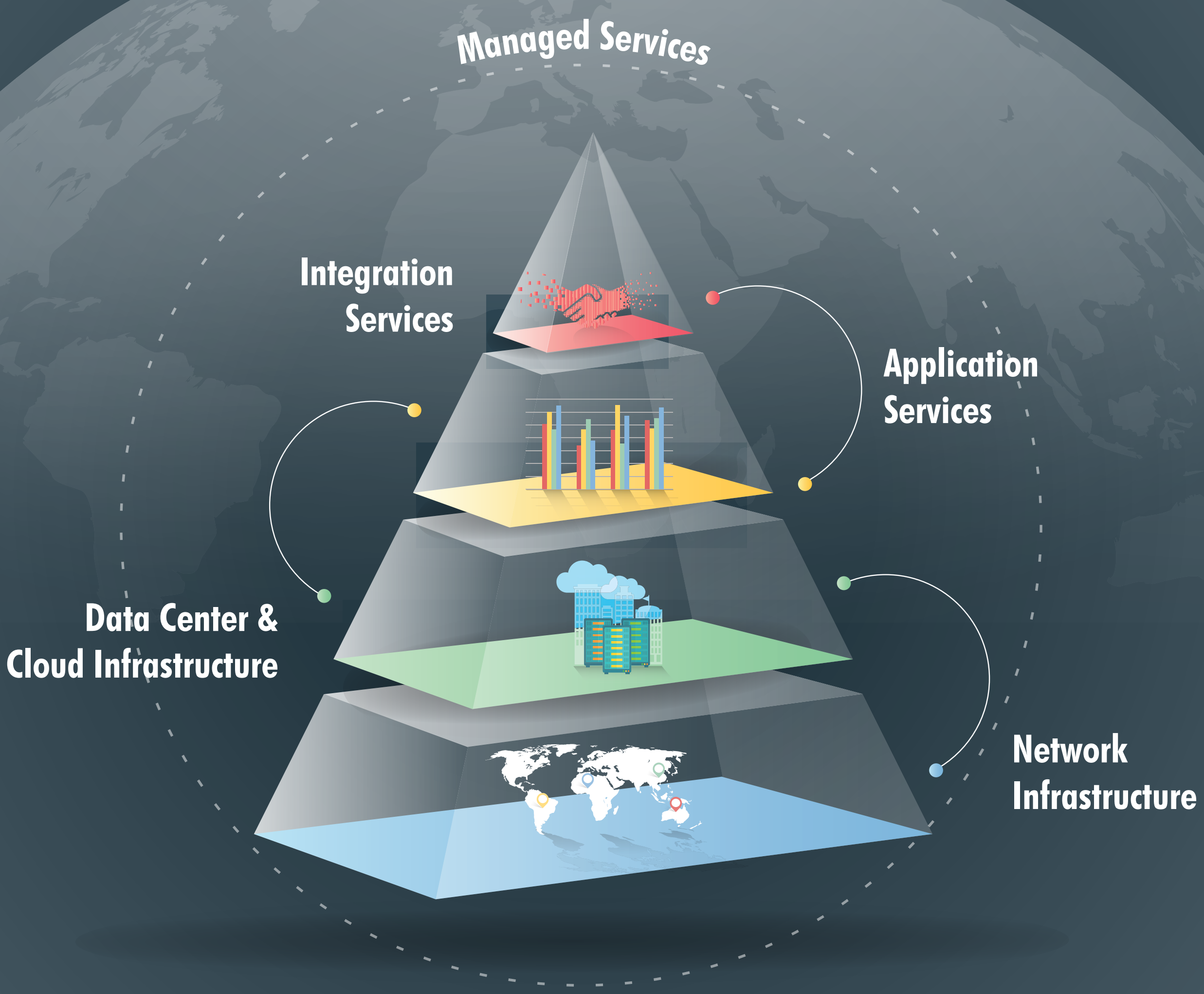
sify



SELECTED BUSINESS Superbrand INDIA Industry Validated

ICT SERVICE PROVIDER IN INDIA

Annual Report 2016-17

We are now a

SELECTED

BUSINESS Superbrand INDIA

Industry Validated

Business Units and Line of Services

Technology Integration Services

- DC Build
- Network Integration (LAN/WAN)
- Information Security
- End User Computing
- Collaboration Tools

Telecom Services

- India Data Business
- Global Data Business
- Wholesale Voice

Applications Integration Services

- iTest
- eLearning
- App Testing
- Portal
- App Development & Maintenance
- Managed SAP Services

Data Center Services

- Colocation Services
- White Labelling
- Hosting

Cloud & Managed Services

- IaaS, PaaS, SaaS
- Managed DC services
- Managed Security Services
- Managed Network Services

Our Network coverage

Our DC and Cloud coverage

Case studies

A. STAFF SELECTION COMMISSION OF INDIA

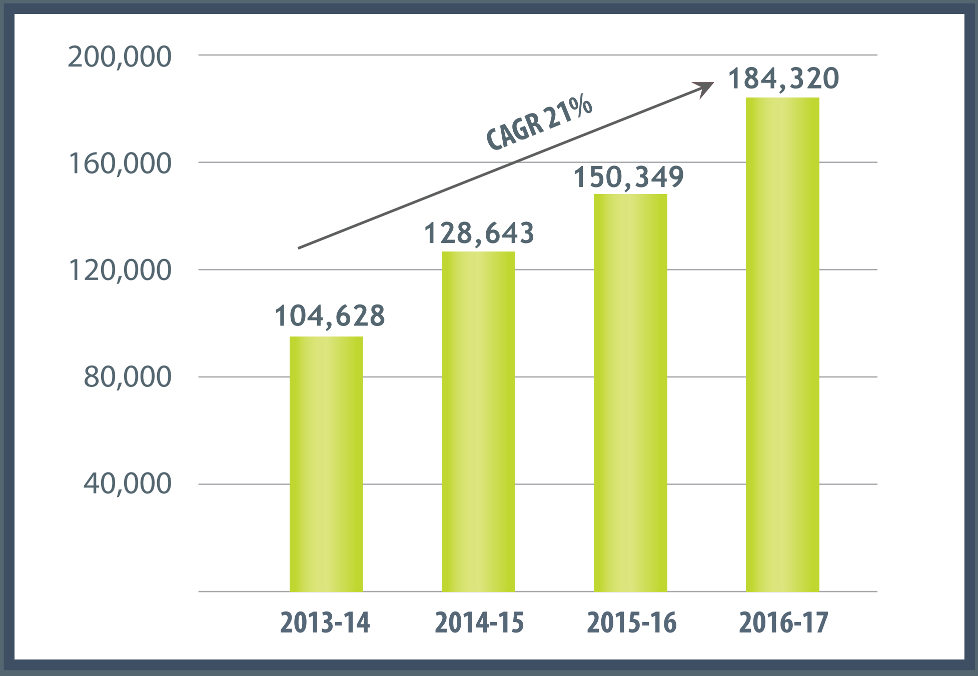
B. UTTAR PRADESH POWER CORPORATION LIMITED

The first such model rolled out in India, directly aligned with Business outcome of Power Distribution company; Pay per Module, Pay per transaction

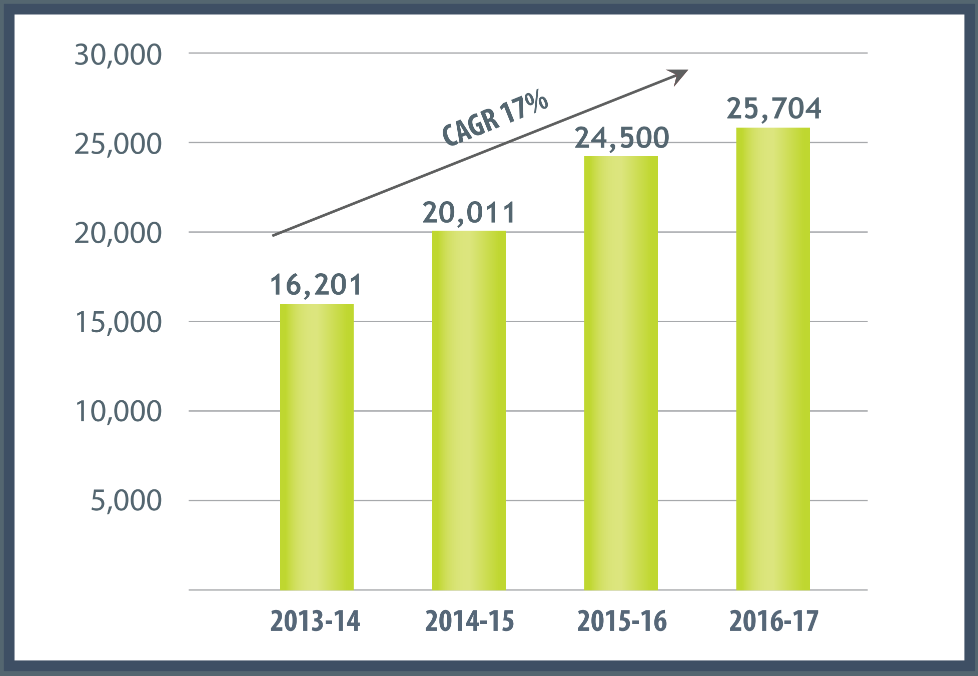
Summary of Consolidated Financials

(INR LAKHS)

