refer note C ((20) (a) & (b)) for Lease Commitments.

	As at March 31, 2015	As at March 31, 2014

20. LEASE COMMITMENTS

a. The Company has taken vehicles and certain portion of plant and machinery under finance lease. The future minimum lease payments under finance leases as at March 31, 2015 and as of March 31, 2014 are as follows:

Payable not later than one year	6,739	4,676
Payable later than one year and not later than five years	6,718	7,898
Total	13,457	12,574
Less: Amounts representing interest	(1,718)	(2,043)
Present value of minimum lease payments	11,739	10,531
Payable not later than one year [disclosed under other current liabilities - refer note C(8)]	5,568	3,523
Payable later than one year and not later than five years [disclosed under long term borrowings - refer note C(3)]	6,171	7,008

b. The Company takes on lease office buildings and other equipments under operating lease arrangements that are renewable on a periodic basis at the option of both the lessor and the lessee. Some of the leases include rent escalation clauses. The schedule of future minimum rental payments in respect of operating leases is set out below:

Payable not later than one year	996	1,233
Payable later than one year and not later than five years	4,357	5,405
Payable later than five years	7,661	10,263
Total	13,014	16,901

c. The company has given plant and machinery under operating lease arrangements to its customers the period of which are generally up to 5 years. The schedule of minimum lease rental incomes in respect of these operating lease arrangements are given below:

Receivables not later than one year	2,000	234
Receivables later than one year and not later than five years	3,000	817
	5,000	1,051

	Year ended March 31, 2015	Year ended March 31, 2014

21. REVENUE FROM OPERATIONS

Sale of Services:		
– Domestic*	78,162	58,698
– Export	42,483	40,993
Sale of Products:		
– Domestic	7490	4,770
	128,135	104,461

*includes lease income amounting to ₹ 2,857 (PY: ₹ 248)

*refer note C(28) for revenues arising from construction contracts

(All amounts are in Indian ₹ lakhs except share data and as stated)

	Year ended March 31, 2015	Year ended March 31, 2014
22. OTHER INCOME		
Interest income		
From banks	314	619
Others	173	485
Other non-operating income		
Profit on sale of fixed assets	40	11
Deposits/advances no longer payable, written back	416	566
Rental income	190	180
Miscellaneous income	318	190
	1,451	2,051
23. COST OF GOODS SOLD AND SERVICES RENDERED		
Cost of hardware and software sold		
Opening inventory	2,008	1,848
Add: Purchases	7,325	4,649
Less: Closing inventory	(2,331)	(2,008)
(A)	7,002	4,489
Cost of services rendered		
Networking costs	43,967	36,777
Other direct costs	15,158	10,103
Power expenses	6,440	5,909
(B)	65,565	52,789
(A) + (B)	72,567	57,278
24. EMPLOYEE BENEFIT EXPENSE		
Salaries and wages	14,395	12,026
Contribution to provident fund and other funds	1,034	513
Staff welfare expenses	181	172
Employee stock compensation expense	59	–
	15,669	12,711
25. FINANCE COSTS		
Interest expense	3,803	2,664
Other borrowing costs (including letters of credit and bill discounting charges)	1,003	813
Net loss on foreign currency transactions	269	243
	5,075	3,720

	Year ended March 31, 2015	Year ended March 31, 2014
26. OTHER EXPENSES		
Commission expenses	407	671
Communication expenses	293	264
Rent	3,705	3,664
Rates and taxes	698	765
Travelling expenses	1,215	1,049
Power and fuel expenses	1,001	1,144
Legal and professional	1,068	1,091
Payment to auditors		
– Audit fees	25	22
– Others	20	20
Repairs and maintenance expenses		
– Plant and machinery	1,867	1,095
– Buildings	477	541
– Others	2,130	1,937
Insurance	277	329
Outsourced manpower costs	1,954	1,432
Advertisement, selling and marketing expenses	695	666
Loss on foreign exchange fluctuation (net)	32	35
Duty credit entitlement written off	–	264
Provision for doubtful advances	616	229
Provision for bad and doubtful debts (including bad debts written off of ₹ 1,661 (PY: ₹ 2,142))	1,990	1,742
Miscellaneous expenses	1,108	1,254
	19,578	18,214
27. EXCEPTIONAL ITEMS		
Provision (made)/reversed for losses of subsidiary [Refer note below]	–	3,200
	–	3,200

Note:

During the year ended March 31, 2013, the Company had provided for the losses of one of its subsidiaries, Sify Software Limited as the networth of the subsidiary was eroded due to continuous losses since inception. The investment in the subsidiary was tested for impairment and losses were provided for during the same year. Subsequently, on merger of the subsidiary with the Company pursuant to the approval by the Honourable High Court of Madras, the said provision was assessed and was considered no longer required. Hence, the same was reversed during the previous year.

28. DISCLOSURE PURSUANT TO AS 7 – CONSTRUCTION CONTRACTS

	Year ended March 31, 2015	Year ended March 31, 2014
Contract revenue recognised	1,294	714
Aggregate amounts of costs incurred and recognized profits (less recognised losses) upto the reporting date – Contracts in progress	1,014	533
Gross amount due from customers for contract work presented as an asset	1,268	640

29. TAXATION

Major components of deferred tax asset/liability recognised on account of timing differences are:

	As at March 31, 2015	As at March 31, 2014
Liabilities		
Amortization of assets on finance lease	521	576
Assets		
Depreciation on own assets (restricted to the extent of deferred tax liability)	(521)	(576)
Net deferred tax recognised	–	–

The Company has recognised deferred tax asset to the extent of deferred tax liability arising during the year. Deferred tax asset on unabsorbed depreciation and carried forward business losses will be recognised in future when there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

(All amounts are in Indian ₹ lakhs except share data and as stated)

	For the year ended March 31, 2015 Qty (Nos)	Value	For the year ended March 31, 2014 Qty (Nos)	Value
30. TRADED GOODS				
Opening stock				
– Hardware & Software	97,926	2,008	14,023	1,848
Purchases				
– Hardware & Software*	6,43,143	7,325	2,39,575	4,649
Sales				
– Hardware & Software*	5,99,482	7,002	1,55,672	4,489
Closing stock				
– Hardware & Software	1,41,587	2,331	97,926	2,008

*
(a) Quantity of software is measured by number of packages.
(b) Quantitative details for purchases related to customer projects are not included in the above disclosure.

	Year ended March 31, 2015	Year ended March 31, 2014
31. VALUE OF IMPORTS ON C.I.F. BASIS		
Hardware/software imported	373	88
Fixed assets	4,278	5,079
	4,651	5,167
32. EXPENDITURE IN FOREIGN CURRENCY		
(i) On accrual basis		
Royalty	25	412
Legal and professional charges	167	236
Networking costs	4,487	3,569
Other direct costs	280	159
Personnel expenses	986	851
Travelling expenses	73	40
Advertising, selling and marketing expenses	23	113
Others	1,110	725
	7,151	6,105
(ii) Dividend paid to non-residents		
The dividend for ADS holders is remitted to Indian Custodian in Indian rupees. The Custodian is the registered member on record for all the shares in the form of ADS. The Custodian remits dividend to the ADS holders by converting the same in foreign currencies.		
No of shareholders	15,610	15,610
Number of shares held	3,90,00,135	3,90,00,135
Amount of dividend paid	390	–
Year to which dividend related	2013-14	–
33. EARNINGS IN FOREIGN EXCHANGE		
Export of services	42,483	40,993
34. PAYMENTS TO DIRECTORS (other than managing director and executive director)		
Sitting fees	19	10
Consultancy fees	2	2

(All amounts are in Indian ₹ lakhs except share data and as stated)

	Year ended March 31, 2015	Year ended March 31, 2014
35. RECONCILIATION OF EQUITY SHARES IN COMPUTING WEIGHTED AVERAGE NUMBER OF EQUITY SHARES		
(a) Weighted average number of shares – Basic		
Issued fully paid up ordinary shares as on April 1,	5,35,30,787	5,33,51,498
Effect of shares issued on exercise of stock options	–	1,69,205
Effect of partly paid shares [Refer Note]	8,75,00,000	8,31,59,247
Weighted average number of equity shares outstanding	14,10,30,787	13,66,79,950

Note: During the year 2010-11, 12,50,00,000 ordinary shares were issued to the existing promoter group on a private placement basis. As of March 31, 2015, these shares were partly paid up to the extent of ₹ 7 (March 31, 2014 - ₹ 7) per share. Refer to note C (48).

	Year ended March 31, 2015	Year ended March 31, 2014
(b) Weighted average number of shares – Diluted		
Weighted average number of equity shares outstanding	14,10,30,787	13,66,79,950
Dilutive impact of associated stock options	1,25,101	2,615
Weighted average number of equity shares for diluted earnings per share	14,11,55,888	13,66,82,565

36. FINANCIAL AND DERIVATIVE INSTRUMENTS

The details of outstanding option/forward contracts as of March 31, 2015 and as of March 31, 2014 are given below:

Particulars	Currency	As at March 31, 2015	As at March 31, 2014
Forward contracts	USD	–	1
(Gain) / loss on mark to market in respect of options / forward contracts outstanding	INR	–	2

Cross Currency Swap:

The Company had entered into a Cross Currency Swap (Principal Only Swap arrangement) in order to hedge the cash flows arising out of the Principal and Interest payments of the underlying INR term loan . The period of the swap contract is co terminus with the period of the underlying term loan. As per the terms of the arrangement, the Company shall pay USD fixed and receive fixed INR cash flows during the term of the contract. The swap arrangement is marked to market at the end of every period and losses are recognised in the Profit and Loss Statement. The details of the transaction and the losses recognised during the year are as under:

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses
Tranch 1	627	USD 10	19
Tranch 2	1,050	USD 17	44
Tranch 3	824	USD 13	20

The details of the transaction and the losses recognised during the year ended 31 March 2014 are as under:

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses
Tranch 1	1,260	USD 20	43
Tranch 2	721	USD 12	3

(All amounts are in Indian ₹ lakhs except share data and as stated)

The details of foreign currency exposure as at March 31, 2015 are as follows:

Particulars	As at March 31, 2015		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of: **Debtors**	GBP	2	166
	USD	114	7,113
	CAD	*	*
	CHF	*	*
	EUR	1	55
			7,334
Amounts payable in foreign currency on account of: **Creditors**	EUR	*	8
	USD	66	4,113
	DHS	*	2
	GBP	*	2
	CHF	*	2
			4,127
Foreign Currency Term Loan	USD	24	**1,512**
Foreign Currency Demand Loan	USD	116	**7,263**

The details of foreign currency exposure as at March 31, 2014 are as follows:

Particulars	As at March 31, 2014		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of: **Debtors**	GBP	1	98
	USD	98	5,917
	SGD	*	1
	CAD	*	*
	EUR	1	91
			6,107
Amounts payable in foreign currency on account of: **Creditors**	EUR	*	13
	USD	47	2,826
	HKD	*	3
	GBP	*	12
	CHF	*	3
			2,857
Foreign Currency Demand Loan	USD	75	**4,486**

*amount is below the rounding off norm adopted by the Company

(All amounts are in Indian ₹ lakhs except share data and as stated)

37. EMPLOYEE BENEFITS

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (Gratuity)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Projected benefit obligation at the beginning of the year	534	657
Service cost	121	160
Interest cost	43	49
Actuarial (gain) / loss	178	(238)
Benefits paid	(86)	(94)
Projected benefit obligation at the end of the year	790	534
Change in the fair value of assets		
Fair value of plan assets at the beginning of the year	406	426
Expected return on plan assets	30	32
Employer contributions	11	42
Benefits paid	(86)	(94)
Actuarial (gain)/ loss	(30)	–
Fair value of plan assets at the end of the year	331	406
Amount recognised in the balance sheet		
Present value of projected benefit obligation at the end of the year	790	534
Fair value of plan assets at the end of the year	331	406
Funded status amount of liability recognised in the balance sheet	459	128
Expense recognised in the profit and loss statement		
Service cost	121	160
Interest cost	43	49
Expected return on plan assets	(30)	(32)
Recognised net actuarial (gain)/ loss	208	(238)
Net gratuity costs	342	(61)
Actual return on plan assets	30	32
Summary of actuarial assumptions		
Discount rate	7.80% p.a.	8.80% p.a
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a
Salary escalation rate	7.00% p.a.	6.00% p.a
Average future working life time	4.90 years	4.90 years

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

38. SEGMENT REPORTING

The Company, in the past, has been operating with two segments of business viz Enterprise Service and Software services. During the year 2013-14, the Company has reorganised its business into the following offerings.

Telecom Services	Consists of Domestic Data, International Data and Wholesale Voice
Data Centre Services	Currently provides Co-location services for enterprise class clients.
Cloud and Managed Services	Consists of IT infra services, IT transformation Services, Remote and Onsite Infrastructure Management services and Delivery platforms.
Applications Integration Services	Consists of Application Development and Maintenance, Application testing, Mobility solutions, eLearning, Portal services, Tools, Process and Automation.
Technology Integration Services	Consists of Data Centre Build, Network Integration, Information security, End User computing and Collaborative Tools consisting of Audio and Video conferencing solutions.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Consequently the operating segments are as under:

Telecom services: The telecom services consist of network services addressing the domestic connectivity needs of Indian enterprises and international inward and outward connectivity needs of International Enterprises. The services include a comprehensive range of Internet protocol based Virtual Private Network, offerings, including intranets, extranets and remote access applications to both small and large corporate customers. The Company provides MPLS-enabled IPVPN's through entire network. The Company also provides last mile connectivity to customers.

The cable landing station and investment in submarine cable consortium are other assets extended to International partners for international inward and outward connectivity needs. The cable landing station currently lands 2 major submarine cables; namely Gulf Bridge International (GBI) and the Middle Eastern and North African cable (MENA)

Data center services: The Company operates 5 Tier III Data centers of which two are located in Mumbai (Bombay), one each at Noida (Delhi), Chennai (Madras) and Bengaluru, to host mission-critical applications. The Company offers co-location services which allow customers to bring in their own rack-mountable servers and house them in shared racks or hire complete racks, and even rent 'secure cages' at the hosting facility as per their application requirements. It also offers a wide variety of managed hosting services, such as storage, back-up and restoration, performance monitoring and reporting hardware and software procurement and configuration and network configuration under this business line.