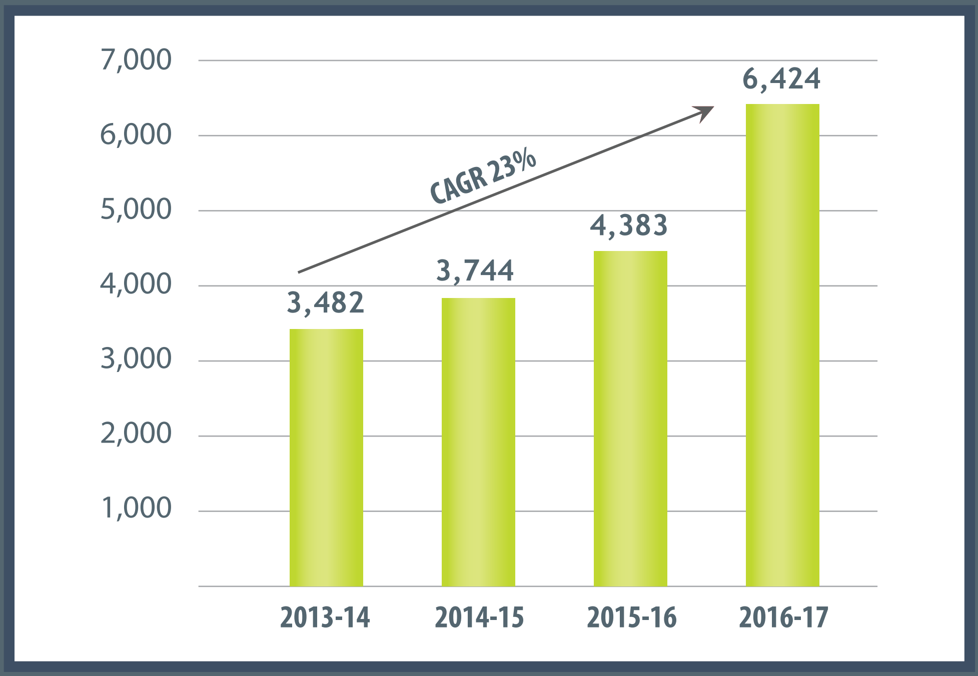
Revenue



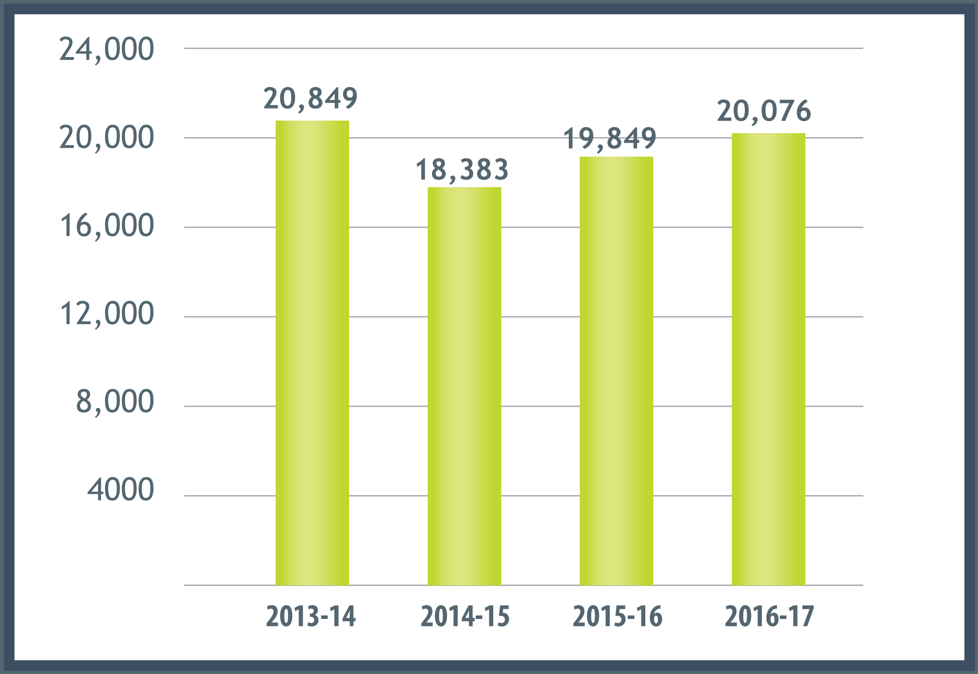
EBITDA



PAT

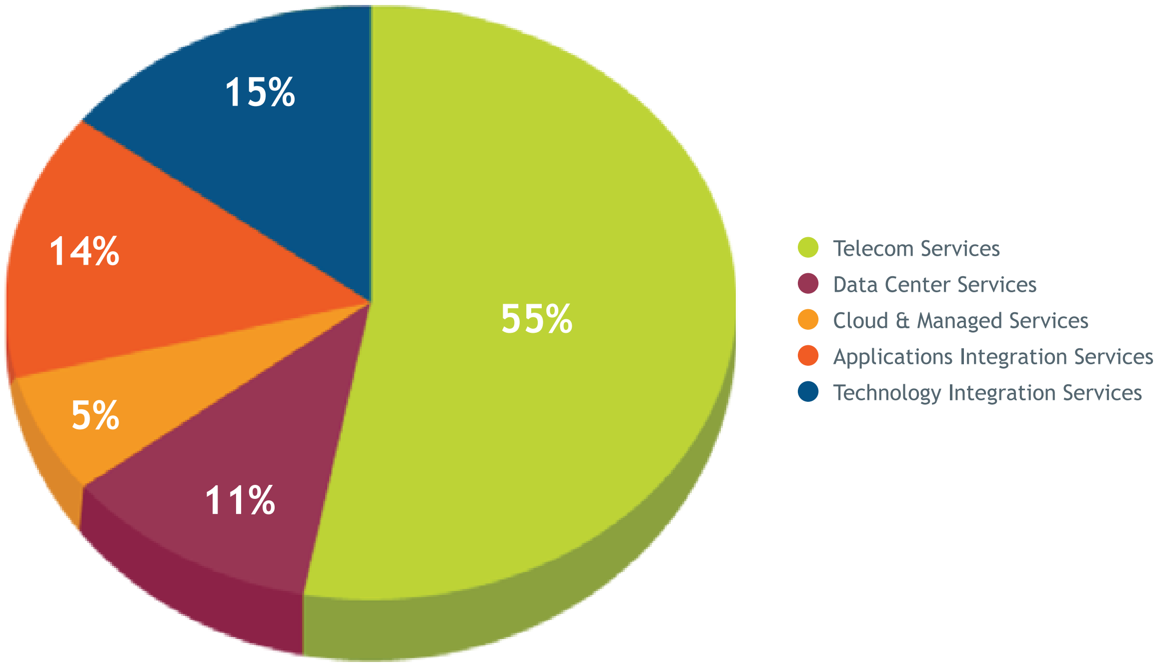


Capex



Note: Figures for FY 2013-14 are as per previous GAAP

Business contribution to revenue (in %)



Awards


Most Innovative Offering: SMACnet


Most Admired Brand 2017


ICT Company of the year


Excellence in e-Learning Solution


Hosting Partner of the Year 2016

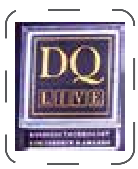

Valuable contribution towards successful DC Migration of a customer


Managed Network Solutions
Data Center Transformation Services
Integrated Data Center Solutions


Best Enterperise Data Center


Most Promising Brand


IT Giant of the Year 2016


National Award for Best Technology for Social Cause for the Department of Posts


Partner of the Year

Contents

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Board of Directors

Sify Technologies Limited

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

Vegesna Bala Saraswathi

Independent Directors

T H Chowdary

C B Mouli

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

Ananda Raju Vegesna

S K Rao

C E S Azariah

Nomination & Remuneration Committee

T H Chowdary
Chairman

Ananda Raju Vegesna

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

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
HDFC Bank Limited
Yes Bank Limited

DIRECTORS' REPORT

Dear Members,

Your Directors present the Twenty First Annual Report together with the audited financials of your Company for the Financial Year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

₹ in lakhs

Details	Separate Financial Statements		Consolidated Financial Statements	
	2016-17	2015-16	2016-17	2015-16
Income from operations	1,77,927	1,47,635	1,84,320	1,50,349
Other Income	2,652	1,478	2,686	1,519
Profit Before Interest, Tax, Depreciation and Amortization	26,933	24,288	27,188	23,819
Depreciation and Amortization	17,565	15,959	17,588	15,980
Interest expense (Net)	3,198	3,473	3,169	3,457
Profit before Tax	6,170	4,856	6,431	4,382
Profit after Tax	6,170	4,856	6,424	4,383

Separate Financial Statements

During the year under review, your Company registered revenue from operations of ₹ 1,77,927 lakhs as against ₹ 1,47,635 lakhs in the previous year, a growth of 20.52%. The PBITDA for the year was ₹ 26,933 lakhs as compared to ₹ 24,288 lakhs in the previous year. The Profit for the year was ₹ 6,170 lakhs compared to ₹ 4,856 lakhs in the previous year.

Consolidated Financial Statements

During the year under review, your Company registered consolidated revenue from operations of ₹ 1,84,320 lakhs as against ₹ 1,50,349 lakhs in the previous year, a growth of 22.59%. The PBITDA for the year was ₹ 27,188 lakhs as compared to ₹ 23,819 lakhs in the previous year. The Profit for the year was ₹ 6,424 lakhs compared to ₹ 4,383 lakhs in the previous year.

Financial information of the Subsidiaries

Sify Technologies (Singapore) Pte. Ltd, Singapore

During the year under review, the Company reported revenue of ₹ 3,510 lakhs as compared to ₹ 597 lakhs in the previous year. The profit was ₹ 74 lakhs as compared to loss of ₹ 42 lakhs in the previous year.

Sify Technologies North America Corporation, USA

During the year under review, the Company reported revenue of ₹ 4,244 lakhs as compared to ₹ 2,885 lakhs in the previous year. The profit was ₹ 180 lakhs as compared to a loss of ₹ 431 lakhs in the previous year.

Sify Data and Managed Services Limited

During the year under review, your Company incorporated Sify Data and Managed Services Limited, a Wholly-owned Subsidiary. As the Company was incorporated on March 16, 2017, it is yet to commence commercial operations. As per Section 2 (41) of the Companies Act, 2013, the Company's first Financial Year shall be the period ending on March 31, 2018.

Your Company has made an investment of ₹ 25 crores in the Subsidiary in the form of Equity and Preference Shares. With the funds infused, the Subsidiary has acquired a Leasehold land of 4.90 acres from the State Industries Promotion Corporation of Tamilnadu Limited (SIPCOT) at SIPCOT Information Technology Park, Siruseri, Chennai for setting up a state-of-the-art Greenfield Data Center.

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, 2017 till the date of this Report.

3. DIVIDEND

Based on the Company's performance, your Directors are pleased to recommend for approval of the members a dividend of ₹ 1.20 per Paid-up Equity Share of ₹ 10 each for the year 2016-17 (for 2015-16 ₹ 1 per Equity Share). The dividend, when approved by the members, would involve a cash outflow of ₹ 1734 lakhs towards disbursement of Dividend and ₹ 353 lakhs towards payment of Dividend Distribution Tax aggregating to a total out flow of ₹ 2087 lakhs.

4. TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves during the current Financial Year.

5. BUSINESS REVIEW

Your Directors are happy to state that your Company is moving up the value chain to occupy the position of a Digital Transformation Partner to both clients who are nearing the end of their IT legacy cycles and new ones who are just establishing their pan-India connectivity.

This year, Your Company saw two distinct set of demands from the market. The first was for Industry Standard Applications as a standard set of offerings and the second was for automated platforms that can spur the Digital India movements. On the first, Your Company partnered with SAP, Microsoft and Oracle to offer them with benchmarked SLAs. On the second, Your Company's home grown iTest platform came of age, extensively being used for the Government of India's recruitment program. The success of these two services validates the business demands that your Company invests in and promotes.

On the Network side, Your Company is now augmenting its capacity across the Metro circles in 10 cities anticipating a 'data-deluge' with the introduction of 4G mobile services. Your Company foresees a demand for both Colocation and Cloud storage to rise and hence, has invested in expanding the Data Center capacity.

This year, your Company returned to being a "Superbrand", an acknowledgement so select that only your Company was picked for the ICT category. Scrutinized by the doyens of the Industry, this is a validation that will now have the best-of-breed service providers wanting to align with us.

a. Key Business Performance

Telecom and Network Managed Services continue to be the largest entry point for new clients into Your Company. In anticipation of the burgeoning demand for data-rich networks fueled by the proliferation of smartphones, Your Company invested in augmenting the

Network capacity starting with the Metro circles. These Metro Networks will now support the burgeoning demand for secure, scalable, multi-medium data support.

Your Company's Data Center focused IT solutions is taking center stage in the Digital Transformation of multiple clients. Clients are seeing the merits of this comprehensive service encompassing the Data Center, the Cloud and the Application layer. As it begins to build deeper inroads into the Enterprise space, Your Company should see a healthy revenue ratio between Telecom and non-Telecom services.

Your Company also launched a first-of-its-kind multi data center IX fabric, partnering with the world leader. This will provide cloud and content players as well as India service providers, a neutral interconnection fabric for IP and private traffic.

Your Company's Cloud architecture received a huge endorsement from the world leaders in Oncology equipment who have signed on to park the first-in-the-country centralized Radiation Planning and Treatment on Your Company's Private Cloud. Translated, this gives Your Company a huge foot in the door into the Health vertical in the country. Further, given the dexterity with which this was executed, it is now capable of being implemented in other geographies.

The year also saw Your Company launch its digital-ready network solution portfolio covering enterprise mobility, security, cloud ready networks and IoT.

Further to the world leader in ecommerce expressing firm interest in our Data Center services, your Company has decided in augmenting the capacity of the Data Centers with a new facility in Chennai.

Your company also received the following accreditations; as Enterprise service Partner from the world leader in Operating Systems, Gold partner to one of World leading Enterprise player, Consulting partner to the world's leader in e-Commerce and as SAP HANA Partner from the world leaders in Networking systems.

Awards and accolades followed; prominent among them being the Superbrand award, SMACnet - Most Innovative Offering of the year and Company of the year in the Cloud & Managed Services vertical by prominent industry media.

b. Industry Outlook

According to the Indian Brand Equity Foundation, the Indian IT sector expects to grow at a rate of 12-14 per cent for FY 2016-17 in constant currency terms. The sector also expects triple its current annual revenue to reach US$ 350 billion by FY 2025.

Total spending on IT by banking and security firms in India is expected to grow 8.6 per cent year-on-year to US$ 7.8 billion by 2017.

The public cloud services market in India is slated to grow 35.9 per cent to reach US$ 1.3 billion according to IT consultancy, Gartner. Increased penetration of internet (including in rural areas) and rapid emergence of e-commerce are the main drivers for continued growth of data centers co-location and hosting market in India.

The Indian Healthcare Information Technology (IT) market is valued at US$ 1 billion currently and is expected to grow 1.5 times by 2020. India's business to business (B2B) e-commerce market is expected to reach US$ 700 billion by 2020 whereas the business to consumer (B2C) e-commerce market is expected to reach US$ 102 billion by 2020.

Cross-border online shopping by Indians is expected to increase 85 per cent in 2017, and total online spending is projected to rise 31 per cent to ₹ 8.75 lakh crore (US$ 128 billion) by 2018.

Post the Indian Government's announcement of demonetization of specific currency denominations, digital payment platforms witnessed a sharp spike in user transactions, app downloads and merchant enquiries, thereby indicating a greater demand towards digital payments by consumers.

India ranks among the top five countries in terms of digitalization maturity as per Accenture's Platform Readiness Index, and is expected to be among the top countries with the opportunity to grow and scale up digital platforms by 2020.

According to NASSCOM, Indian tech players are helping to create smart enterprises through confluence of Digital technologies- Cloud, Mobility, IOT, Social, Big Data Industry players adopting multiple business models (partnerships/collaboration/ M&A) to address the digital opportunity.

Rapidly growing start-up ecosystem redefining innovation Indian service providers going bimodal- growth in both traditional and digital markets India's consumer economy, Government' initiatives for digitization of India are the drivers in the domestic market.

6. MAJOR CORPORATE DEVELOPMENTS

During the year, your Company had invested ₹ 5,00,00,000 in the Equity Share Capital & ₹ 20,00,00,000 in the Preference Share Capital of M/s Sify Data and Managed Services Limited, the Wholly owned Subsidiary Company, for its business requirements.

7. ASSOCIATES STOCK OPTION PLAN

Details of the Options issued under Associates Stock Option Plan 2014 (ASOP) and also the disclosures in compliance with Section 62 of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014. No employee was issued Stock Option during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

In this regard, the Nomination and Remuneration Committee has approved grant of options during the year as per the details given below:

S. No.	Particulars	No of Options	No of Employees
1.	Options granted	5,25,000	7
2.	Options vested	37,11,130	75
3.	Options exercised	Nil	
4.	Total number of shares arising as a result of exercise of option	Nil	
5.	Options lapsed	3,53,400	7
6.	Exercise price	Nil	
7.	Variation of terms of options	Nil	
8.	Money realized by exercise of options	Nil	
9.	Total number of options in force	58,37,400	84

Employee-wise details of options granted to:

S. No.	Particulars	No. of Options
1.	Key Managerial Personnel	Nil
2.	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	Nil
3.	Identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

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. Key Managerial Personnel

During the Financial Year 2016-17, Mr Suresh Balakrishnan, Company Secretary of the Company had resigned from the services of the Company and the Company is in the process of recruiting a suitable person for the position.

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

Mr Raju Vegesna	Chairman and Managing Director
Mr M P Vijay Kumar	Chief Financial Officer

ii. Independent Directors

During the year, the following Directors have continued as Independent Directors of the Company:

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

10. DEPOSITS

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.

11. ORDER OF THE COURT

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.

12. 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 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, 2017 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, 2017.

13. 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 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.

14. 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.

15. NASDAQ Listing Compliance

As the American Depositary Shares (ADS) of the Company traded on the NASDAQ Market at less than USD 1 (which is the minimum bid price) for a continuous period of 30 business days, your Company has received a letter from NASDAQ on December 27, 2016 on the Compliance of the Listing Rule.

In terms of the letter, Your Company was provided with a compliance period of 180 calendar days (until June 26, 2017), in which to regain compliance pursuant to NASDAQ Listing Rule.

Your Company is in the process evaluating options / combination of options to comply with minimum bid price requirement for regaining compliance of the Listing Rule.

16. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has three Subsidiaries as on March 31, 2017. 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 Ind AS.

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;

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.

18. BOARD MEETINGS

During the year, the Board of Directors of your Company met 5 times. The dates of meetings are April 22, 2016, July 20, 2016, October 19, 2016, January 25, 2017 and March 27, 2017.

19. DIRECTORS

i. Retirement by rotation

Ms Vegesna Bala Saraswathi, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment. Your Directors recommend her re-appointment.

ii. 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 as members. Mr C B Mouli is the Chairman of the Committee and is a Financial Expert.

ii. Compensation Committee

The Compensation Committee consists Dr T H Chowdary, Dr S K Rao, Mr Ananda Raju Vegesna and Mr C E S Azariah as members. Dr T H Chowdary is the Chairman of the Committee.

iii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists Dr T H Chowdary, Dr S K Rao, Mr Ananda Raju Vegesna and Mr C E S Azariah as members. Dr T H Chowdary is the Chairman of the Committee.

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 as members.

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 as members.

21. REMUNERATION POLICY

The Board, Nomination & Remuneration and Compensation Committee framed a policy for selection and appointment of Directors including determining qualifications, independence of a Director, Key Managerial Personnel, Senior Management Personnel and their remuneration as part of its Charter and other matters provided under Section 178(3) of the Companies Act, 2013.