Cloud and managed services: On-demand hosting (cloud) services offer end-customers with the solutions to Enterprises. The Company offers on-demand cloud services giving companies the option to "pay as you go" basis.

The Remote and Onsite Infrastructure Management services provide management and support of customer operating systems, applications and database layers.

Technology integration service: The services under this segment consists of Data Centre Build, Network Integration, Information security and End User computing.

Applications integration services: The wide range of web-applications include sales force automation, supply chain management, intranet and extranets, workflow engine and knowledge management systems.

Applications integration services operates the online portals, such as www.sify.com, www.samachar.com , that function as principal entry points and gateway for accessing the Internet by providing useful web-related services and links. The company also offers related content sites worldwide.

Sify.com provides a gateway to the Internet by offering communication and search tools such as email, chat, travel, online portfolio management and channels for personal finance, astrology, lifestyle, shopping, movies, sports and news.

The company also offers value-added services to organizations such as website design, development, content management, Online assessment tools, search engine optimization, , including domain name management, secure socket layer (SSL) certificate for websites, and server space in required operating system and database. It provides messaging and collaboration services and solutions such as e-mail servers, LAN mail solutions, anti-spam appliances, bulk mail services, instant messaging, and also offer solutions and services to enable data & access security over the Internet, Infrastructure-based services on demand, including on-line testing engine and network management. On-line testing services include test management software, required servers and proctored examination facilities at Sify's franchisee points. On-line exam engine offered allows a secure and flexible way of conducting examinations involving a wide range of question patterns.

Accordingly, revenues represented by nature of service rendered comprise the primary basis of segmental information.

Bandwidth costs, which form a significant part of the total expenses, are of three kinds – international, domestic and last mile. These are allocated primarily to the Telecom services.

Certain expenses, like depreciation and overheads incurred by the support functions including finance, human resources, administration and corporate, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. Management believes that it is not feasible to provide segment disclosure of these expenses and, accordingly, they are separately disclosed as "unallocated expenses" and "depreciation" and adjusted only against the total operating income of the Company.

A significant part of the fixed assets used in the Company's business are not identifiable exclusively to any of the reportable segments and can be used interchangeably between segments. Management believes that it is not feasible to provide segment disclosures relating to total assets since a meaningful segregation of the available data is onerous.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Business segment

The Company's operating segment information for the year ended March 31, 2015 is presented below:

Particulars	Telecom Services	Data center Services	Cloud and Managed Services	Technology Integration Services	Applications Integration Services	Total (A)+(B)+ (C)+(D)+ (E)
	(A)	(B)	(C)	(D)	(E)	
Revenue from operations	84,629	12,768	6,218	14,165	10,355	1,28,135
Operating expenses	(62,661)	(11,279)	(5,025)	(13,881)	(7,746)	(1,00,592)
Segment operating income / (loss)	21,968	1,489	1,193	284	2,609	27,543
Unallocable expenses						(7,190)
Operating income						20,353
Other income						964
Foreign exchange gain / (loss), net						(32)
Profit / (loss) before interest, depreciation, tax and exceptional items						21,285
Interest income / (expenses), net						(4,588)
Depreciation, amortisation and impairment						(12,808)
Profit before exceptional items and taxation						**3,889**
Exceptional item						-
Net profit after taxes						**3,889**

The Company's operating segment information for the year ended March 31, 2014 is presented below:

Particulars	Telecom Services	Data center Services	Cloud and Managed Services	Technology Integration Services	Applications Integration Services	Total (A)+(B)+ (C)+(D)+ (E)
	(A)	(B)	(C)	(D)	(E)	
Revenue from operations	68,756	12,239	4,985	8,279	10,202	1,04,461
Operating expenses	(52,502)	(9,522)	(4,364)	(8,442)	(7,778)	(82,608)
Segment operating income / (loss)	16,254	2,717	621	(163)	2,424	21,853
Unallocable expenses						(5,560)
Operating income						16,293
Other income						947
Foreign exchange gain / (loss), net						(35)
Profit / (loss) before interest, depreciation, tax and exceptional items						17,205
Interest income / (expenses), net						(2,616)
Depreciation, amortisation and impairment						(10,728)
Profit before exceptional items and taxation						**3,861**
Exceptional item						3,200
Net profit after taxes						**7,061**

(All amounts are in Indian ₹ lakhs except share data and as stated)

Geographical segment

The Company has operations within India as well as well as in other countries. The operations in India constitute the major part of the operations. Management has reviewed the geographical areas vis-à-vis the risks and returns that encompass them. While arriving at this, management has reviewed the similarity of the economic and political conditions, relationships between operations in these geographical areas, proximity of operations, and special risks if any associated with operations in these areas. Revenues are attributable to individual geographic segments based on the location of the customer. Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The Company's geographical segment information for the year ended March 31, 2015 is presented below:

Description	India	Rest of the world	Total
Sales- External Revenue	85,652	42,483	128,135
Net carrying amount of segment fixed assets by location of assets	62,952	–	62,952
Net carrying amount of other segment assets by location of customers	90,172	7,334	97,506
Cost to acquire tangible and intangible assets by location of customers	26,273	–	26,273

The Company's geographical segment information for the year ended March 31, 2014 is presented below:

Description	India	Rest of the world	Total
Sales- External Revenue	63,468	40,993	104,461
Net carrying amount of segment fixed assets by location of assets	49,804	–	49,804
Net carrying amount of other segment assets by location of customers	65,936	6,107	72,043
Cost to acquire tangible and intangible assets by location of customers	28,965	–	28,965

39. RELATED PARTY TRANSACTIONS

The related parties where control exists are the subsidiaries.

Related parties where control / significant influence exist or with whom transactions have taken place during the year are given below.

Holding companies	Infinity Satcom Universal Private Limited.
	Raju Vegesna Infotech and Industries Private Limited (subsidiary of Infinity Satcom Universal Private Limited)
	Ramanand Core Investment Company Private Limited (subsidiary of Raju Vegesna Infotech and Industries Private Limited)
Subsidiaries	Sify Technologies (Singapore) Pte. Limited
	Sify Technologies North America Corporation
	Pace Info Com Park Private Limited [Refer note C(11) and C (44)]
Key management personnel (KMP) and relatives of key management personnel	Raju Vegesna, Chairman and Managing Director
	Ananda Raju Vegesna, Executive Director and
	Radhika Vegesna, Daughter of Mr. Ananda Raju Vegesna
Enterprises over which KMP have significant influence	Raju Vegesna Developers Private Limited

(All amounts are in Indian ₹ lakhs except share data and as stated)

(i) Particulars of related party transactions

The following is a summary of significant related party transactions:

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
	Subsidiaries	
Sify Technologies (Singapore) Pte. Limited		
Advances given	14	131
Receipt of services	182	214
Reimbursement of expenses	–	–
Rendering of services	5	2
Sify Technologies North America Corporation		
Investment made	3,078	–
Advances given	31	–
Rendering of services	52	–
Pace Info Com Park Private Limited Refer note C (11) and C (44)]		
Investment made	–	2,422
Advances given	–	267
	Holding Companies	
Raju Vegesna Infotech and Industries Private Limited (Refer Note 1 below)		
Lease rentals Paid	9	9
Infinity Satcom Universal Private Limited.		
Dividend paid	145	–
Ramanand Core Investment Company Private Limited		
Dividend paid	832	–
	Enterprises over which KMP have significant influence	
Raju Vegesna Developers Private Limited (Refer Note 2 below)		
Lease rentals paid	4	4
	Relative of KMP	
Radhika Vegesna (Refer Note 3 below)		
Lease rentals paid	35	35

(ii) The following is the summary of outstanding balances as at March 31, 2015:

Particulars	As at March 31, 2015	As at March 31, 2014
Sify Technologies (Singapore) Pte. Limited		
Advances receivable	154	154
Investments	1	1
Trade Payables	16	11
Trade Receivables	7	2
Sify Technologies North America Corporation		
Investment	3,078	–
Trade Receivables	7	–
Pace Info Com Park Private Limited [Refer note C (44)]		
Investment	–	2,422
Advances receivable	–	7,107
Guarantees obtained	–	14,300
Raju Vegesna Infotech and Industries Private Limited		
Lease rentals Paid	1	–
Raju Vegesna Developers Private Limited		
Lease rentals paid	*	–
Radhika Vegesna		
Lease rentals payable	–	*
Refundable rental deposits	26	26

*amount is below the rounding off norm adopted by the Company.

The Company does not pay any remuneration to the key managerial personnel. Details of payments to other directors are given in note 34.

Note 1: Transaction with M/s Raju Vegesna Infotech and Industries Private Limited

During the year 2011 -12, the Company had entered into a lease agreement with M/s Raju Vegesna Infotech and Industries Private Limited, the holding Company, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.75 (Rupees Seventy Five Thousand Only) per month. Subsequently, the Company entered into an amendment agreement on April 1, 2013, providing for automatic renewal for a further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years.

Note 2: Transaction with M/s Raju Vegesna Developers Private Limited

During the year ended March 31, 2012, the Company had entered into a lease agreement with M/s Raju Vegesna Developers Private Limited, a Company in which Mr Ananda Raju Vegesna, Executive Director of the Company and Mr Raju Vegesna, Chairman and Managing director of the Company exercise significant influence, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.30 (Rupees Thirty Thousand Only) per month. Subsequently, the Company entered into an amendment agreement on April 1, 2013, providing for the automatic renewal for further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years.

Note 3: Transaction with Radhika Vegesna

During the year 2010-11, the Company had entered into a lease agreement with Ms Radhika Vegesna, daughter of Mr Anand Raju Vegesna, Executive Director of the company, to lease the premises owned by her for a period of three years effective June 1, 2010 on a rent of ₹ 3 per month and payment of refundable security deposit of ₹ 26. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged.

40. ASSOCIATE STOCK OPTION PLAN

The Company had issued stock options under Associate Stock Option Plan (ASOP) 1999, ASOP 2000, ASOP 2002, ASOP 2005, ASOP 2007 and ASOP 2014. The Compensation Committee grants the options on the basis of performance, criticality and potential of the employees as identified by the management. Each option entitles the holder to purchase one American Depository Share (ADS) at an exercise price determined by the Compensation committee on the date of the grant. There are no options outstanding in respect of ASOP 1999, ASOP 2000, ASOP 2002, ASOP 2005 and ASOP 2007 as at March 31, 2015. The plan details of ASOP 2014 are as follows:

(i) **ASOP 2014**

During July 2014, the shareholders of the Company approved a new scheme for allotment of shares to employees i.e. Associate Stock Option Plan 2014. Consequently 58,70,800 options were granted to the employees on January 20, 2015.

(All amounts are in Indian ₹ lakhs except share data and as stated)

The options vest in the following manner :

No of Options	Vesting Pattern
42,40,300	3/5th of the options vest at the end of one year from the date of grant. The remaining 2/5th vests at the end of every half year during second and third years from the date of grant in 4 equal instalments
4,87,700	2/5th of the options vest at the end of one year from the date of grant. The remaining 3/5th vests at the end of every half year during second, third and fourth years in 6 equal instalments
11,42,800	2/5th of the options vest at the end of two years from the date of grant. The remaining 3/5th vests at the end of every half year during third, fourth and fifth years in 6 equal instalments.

The following table summarises the transactions of stock options under ASOP 2007 and 2014:

No. of options granted, exercised and forfeited	Year ended March 31, 2015	Year ended March 31, 2014
Outstanding at the beginning of the year (ASOP 2007)	30,000	54,592
Granted during the year (ASOP 2014)	58,70,800	–
Forfeited during the year	–	–
Expired during the year (ASOP 2007)	(30,000)	(7,394)
Exercised during the year	–	(17,198)
Outstanding at the end of the year	58,70,800	30,000
Vested and exercisable at the end of the year	58,70,800	30,000
Weighted average exercise price in ₹	79.10	98.24
Remaining contractual period	3.81 - 5.81 years	0 - 0.56 years

(ii) **Proforma disclosure**

The Company measures the compensation cost relating to the stock option using the intrinsic value method. The compensation cost is amortised over the vesting period of the stock option. The Company has accounted for the ASOPs granted as per the Guidance Note on Employee Share Based Payments, dated February 4, 2005 issued by the Institute of Chartered Accountants of India. Accordingly, the Company has amortised an amount of ₹ 59 and ₹ * (net) towards stock expense for the years ended March 31, 2015 and 2014 respectively.

Had the compensation cost for the options been recognised based on the fair value at the date of grant in accordance with Black Scholes' model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Net profit – as reported	3,889	7,061
Add: Stock based compensation expense included in reported net profit	59	*
Less: Stock based compensation expense determined under fair value method	(117)	*
Proforma net profit	3,831	7,061
Earnings per share		
Number of shares – Basic	14,10,30,787	13,66,79,950
Number of shares – Diluted	14,11,55,888	13,66,82,565
Earnings per share – reported	2.76	5.17
Earnings per share – proforma - ₹ 10 paid up	2.72	5.17
Earnings per share – proforma diluted - ₹ 10 paid up	2.71	5.17
Earnings per share – proforma - ₹ 7 (March 31, 2014: ₹ 7) paid up	1.90	3.62
Earnings per share – proforma diluted - ₹ 7 (March 31, 2014: ₹ 7) paid up	1.90	3.62

41. LEGAL PROCEEDINGS

a) Proceedings before Department of Telecommunications

(i) License fees

On October 12, 2009 and February 26, 2010, the Department of Telecommunications ('DOT') raised a demands on the Company for ₹ 140 and ₹ 260 respectively towards license fee on income other than income from activities that require license from DOT. The said demands were attributable to income from Internet Service provider (ISP) license and national long distance (NLD) services respectively. The licensed activities are those activities that require license from DOT.