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 members has appointed them for a second term of five years at the Twentieth Annual General Meeting held on July 4, 2016 to hold office from the conclusion of this Annual General Meeting until the conclusion of 2021 Annual General Meeting subject to ratification at every Annual General Meeting at a remuneration recommended by the Audit Committee.

ii. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed the Company Secretary in Practice as given below to undertake the Secretarial Audit of the Company.

a. Name and Address

Mr V Ramasubramanian, Practising Company Secretary, Flat No 5, Park Villa, No 14/13, East Abhiramapuram 1st Street, Mylapore, Chennai 600 004.

b. Report

The Report of the Secretarial Auditor in Form MR-3 for the Financial Year ended March 31, 2017 is annexed as **Annexure 1** to the Report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his Report.

iii. Cost Auditor

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder, the Company has appointed the Cost Auditor as given below to undertake the Cost Audit of the Company.

a. Name and Address

Mr S Ramachandran, Cost Accountant, 160, MGR Street, Saligramam, Chennai 600 093.

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 foreign exchange inflow was ₹ 42,623 lakhs and the outflow was ₹ 25,183 lakhs.

24. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in this Annual Report.

25. RISK MANAGEMENT

The Board of Directors of the Company has approved the Risk Management Policy wherein all material risks faced by the Company are identified and assessed.

Business risks are identified based on incident analysis and the environment in which the Company operates and the focus on Risk Management continues to be high. The 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 Risk Committee of the Company is responsible for assisting the Audit Committee with a full status of the risk assessment 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, the Policy on Corporate Social Responsibility (CSR) approved by the Board has been displayed on the Company's website at http://corporate.sify.com/csr-policy.html.

For the Financial Year 2016-17, the Company had spent ₹ 83,89,152/- towards CSR Projects as detailed herein below:

Particulars	Amount in ₹.	Amount in ₹.
Amount to be spent towards CSR		83,48,000
Amount Spent		
Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust (VIRRD), Dwarakha Tirumala	70,00,000	
Dr B R Ambedkar Vidya Academy - Construction of Class rooms - Krishna District, Andhra Pradesh	3,36,500	
Chitoor District Badminton Association, Andhra Pradesh	10,00,000	
Special Children Sports Academy	50,000	
Book Donations to District Institute of Education and Training, Angaluru	2,652	

1. **Contribution to VIRRD Trust:** The Company has contributed ₹ 70,00,000/- towards purchase of machine for the Hospital run by the trust.
2. **Dr Ambedkar Vidya Academy:** The Company has contributed ₹ 3,36,500/- towards construction of class rooms.
3. **Chitoor District Badminton Association:** The Company has contributed ₹ 10,00,000/- towards All India Junior Ranking Tournament held at Tirupati.
4. **Special Children Sports Academy:** The Company has contributed ₹ 50,000/- to Special Children Sports Academy for the sports meet.
5. **DIET:** The Company has contributed ₹ 2,652 to District Institute of Education and Training, Angaluru towards Book Donations.

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

27. RELATED PARTY TRANSACTIONS

Particulars of contracts / arrangements entered into by the Company with Related Parties referred to in Sub-section 1 of Section 188 of the Companies Act, 2013 during the Financial Year 2016-17 are listed below:

Subsidiary Companies

Sify Technologies (Singapore) Pte. Limited	Amount in ₹ Lakhs
Advances given	-
Receipt of Services	209
Purchase of goods	7
Rendering of Services	2
Sale of Property, Plant & Equipment	2
Sify Technologies North America Corporation	**Amount in ₹ Lakhs**
Advances given	15
Receipt of services	106
Rendering of Services	1,353

Sify Data and Managed Services Limited	Amount in ₹ Lakhs
Investment made in Shares	2,500
Advances given	20

Holding Company

Raju Vegesna Infotech and Industries Private Limited	Amount in ₹ Lakhs
Lease rental paid	10

Enterprise over which KMP have significant influence

Raju Vegesna Developers Private Limited	Amount in ₹ Lakhs
Lease rental paid	4
Radhika Vegesna	
Lease rental paid	40

Others

Name of the Director	Nature of Payment	Amount in ₹ Lakhs
Dr T H Chowdary, Director	Consultancy Services	2
Ms Vegesna Bala Saraswathi, Director	Sitting Fees	1

28. EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 as part of this Annual Report is attached as **Annexure 3**.

29. HUMAN RESOURCE MANAGEMENT

The Company considers its human resources as important asset and endeavors to nurture groom and retain talent to meet the current and future needs of its business. The Company has conducted management and supervisory development programs as well as put in place succession plan and long term career growth plans. The Company continues to provide conducive work environment and opportunities for development of its employees. The number of employees as on March 31, 2017 was 2,318.

30. 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 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.

31. POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual Harassment Women at Workplace. A policy has been framed and adopted for prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. An Internal Complaints Committee has been constituted and there were no Complaints reported under the Act during the year.

32. FILING OF FORM XBRL UNDER AOC 4

As informed in the last year Board Report, your Company has voluntarily adopted the Indian Accounting Standards (Ind AS) and prepared the financials under Ind AS for the year 2015-16 though it was mandatorily required only from the year 2016-17 onwards.

Your Company was required to file the Audited Financials under XBRL format within 30 days from the date of Annual General Meeting. However, as the Taxonomy for converting the financials prepared under Ind AS into XBRL format is yet to be released by the Ministry of Corporate Affairs, your Company could not file the same till date.

Your Company has however, filed the Printed Annual Report for the year 2015-16 with The Registrar of Companies, Chennai.

Further, the Company has also made representations to the Ministry of Corporate Affairs, New Delhi, The Registrar of Companies, Chennai, The Institute of Chartered Accountants of India, New Delhi and The Institute of Company Secretaries of India, New Delhi seeking their support in solving this issue and your Company had not received any response from the above authorities.

Your Company is confident of filing the audited financials in XBRL format for the year 2015-16 along with the financials for 2016-17 also as soon as the taxonomy is released.

33. AWARDS

Your Directors are pleased to place on record that your Company was awarded the following during the Financial Year 2016-17:

- ✓ DQ Live National Award for Best Technology for Social Cause for the Department of Posts
- ✓ India’s IT Giant by 4Ps
- ✓ CIO Choice for Managed Network Solutions
- ✓ Data Center Transformation Services
- ✓ Integrated Data Center Solutions
- ✓ Best Tech Brand by The Economic Time
- ✓ ICT Company of the year by VAR India
- ✓ SMACnet - Most Innovative Offering of the year by Voice & Data Cybermedia
- ✓ Company of the year in the Cloud & Managed Services vertical by CIO Review
- ✓ HPE recognised Sify as the Best Partner in Networking Category
- ✓ Superbrand of the year

Also, Sify was empanelled with Govt as a Cloud service provider, MS hosting partner of the year.

34. 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 25, 2017	Chairman and Managing Director	Executive Director	Director

Form No MR-3 **Annexure 1**

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2017

[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, 2017 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, 2017 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) and Overseas Direct Investment (ODI).
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.

   The Company's shares are listed in NASDAQ Global Select Market, New York as American Depositary Shares (ADS). Based on the confirmation received from the US Legal Counsel, the Company has complied with the applicable Regulations of Securities & Exchange Commission (SEC), NASDAQ and The Sarbanes Oxley Act of 2002 (SoX).
6. Other applicable Laws:
   a) Telecom Regulatory Authority of India Act, 1997.
   b) Unified Licence Agreement compliance from Department of Telecommunications for carrying out Internet Service-A, National Long Distance and International Long Distance services.
   c) Controller of Certifying Authority - Licence for issue of Digital Signatures.
   d) Federal Communications Commission, USA for compliance on Voice Business.
   e) Statutory compliance in US & Singapore in respect of Wholly-owned Subsidiaries.
   f) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.

g) The Employees State Insurance Act, 1948.
h) The Maternity Benefit Act, 1961.
i) The Payment of Bonus Act, 1965.
j) The Payment of Gratuity Act, 1972.
k) The Tamilnadu Labour Welfare Fund Act, 1972.
l) 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.

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.

During the period under review, Mr Suresh Balakrishnan, the Company Secretary, who is also the Key Managerial Personnel of the Company, had resigned from the Services of the Company on January 10, 2017 and the Company is in the process of appointing the new Company Secretary, also in terms of Section 203 (4) of the Companies Act, 2013 read with Rule 8(a) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014, the Company has a time to fill up the vacancy within 6 months from the date of such vacancy.

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 Movable and Immovable 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 by Special Resolution at the Nineteenth Annual General Meeting held on June 18, 2015.

c) During the period under review, the Company has not extended loan.

d) During the period under review, the Company had made investment of ₹ 25 crores towards Equity and Preference Capital in M/s Sify Data and Managed Services Limited, the Wholly-owned Subsidiary Company.

As the above transactions are with the Wholly-owned Subsidiary, the provisions of Section 186 are not applicable in the above case.

(v) During the period under review, the Company has not entered into any Foreign Technical Collaboration Agreement.

Chennai
April 25, 2017

V Ramasubramanian
Company Secretary
ACS No.5890
CP No.11325

Annexure 2

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. Company's Corporate Social Responsibility (CSR) Policy:

i. Sify Technologies Limited (STL) believes that in alignment with its vision and through its CSR initiatives, will continue to enhance value 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. The CSR Policy encompasses the company's philosophy for contributing 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	Chairman
Ananda Raju Vegesna, Executive Director	Member
C E S Azariah, Independent Director	Member

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

Financial Year	**Net Profit before exceptional items in ₹. Crores**
2015-16	48.20
2014-15	38.50
2013-14	38.50
Total	**125.20**

Average Net Profit = ₹ 41.73 crores

4. Prescribed CSR expenditure:

For the financial year 2016-17, a sum of ₹ 83.48 lakhs was to be spent being 2% of the average net profit.

5. CSR Spent during the financial year.

Amount spent as on March 31, 2017:

Particulars	**Amount in ₹.**
Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust (VIRRD), Dwarakha Tirumala	70,00,000
Dr B R Ambedkar Vidya Academy – Construction of Class rooms – Krishna District, Andhra Pradesh,	3,36,500
Chitoor District Badminton Association, Andhra Pradesh	10,00,000
Special Children Sports Academy, Chennai	50,000
Book Donations to DIET	2,652
Total	**83,89,152**

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

Not Applicable

7. 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

Ananda Raju Vegesna
Member

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, 2017:							
1.	Health Care	Hospital for the Disabled	Dwarakha Tirumala	70,00,000	70,00,000	1,15,00,000	Direct Contribution to Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust, Dwarakha Tirumala
2.	Promoting Education	Construction of Class rooms	Krishna District, Andhra Pradesh	3,36,500	3,36,500	3,36,500	Direct Contribution to Dr B R Ambedkar Vidya Academy EM High School
3.	Sports	All India Junior Ranking Tournament in Shuttle Badminton in Tirupati	Andhra Pradesh	10,00,000	10,00,000	10,00,000	Chittoor District Badminton Association, Tirupati, Andhra Pradesh
4.	Sports	Sports meet for the disabled	Chennai	50,000	50,000	1,00,000	Direct Contribution to the Special Children Sports Academy
5.	Promoting Education	Donation of Books	Angaluru, Andhra Pradesh	-	2,652	19,064	Direct Contribution to the Library of District Institute of Education and Training, Angaluru

Chennai
April 25, 2017

Raju Vegesna
Chairman

Ananda Raju Vegesna
Member

C E S Azariah
Member

Annexure 3

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[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): U72200TN1995PLC050809

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	% to Total Turnover of the Company
1.	Telecom Services	57%
2.	Technology Integration Services	14%
3.	Data Center Services	11%
4.	Application & Integration Services	14%

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 Private Limited	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)
4.	Sify Data and Managed Services Limited	U74999TN2017PLC115498	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 other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	1,45,30,000	12,50,00,000	13,95,30,000	78.15	14,530,000	12,50,00,000	13,95,30,000	78.15	Nil
2. Foreign					-				
a. NRIs - Individuals	-	-	-	-	-	-	-	-	-
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	Nil
d. Banks /FI	-	-	-	-	-	-	-	-	-
e. Any other	6,20,466	-	6,20,466	0.35	6,20,466	-	6,20,466	0.35	Nil
Sub-total (A) (2)	1,45,23,326	-	1,45,23,326	8.14	1,45,23,326	-	1,45,23,326	8.14	Nil
Total Shareholding of Promoter A= (A) (1) + (A) (2)	**2,90,53,326**	**12,50,00,000**	**15,40,53,326**	**86.29**	**2,90,53,326**	**12,50,00,000**	**15,40,53,326**	**86.29**	**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	-	-	-	-	-	-	-	-	-
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 ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (Specify)	92	560	652	0.00	92	560	652	0.00	Nil
Sub-total (B) (2):	92	560	652	0.00	92	560	652	0.00	Nil
Total public Shareholding B= (B) (1) + (B) (2)									
C. Shares held by custodian for GDRs & ADRs	2,44,76,809	0.00	2,44,77,461	13.71	2,44,76,809	0.00	2,44,77,461	13.71	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	7.78	0.00	1,39,02,860	7.78	0.00	Nil
Vegesna Family Trust	6,20,466	0.35	0.00	6,20,466	0.35	0.00	Nil
Total	**15,40,53,326**	**86.29**	**0.00**	**15,40,53,326**	**86.29**	**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.	For each of the Top 10 shareholders	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	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.	For each of the Directors and KMP	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	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

Indebtedness of the Company including interest outstanding / accrued but not due for payment (₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	40,808	4,399	425	45,632
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	129	32	-	161
Total (i)+(ii)+(iii)	40,937	4,431	425	45,793
Change in Indebtedness during the financial year				
Addition	1,757	12,221	-	13,978
Reduction	(1,531)	(8,439)	(36)	(10,006)
Net Change	226	3,782	(36)	3,972
Indebtedness at the end of the financial year				
i. Principal Amount	41,034	8,181	389	49,604
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	201	64	-	265
Total (i)+(ii)+(iii)	**41,235**	**8,245**	**389**	**49,869**

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	3,30,000 - -	3,50,000 - -	2,50,000 - -	4,30,000 - -	13,60,000 - -
	Total (1)	3,30,000	3,50,000	2,50,000	4,30,000	13,60,000
		Vegesna Bala Saraswathi				
	2. Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	50,000 - -	- - -	- - -	- - -	- - -
	Total (2)	50,000	-	-	-	50,000
	Total (B) = (1)+(2)	-	-	-	-	14,10,000

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	-	1,24,51,496	22,50,424	1,47,01,920
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	32,400	32,400
	(c) Profit in lieu of salary u/s 17(3) of the Income tax Act, 1961	-	-	-	-
2.	**Stock Options ***	-	-	-	-
3.	**Sweat Equity**	-	-	-	-
4.	**Commission**				
	- as % of profit				
	- others, specify.	-	-	-	-
5.	**Others, please specify**	-	-	-	-
	Total	**-**	**1,24,51,496**	**22,82,824**	**1,47,34,320**

* 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					
Punishment			Nil		
Compounding					
B. Directors					
Penalty					
Punishment			Nil		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment			Nil		
Compounding					

Separate Financial Statements for the year ended March 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Sify Technologies Limited

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Sify Technologies Limited("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "separate financial statements").

Management's Responsibility for the Separate 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 of these separate financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 separate 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 separate financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid separate 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 financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid separate financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f) with respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) 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 separate financial statements - Refer Note 22 (a) (Contingent liabilities) and Note 46 (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 30 (Disclosure pursuant to Ind AS 11 - Construction contracts in progress) and Note 43 (a) (Financial and derivative instruments) to the separate financial statements;

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

iv. the Company has provided requisite disclosures in its separate financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 9 to the separate financial statements.

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

D K Giridharan
Partner
Membership No: 028738

Place: Chennai
Date : April 25, 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditor's Report to the members of the company on the separate financial statements for the year ended 31 March 2017, We report that:

(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 programme of physical verification of fixed assets in a phased manner in a period of three years. Pursuant to the program, majority of the assets were covered by physical verification during the year. The Company is in the process of reconciling the results of the verification with the book records, to identify the discrepancies, if any.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company (including confirmations received from lenders with whom the immovable properties are mortgaged), the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships 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, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made. The Company has not granted any loan accordingly, it's not applicable.

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

(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 sub-section (1) of section 148 of the Companies Act and are of the opinion that prima 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, Employees' State Insurance, income-tax, sales tax/Value Added Tax (VAT), 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),service tax, customs duty, excise duty and cess as at March 31, 2017 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 dispute is Pending
Finance Act,1994 (Service tax)	Apr 2005 to Mar 2006, Apr 2006 to Sep 2006, Oct 2006 to Sep 2007, Oct 2007 to Mar 2008	2,315	CESTAT, Chennai
	Apr 2008 & May 2008	111	
	Oct 2005 to Mar 2006	136	
	July 2003 to Feb 2007	7	
	Prior to 16-May-2009	48	
	Oct 2005 to Mar 2010	1,390	
	Oct 2005 to Mar 2009	156	
	May 2006 to Jun 2011	337	
	Apr 2010 to Mar 2011	66	
	Jul 2011 to Jun 2012	75	
	Apr 2010 to Jan 2013	32	
	Apr 2011 to Mar 2012	24	
	April 2002 to March 2007	144	
	April 2013 to March 2015	34	
	April 2012 to March 2014	106	
	April 2008 to March 2009	7	
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	Income Tax Appellate Tribunal
	Assessment year 2009-10	1,056	Commissioner of Income Tax Appeals

(viii) According to the records of the Company examined by us and on the basis of 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.

(ix) During the year, the Company did not raise any money by way of public offer or further public offer (including debt instruments). 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.

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

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, no managerial remuneration is payable to its directors.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

D K Giridharan
Partner
Membership No: 028738

Place: Chennai
Date : April 25, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sify Technologies Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the separate financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

D K Giridharan
Partner
Membership No: 028738

Place: Chennai
Date : April 25, 2017

Balance Sheet as at March 31, 2017

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

	Note No. (D)	March 31, 2017	March 31, 2016
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	63,550	61,279
(b) Capital work in progress		2,680	1,999
(c) Intangible assets	2	5,414	5,880
(d) Financial assets			
(i) Investments	3	5,936	3,436
(ii) Trade receivables	4	66	58
(iii) Other financial assets	5	2,366	2,030
(e) Other non-current assets	6	17,099	14,171
		97,111	88,853
(2) Current assets			
(a) Inventories	7	11,540	7,414
(b) Financial assets			
(i) Trade receivables	8	68,837	54,788
(ii) Cash and cash equivalents	9	16,212	14,519
(iii) Other financial assets	10	865	1,112
(c) Other current assets	11	20,122	19,973
		1,17,576	97,806
Total Assets		2,14,687	1,86,659
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	15,169	14,231
(b) Other Equity	13	68,030	61,489
		83,199	75,720
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	10,676	13,911
(ii) Other financial liabilities	15	2,017	2,050
(b) Provisions	16	1,273	863
(c) Other non-current liabilities	17	4,349	3,815
		18,315	20,639
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	26,371	18,759
(ii) Trade payables	19	49,943	40,306
(iii) Other financial liabilities	20	18,294	15,781
(b) Other current liabilities	21	18,453	15,367
(c) Provisions	16	112	87
		1,13,173	90,300
Total Equity and Liabilities		2,14,687	1,86,659

Significant accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Balance Sheet
As per our report of even date attached