The aforesaid demands made by DOT were based on the premise that all amounts of income (whether direct or indirect) including items such as other income, interest on deposits, gain on foreign exchange fluctuation, profit on sale of assets and provision no longer required written back were directly related to telecom operations of the Company and arise in connection with the Telecom business of the Company and such items need to be considered as part of 'income' for the purpose of calculation of the license fee. Accordingly, DOT considered such items as part of income for the purpose of calculating license fee on AGR (aggregated gross revenue)

The Company and other service providers through their Association of Unified Telecom Service Providers (AUTSPI) approached Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') and challenged DOT's demand seeking inclusion of the aforesaid items as part of 'income' . TDSAT passed an order in favour of service providers. The order was subsequently challenged by DOT in Supreme Court of India which set aside the TDSAT order to the effect that DOT has per se authority to define AGR. However the Supreme Court through its supplementary order allowed the service providers to approach TDSAT on the issue of demands made by DOT and also held that matter should be settled as per law. AUTSPI approached TDSAT on the demands raised by DOT. TRAI recommended to DOT to charge License fees only on licensed activities. The judgement is awaited from TDSAT. Sify believes the above demands are not tenable under law nor fit into the definition of AGR as defined by DOT. The company believes it has adequate defence against these demands and the ultimate outcome of these actions may not have a material adverse effect on the Company's financial position and results of operations.

(ii) The present licence for ISP under Unified License issued by DOT on June 2, 2014 provides for payment of Licence fee on pure internet services. However, the Company through Internet Service Providers Association of India (ISPAI) challenged the said clause before TDSAT. TDSAT passed a stay order on DOT from charging the Licence fee on pure internet services.

b) The company is party to additional legal actions arising in the ordinary course of business. Based on the available information as at March 31, 2015, the Company believes that it has adequate legal defences for these actions and that the ultimate outcome of these actions will not have a material adverse effect (the maximum financial exposure would be ₹ 251 (March 31, 2014: ₹ 266)) on the Company's financial position and results of operations.

42. MERGER OF SIFY SOFTWARE LIMITED AND HERMIT PROJECTS PRIVATE LIMITED WITH SIFY TECHNOLOGIES LIMITED

The Board of Directors had approved the proposal for merger of the wholly owned subsidiaries M/s Sify Software Limited (SSL) and M/s Hermit Projects Private Limited (HERMIT), with the Company effective April 1, 2013.

The High Court has approved the merger vide its order dated 7th of April 2014. The scheme was sanctioned by the Court with effect from the 1st of April 2013 so as to be binding on all the shareholders and creditors of the Company.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Scheme of Arrangement:

The Scheme of Arrangement is prepared under Section 391 to 394 read with Sections 78, 100 to 103 and other relevant provisions of the Companies Act, 1956 for the amalgamation of M/s Sify Software Limited and M/s Hermit Projects Private Limited, the two wholly subsidiary Companies with the company and adjustment of accumulated losses of the merged entity against the Securities Premium Account and for matters consequential, supplemental and/or otherwise integrally connected therewith.

1. All the assets and liabilities recorded in the books of the Transferor Companies shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and is recorded by the Transferee Company at the book values as appearing the books of the Transferor Companies.
2. All reserves of the Transferor Companies shall be transferred to the identical reserves in the Transferee Company. The Share Capital and Securities Premium of the Transferor Companies will stand cancelled against the investment appearing in the books of Transferee Company.
3. The accumulated losses of the Transferor Companies shall be adjusted to the Securities Premium of the Transferor Company.

Any surplus/deficit arising out of Amalgamation is adjusted in the Reserves and Surplus of the Transferee Company.

Net assets position of the subsidiaries as on the effective date of merger is as under:

	Sify Software Limited	Hermit Projects Private Limited
Particulars	Amount ₹	Amount ₹
Non-Current Assets	164	4,342
Current Assets	3,213	–
Total Assets	**3,377**	**4,342**
Non-Current Liabilities	(149)	(4,344)
Current Liabilities	(5,974)	(1)
Total outside liabilities	**(6,123)**	**(4,345)**
Net Assets	**(2,746)**	**(3)**

Out of the above mentioned net assets, accumulated losses of ₹ 7,874 in respect of SSL and ₹ 4 in respect of HERMIT have been set off against the securities premium of the Company and the balance has been adjusted to the Profit and Loss statement.

Calculation of Net surplus / (deficit) arising out of the amalgamation:-

Particulars	Amount ₹	Amount ₹
Share Capital including share premium (A)	5,128	1
Accumulated losses (B)	(7,874)	(4)
Net Assets C= (A) – (B)	(2,746)	(3)
Adjustments:		
Balance of net assets after setting off of the losses with the Transferee Company (Refer note C (43)) (D) = (C)-(B)	5,128	1
Investment value of the subsidiaries in the company (E)	–	280
Net surplus/(deficit) arising out of the amalgamation (D) - (E)	5,128	(279)

The net surplus/(deficit) of ₹ 4,849 (₹ 5,128 – ₹ 279) is adjusted in the profit and loss account under reserves and surplus.

43. ADJUSTMENT TO THE SECURITIES PREMIUM ACCOUNT

The company had an accumulated loss of ₹ 19,783 as on 31.3.2013. Consequent to scheme of amalgamation of two subsidiary companies, the accumulated loss stood at ₹ 27,661. As part of the said scheme of amalgamation, it was proposed to set off the accumulates losses of the Company and subsidiaries with the Securities Premium account of the company. Accordingly the debit balance in the Profit and Loss Statement as on the Appointed Date is ₹ 27,661 representing the losses carried forward by the Company and the two subsidiaries (the Transferor Companies). The details of loss incurred/profit earned by the Transferee Company over the last five years prior to the scheme are given below:

Year ended	Amount ₹
Profit/(Loss) for the year ending	
31.3.2008	(2,155)
31.3.2009	(17,666)
31.3.2010	3,603
31.3.2011	(5,423)
31.3.2012	(2,400)
31.3.2013	4,258
Total	**(19,783)**
Accumulated loss of subsidiaries as on 31.3.2013:	
Sify Software Limited	(7,874)
Hermit Projects Private Limited	(4)
Total accumulated loss as on 31.3.2013	**(27,661)**

Hence, the debit balance in the "Profit and Loss Statement" as on the Appointed Date to an extent of ₹ 27,661 representing the accumulated losses of the Company and the Subsidiaries as on 1.4.2013 is adjusted against the sum of ₹ 69,004 standing to the credit of Securities Premium Account of the Company on the said date. On such adjustment, the Securities Premium Account of the Company shall stand reduced collectively by a sum of ₹ 27, 661, leaving a credit balance of ₹ 41,343.

44. MERGER OF PACE INFO COM PARK PRIVATE LIMITED

The Board of Directors had approved the proposal for merger of the wholly owned subsidiary M/S Pace Info Com Park Private Limited with the Company effective April 1, 2014. The Honourable High Court of Madras approved the merger vide its order dated February 12, 2015. The scheme was sanctioned by the Honourable High Court of Madras effective April 1, 2014 so as to be binding on all the shareholders and creditors of the Company.

The Scheme of Arrangement is prepared under Section 391 to 394 and other applicable provisions of the Companies Act 1956 for the amalgamation of M/s Pace Info Com Park Private Limited, the wholly owned subsidiary company with the Company and for matters consequential, supplemental and/ or otherwise integrally connected therewith.

1. All the assets and liabilities recorded in the books of the Transferor Company shall stand transferred to and vested with the Transferee Company pursuant to the Scheme and is recorded by the Transferee Company at the book values as appearing in the books of the Transferor Company.
2. All reserves of the Transferor Company shall be transferred to the identical reserves of the Transferee Company.
3. Any surplus or deficit arising out of Amalgamation shall be adjusted in the books of the Transferee Company.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Net Assets position of the subsidiary as on the effective date of merger is as under:

Particulars	Amount
Non current assets	9,465
Current Assets	107
Total Assets	**9,572**
Non Current Liabilities	7,106
Current Liabilities	80
Total Outside Liabilities	**7,186**
Net Assets	**2,386**

Calculation of net deficit arising out of the amalgamation:

Particulars	Amount
Share capital (A)	1
Revaluation reserve (B)	2,683
Accumulated losses (C)	(298)
Net assets (D) = (A) + (B) - (C)	**2,386**
Adjustments	
Investment value of subsidiary in the company (E)	2,422
Net surplus/(deficit) adjusted in reserves and surplus (D) - (E)	**(36)**

During the year ended March 31, 2012, the Company had acquired the shares of Hermit Projects Private Limited (HERMIT) from Advance India Projects Private Limited (AIPL), an independent third party builder. HERMIT is the Holding Company of Pace Info Com Park Private Limited (PACE), who was allotted a land by the Noida authorities and where the activity of construction of data center is in progress. At the time of acquisition of HERMIT from AIPL, the total consideration was determined as being ₹ 11,400 towards purchase of shares in HERMIT and settlement of assets and liabilities in the books of PACE and HERMIT.

HERMIT was merged with the Company effective April 1, 2013 by virtue of which PACE became the subsidiary of the Company on the effective date of merger with an investment value of ₹ 2,422 represented by 10,000 equity shares of ₹ 10 each. As of March 31, 2014, the Company had advanced a sum of ₹ 7,107 to PACE and had also advanced ₹ 1,807 to AIPL. Pursuant to the merger of PACE with the Company effective April 1,2014, the total consideration of ₹ 11,400 is adjusted towards the purchase consideration of the assets and liabilities lying in the books of PACE on the date of merger including any advances paid to AIPL towards purchase consideration of the assets and liabilities.

45. EUROPE INDIA GATEWAY

The Company has entered into a contract with Emirates Integrated Telecom ('the Emirates') for the construction and supply of undersea cable capacity from the Europe India Gateway. As per the contract with Emirates, the Company is required to pay its share of decommissioning costs, if any, that may arise in the future. No provision has been made by the Company for such decommissioning costs as the amount of provision cannot be measured reliably as at March 31, 2015.The capacity under the mentioned facility would be upgraded over a period of time.

46. IPO LISTING

The Ministry of Finance of the Government of India ('MoF') issued a press release dated March 31, 2006, making amendments to the 'Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993' ('the Scheme'). The amendments included a statement that unlisted Companies which had accessed FCCBs, ADR/GDRs in terms of guidelines of May 22, 1998 and are not making profit, be permitted to comply with listing condition on the domestic stock exchanges within three years of having started making profit. Further, the press release states that no fresh issues of FCCBs, ADR/GDRs by such companies will be permitted without listing first in the domestic exchanges. Securities and Exchange Board of India (SEBI) has amended the (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012 on October 12, 2012. In terms of the amended Clause 26 (1) (b), in order to be eligible to go for the Initial Public Offer, the Company should have a minimum average pre-tax operating profit of ₹ 150 calculated on a restated and consolidated basis, during the three most profitable years out of the immediately 5 preceding years.

This is in addition to the other clauses viz. it has a track record of distributable profits in terms of Section 123 of the Companies Act, 2013, for at least three out of the immediately preceding five years; provided that extraordinary items shall not be considered for calculating distributable profits, for being eligible to go for the IPO.

Hence the Company would not be able to raise funds by issuing ADRs until such time the Company complies with the 'Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993' and lists in the domestic stock exchanges as per the above press release.

47. DUES TO MICRO AND SMALL ENTERPRISES

The Company has not received any memorandum (as required to be filed by the supplier with the notified authorities under Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as Micro, Small or Medium Enterprises. Accordingly the amount paid/ payable to these parties is considered to be nil.

48. ISSUE OF SHARES TO THE PROMOTER GROUP

On August 4, 2010, the Board of Directors of the company proposed the issuance, in a private placement, of upto an aggregate of 12,50,00,000 of the company's equity shares, par value ₹ 10 per share ("Equity shares"), for an aggregate purchase price of ₹ 40,000, to a group of investors affiliated with the company's promoter group, including entities affiliated with Mr Raju Vegesna, the company's Chairman and Managing Director and Mr Ananda Raju Vegesna, Executive Director and brother of Mr Raju Vegesna (the "Offering"). The company's shareholders approved the terms of the Offering at the Company's Annual General Meeting held on September 27, 2010.

On October 22 2010, the company entered into a Subscription Agreement with Mr Ananda Raju Vegesna, acting as representative of the acquirers in connection with the offering. Accordingly, the company issued 12,50,00,000 equity shares to Raju Vegesna Infotech & Industries Private Limited, a company affiliated with the promoter group on October 30, 2010.

As of March 31, 2015, the Company has called–up and received a sum of ₹ 7 per share. The remaining amount of the purchase price will be called up at such time as determined by the company. Until the full purchase price is paid by the purchasers, the Company retains a lien on the equity shares purchased in connection with the Offering.

The remaining amount of purchase price uncalled as on March 31, 2015 is ₹ 12,000, which comprises of ₹ 3,750 towards share capital and ₹ 8,250 towards securities premium.

49. CSR SPEND

Section 135 of the Companies Act, 2013, requires Company to spend towards Corporate Social Responsibility (CSR). The Company is expected to spend ₹ 25.75 towards CSR in compliance of this requirement. A sum of ₹ 2 has been spent prior to 31st March 2015 towards Swachh Bharat Kosh of ₹ 1

(All amounts are in Indian ₹ lakhs except share data and as stated)

and ₹ 1 towards promoting education . Further, an amount of ₹ 16.05 has been spent subsequent to the balance sheet date towards promoting preventive healthcare and sanitation. The balance amount to be spent is ₹ 7.70.