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

Statement of Profit and Loss for the year ended March 31, 2017

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

	Note No. (D)	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations	24	1,77,927	1,47,635
Other income	25	2,652	1,478
Total income		1,80,579	**1,49,113**
EXPENSES			
Cost of services rendered	26 A	89,883	77,698
Purchase of stock-in-trade	26 B	22,529	12,751
Changes in inventories	26 C	(4,126)	(5,083)
Employee benefits expense	27	19,635	17,306
Finance costs	28	4,367	5,654
Depreciation and amortisation expense	1 and 2	17,565	15,959
Other expenses	29	24,556	19,972
Total expenses		1,74,409	**1,44,257**
Profit before tax		6,170	4,856
Tax expense	31	-	-
Profit after tax		6,170	**4,856**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/asset	39	(170)	14
Total other comprehensive income		(170)	14
Total comprehensive income for the year		6,000	**4,870**
Earnings per equity share (₹ 10 paid up)	37		
Basic		4.27	3.44
Diluted		4.27	3.43
Earnings per equity share ₹ 7.75 (March 31, 2016 : ₹7) paid up	37		
Basic		3.31	2.41
Diluted		3.31	2.40

Significant accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Statement of Profit and Loss
As per our report of even date attached

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

Statement of Changes in Equity for the year ended March 31, 2017

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

A. Equity Share Capital

	For the year ended	
	March 31, 2017	March 31, 2016
Balance at the beginning of the year	14,231	14,231
Change in Equity Share Capital during the year	938	-
Balance at the end of the year	**15,169**	**14,231**

B. Other Equity

	Reserves and surplus			Other Components of Equity		Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Remeasurements of net defined benefit liability/asset	
2015-16						
Balance as at April 1, 2015* - (A)	1,87,374	539	(1,30,444)	117	210	57,796
Profit for the year	-	-	4,856	-	-	4,856
Other comprehensive income	-	-	-	-	14	14
Total comprehensive income for the year 2015-16 - (B)	-	-	**4,856**	-	**14**	**4,870**
Employee stock compensation cost for the year	-	-	-	520	-	520
Dividend paid (Including dividend distribution tax) for 2014-15 approved by shareholders in annual general meeting held on June 18, 2015	-	-	(1,697)	-	-	(1,697)
Balance as at March 31, 2016 - (C)	**1,87,374**	**539**	**(1,27,285)**	**637**	**224**	**61,489**
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (47) (a)] - (D)	**(1,16,264)**	-	**1,16,264**	-	-	-
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (47) (b)] - (E)	**(27,661)**	-	**27,661**	-	-	-
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	**43,449**	**539**	**16,640**	**637**	**224**	**61,489**

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

B. Other Equity (Continued)

	Reserves and surplus			Other Components of Equity		Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Remeasurements of net defined benefit liability/asset	
2016-17						
Balance as at April 1, 2016* - (A)	**1,87,374**	**539**	**(1,27,285)**	**637**	**224**	**61,489**
Profit for the year	-	-	6,170	-	-	6,170
Other comprehensive income	-	-	-	-	(170)	(170)
Total comprehensive income for the year 2016-17 - (B)	-	-	**6,170**	-	**(170)**	**6,000**
Employee stock compensation cost for the year	-	-	-	176	-	176
Transferred from stock options outstanding account	-	65	-	(65)	-	-
Call money received	2,062	-	-	-	-	2,062
Dividend paid (Including dividend distribution tax) for 2015-16 approved by shareholders in annual general meeting held on July 4, 2016	-	-	(1,697)	-	-	(1,697)
Balance as at March 31, 2017 - (C)	**1,89,436**	**604**	**(1,22,812)**	**748**	**54**	**68,030**
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (47) (a)] - (D)	**(1,16,264)**	-	**1,16,264**	-	-	-
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (47) (b)] - (E)	**(27,661)**	-	**27,661**	-	-	-
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	**45,511**	**604**	**21,113**	**748**	**54**	**68,030**

*Balance at 1.4.2015 and 1.4.2016 of Securities Premium and Retained Earnings are before adjustment of Accumulated Losses with Securities Premium as detailed in Note D (47) (a) and D (47) (b).

Significant accounting policies and notes to the financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Statement of Changes in Equity
As per our report of even date attached.

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

Cash Flow Statement for the year ended March 31, 2017

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

		For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before tax		6,170	4,856
Adjustments for :			
Depreciation and amortisation expense		17,565	15,959
Finance expenses (considered separately)		4,367	4,394
Allowance for doubtful debts (including bad debts written off and provision written back) (net)		3,803	1,822
Employee stock compensation expense		176	520
Provision for expenses no longer required written back		-	(499)
Amortisation of lease prepayments		159	147
Unrealised foreign exchange fluctuation loss/(gain), net		(683)	310
Interest income (considered separately)		(1,197)	(438)
(Profit)/loss on sale of Property, Plant and Equipment (net)		(11)	(16)
Operating profit / (loss) before working capital changes		30,349	**27,055**
(Increase)/decrease in trade receivables - current		(18,096)	(10,158)
(Increase)/decrease in non current trade receivables		(8)	86
(Increase)/decrease in inventories		(4,126)	(5,083)
(Increase)/decrease in other financial assets - current		184	(586)
(Increase)/decrease in other non current financial assets		(336)	586
(Increase)/decrease in other non current assets		(1,645)	(710)
(Increase)/decrease in other current assets		(237)	1,922
Increase/(decrease) in trade payables		9,801	11,884
Increase/(decrease) in other non current financial liabilities		(33)	397
Increase/(decrease) in other non current liabilities		534	391
Increase/(decrease) in other financial liabilities - current		1,126	(68)
Increase/(decrease) in other current liabilities		3,086	2,403
Increase/(decrease) in provisions - non current		240	150
Increase/(decrease) in provisions - current		25	19
Cash generated from operations		20,864	**28,288**
Tax (paid)/refund received		88	**(4,914)**
Net cash generated from operating activities	***(A)***	20,952	23,374
Cash flow from investing activities			
Investment in subsidiary		(2,500)	(340)
Purchase of Property, Plant and Equipment		(18,168)	(15,985)
Sale proceeds of Property, Plant and Equipment		25	17
Advance to subsidiaries		(20)	152
Interest income received		1,280	436
Net cash used in investing activities	***(B)***	(19,383)	**(15,720)**
Cash flow from financing activities			
Proceeds from long-term borrowings		12,291	12,585
Repayment of long-term borrowings		(17,582)	(15,047)
Increase/(decrease) in short-term borrowings		5,698	4,034
Proceeds from issue of share capital		3,000	-
Dividend paid		(1,410)	(1,410)
Dividend distribution tax paid		(287)	(287)
Interest paid		(4,263)	(4,416)
Net cash used in financing activities	***(C)***	(2,553)	**(4,541)**
Effect of exchange differences on translation of cash and cash equivalents	***(D)***	(36)	(8)
Net increase/(decrease) in cash and cash equivalents during the year	***(A) + (B) + (C) + (D)***	(1,020)	3,105
Cash and cash equivalents at the beginning of the year		7,321	4,216
Cash and cash equivalents at the end of the year# [Refer Note D (9)]		6,301	**7,321**
# Cash and cash equivalents subject to lien [Refer Note D (9)]		2,295	**3,142**

Significant accounting policies and notes to the financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Cash Flow Statement
As per our report of even date attached.

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

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 and IT and software services. The Company was incorporated on December 12, 1995 and is listed on the NASDAQ Global Select Market.

B. BASIS OF PREPARATION

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 accrual basis of accounting, except for Cash Flow Statement and certain financial instruments which are measured on fair value basis. GAAP comprises Indian Accounting Standards (Ind AS) as notified under Section 133 of the Act read together with Rule 4 of Companies (Indian Accounting Standards) Rules 2015 and Rule 4 of Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. 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 note C (21). 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 and non-current classification of assets and liabilities.

1. Statement of Compliance

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity, Cash Flow Statement, together with notes for the year ended March 31, 2017 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on April 25, 2017.

2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Financial assets at fair value through other comprehensive income are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.
- The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.
- In relation to lease prepayments, the initial fair value of the security deposit is estimated as the present value of the refundable amount, discounted using the market interest rates for similar instruments. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease prepayment. The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note C (19).

3. Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

The financial statements are presented in Indian Rupees (₹) which is the Company's presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest lakhs except where otherwise indicated.

4. Use of estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected. Application of accounting policies that require critical accounting estimates, judgements and assumption having the most significant effect

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

on the amounts recognized in the financial statements are:

- Valuation of financial instruments [Note C(2)]
- Useful lives of property, plant and equipment [Note C(4)]
- Useful lives of intangible assets [Note C(6)]
- Lease classification [Note C(7)]
- Determination of percentage completion in construction contracts [Note C(9)]
- Measurement of defined employee benefit obligations [Note C (11)]
- Measurement of share-based payments [Note C(12)]
- Provisions [Note C(13)]
- Utilization of tax losses [Note C(17)]

C. SIGINIFICANT ACCOUNTING POLICIES

1. Foreign currency

(i) Foreign currency transactions and balances:

Transactions in foreign currencies are initially recognized in the financial statements using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing on the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognized in the Statement of Profit and Loss for determination of net profit or loss during the period.

(ii) Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations and cash flows are translated to using average exchange rates during the period. Any differences arising on such translation are recognized in other comprehensive income. Such differences are included in the foreign currency translation reserve “FCTR” within other components of equity. When a foreign operation is disposed off, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

2. Financial Instruments

a. Financial Assets

Financial assets comprises investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement:

(i) Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount oustanding are measured at amortised cost using Effective Interest Rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at Amortised cost:

a) Trade receivable
b) Other financial assets

(ii) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount oustanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income. Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends, are recognised in other comprehensive income (OCI).

(iii) Financial assets at fair value through profit or loss (FVTPL):

Financial asset are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the Statement of Profit and Loss.

Derecognition of financial assets:

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the Statement of Profit and Loss.

Impairment of financial assets:

Trade receivables, contract assets, lease receivables under Ind AS 109, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for the respective financial asset.

(i) Trade receivables:

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

(ii) Other financial assets:

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the lifetime when there is significant increase in credit risk.

b. Financial liabilities

Initial recognition and measurement:

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

Subsequent measurement:

The financial liabilities are classified for subsequent measurement into following categories:

- at amortised cost
- at fair value through profit or loss

(i) Financial liabilities at amortised cost

The company is classifying the following under amortised cost:

a) Borrowings from banks
b) Borrowings from others
c) Finance lease liabilities
d) Trade payables
e) Other financial liabilities

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities held for trading are measured at FVTPL.

Derecognition of financial liabilities:

A financial liability shall be derecognised when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged or cancelled or expires.

c. Derivative financial instruments

Foreign exchange forward contracts and options are entered into by the Company to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. The Company also enters into cross currency and interest rate swaps for hedging the risk against variability in cash flows of its term loan. These derivative

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contracts do not qualify for hedge accounting under Ind AS 109, and are initially recognized at fair value on the date the contract is entered into and subsequently measured at fair value through profit or loss. Gains or losses arising from changes in the fair value of the derivative contracts are recognized in profit or loss.

d. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

e. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3. Share capital

Ordinary shares are classified as Equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are recognized as a deduction from Equity, net of any tax effects.

4. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Amount paid as advances towards the acquisition of property, plant and equipment is disclosed separately under other non-current assets as capital advances and the cost of assets not put to use as on balance sheet date are disclosed under 'Capital work-in-progress'.

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment and are recognized net within "other income / other expenses" in the Statement of Profit and Loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit or Loss.

Depreciation

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their 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. Management's estimated useful lives for the years ended March 31, 2017 and 2016 were as follows:

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	Estimate of useful life in years	Useful life prescribed by Schedule II (in years)
Buildings	28	30
Plant and equipment		
- Tower, telecom ducts, cables and optical fibre	3 - 8	18
- Telecom tranceivers	8	13
- Computer servers	5	6
Furniture and fittings	5	10
Office equipment	5	10
Motor vehicles	3	8

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

5. Business combinations

Business combinations are accounted for using Ind AS 103 Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103. The cost of acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transactions costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

The acquisition of an asset or a group of assets that does not constitute a 'business' as per Ind AS 103 is accounted for by identifying and recognizing the individual identifiable assets acquired and liabilities assumed. The cost of the group of assets is allocated to such individual identifiable assets and liabilities on the basis of their relative fair values on the date of purchase.

Business combinations involving entities or businesses under common control have been accounted for using the pooling of interests method.

6. Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

Amortization of intangible assets with finite useful lives

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and previous year are as follows:

	Estimate of useful life in years
System software	1 - 3
Undersea cable capacity	12
Other Intangibles	3 - 5

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

7. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease:

A finance lease is recognized as an asset and a liability at the commencement of lease, at lower of the fair value of leased asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease

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payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets taken on operating lease:

Assets taken on operating leases are not recognized on the Company's Balance Sheet. Payments made under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Assets given on finance lease:

The Company is a dealer lessor for leasing various types of products sold to its customers. Profit or loss on sale of such products is recognized in accordance with the policy on outright sales. Finance income i.e., excess of gross minimum lease payments and normal selling price is recognized over the lease period.

Assets given on operating lease:

Assets given on operating lease are depreciated over the useful life of the assets. Rental income is recognised in the Statement of profit and loss on a straight-line basis over the lease term.

Deposits provided to lessors:

The Company is generally required to pay refundable security deposits in order to obtain property leases from various lessors. Such security deposits are financial assets and are recorded at fair value on initial recognition. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease prepayment. The initial fair value is estimated as the present value of the refundable amount of security deposit, discounted using the market interest rates for similar instruments.

Subsequent to initial recognition, the security deposit is measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight-line basis over the lease term as lease rental expense.

8. Inventories

Inventories comprising traded hardware and software are measured at the lower of cost (determined using first-in first-out method) and net realizable value. Cost comprises cost of purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

9. Construction contracts in progress

Construction contracts in progress represent the gross unbilled amount expected to be billed to customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billing and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contracts and activities based on normal operating capacity. Percentage completion is measured based on the amount of time and effort spent on a project.

Construction contract in progress is presented as part of other current assets in the Balance Sheet for all contracts in which costs are incurred plus recognized profit exceed progress billings. If progress billings exceeds cost incurred plus recognized profits, the difference is presented as deferred income / unearned revenue in the Balance Sheet.

10. Impairment of non financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

Reversal of impairment loss

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

11. Employee benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company, as detailed below:

(a) Defined contribution plan (Provident fund)

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Company makes specified monthly contribution towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit and loss in the periods during which the related services are rendered by employees.

(b) Defined benefit plans (Gratuity)

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting any unrecognized past service cost and the fair value of any plan assets.

The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), are recognised in other comprehensive income and presented within equity. Remeasurements are not reclassified to profit or loss in subsequent periods. Service costs, net interest expenses and other expenses related to defined benefit plans are recognised in profit or loss.

(c) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(d) Compensated absences

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company recognizes an obligation for compensated absences in the period in which the employee renders the services. The Company provides for

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the expected cost of compensated absence in the Statement of Profit and Loss as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated based on actuarial valuations carried out by an independent actuary at the balance sheet date.

12. Share-based payment transactions

The fair value of options on grant date, (equity-settled share based payments) granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period in which the options are vested. The increase in equity recognized in connection with a share based payment transaction is presented as a separate component in equity. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest. In respect of options whose terms and conditions are modified, the Company includes the incremental fair value of the options in the measurement of the amounts recognized for services received from the employees. The incremental fair value is the difference between the fair value of the modified option and that of the original option both estimated as at the date of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the fair value of the original equity instruments, which is recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

13. Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

14. Revenue recognition

(i) Revenue from sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized 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.

(ii) Revenue from services

Revenue from services rendered is generally recognized in proportion to the stage of completion of the transaction at the reporting date. Revenue is recognized when the following conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the Company;
- the stage of completion at the Balance Sheet date can be measured reliably; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The revenue recognition in respect of the various streams of revenue is described as follows:

(a) 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 revenue 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.

(i) 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.

(ii) Indefeasible Right of Use (IRU):

The Company has entered into IRU arrangements through which it entitles its customers the 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.

(b) 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.

(c) 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 on straight line basis over the term of the contract.

(d) Technology Integration Services:

Revenue from Technology Integration Services include System Integration Services, revenue from construction of data centers, security solutions 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 the Statement of 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 and Loss.

(e) Applications Integration Services:

Revenue from Applications Integration services include online assessment, document management services, web development, mailing solutions, supply chain software, digital certificate based authentication services and e-Learning software development services. e-Learning software development services consists 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.

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. 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.

Multiple element contracts

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, has a fair value that is reliable, verifiable and objectively determinable, and the undelivered element is not essential to functionality of the delivered elements.

(iii) Unearned income

Unearned income represents unserviced portion of billed contracts.

15. Finance income

Finance income comprises interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognized as it accrues in Statement of Profit and Loss, using the effective interest method. Dividend income is recognized in Statement of Profit and Loss on the date when the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

16. Finance expense

Finance expense comprises borrowing costs, bank charges, unwinding of discount on provision, fair value losses on financial assets at fair value through profit or loss that are recognized in Statement of Profit and Loss. Fair value changes attributable to hedged risk are recognised in Statement of Profit and Loss.

Borrowing costs are interest and other costs (including exchange difference relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Interest expense is recognised using effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

17. Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the

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

amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

(i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and

(ii) differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.

(iii) Arising due to taxable temporary differences arising on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

18. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes share options granted to employees. To the extent that partly paid shares are not entitled to participate in dividends during the period, they are treated as the equivalent of warrants or options in the calculation of diluted earnings per share.

19. Fair value measurement

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described below:

Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investments in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting date. In the absence of quoted price, the fair value of the financial asset is measured using valuation techniques.

(ii) Trade and other receivables

The fair value of trade and other receivables expected to be realised beyond twelve months, excluding construction contracts in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However, in respect of such financial instruments, fair value generally approximates the carrying amount due to the short term nature of such assets. This fair value is determined for disclosure purposes or when acquired in a business combination.

(iii) Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds). The fair value of foreign currency option contracts is determined based on the appropriate valuation techniques, considering the terms of the contract. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counter party when appropriate. The fair value of the cross currency swaps (principal only swaps) and interest rate swaps is determined based on the discounting of the future cash flows at the market rates existing on the reporting date.

(iv) Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(v) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes method. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), expected term of the instrument (based on historical experience and general option holder behavior), expected dividends, and the risk free interest rate (based on government bonds).

20. Dividend distribution to Equity shareholders

Dividend distributed to Equity shareholders is recognised as distribution to owners of capital in the Statement of Changes in Equity, in the period in which it is paid.

21. Current/ non-current classification

An asset is classified as current if:

(a) it is expected to be realised or sold or consumed in the Company's normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be realised within twelve months after the reporting period; or

(d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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

A liability is classified as current if:

(a) it is expected to be settled in normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be settled within twelve months after the reporting period;

(d) it has no unconditional right to defer the settlement of the liability for at lease twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Company's normal operating cycle is twelve months.

22. Recent accounting pronouncements

(i) New Standards and interpretations not yet adopted

In Ministry of Corporate Affairs (MCA) vide notification dated 17 March, 2017 amended Ind AS 102 Share-based payment and Ind AS 7 Statement of cash flows

a) Ind AS 102 Share-based Payment

The amendments made to Ind AS 102 provides specific guidance to the below accounting areas;

- Measurement of cash-settled share-based payment transactions.
- Share-based payment transactions with a net settlement feature for withholding tax obligations.
- Accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled transaction.

The effective date for adoption of Amendments are annual periods beginning on or after April 1, 2017. The company is currently evaluating the impact of the standard on the financial statements.

b) Ind AS 7 Statement of Cash Flows

The amendments made to Ind AS 7 requires an entity make certain disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. It also suggests inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The effective date for adoption of amendments are annual periods beginning on or after April 1, 2017. The company is currently evaluating the impact of the standard on the financial statements.