50. PRIOR YEAR COMPARATIVES

Previous year's figures have been regrouped wherever necessary to conform to current year's classification. Since the merger referred to in note C (44) is effective from the 1st April 2014, the figures of the current year are not comparable with that of the previous year.

for **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

J Sivasankaran
Partner
Membership No: 022103

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 23, 2015

M P Vijay Kumar
Chief Financial Officer

L V Veeranjaneyulu Y
Company Secretary

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Annexure

INDEPENDENT AUDITORS' REPORT

To the Members of Sify Technologies Limited

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sify Technologies Limited ("the Company") and subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, the consolidated statement of profit and loss and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls systems over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 148 lakhs as at March 31, 2015, total revenues of ₹ 678 lakhs and net cash flows amounting to ₹ 2 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 69 lakhs for the year ended March 31, 2015, as considered in the consolidated financial statements, whose financial statements have not been audited by us. These financial statements have been audited by other auditor, whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the consolidated balance sheet, of the state of affairs of the Company as at March 31, 2015;

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

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

For **ASA & Associates LLP**
Chartered Accountants
Firm's Registration No: 009571N/N500006

J. Sivasankaran
Partner
Membership No: 022103

Place: Chennai
Date : 23 April 2015

Consolidated Balance Sheet as at March 31, 2015

(All amounts are in Indian ₹ lakhs except share data and as stated)

	Note (C)	As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	1	14,231	14,231
(b) Reserves and Surplus	2	56,120	54,180
		70,351	68,411
(2) Non - Current liabilities			
(a) Long term borrowings	3	14,394	12,891
(b) Other long term liabilities	4	5,073	4,302
(c) Long term provisions	5	727	302
		20,194	17,495
(3) Current liabilities			
(a) Short term borrowings	6	15,003	10,859
(b) Trade payables	7	28,911	23,767
(c) Other current liabilities	8	27,061	19,530
(d) Short term provisions	5 & 32	1,765	1,684
		72,740	55,840
Total equity and liabilities		1,63,285	1,41,746
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	57,462	53,759
(ii) Intangible assets	10	5,568	5,418
(iii) Capital work in progress	9	10,268	8,551
(b) Non-current investments	11	17	17
(c) Long term loans and advances	12	8,187	8,233
(d) Other non current assets	13	447	554
		81,949	76,532
(2) Current assets			
(a) Inventories	14	2,331	2,008
(b) Trade receivables	15	46,704	35,199
(c) Cash and bank balances	16	14,777	12,701
(d) Short term loans and advances	17	15,561	13,875
(e) Other current assets	18	1,963	1,431
		81,336	65,214
Total assets		1,63,285	1,41,746
Significant accounting policies and notes to the financial statements	B & C		

The notes referred to above form an integral part of the Consolidated Balance Sheet
This is the Consolidated Balance Sheet referred to in our report of even date.

for **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

J Sivasankaran
Partner
Membership No: 022103

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 23, 2015

M P Vijay Kumar
Chief Financial Officer

L V Veeranjaneyulu Y
Company Secretary

Consolidated Profit and Loss statement for the year ended March 31, 2015

(All amounts are in Indian ₹ lakhs except share data and as stated)

	Note (C)	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from operations	21	**1,28,663**	1,04,628
Other income	22	**1,468**	2,052
Total revenue		**1,30,131**	1,06,680
EXPENSES			
Cost of goods sold and services rendered	23	**72,970**	57,437
Employee benefits expense	24	**15,952**	12,667
Finance costs	25	**5,077**	3,728
Depreciation and amortisation	9 & 10	**12,813**	11,043
Other expenses	26	**19,738**	18,323
Total expenses		**1,26,550**	1,03,198
Profit before tax		**3,581**	3,482
Tax expense		**1**	–
Profit after tax		**3,580**	3,482
Earnings per equity share (₹ 10 paid up)	30		
Basic		**2.54**	2.55
Diluted		**2.54**	2.55
Earnings per equity share ₹ 7 (March 31, 2014 : ₹ 7) paid up			
Basic		**1.78**	1.78
Diluted		**1.78**	1.78
Significant accounting policies and notes to the financial statements	B & C		

The notes referred to above form an integral part of the Consolidated Profit and loss statement.
This is the Consolidated Profit and loss statement referred to in our report of even date.

for **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

J Sivasankaran
Partner
Membership No: 022103

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Executive Director

C B Mouli
Director

Chennai
April 23, 2015

M P Vijay Kumar
Chief Financial Officer

L V Veeranjaneyulu Y
Company Secretary

Consolidated Cash flow statement for the year ended March 31, 2015

(All amounts are in Indian ₹ lakhs except share data and as stated)

		For the year ended March 31, 2015	For the year ended March 31, 2014
Profit before exceptional items and taxation		3,581	3,482
Adjustments for :			
Depreciation and amortisation		12,813	11,043
Finance expenses (considered separately)		4,072	2,664
Provision for doubtful debts (including bad debts written off and provision written back) (net)		1,990	1,785
Employee stock compensation expense		59	*
Deposits/ advances, no longer payable, written back		(416)	(566)
Provision for doubtful advances		616	304
Custom Duty credit entitlement written off		–	264
Unrealised foreign exchange fluctuation loss/(gain), net		608	90
Interest income (considered separately)		(491)	(1,104)
(Profit) /loss on sale of fixed assets, (net)		(40)	(11)
Operating profit / (loss) before exceptional item and before working capital changes		22,792	17,951
(Increase)/decrease in trade receivables		(13,489)	(10,548)
(Increase)/decrease in inventories		(323)	(142)
(Increase)/decrease in long term loans and advances		(1,167)	(217)
(Increase)/decrease in short term loans and advances		(78)	(2,460)
(Increase)/decrease in non current assets		107	229
(Increase)/decrease in other current assets		(622)	(113)
Increase/(decrease) in trade payables		5,230	4,438
Increase/(decrease) in other long term liabilities		771	2,069
Increase/(decrease) in other current liabilities		3,606	2,530
Increase/(decrease) in long term provisions		425	(188)
Increase/(decrease) in short term provisions		(17)	52
Cash generated from operations		17,235	13,601
CSR expenditure		(2)	–
Tax (Paid)/refund received		(3,087)	535
Net cash generated from operating activities	***(A)***	14,146	14,136
Adjustment for:			
Purchase of fixed assets		(8,911)	(14,741)
Sale proceeds of fixed assets		40	57
Interest income received		581	1,071
Net cash used in investing activities	***(B)***	(8,290)	(13,613)
Cash flow from financing activities			
Proceeds from issuance of share capital		–	3,000
Proceeds from Exercise of Associate Stock Options		–	12
Dividend Paid		(1,367)	–
Dividend Distribution Tax		(232)	–
Proceeds from long-term borrowings		9,806	9,044
Repayment of long-term borrowings		(11,409)	(9,247)
Increase/(decrease) in short – term borrowings		3,494	2,027
Interest paid		(4,029)	(2,580)
Net Cash generated from/(used) in financing activities	***(C)***	(3,737)	2,256
Effect of exchange differences on translation of cash and cash equivalents (D)		(43)	(5)
Net increase in cash and cash equivalents during the period	***(A) + (B) + (C)+(D)***	2,076	2,774
Cash and cash equivalents at the beginning of the year		12,701	9,927
Cash and Cash equivalents at the end of the year#		14,777	12,701
# Cash and cash equivalents subject to lien		2,479	2,102

*amount is below the rounding off norm adopted by the Company

This is the Consolidated Cash flow statement referred to in our report of even date

for **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

J Sivasankaran
Partner
Membership No: 022103

Raju Vegesna
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C B Mouli
Director

Chennai
April 23, 2015

M P Vijay Kumar
Chief Financial Officer

L V Veeranjaneyulu Y
Company Secretary

(All amounts are in Indian ₹ lakhs except share data and as stated)

A. COMPANY OVERVIEW

Sify Technologies Limited ('Sify' or the 'Parent') is a Company domiciled in India. The address of the company's registered office is 2nd Floor, Tidel Park, 4, Rajiv Gandhi Salai, Taramani, Chennai – 600113, India. These consolidated financial statements comprise the Company and its subsidiaries, Sify Technologies (Singapore) Private Limited and Sify Technologies North America Corporation (together referred to as the 'Group' or the 'Company'). The subsidiary Pace Info Com Park Private Limited was merged with the company during the year effective April 1, 2014. The Group offers converged ICT solutions comprising network, data center, cloud, integration, IT and software services. Sify was incorporated on December 12, 1995 and is listed on the NASDAQ Global Select Market.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

a. The financial statements of the Group have been prepared and presented in accordance with the Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis of accounting, except for cash flow statement. GAAP comprises accounting standards as specified in Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India and the provisions of Companies Act, 2013, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

   All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set-out in Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

b. Consolidated Financial Statements include the financial statements of Sify and its subsidiaries which are more than 50% owned or controlled. The financial statements of the parent and the subsidiaries have been combined on a line by line basis adding together like items of assets, liabilities, income and expenses after eliminating all inter company balances/ transactions and resulting unrealised gain/loss. The Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include estimates of provision for diminution in the value of investments, provision for doubtful debts, future obligations under employee retirement benefit plans and useful life of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively.

3. Revenue recognition

Revenue from the sale of goods is measured at the value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Revenue from services rendered is generally recognized in proportion to the stage of completion of the transaction at the reporting date. The revenue recognition policies in respect of various streams of revenue are described in detail below.

Telecom Services

Revenue from Telecom services include Data network services and Voice services. Telecom services primarily include revenue from connectivity services, NLD/ILD services, network management, revenues from the installation of connectivity links. The Company provides connectivity for a fixed period of time at a fixed rate regardless of usage. The revenue attributable to connectivity services is recognised rateably over the period of the contract. The revenue attributable to the installation of the link is recognised on completion of the installation work.

The Company provides NLD (National Long Distance) and ILD (International Long Distance) services through Company's network. The Company carries voice traffic, both national and international, using the network back-bone and delivers voice traffic to Inter-connect Operators. Revenue is recognised based upon metered call units of voice traffic terminated on the Company's network.

Income from operating leases:

Lease rentals arising on assets given on operating leases are recognised over the period of the lease term on a straight line basis.

Indefeasible Right of Use (IRU)

The Company has entered into IRU arrangements through which it entitles its customers to right of use of specified bandwidth capacity for a specified period of time. The upfront payment received towards right of use of bandwidth capacities under such agreements have been treated as deferred revenue and is recognised on a straight line basis over the term of the arrangement.

Data Center Services (DC):

Revenues from DC services consist of co-location of racks, caged racks and power charges. The contracts are mainly for a fixed rate for a period of time and are recognised over the period during which the service is provided.

Cloud and Managed Services:

Revenue from Cloud and managed services include revenue from Cloud and storage solutions, managed services, value added services and International managed services. Revenues from Cloud and on demand compute and storage, are primarily fixed for a period of time. Revenues from domestic and international managed services, comprise of value added services, operations and maintenance of projects and from remote infrastructure management. Contracts from this segment are fixed term or time and material contracts where revenue is recognised on percentage of completion method. The stage of completion is measured by efforts spent to estimated total efforts or straightline basis over the term of the contract.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Technology Integration Services:

Revenue from Technology Integration Services include system integration Services, revenue from construction of data centers, network services, security solutions, digital certificate based authentication services and revenue from sale of hardware and software.

Revenue from construction contract represents revenue from construction of data centres to the specific needs and design of the customer. Such contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity. The stage of completion is assessed by reference to the cost incurred till date to the total estimated costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of profit or loss.

Digital Certification revenues include income received on account of Web certification. Generally the Company does not hold after sale service commitments after the activation of the Digital Certificates sold and accordingly, revenue is recognised fully on the date of activation of the respective certificate. Billing towards one time installation / training is recognised upon completion thereof.

Applications Integration Services:

Revenues from Applications Integration services include online assessment, document management services, web development, mailing solutions, supply chain software and e-learning software development services. E-learning software development services consists of structuring of contents, developing modules, delivery and training users in the modules developed. Revenue from Applications Integration Services is recognised based on percentage of completion method. Revenue in relation to 'time' is measured as the agreed rate per unit of time multiplied by the units of time expended. The element of revenue related to materials is measured in accordance with the terms of the contract.

The Company enters into contracts with customers to serve advertisements in the portal and the Company is paid on the basis of impressions, click-throughs or leads and in each case the revenue is recognised rateably over the period of the contract based on actual impressions/click throughs / leads delivered.

In certain cases, some elements belonging to the services mentioned above are sold as a package consisting of all or some of the elements. In these cases it is necessary to apply the recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction with different revenue allocations for each component. These multiple element arrangements are recognised as separable elements because each element constitutes a separate earning process, each element has a fair value that is reliable, verifiable and objectively determinable, and the undelivered element is not essential to functionality of the delivered elements.

4. Fixed assets and depreciation/amortisation

Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation / amortisation. Direct costs are capitalised until fixed assets are ready for use as intended by the Management. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Depreciation/Amortization:

"Depreciation on fixed assets is provided using the straight-line method based on the useful life of the assets as estimated by the management. Depreciation is calculated on a pro-rata basis for assets purchased / sold during the year.

Individual assets costing less than ₹ 5 (thousands) are generally depreciated in full in the year of acquisition and contract specific assets in the year of implementation."

Leasehold land is amortised using straight-line method over the lease period.

Software for internal use is acquired primarily from third-party vendors in ready-to-use condition. Costs for acquiring such software are capitalised. Capitalised software costs are amortised on straight-line basis over the estimated useful life of the software.

The useful life in respect of some assets is different from the useful life prescribed in Part C of Schedule II of the Companies Act, 2013. The useful life of assets estimated by the Company is based on internal assessment, technical advice and experience with similar type of assets.

Management's estimates of the useful lives of such categories of fixed assets are given below:-

Asset description	Estimated useful life (in years)
Buildings	28
Undersea Cable Capacity	12
Plant and equipment	
– Towers, telecom ducts, Cables and optical fibre and telecom transceivers	3 - 8
– Computer servers	5
Furniture and fittings	5
Office equipment	5
Motor vehicles	3
Software	1 - 3
Other intangibles	3 - 5

Depreciation on assets acquired under finance lease is provided on a straight line basis over shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation on contract-specific assets are charged co-terminus over the contract period .

5. Income from investments:

Income from investments is recognised only when the right to receive the same on or before the Balance sheet date is established i.e only when it is approved by the Shareholders at the Annual General Meeting of the investee.

6. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchase and all incidental costs incurred in bringing the inventories to their present location

(All amounts are in Indian ₹ lakhs except share data and as stated)

and condition. Cost of hardware and software purchased for the purpose of resale is determined using the first-in-first-out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

7. **Foreign currency transactions and balances**

Initial Recognition:

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account.

Subsequent measurements:

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates . The resultant exchange differences are recognised in the profit and loss account.

Non-Monetary items which are carried in terms of historical cost are recorded at the rates prevailing on the date of the transaction.

Integral – Foreign Operations:

Profit and loss items at the foreign branch (integral foreign operations) are translated at the respective monthly average rate. Monetary items at the branch office at the Balance Sheet date are translated using the exchange rate prevalent at the date of the Balance Sheet. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

Foreign Exchange Contracts

Forward contracts are entered into to hedge the foreign currency risk of the underlying. The premium or discount on all such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or expense for the period.

8. **Accounting for Derivatives:**

The company has accounted for the Principal only Swap (PoS) derivative transaction as per the clarificatory announcement issued by the Institute of Chartered Accountants of India. The outstanding derivative contracts are marked to market and the gains/losses, if any, are recognised in the profit and loss statement.

9. **Employee benefits**

Short Term Employee Benefits

The short term employee benefits are recognised as an expense during the period in which services are rendered by the employees.

Post-employee benefits:

Defined contribution plan:

Provident fund: Eligible employees receive benefits from a provident fund, which is a defined contribution plan managed by the Regional Provident Fund Commissioner. Both the employee and the Company make monthly contributions to the provident fund plan equal to 12% of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions.

Defined benefit plan:

Gratuity: The Company provides for gratuity, a defined benefit retirement Plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan commenced on 1st April, 1997. The Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's last drawn salary and the tenure of employment with the Company. The Company provides the gratuity benefit through annual contribution to a fund managed by the Life Insurance Corporation of India (LIC). Under this scheme the settlement obligation remains with the Company although the LIC administers the scheme. Liabilities related to the gratuity plan are determined by actuarial valuation performed by an independent actuary as at the Balance Sheet date.

Long term employee benefits:

Compensated absences: Provision for compensated absences are made on the basis of actuarial valuation at the balance sheet date, carried out by an independent actuary.

10. **Earnings per share**

The basic earnings per share ("EPS") is computed by dividing the net profit after tax available for the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value.

11. **Taxation**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the period) and fringe benefit tax. The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

12. **Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(All amounts are in Indian ₹ lakhs except share data and as stated)

13. Export incentives

Income in respect of duty credit entitlement arising from export sales under the "Served From India Scheme" of the Government of India is recognised in the period of exports, provided there is no significant uncertainty regarding the entitlement and availment of the credit and the amount thereof.

14. Provisions, contingent liabilities and contingent assets

Provision is recognised when there is a present obligation as a result of past event and 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 determined based on best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

15. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

16. Leases

Finance lease: Leases under which the company assumes substantially all the risk and rewards of ownership are classified as finance leases. When acquired, an asset and a lease liability is recognised, at lower of fair value of asset and present value of Minimum Lease Payments at the inception of lease.

Operating Lease: Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as an expense on a straight line basis in the profit and loss account over the period of the lease term. Lease income from operating leases should be recognised in the statement of profit and loss on a straight line basis over the lease term,

Indefeasible Right of Use (IRU)

The Company has entered into IRU arrangements which entitle the company to right of use of specified bandwidth capacity for a specified period of time. Such right is being treated as operating lease since the risks and rewards are not transferred to the Company. Hence, the upfront payments made towards right of use of bandwidth capacities under such agreements have been treated as prepayments and is amortized over the term of the contract.

17. Employees stock option

In respect of stock option granted pursuant to the company's stock option schemes, the intrinsic value of the options (excess of market price of the share on the grant date over the exercise price of the option) is treated as employee compensation cost and is charged over the vesting period of the options.

C. NOTES TO ACCOUNTS

	As at March 31, 2015	As at March 31, 2014
1. SHARE CAPITAL		
Authorized		
20,40,00,000 (March 31, 2014: 18,51,00,000) equity shares of ₹10 each (Refer Note (a) below)	20,400	18,510
Issued		
17,85,30,787 (March 31, 2014: 17,85,30,787) equity shares of ₹10 each	17,853	17,853
Subscribed and fully paid		
5,35,30,787 (March 31, 2014: 5,35,30,787) equity shares of ₹10 each fully paid up	5,353	5,353
Subscribed but not fully paid		
12,50,00,000 (March 31, 2014: 12,50,00,000) equity shares of ₹10 each partly paid up [Refer note (d) below]	8,750	8,750
	14,103	14,103
Add: Forfeited shares - amount originally paid up on 1,28,23,202 equity shares	128	128
	14,231	14,231

(a) The authorized share capital of the Company was enhanced by an amount of ₹ 1,890 divided into 1,89,00,000 equity shares of ₹ 10 each during the current year.

(b) The equity shares are the only class of share capital having a par value of ₹10 per share. Of the above, 3,90,00,135 shares are represented by American Depository Shares ('ADS') issued by the Company in accordance with applicable laws and regulations.

(c) Equity shares carry voting rights proportionate to the paid-up value per share. In the event of liquidation of the company, holders of the equity shares are entitled to be repaid the amounts credited as paid up on those equity shares. All surplus assets after settlement of liabilities as at the commencement of winding-up shall be paid to the holders of equity shares in proportion to their shareholdings. The above payment is subject to the rights of creditors, employees, taxes, if any, and any other sums as may be prescribed under the Companies Act, 2013. Of the above ADS, 1,39,02,860 ADS held by M/s Infinity Capital Ventures LP are not tradable and are restricted.

(d) In 2010-11, the Company approved the issuance, in a private placement, of upto an aggregate of 12,50,00,000 of the Company's equity shares at a price of ₹ 32 per share aggregating to ₹ 40,000.These shares carry a face value of ₹ 10. As of March 31, 2015, these shares are partly paid to the extent of ₹ 7 (March 31, 2014: ₹ 7) per share. Until the full purchase price is paid by the purchasers, the company retains a lien on these equity shares. Also refer note C (41).

(e) Of the total outstanding shares,12,50,00,000 shares (March 31, 2014: 12,50,00,000) are held by M/s Ramanand Core Investment Company Private Limited, holding company

(f) Of the total outstanding shares, 2,50,00,000 shares are reserved for issue to eligible employees under Associate Stock Option Plans. Refer note C (35) for activities in Associate Stock Option plan.

(All amounts are in Indian ₹ lakhs except share data and as stated)

1.1 Reconciliation of number of shares in the beginning and at the end of the year

	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount paid-up	Number of shares	Amount paid-up
Number of shares outstanding at the beginning of the year	17,85,30,787	14,231	17,85,13,589	13,292
Add: Shares issued during the year on private placement	–	–	–	937*
Add: Issues of shares on exercise of ASOP	–	–	17,198	2
Number of shares outstanding at the end of the year	17,85,30,787	14,231	17,85,30,787	14,231

*represents call money received at ₹ 0.75 per share on 12,50,00,000 equity shares issued on a private placement made during the year ended March 31, 2011.

1.2 Shareholders holding more than 5% of the shares of the Company:

	As at March 31, 2015		As at March 31, 2014	
	Number of Shares held	% holding	Number of Shares held	% holding
Ramanand Core Investment Company Private Limited@	12,50,00,000	70.02%	12,50,00,000	70.02%
Infinity Satcom Universal Private Limited,	1,45,30,000	8.14%	1,45,30,000	8.14%
Infinity Capital Ventures, LP	1,39,02,860	7.79%	1,39,02,860	7.79%

@These shares are partly paid-up to the extent of ₹ 7 per share
Also refer to note C (34)

2. Reserves and surplus

		As at March 31, 2015	As at March 31, 2014
Securities premium			
Securities premium account balance		71,110	69,036
Add: Received during the year on fresh issue of shares/call money (Refer note C(1))		–	2,063
Add: Transfer from stock options outstanding account		–	1
Add: Received during the year on exercise of associate stock options		–	10
		71,110	71,110
Less: Accumulated losses dealt vide scheme of merger (Refer C(37))		(27,661)	(27,661)
Closing balance	(A)	43,449	43,449
General reserve			
Opening balance		536	510
Add: Transferred from stock options outstanding account		3	26
Closing balance	(B)	539	536
Stock option outstanding account			
Opening Balance		3	30
Add: Employee stock compensation cost for the year		59	*
Less: Transfer to general reserve in respect of grants lapsed during the year		(3)	(26)
Less: Transferred to securities premium account in respect of exercised options		–	(1)
Closing Balance	(C)	59	3
* Amount is below the rounding off norm adopted by the Company			
Profit and loss account			
Opening Balance		10,192	(19,352)
Less: Accumulated losses dealt with as per scheme of arrangement adjusted with Securities Premium Account (Refer C (37))		–	27,661
Profit for the year		3,580	3,482
Closing Balance		13,772	11,791
Less Appropriations:			
Amount spent for CSR (Refer note C (42))		(2)	–
Proposed dividend		(1,410)	(1,367)
Dividend distribution tax		(287)	(232)
	(D)	12,073	10,192
	(A)+(B)+(C)+(D)	56,120	54,180

(All amounts are in Indian ₹ lakhs except share data and as stated)

3. LONG TERM BORROWINGS

Particulars	As at March 31, 2015	As at March 31, 2014	Security	Interest rate and repayment terms
Secured Term loan from banks	4,058	4,309	Of total balance of ₹ 5,192 (PY: ₹ 5,442) (Incl current maturities) an amount of ₹ 2,500 (PY: ₹ 2,170) is primarily secured by charge on movable fixed assets funded by term loan and also collaterally secured by extension of equitable mortgage of title deeds of property at Noida in the name of M/s Pace Info Com Park Pvt Ltd (Merged with Sify from 1st April 2014) together with their corporate guarantee in this regard. Balance amount of ₹ 2,692 (PY: ₹ 3,272) is primarily secured by equitable mortgage of title deeds of property of the company at Rabale at Mumbai.	The term loans bear interest rate ranging from 12.50% to 13.00% (PY: 12.75% to 13.25%) and repayable in equal monthly / quarterly installments within a tenor of 6 years after moratorium periods ranging from 3 months to one year
Loan from others	2,686	245	These loans are primarily taken from NBFCs and are secured by charge on relevant assets.	The loans bear interest rate ranging from 12.00% to 13.00% (PY: 12.00% to 14.00%) and repayable over a period of 18 to 60 months on equated monthly / quarterly instalments.
Long term maturities of finance lease obligations	6,171	7,008	These loans are primarily taken from NBFCs and are secured by lease of relevant assets and also secured by financial bank guarantee ranging from 10% to 20% (PY: 10% to 20%)	The loans bear interest rate ranging from 12.00% to 13.00% (PY: 12.00% to 14.00%) and repayable over a period of 18 to 60 months on equated monthly / quarterly instalments
Unsecured Term loan from banks	756	–	These loans are taken from Banks and are secured by 20% margin money represented by fixed deposits.	These loans are foreign currency term loans bearing interest rate of 6.5% and repayable over a period of 24 months on equated monthly.
Loan from others	723	1,329	These loans are primarily taken from NBFCs and secured by way of financial bank guarantee ranging from 15% to 30% (PY: 15% to 30%)	The loans bear interest rate ranging from 12.00% to 13.00% (PY: 12.00% to 14.00%) and repayable over a period of 18 to 60 months, either on balloon repayments or on equated monthly / quarterly instalments
	14,394	12,891		

Note: The current maturities of the above borrowings, carrying the aforesaid security and repayment terms are grouped under other current liabilities. Refer notes C (8) & C (20).

The current maturities are as under:

	As at March 31,2015	As at March 31,2014
Secured		
Term loan from banks	1,134	1,133
Loan from others	1,022	398
Current maturities of finance lease obligations	5,568	3,523
Unsecured		
Term loan from banks	756	–
Loan from others	2,842	2,483
	11,322	7,537

4. OTHER LONG TERM LIABILITIES

Deposits	85	85
Unearned income	3,424	2,731
Other liabilities	1,564	1,486
	5,073	4,302

5. PROVISIONS

Short – term provisions			
Compensated absences		68	85
Proposed dividend		1,410	1,367
Tax on dividend		287	232
	(A)	1,765	1,684
Long-term Provisions			
Gratuity [Refer note C(32)]		459	127
Compensated absences		268	175
	(B)	727	302
	(A) +(B)	2,492	1,986

(All amounts are in Indian ₹ lakhs except share data and as stated)

	As at March 31, 2015	As at March 31, 2014
6. SHORT-TERM BORROWINGS		
Loans repayable on demand from banks – Secured		
Working capital facilities [Refer notes (a) to (c) below]	14,831	10,859
Buyers' credit from banks	172	–
	15,003	10,859

(a) Cash credit facilities amounting to ₹ 14,831 are primarily secured by way of pari-passu first charge on the entire current assets of the Company to all working capital bankers under consortium.

(b) In addition to the above, out of these Cash Credit facilities,

(i) exposure amounting to ₹ 8,579 is collaterally secured by way of pari-passu charge on the unencumbered movable fixed assets of the Company, both present and future.

(ii) exposure amounting to ₹ 7,416 is collaterally secured by way of equitable mortgage over the properties at Tidel Park, Chennai and Vashi, Vile Parle at Mumbai

(iii) exposure amounting to ₹ 6,252 is collaterally secured by equitable mortgage over the land and building at Noida, Delhi in the name of M/s Pace Info Com Park Private Limited (Merged with STL since 1 April 2014), a subsidiary company and also by the corporate guarantee issued by the said subsidiary and

(iv) the exposure amounting to ₹ 986 is collaterally secured by equitable mortgage over the Vashi property at Mumbai."

(c) These working capital facilities bear interest ranging from 11.50% to 12.25% p.a. and these facilities are subject to renewal annually."

	As at March 31, 2015	As at March 31, 2014
7. TRADE PAYABLES		
Towards purchase of goods and services	26,376	21,261
Others	2,535	2,506
	28,911	23,767
8. OTHER CURRENT LIABILITIES		
Capital creditors	1,523	1,062
Current maturities of long term debt**	1,134	1,133
Current maturities of finance lease obligations**	5,568	3,523
Current maturities of other loans**	4,620	2,881
Interest accrued but not due on borrowings	183	140
Advances received from customers	1,571	1,145
Statutory payables	1,255	754
Unearned income	9,157	6,678
Deposits	778	795
Retention money	–	23
Other payables	1,272	1,396
Unpaid dividend*	*	–
	27,061	19,530

*amount is below the rounding off norm adopted by the Company

**Also refer notes C (3) and C (20)

9. TANGIBLE ASSETS

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2014	Assets transferred on merger	Additions	Deletions/ Adjustments	As at March 31,2015	Upto March 31,2014	Assets transferred on merger	Depreciation/ amortization	Deletions/ Adjustments	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
Leasehold land	8,111	–	–	–	8,111	103	–	93	–	196	7,915	8,008
Owned assets												
Buildings	15,218	–	1,824	–	17,042	2,738	–	609	–	3,347	13,695	12,480
Plant and equipment	69,762	–	5,418	1,225	73,955	48,235	–	6,636	1,225	53,646	20,309	21,527
Furniture and fittings	1,495	–	81	59	1,517	1,447	–	57	59	1,445	72	48
Office equipment	2,369	–	458	31	2,796	1,863	–	236	31	2,068	728	506
Leasehold improvements	5,014	–	949	33	5,930	4,057	–	407	33	4,431	1,499	957
Assets acquired under lease												
Building	2,911	–	–	–	2,911	771	–	103	–	874	2,037	2,140
Plant and machinery	11,005	–	6,890	–	17,895	2,913	–	3,775	–	6,688	11,207	8,092
Motor vehicles	29	–	–	–	29	28	–	1	–	29	–	1
	1,15,914	–	15,620	1,348	130,186	62,155	–	11,917	1,348	72,724	57,462	53,759
Previous year	88,939	246	35,197	8,469	115,914	60,215	120	10,240	8,422	62,155	53,759	–

Capital work in progress: Capital work in progress includes assets purchased for construction of Data Centre at Rabale (Mumbai) and assets taken under finance lease pending installation.

(All amounts are in Indian ₹ lakhs except share data and as stated)

10. INTANGIBLE ASSETS

Particulars	GROSS BLOCK					AMORTISATION					NET BLOCK	
	As at April 1, 2014	Assets transferred on merger	Additions	Deletions/ Adjustments	As at March 31, 2015	Upto March 31, 2014	Assets transferred on merger	Amortization for the year	Deletions/ Adjustments	Upto March 31,2015	As at March 31, 2015	As at March 31, 2014
Undersea cable capacity	5,533	–	232	–	5,765	922	–	484	–	1,406	4,359	4,611
System software	4,589	–	584	–	5,173	4,044	–	365	–	4,409	764	545
License fees	500	–	230	–	730	238	–	47	–	285	445	262
Customer and contract related intangibles	1,824	–	–	–	1,824	1,824	–	–	–	1,824	–	–
	12,446	–	1,046	–	13,492	7,028	–	896	–	7,924	5,568	5,418
Previous year	12,384	76	389	403	12,446	6,588	42	801	403	7,028	5,418	–

The useful life in respect of some assets is lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The useful life of assets estimated by the Company is based on technical advice and experience with similar type of assets. The differences in useful life prescribed by Schedule II and useful life considered by the Company are given below:

Asset description	Estimated useful life (in years)	Useful life prescribed by Schedule II (in years)
Buildings	28	30
Plant and equipment		
– Towers, telecom ducts, Cables and optical fibre and telecom transceivers	3 - 8	18
– Computer servers	5	6
– Telecom Transceivers	8	13
Furniture and fittings	5	10
Motor vehicles	3	8

	As at March 31, 2015	As at March 31, 2014
11. NON-CURRENT INVESTMENTS		
Trade Investments – carried at cost		
Investment in equity instruments – unquoted		
Investment in Vashi Railway Station Commercial Complex Limited [15,000 (March 31, 2014: 15,000) equity shares of ₹ 10 each fully paid up]	2	2
Investment in Sarayu Clean Gen Pvt Ltd [1,56,000 (March 31,2014: l,56,000) equity shares of ₹.10 each fully paid up]	15	15
	17	17
Aggregate cost of unquoted investments	17	17

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(All amounts are in Indian ₹ lakhs except share data and as stated)

	As at March 31, 2015	As at March 31, 2014
12. LONG TERM LOANS AND ADVANCES		
Unsecured , considered good		
Others		
Advances recoverable in cash or in kind for value to be received	–	1,807
Deposits	2,896	2,867
Prepaid expenses	3,276	1,267
Capital advances	2,015	2,292
	8,187	8,233
13. OTHER NON-CURRENT ASSETS		
Long term trade receivable	223	155
Accrued income	224	399
	447	554
14. INVENTORIES		
Traded hardware and software (net)	2,331	2,008
	2,331	2,008
15. TRADE RECEIVABLES		
Secured		
Outstanding for a period exceeding six months from due date		
– considered good	1	2
Other debts		
– considered good	4	5
	5	7
Unsecured		
Outstanding for a period exceeding six months from due date		
– considered good	9,333	6,861
– considered doubtful	2,064	1,743
Other debts		
– considered good	37,366	28,331
	48,763	36,935
Less: Provision for doubtful debts	(2,064)	(1,743)
	46,704	35,199

	As at March 31, 2015	As at March 31, 2014
16. CASH AND BANK BALANCES		
Cash and cash equivalents		
(a) Cash on hand	5	8
(b) Balance with banks		
(i) in current accounts	8,653	7,590
(ii) Deposits	3,630	3,001
Other Bank Balances		
Bank deposits [Refer note (a) & (b) below]	2,489	2,102
Unpaid dividend account	*	–
	14,777	12,701
*amount is below rounding off norm adopted by the Company		
(a) Balances in deposit accounts subject to lien in favour of banks for obtaining Bank Guarantees /Letter of Credits	2,479	2,102
(b) Deposits with more than 12 months maturity	300	–
17. SHORT TERM LOANS AND ADVANCES		
Unsecured , considered good		
Others		
Advances recoverable in cash or in kind for value to be received	1,971	4,052
Balances with service tax and sales tax authorities	2,823	2,770
Prepaid expenses	2,427	1,498
Deposits	411	511
Advance tax and tax deducted at source	7,929	5,044
(A)	15,561	13,875
Unsecured, considered doubtful		
Advances recoverable in cash or in kind for value to be received		
– to others	1,442	826
Less: provision for advances doubtful of recovery	(1,442)	(826)
(B)	–	–
(A) +(B)	15,561	13,875
18. OTHER CURRENT ASSETS		
Accrued income	1,850	1,227
Interest accrued on advances and deposits	113	204
	1,963	1,431

(All amounts are in Indian ₹ lakhs except share data and as stated)

	As at March 31, 2015	As at March 31, 2014

19. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

(i) The Company had received orders from Income Tax department for various financial years towards income tax claims against the Company as at March 31, 2015 amounting to ₹ 1,136 (PY : ₹ 80).

(ii) Contingencies due to certain Service Tax claims as at March 31, 2015 amounted to ₹ 5,020 (PY: ₹ 5,020).

(iii) Contingencies due to certain Sales Tax claims as at March 31, 2015 amounted to ₹ 135 (PY: ₹ 135).

The Company believes it has adequate defence against these demands and the ultimate outcome of these actions may not have material adverse effect on the Company's financial position and results of operations.

(b) Capital commitments

	As at March 31, 2015	As at March 31, 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for	3,300	13,033

(c) Other commitments

(i) Export obligation under EPCG : Effective 2012-13, the Company has participated in the Export Promotion Capital Goods Scheme ("the scheme") under which capital equipments are permitted to be imported against a specific licence at a substantially reduced customs duty, subject to fulfilment of obligation to export services rendered by use of capital equipment imported under the scheme to the extent of over 6 times the value of duty saved over a period of 6 years from the date of obtaining the licence. In case of failure to meet the export obligation, the company would be liable to pay the differential between the normal duty and the duty saved under the scheme along with interest.

As of March 31, 2015, the company is holding 30 (PY : 32) licenses with a corresponding export obligation of ₹10,457 (PY : ₹ 12,273). Taking into account the track record of the Company's exports, it believes that it would be able to meet the export obligation within the time frame and would not be exposed to any liability on account of the above scheme."

Notes:

(a) Refer note C(36) in respect of contingencies arising on legal proceedings.

(b) Refer note C ((20) (a) and (b)) for Lease Commitments.

20. LEASE COMMITMENTS

a. The Company has taken vehicles and certain portion of plant and machinery under finance lease. The future minimum lease payments under finance leases as at March 31, 2015 and as of March 31, 2014 are as follows:

	As at March 31, 2015	As at March 31, 2014
Payable not later than one year	6,739	4,676
Payable later than one year and not later than five years	6,718	7,898
Total	13,457	12,574
Less: Amounts representing interest	(1,718)	(2,043)
Present value of minimum lease payments	11,739	10,531
Payable not later than one year [disclosed under other current liabilities - refer note C(8)]	5,568	3,523
Payable later than one year and not later than five years [disclosed under long term borrowings - refer note C(3)]	6,171	7,008

b. The Company takes on lease office buildings and other equipments under operating lease arrangements that are renewable on a periodic basis at the option of both the lessor and the lessee. Some of the leases include rent escalation clauses. The schedule of future minimum rental payments in respect of operating leases is set out below:

	As at March 31, 2015	As at March 31, 2014
Payable not later than one year	996	1,233
Payable later than one year and not later than five years	4,357	5,405
Payable later than five years	7,661	10,263
Total	13,014	16,901

c. The company has given plant and machinery under operating lease arrangements to its customers the period of which are generally up to 5 years. The schedule of minimum lease rental incomes in respect of these operating lease arrangements are given below:

	As at March 31, 2015	As at March 31, 2014
Receivables not later than one year	2,000	234
Receivables later than one year and not later than five years	3,000	817
	5,000	1,051

21. REVENUE FROM OPERATIONS

	Year ended March 31, 2015	Year ended March 31, 2014
Sale of Services*	1,20,694	99,691
Sale of Products	7,969	4,937
	1,28,663	1,04,628

*includes lease income amounting to ₹ 2,857 (PY: ₹ 248)

*refer note C(27) for revenues arising from construction contracts

(All amounts are in Indian ₹ lakhs except share data and as stated)

	Year ended March 31, 2015	Year ended March 31, 2014
22. OTHER INCOME		
Interest income		
From banks	318	619
Others	173	485
Other Non- Operating Income		
Gain on foreign exchange fluctuation	7	–
Profit on sale of fixed assets	40	11
Deposits/advances no longer payable, written back	416	566
Rental income	190	180
Miscellaneous income	324	191
	1,468	2,052
23. COST OF GOODS SOLD AND SERVICES RENDERED		
Cost of hardware and software sold		
Opening inventory	2,008	1,868
Add: Purchases	7,729	4,788
Less: Closing inventory	(2,331)	(2,008)
(A)	7,406	4,648
Cost of services rendered		
Networking costs	43,967	36,777
Other direct costs	15,157	10,103
Power expenses	6,440	5,909
(B)	65,564	52,789
(A) + (B)	72,970	57,437
24. EMPLOYEE BENEFIT EXPENSE		
Salaries and wages	14,675	11,978
Contribution to provident fund and other funds	1,037	517
Staff welfare expenses	181	172
Employee stock compensation expense	59	*
	15,952	12,667

*amount is below the rounding off norm adopted by the Company

	Year ended March 31, 2015	Year ended March 31, 2014
25. FINANCE COSTS		
Interest expense	3,803	2,664
Other borrowing costs (including letters of credit and bill discounting charges)	1,005	821
Net loss on foreign currency transactions	269	243
	5,077	3,728
26. OTHER EXPENSES		
Commission expenses	407	673
Communication expenses	296	264
Rent	3,719	3,664
Rates and taxes	726	765
Travelling expenses	1,222	1,049
Power and fuel expenses	1,001	1,144
Legal and professional	1,161	1,138
Payment to auditors		
– Audit fees	27	25
– Others	20	20
Repairs and maintenance expenses		
– Plant and machinery	1,867	1,095
– Buildings	477	541
– Others	2,132	1,937
Insurance	305	329
Outsourced manpower costs	1,954	1,432
Advertisement, selling and marketing expenses	702	666
Loss on foreign exchange fluctuation (net)	–	40
Duty credit entitlement written off	–	264
Provision for doubtful advances	616	229
Provision for bad and doubtful debts (including bad debts written off of ₹ 1,661 (PY: ₹ 2,142))	1,990	1,785
Miscellaneous expenses	1,116	1,263
	19,738	18,323
27. DISCLOSURE PURSUANT TO AS 7 – CONSTRUCTION CONTRACTS		
Contract revenue recognised	1,294	714
Aggregate amounts of costs incurred and recognized profits (less recognised losses) upto the reporting date – Contracts in progress	1,014	533
Gross amount due from customers for contract work presented as an asset	1,268	640

28. TAXATION

Major components of deferred tax asset/liability recognised on account of timing differences are:

	As at March 31, 2015	As at March 31, 2014
Amortization of assets on finance lease	521	576
Assets		
Depreciation on own assets (restricted to the extent of deferred tax liability)	(521)	(576)
Net deferred tax recognised	–	–

The Company has recognised deferred tax asset to the extent of deferred tax liability arising during the year. Deferred tax asset on unabsorbed depreciation and carried forward business losses will be recognised in future when there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

29. PAYMENTS TO DIRECTORS (other than managing director and executive director)

	Year ended March 31, 2015	Year ended March 31, 2014
Sitting fees	19	10
Consultancy fees	2	2

(All amounts are in Indian ₹ lakhs except share data and as stated)

	Year ended March 31, 2015	Year ended March 31, 2014
30. RECONCILIATION OF EQUITY SHARES IN COMPUTING WEIGHTED AVERAGE NUMBER OF EQUITY SHARES		
(a) Weighted average number of shares – Basic		
Issued fully paid up ordinary shares as on April 1,	5,35,30,787	5,33,51,498
Effect of shares issued on exercise of stock options	–	1,69,205
Effect of partly paid shares [Refer Note (1)]	8,75,00,000	8,31,59,247
Weighted average number of equity shares outstanding	14,10,30,787	13,66,79,950
Note 1: During the year 2010-11, 12,50,00,000 ordinary shares were issued to the existing promoter group on a private placement basis. As of March 31, 2015, these shares were partly paid up to the extent of ₹ 7 (March 31, 2014 - ₹.7) per share. Refer note C (41).		
(b) Weighted average number of shares – Diluted		
Weighted average number of equity shares outstanding	14,10,30,787	13,66,79,950
Dilutive impact of associated stock options	1,25,101	2,615
Weighted average number of equity shares for diluted earnings per share	14,11,55,888	13,66,82,565

31. FINANCIAL AND DERIVATIVE INSTRUMENTS

The details of outstanding option/forward contracts as of March 31, 2015 and as of March 31, 2014 are given below:

Particulars	Currency	As at March 31, 2015	As at March 31, 2014
Forward contracts	USD	–	1
(Gain) / loss on mark to market in respect of options / forward contracts outstanding	INR	–	2

Cross Currency Swap:

The Company had entered into a Cross Currency Swap (Principal Only Swap arrangement) in order to hedge the cash flows arising out of the Principal and Interest payments of the underlying INR term loan . The period of the swap contract is co terminus with the period of the underlying term loan. As per the terms of the arrangement, the Company shall pay USD fixed and receive fixed INR cash flows during the term of the contract. The swap arrangement is marked to market at the end of every period and losses are recognised in the Profit and Loss Statement. The details of the transaction and the losses recognised during the year are as under:

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses
Tranch 1	627	USD 10	19
Tranch 2	1,050	USD 17	44
Tranch 3	824	USD 13	20

The details of the transaction and the losses recognised during the year ended 31 March 2014 are as under:

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses
Tranch 1	1,260	USD 20	43
Tranch 2	721	USD 12	3

(All amounts are in Indian ₹ lakhs except share data and as stated)

The details of foreign currency exposure as at March 31, 2015 are as follows:

Particulars	As at March 31, 2015		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of: **Debtors**	GBP	2	166
	USD	117	7,282
	CAD	*	*
	CHF	*	*
	EUR	1	55
			7,503
Amounts payable in foreign currency on account of: **Creditors**	EUR	*	8
	USD	67	4,192
	DHS	*	2
	GBP	*	2
	CHF	*	2
			4,206
Foreign Currency Term Loan	USD	24	**1,512**
Foreign Currency Demand Loan	USD	116	**7,263**

The details of foreign currency exposure as at March 31, 2014 are as follows:

Particulars	As at March 31, 2014		
	Foreign Currency	Amount in foreign currency (in lakhs)	Amount in Indian Rupees (in lakhs)
Amounts receivable in foreign currency on account of: **Debtors**	GBP	1	98
	USD	100	6,001
	SGD	*	1
	CAD	*	*
	EUR	1	91
			6,191
Amounts payable in foreign currency on account of: **Creditors**	EUR	*	13
	USD	50	2,857
	HKD	*	3
	GBP	*	12
	CHF	*	3
			2,888
Foreign Currency Demand Loan	USD	75	**4,486**

*amount is below the rounding off norm adopted by the Company

(All amounts are in Indian ₹ lakhs except share data and as stated)

32. EMPLOYEE BENEFITS

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (Gratuity)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Projected benefit obligation at the beginning of the year	534	657
Service cost	121	160
Interest cost	43	49
Actuarial (gain) / loss	178	(238)
Benefits paid	(86)	(94)
Projected benefit obligation at the end of the year	790	534
Change in the fair value of assets		
Fair value of plan assets at the beginning of the year	406	426
Expected return on plan assets	30	32
Employer contributions	11	42
Benefits paid	(86)	(94)
Actuarial (gain)/ loss	(30)	–
Fair value of plan assets at the end of the year	331	406
Amount recognised in the balance sheet		
Present value of projected benefit obligation at the end of the year	790	534
Fair value of plan assets at the end of the year	331	406
Funded status amount of liability recognised in the balance sheet	459	128
Expense recognised in the profit and loss statement		
Service cost	121	160
Interest cost	43	49
Expected return on plan assets	(30)	(32)
Recognised net actuarial (gain)/ loss	208	(238)
Net gratuity costs	342	(61)
Actual return on plan assets	30	32
Summary of actuarial assumptions		
Discount rate	7.80% p.a	8.80% p.a
Expected rate of return on plan assets	8.00% p.a	8.00% p.a
Salary escalation rate	7.00% p.a	6.00% p.a
Average future working life time	4.90 years	4.90 years

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

33. SEGMENT REPORTING

The Company, in the past, has been operating with two segments of business viz Enterprise Service and Software services. During the year 2013-14, the Company has reorganised its business into the following offerings.

Telecom Services	Consists of Domestic Data, International Data and Wholesale Voice.
Data Centre Services	Currently provides Co-location services for enterprise class clients.
Cloud and Managed Services	Consists of IT infra services, IT transformation services, Remote and Onsite Infrastructure Management services and Delivery platforms.
Applications Integration Services	Consists of Application Development and Maintenance, Application testing, Mobility solutions, eLearning, Portal services, Tools, Process and Automation.
Technology Integration Services	Consists of Data Centre Build, Network Integration, Information security, End User computing and Collaborative Tools consisting of Audio and Video conferencing solutions.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Consequently the operating segments are as under:

Telecom services: The telecom services consist of network services addressing the domestic connectivity needs of Indian enterprises and international inward and outward connectivity needs of International Enterprises. The services include a comprehensive range of Internet protocol based Virtual Private Network, offerings, including intranets, extranets and remote access applications to both small and large corporate customers.The Company provides MPLS-enabled IPVPN's through entire network. The Company also provides last mile connectivity to customers.

The cable landing station and investment in submarine cable consortium are other assets extended to International partners for international inward and outward connectivity needs. The cable landing station currently lands 2 major submarine cables; namely Gulf Bridge International (GBI) and the Middle Eastern and North African cable (MENA)

Data center services: The Company operates 5 Tier III Data centers of which two are located in Mumbai (Bombay), one each at Noida (Delhi), Chennai (Madras) and Bengaluru, to host mission-critical applications. The Company offers co-location services which allow customers to bring in their own rack-mountable servers and house them in shared racks or hire complete racks, and even rent 'secure cages' at the hosting facility as per their application requirements. It also offers a wide variety of managed hosting services, such as storage, back-up and restoration, performance monitoring and reporting hardware and software procurement and configuration and network configuration under this business line.

Cloud and managed services: On-demand hosting (cloud) services offer end-customers with the solutions to Enterprises. The Company offers on-demand cloud services giving companies the option to "pay as you go" basis.

The Remote and Onsite Infrastructure Management services provide management and support of customer operating systems, applications and database layers.

Technology integration services: The services under this segment consists of Data Centre Build, Network Integration, Information security and End User computing.

Applications integration services: The wide range of web-applications include sales force automation, supply chain management, intranet and extranets, workflow engine and knowledge management systems.

Applications integration services operates the online portals, such as www.sify.com, www.samachar.com , that function as principal entry points and gateway for accessing the Internet by providing useful web-related services and links. The company also offers related content sites worldwide.

Sify.com provides a gateway to the Internet by offering communication and search tools such as email, chat, travel, online portfolio management and channels for personal finance, astrology, lifestyle, shopping, movies, sports and news.

The company also offers value-added services to organizations such as website design, development, content management, Online assessment tools, search engine optimization, , including domain name management, secure socket layer (SSL) certificate for websites, and server space in required operating system and database. It provides messaging and collaboration services and solutions such as e-mail servers, LAN mail solutions, anti-spam appliances, bulk mail services, instant messaging, and also offer solutions and services to enable data & access security over the Internet, Infrastructure-based services on demand, including on-line testing engine and network management. On-line testing services include test management software, required servers and proctored examination facilities at Sify's franchisee points. On-line exam engine offered allows a secure and flexible way of conducting examinations involving a wide range of question patterns.

Accordingly, revenues represented by nature of service rendered comprise the primary basis of segmental information.

Bandwidth costs, which form a significant part of the total expenses, are of three kinds – International, Domestic and last mile. These are allocated primarily to the Telecom services.

Certain expenses, like depreciation and overheads incurred by the support functions including finance, human resources, administration and corporate, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. Management believes that it is not feasible to provide segment disclosure of these expenses and, accordingly, they are separately disclosed as "unallocated expenses" and "depreciation" and adjusted only against the total operating income of the Company.

A significant part of the fixed assets used in the Company's business are not identifiable exclusively to any of the reportable segments and can be used interchangeably between segments. Management believes that it is not feasible to provide segment disclosures relating to total assets since a meaningful segregation of the available data is onerous.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Business segment

The Company's operating segment information for the year ended March 31, 2015 is presented below:

Particulars	Telecom Services	Data center Services	Cloud and Managed Services	Technology Integration Services	Applications Integration Services	Total (A)+(B)+(C)+(D)+(E)
	(A)	(B)	(C)	(D)	(E)	
Revenue from operations	84,629	12,768	6,218	14,668	10,380	1,28,663
Operating expenses	(62,661)	(11,279)	(5,042)	(14,307)	(7,925)	(1,01,245)
Segment operating income / (loss)	21,968	1,489	1,176	361	2,455	27,449
Unallocable expenses						(7,456)
Operating income						19,993
Other income						980
Foreign exchange gain / (loss), net						7
Profit / (loss) before interest, depreciation, tax and exceptional items						20,980
Interest income / (expenses), net						(4,586)
Depreciation, amortisation and impairment						(12,813)
Profit before exceptional items and taxation						**3,581**
Exceptional item						–
Tax expense						(1)
Net profit after taxes						**3,580**

The Company's operating segment information for the year ended March 31, 2014 is presented below:

Particulars	Telecom Services	Data center Services	Cloud and Managed Services	Technology Integration Services	Applications Integration Services	Total (A)+(B)+(C)+(D)+(E)
	(A)	(B)	(C)	(D)	(E)	
Revenue from operations	68,756	12,239	5,152	8,447	10,035	1,04,629
Operating expenses	(52,502)	(9,522)	(4,301)	(8,812)	(7,692)	(82,829)
Segment operating income / (loss)	16,254	2,717	851	(365)	2,343	21,800
Unallocable expenses						(5,559)
Operating income						16,241
Other income						948
Foreign exchange gain / (loss), net						(40)
Profit / (loss) before interest, depreciation, tax and exceptional items						17,149
Interest income / (expenses), net						(2,624)
Depreciation, amortisation and impairment						(11,043)
Profit before exceptional items and taxation						**3,482**
Exceptional item						–
Tax expense						–
Net profit after taxes						**3,482**

(All amounts are in Indian ₹ lakhs except share data and as stated)

Geographical segment

The Company has operations within India as well as well as in other countries. The operations in India constitute the major part of the operations. Management has reviewed the geographical areas vis-à-vis the risks and returns that encompass them. While arriving at this, management has reviewed the similarity of the economic and political conditions, relationships between operations in these geographical areas, proximity of operations, and special risks if any associated with operations in these areas. Revenues are attributable to individual geographic segments based on the location of the customer. Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The Company's geographical segment information for the year ended March 31, 2015 is presented below:

Description	India	Rest of the world	Total
Sales- External Revenue	85,652	43,011	128,663
Net carrying amount of segment fixed assets by location of assets	62,952	78	63,030
Net carrying amount of other segment assets by location of customers	92,735	7,503	100,238
Cost to acquire tangible and intangible assets by location of customers	16,666	–	16,666

The Company's geographical segment information for the year ended March 31, 2014 is presented below:

Description	India	Rest of the world	Total
Sales- External Revenue	63,468	41,160	104,628
Net carrying amount of segment fixed assets by location of assets	49,804	9,373	59,177
Net carrying amount of other segment assets by location of customers	76,361	6,191	82,552
Cost to acquire tangible and intangible assets by location of customers	35,586	–	35,586

34. RELATED PARTY TRANSACTIONS

The related parties where control exists are the subsidiaries.

Related parties where control / significant influence exist or with whom transactions have taken place during the year are given below:

Holding companies	Infinity Satcom Universal Private Limited.
	Raju Vegesna Infotech and Industries Private Limited (subsidiary of Infinity Satcom Universal Private Limited)
	Ramanand Core Investment Company Private Limited (subsidiary of Raju Vegesna Infotech and Industries Private Limited)
Key management personnel (KMP) and relatives of key management personnel	Raju Vegesna, Chairman and Managing Director
	Ananda Raju Vegesna, Executive Director and
	Radhika Vegesna, Daughter of Mr.Ananda Raju Vegesna
Enterprises over which KMP have significant influence	Raju Vegesna Developers Private Limited

(All amounts are in Indian ₹ lakhs except share data and as stated)

(i) Particulars of related party transactions

The following is a summary of significant related party transactions:

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
	Holding Companies	
Raju Vegesna Infotech and Industries Private Limited (Refer Note 1 below)		
Lease rentals Paid	9	9
Infinity Satcom Universal Private Limited		
Dividend paid	145	–
Ramanand Core Investment Company Private Limited		
Dividend paid	832	–
	Enterprises over which KMP have significant influence	
Raju Vegesna Developers Private Limited (Refer Note 2 below)		
Lease rentals paid	4	4
	Relative of KMP	
Radhika Vegesna (Refer Note 3 below)		
Lease rentals paid	35	35

(ii) The following is the summary of outstanding balances as at March 31, 2015:

Particulars	As at March 31, 2015	As at March 31, 2014
Raju Vegesna Infotech and Industries Private Limited		
Lease rentals Paid	1	–
Raju Vegesna Developers Private Limited		
Lease rentals paid	*	–
Radhika Vegesna		
Lease rentals payable	–	*
Refundable rental deposits	26	26

*amount is below the rounding off norm adopted by the Company.

The Company does not pay any remuneration to the key managerial personnel. Details of payments to other directors are given in note 29.

Note 1: Transaction with M/s Raju Vegesna Infotech and Industries Private Limited

During the year 2011 -12, the Company had entered into a lease agreement with M/s Raju Vegesna Infotech and Industries Private Limited, the holding Company, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.75 (Rupees Seventy Five Thousand Only) per month. Subsequently, the Company entered into an amendment agreement on April 1, 2013, providing for automatic renewal for a further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years.

Note 2: Transaction with M/s Raju Vegesna Developers Private Limited

During the year ended March 31, 2012, the Company had entered into a lease agreement with M/s Raju Vegesna Developers Private Limited, a Company in which Mr Ananda Raju Vegesna, Executive Director of the Company and Mr Raju Vegesna, Chairman and Managing director of the Company exercise significant influence, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.30 (Rupees Thirty Thousand Only) per month. Subsequently, the Company entered into an amendment agreement on April 1, 2013, providing for the automatic renewal for further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years

Note 3: Transaction with Radhika Vegesna

During the year 2010-11, the Company had entered into a lease agreement with Ms Radhika Vegesna, daughter of Mr Anand Raju Vegesna, Executive Director of the company, to lease the premises owned by her for a period of three years effective June 1, 2010 on a rent of ₹ 3 per month and payment of refundable security deposit of ₹ 26. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged.

35. ASSOCIATE STOCK OPTION PLAN

The Company had issued stock options under Associate Stock Option Plan (ASOP) 1999, ASOP 2000, ASOP 2002, ASOP 2005, ASOP 2007 and ASOP 2014. The Compensation Committee grants the options on the basis of performance, criticality and potential of the employees as identified by the management. Each option entitles the holder to purchase one American Depository Share (ADS) at an exercise price determined by the Compensation committee on the date of the grant. There are no options outstanding in respect of ASOP 1999, ASOP 2000, ASOP 2002, ASOP 2005 and ASOP 2007 as at March 31, 2015. The plan wise details are as follows:

(i) ASOP 2014

During July 2014, the shareholders of the Company approved a new scheme for allotment of shares to employees i.e. Associate Stock Option Plan 2014. Consequently 58,70,800 options were granted to the employees on January 20,2015.

The options vest in the following manner :

No of Options	Vesting Pattern
42,40,300	3/5th of the options vest at the end of one year from the date of grant. The remaining 2/5th vests at the end of every half year during second and third years from the date of grant in 4 equal instalments
4,87,700	2/5th of the options vest at the end of one year from the date of grant. The remaining 3/5th vests at the end of every half year during second, third and fourth years in 6 equal instalments
11,42,800	2/5th of the options vest at the end of two years from the date of grant. The remaining 3/5th vests at the end of every half year during third, fourth and fifth years in 6 equal instalments.

The following table summarises the transactions of stock options under ASOP 2007 and 2014:

No. of options granted, exercised and forfeited	Year ended March 31, 2015	Year ended March 31, 2014
Outstanding at the beginning of the year	30,000	54,592
Granted during the year	58,70,800	–
Forfeited during the year	–	–
Expired during the year	(30,000)	(7,394)
Exercised during the year	–	(17,198)
Outstanding at the end of the year	58,70,800	30,000
Vested and exercisable at the end of the year	58,70,800	30,000
Weighted average exercise price in ₹	79.10	98.24
Remaining contractual period	3.81 - 5.81 years	0 - 0.56 years

(All amounts are in Indian ₹ lakhs except share data and as stated)

(ii) Proforma disclosure

The Company measures the compensation cost relating to the stock option using the intrinsic value method. The compensation cost is amortised over the vesting period of the stock option. The Company has accounted for the ESOP granted under ASOP 2005 and 2007 as per the Guidance Note on Employee Share Based Payments, dated February 4, 2005 issued by the Institute of Chartered Accountants of India. Accordingly, the Company has amortised an amount of ₹ 59 (net) and ₹* (net) towards stock expense for the years ended March 31, 2015 and 2014 respectively.

Had the compensation cost for the options been recognised based on the fair value at the date of grant in accordance with Black Scholes' model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Net profit – as reported	3,580	3,482
Add: Stock based compensation expense included in reported net profit	59	*
Less: Stock based compensation expense determined under fair value method	(117)	*
Proforma net profit	3,522	3,482
Earnings per share		
Number of shares – Basic	14,10,30,787	13,66,79,950
Number of shares –Diluted	14,11,55,888	13,66,82,565
Earnings per share – reported	2.54	2.55
Earnings per share – proforma - ₹10 paid up	2.50	2.55
Earnings per share – proforma diluted - ₹10 paid up	2.50	2.55
Earnings per share – proforma - ₹ 7 (March 31, 2014: ₹ 7) paid up	1.75	1.78
Earnings per share – proforma diluted - ₹ 7 (March 31, 2014: ₹ 7) paid up	1.75	1.78

36. LEGAL PROCEEDINGS

a) Proceedings before Department of Telecommunications

(i) License fees

On October 12, 2009 and February 26, 2010, the Department of Telecommunications ('DOT') raised a demands on the Company for ₹ 140 and ₹ 260 respectively towards license fee on income other than income from activities that require license from DOT. The said demands were attributable to income from Internet Service provider (ISP) license and national long distance (NLD) services respectively. The licensed activities are those activities that require license from DOT.

The aforesaid demands made by DOT were based on the premise that all amounts of income (whether direct or indirect) including items such as other income, interest on deposits, gain on foreign exchange fluctuation, profit on sale of assets and provision no longer required written back were directly related to telecom operations of the Company and arise in connection with the Telecom business of the Company and such items need to be considered as part of 'income' for the purpose of calculation of the license fee. Accordingly, DOT considered such items as part of income for the purpose of calculating license fee on AGR (aggregated gross revenue)

The Company and other service providers through their Association of Unified Telecom Service Providers (AUTSPI) approached Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') and challenged DOT's demand seeking inclusion of the aforesaid items as part of 'income' . TDSAT passed an order in favour of service providers. The order was subsequently challenged by DOT in Supreme Court of India which set aside the TDSAT order to the effect that DOT has per se authority to define AGR. However the Supreme Court through its supplementary order allowed the service providers to approach TDSAT on the issue of demands made by DOT and also held that matter should be settled as per law. AUTSPI approached TDSAT on the demands raised by DOT. TRAI recommended to DOT to charge License fees only on licensed activities. The judgement is awaited from TDSAT. Sify believes the above demands are not tenable under law nor fit into the definition of AGR as defined by DOT. The company believes it has adequate defence against these demands and the ultimate outcome of these actions may not have a material adverse effect on the Company's financial position and results of operations.

(ii) The present licence for ISP under Unified License issued by DOT on June 2, 2014 provides for payment of Licence fee on pure internet services. However, the Company through Internet Service Providers Association of India (ISPAI) challenged the said clause before TDSAT. TDSAT passed a stay order on DOT from charging the Licence fee on pure internet services.

b) The company is party to additional legal actions arising in the ordinary course of business. Based on the available information as at March 31, 2015, the Company believes that it has adequate legal defences for these actions and that the ultimate outcome of these actions will not have a material adverse effect (the maximum financial exposure would be ₹ 251 (March 31, 2014: ₹ 266)) on the Company's financial position and results of operations.

37. ADJUSTMENT TO THE SECURITIES PREMIUM ACCOUNT

The company had an accumulated loss of ₹ 19,783 as on 31.3.2013. Consequent to scheme of amalgamation of two subsidiary companies, the accumulated loss stood at ₹ 27,661. As part of the said scheme of amalgamation, it was proposed to set off the accumulates losses of the company and subsidiaries with the Securities Premium account of the company. Accordingly the debit balance in the "Profit and Loss Statement as on the Appointed Date is ₹ 27,661 representing the losses carried forward by the Company and the two subsidiaries (the Transferor Companies). The details of loss incurred/profit earned by the Transferee Company over the last five years prior to the scheme are given below:

Year ended	Amount
Profit/(Loss) for the year ending	
31.3.2008	(2,155)
31.3.2009	(17,666)
31.3.2010	3,603
31.3.2011	(5,423)
31.3.2012	(2,400)
31.3.2013	(3,620)
Total accumulated loss as on 31.3.2013	**(27,661)**

Hence, the debit balance in the "Profit and Loss Statement" as on the Appointed Date to an extent of ₹ 27,661 representing the accumulated losses of the Company as on 1.4.2013 is adjusted against the sum of ₹ 69,004 standing to the credit of Securities Premium Account of the Company on the said date. On such adjustment, the Securities Premium Account of the Company shall stand reduced collectively by a sum of ₹ 27,661, leaving a credit balance of ₹ 41,343.

38. MERGER OF PACE INFO COM PARK PRIVATE LIMITED

M/S Pace Info Com Park Private Limited was a wholly owned subsidiary of the Company till March 31, 2014. The Board of Directors had approved the proposal for merger of the wholly owned subsidiary M/S Pace Info Com Park Private Limited with the Company effective April 1, 2014. The Honourable High Court of Madras approved the merger vide its order dated February 12, 2015. The scheme was sanctioned by the Honourable High Court of Madras effective April 1, 2014 so as to be binding on all the shareholders and creditors of the Company.

(All amounts are in Indian ₹ lakhs except share data and as stated)

Net Assets position of the subsidiary as on the effective date of merger is as under:

Particulars	Amount
Non current assets	9,465
Current Assets	107
Total Assets	**9,572**
Non Current Liabilities	7,106
Current Liabilities	80
Total Outside Liabilities	**7,186**
Net Assets	**2,386**

39. EUROPE INDIA GATEWAY

The Company has entered into a contract with Emirates Integrated Telecom ('the Emirates') for the construction and supply of undersea cable capacity from the Europe India Gateway. As per the contract with Emirates, the Company is required to pay its share of decommissioning costs, if any, that may arise in the future. No provision has been made by the Company for such decommissioning costs as the amount of provision cannot be measured reliably as at March 31, 2015.The capacity under the mentioned facility would be upgraded over a period of time.

40. IPO LISTING

The Ministry of Finance of the Government of India ('MoF') issued a press release dated March 31, 2006, making amendments to the 'Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993' ('the Scheme'). The amendments included a statement that unlisted Companies which had accessed FCCBs, ADR/GDRs in terms of guidelines of May 22, 1998 and are not making profit, be permitted to comply with listing condition on the domestic stock exchanges within three years of having started making profit. Further, the press release states that no fresh issues of FCCBs, ADR/GDRs by such companies will be permitted without listing first in the domestic exchanges. Securities and Exchange Board of India (SEBI) has amended the (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012 on October 12, 2012. In terms of the amended Clause 26 (1) (b), in order to be eligible to go for the Initial Public Offer, the Company should have a minimum average pre-tax operating profit of Rs. 150 calculated on a restated and consolidated basis, during the three most profitable years out of the immediately 5 preceding years.

This is in addition to the other clauses viz. it has a track record of distributable profits in terms of Section 123 of the Companies Act, 2013, for at least three out of the immediately preceding five years; provided that extraordinary items shall not be considered for calculating distributable profits, for being eligible to go for the IPO.

Hence the Company would not be able to raise funds by issuing ADRs until such time the Company complies with the 'Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993' and lists in the domestic stock exchanges as per the above press release.

41. ISSUE OF SHARES TO THE PROMOTER GROUP

On August 4, 2010, the Board of Directors of the company proposed the issuance, in a private placement, of upto an aggregate of 12,50,00,000 of the company's equity shares, par value ₹10 per share ("Equity shares"), for an aggregate purchase price of ₹ 40,000, to a group of investors affiliated with the company's promoter group, including entities affiliated with Mr Raju Vegesna, the company's Chairman and Managing Director and Mr Ananda Raju Vegesna, Executive Director and brother of Mr Raju Vegesna (the "Offering"). The company's shareholders approved the terms of the Offering at the Company's Annual General Meeting held on September 27, 2010.

On October 22 2010, the company entered into a Subscription Agreement with Mr Ananda Raju Vegesna, acting as representative of the acquirers in connection with the offering. Accordingly, the company issued 12,50,00,000 equity shares to Raju Vegesna Infotech & Industries Private Limited, a company affiliated with the promoter group on October 30, 2010.

As of March 31, 2014, the Company has called–up and received a sum of ₹ 7 per share. The remaining amount of the purchase price will be called up at such time as determined by the company. Until the full purchase price is paid by the purchasers, the Company retains a lien on the equity shares purchased in connection with the Offering.

42. CSR SPEND

Section 135 of the Companies Act, 2013, requires Company to spend towards Corporate Social Responsibility (CSR). The Company is expected to spend ₹ 25.75 towards CSR in compliance of this requirement. A sum of ₹ 2 has been spent prior to 31st March 2015 towards Swachh Bharat Kosh of ₹ 1 and ₹ 1 towards promoting education . Further, an amount of ₹ 16.05 has been spent subsequent to the balance sheet date towards promoting preventive healthcare and sanitation. The balance amount to be spent is ₹ 7.70.

43. ADDITIONAL DISCLOSURE

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent	101%	70,744	109%	3,891
Foreign Subsidiaries				
Sify Singapore (Pte) Limited		(13)	2%	69
Sify Technologies North America Corporation	-1%	(380)	-11%	(380)

44. PRIOR YEAR COMPARATIVES

Previous year's figures have been regrouped wherever necessary to conform to current year's classification. Since the merger referred to in note C (38) is effective from the 1st of April 2014, the figures of the current year are not comparable with that of the previous year.

for **ASA & Associates LLP**
Chartered Accountants
Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

J Sivasankaran
Partner
Membership No: 022103

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 23, 2015

M P Vijay Kumar
Chief Financial Officer

L V Veeranjaneyulu Y
Company Secretary

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