D. Notes to Accounts

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

1. Property, Plant and Equipment

The following table presents the changes in property, plant and equipment during the year ended March 31, 2017

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2016	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at April 1, 2016	For the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Owned assets										
Buildings	20,130	-	-	20,130	3,986	719	-	4,705	15,425	16,144
(As at April 1, 2014)	(9,239)	-	-	(9,239)	(2,536)	-	-	(2,536)	(6,703)	(6,703)
Plant and equipment	88,381	15,125	233	1,03,273	61,336	8,435	219	69,552	33,721	27,045
(As at April 1, 2014)	(67,505)	-	(228)	(67,277)	(46,518)	-	(206)	(46,312)	(20,965)	(20,987)
Furniture and fittings	1,487	38	15	1,510	1,454	35	15	1,474	36	33
(As at April 1, 2014)	(1,391)	-	(15)	(1,376)	(1,377)	-	(15)	(1,362)	(14)	(14)
Office equipment	3,793	1,100	7	4,886	2,324	530	7	2,847	2,039	1,469
(As at April 1, 2014)	(2,334)	-	(7)	(2,327)	(1,828)	-	(6)	(1,822)	(505)	(506)
Leasehold improvements	8,623	642	21	9,244	5,098	909	21	5,986	3,258	3,525
(As at April 1, 2014)	(4,981)	-	(21)	(4,960)	(4,024)	-	(21)	(4,003)	(957)	(957)
Motor vehicles	-	72	-	72	-	12	-	12	60	-
(As at April 1, 2014)	-	-	-	-	-	-	-	-	-	-
Assets acquired under lease										
Building	2,911	-	-	2,911	977	103	-	1,080	1,831	1,934
(As at April 1, 2014)	(2,911)	-	-	(2,911)	(771)	-	-	(771)	(2,140)	(2,140)
Plant and machinery	23,003	1,687	-	24,690	11,874	5,636	-	17,510	7,180	11,129
(As at April 1, 2014)	(11,005)	-	-	(11,005)	(2,913)	-	-	(2,913)	(8,092)	(8,092)
Motor vehicles	29	-	-	29	29	-	-	29	-	-
(As at April 1, 2014)	(29)	-	-	(29)	(28)	-	-	(28)	(1)	(1)
Total	**1,48,357**	**18,664**	**276**	**1,66,745**	**87,078**	**16,379**	**262**	**1,03,195**	**63,550**	**61,279**
(As at April 1, 2014)	***(99,395)***	***-***	***(271)***	***(99,124)***	***(59,995)***	***-***	***(248)***	***(59,747)***	***(39,377)***	***(39,400)***

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

The following table presents the changes in property, plant and equipment during the year ended March 31, 2016

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2015	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Owned assets										
Buildings	17,041	3,089	-	20,130	3,347	639	-	3,986	16,144	13,694
(As at April 1, 2014)	*(9,239)*	-		*(9,239)*	*(2,536)*			*(2,536)*	*(6,703)*	*(6,703)*
Plant and equipment	73,936	14,867	422	88,381	53,645	8,112	421	61,336	27,045	20,291
(As at April 1, 2014)	*(67,927)*	-	*(422)*	*(67,505)*	*(46,939)*		*(421)*	*(46,518)*	*(20,987)*	*(20,988)*
Furniture and fittings	1,477	14	4	1,487	1,442	16	4	1,454	33	35
(As at April 1, 2014)	*(1,395)*	-	*(4)*	*(1,391)*	*(1,381)*		*(4)*	*(1,377)*	*(14)*	*(14)*
Office equipment	2,787	1,010	4	3,793	2,068	260	4	2,324	1,469	719
(As at April 1, 2014)	*(2,338)*	-	*(4)*	*(2,334)*	*(1,832)*		*(4)*	*(1,828)*	*(506)*	*(506)*
Leasehold improvements	5,916	2,707	-	8,623	4,430	668	-	5,098	3,525	1,486
(As at April 1, 2014)	*(4,981)*	-	-	*(4,981)*	*(4,024)*			*(4,024)*	*(957)*	*(957)*
Assets acquired under lease										
Building	2,911	-	-	2,911	874	103	-	977	1,934	2,037
(As at April 1, 2014)	*(2,911)*	-	-	*(2,911)*	*(771)*	-	-	*(771)*	*(2,140)*	*(2,140)*
Plant and machinery	17,895	5,108	-	23,003	6,688	5,186	-	11,874	11,129	11,207
(As at April 1 2014)	*(11,005)*	-	-	*(11,005)*	*(2,913)*	-	-	*(2,913)*	*(8,092)*	*(8,092)*
Motor vehicles	29	-	-	29	29	-	-	29	-	-
(As at April 1, 2014)	*(29)*	-	-	*(29)*	*(28)*	-	-	*(28)*	*(1)*	*(1)*
Total	**1,21,992**	**26,795**	**430**	**1,48,357**	**72,523**	**14,984**	**429**	**87,078**	**61,279**	**49,469**
(As at April 1, 2014)	***(99,825)***	**-**	***(430)***	***(99,395)***	***(60,424)***	**-**	***(429)***	***(59,995)***	***(39,400)***	***(39,401)***

Notes

(a) Refer note D (14) and D (18) for security given for borrowings.

(b) Refer note D (22)(b) for capital commitments.

(c) The company had elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP and use that as its deemed cost as at the date of transition to Ind AS (i.e., 1st April 2014). The carrying value as on Balance Sheet date of those property, plant and equipment existing as on date of transition are given in brackets.

(d) During the year 2016-17, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the Cash Generating Unit exceeded its carrying amount.

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

2. Intangible assets

The following table presents the changes in intangible assets during the year ended March 31, 2017

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2016	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at April 1, 2016	For the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Undersea cable capacity	6,424	-		6,424	1,910	564		2,474	3,950	4,514
(As at April 1, 2014)	*(5,533)*			*(5,533)*	*(922)*			*(922)*	*(4,611)*	*(4,611)*
System software	5,801	720		6,521	4,853	595		5,448	1,073	948
(As at April 1 2014)	*(4,589)*			*(4,589)*	*(4,044)*			*(4,044)*	*(545)*	*(545)*
License fees	730			730	312	27		339	391	418
(As at April 1, 2014)	*(500)*			*(500)*	*(238)*			*(238)*	*(262)*	*(262)*
Customer related intangibles	1,824			1,824	1,824			1,824	-	-
(As at April 1, 2014)	*(1,824)*			*(1,824)*	*(1,824)*			*(1,824)*	-	-
Total	**14,779**	**720**	**-**	**15,499**	**8,899**	**1,186**	**-**	**10,085**	**5,414**	**5,880**
(As at April 1, 2014)	***(12,446)***	**-**	**-**	***(12,446)***	***(7,028)***	**-**	**-**	***(7,028)***	***(5,418)***	***(5,418)***

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

The following table presents the changes in intangible assets during the year ended March 31, 2016

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2015	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Undersea cable capacity	5,765	659	-	6,424	1,406	504	-	1,910	4,514	4,359
(As at April 1, 2014)	*(5,533)*			*(5,533)*	*(922)*			*(922)*	*(4,611)*	*(4,611)*
System software	5,173	628	-	5,801	4,409	444	-	4,853	948	764
(As at April 1, 2014)	*(4,589)*			*(4,589)*	*(4,044)*			*(4,044)*	*(545)*	*(545)*
License fees	730		-	730	285	27	-	312	418	445
(As at April 1, 2014)	*(500)*			*(500)*	*(238)*			*(238)*	*(262)*	*(262)*
Customer related intangibles	1,824	-	-	1,824	1,824	-	-	1,824	-	-
(As at April 1, 2014)	*(1,824)*			*(1,824)*	*(1,824)*			*(1,824)*	-	-
Total	**13,492**	**1,287**	**-**	**14,779**	**7,924**	**975**	**-**	**8,899**	**5,880**	**5,568**
(As at April 1, 2014)	***(12,446)***	**-**	**-**	***(12,446)***	***(7,028)***	**-**	**-**	***(7,028)***	***(5,418)***	***(5,418)***

Note

(a) The company had elected to continue with the carrying amount of intangible assets measured as per previous GAAP and use that as its deemed cost as at the date of transition to Ind AS (i.e., 1st April 2014). The carrying value as on Balance Sheet date of those intangible assets existing as on date of transition are given in brackets.

(b) During the year 2016-17, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the Cash Generating Unit exceeded its carrying amount.

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

		As at March 31, 2017	As at March 31, 2016
3. INVESTMENTS - NON-CURRENT			
Trade Investments			
Investments in subsidiaries - unquoted (carried at cost)			
Sify Technologies (Singapore) Pte Limited [2,000 (March 31,2016 : 2,000) equity shares of $1 each fully paid up]		1	1
[5,00,000 (March 31,2016 : 5,00,000) equity shares of ₹ 67.98 (USD 1) each fully paid up]		340	340
Sify Technologies North America Corporation [100 (March 31, 2016: 100) Common stock of ₹ 0.006155 (USD 0.0001) each fully paid up]		*	*
Sify Technologies North America Corporation [8,00,00,000 (March 31, 2016: 8,00,00,000) Preferred stock of ₹ 0.006155 (USD 0.0001) each fully paid up]		3,078	3,078
Sify Data and Managed Services Limited [50,00,000 Equity Shares of ₹ 10 each fully paid up]		500	-
[2,00,00,000 7% Non-Cumulative Convertible Preference Shares of ₹ 10 each fully paid up]		2,000	-
	(A)	5,919	**3,419**
Investment in equity of others - unquoted (Refer note below)			
Investment in Vashi Railway Station Commercial Complex Limited [15,000 (March 31, 2016: 15,000) equity shares of ₹10 each fully paid up]		2	2
Investment in Sarayu Clean Gen Pvt Ltd [1,56,000 (March 31,2016: 1,56,000) equity shares of ₹10 each fully paid up]		15	15
	(B)	17	17
	(A) + (B)	5,936	**3,436**
Aggregate cost of unquoted investments		5,936	**3,436**

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

Note: The Company has classified Investments in equity of others - unquoted as at FVTOCI.

	As at March 31, 2017	As at March 31, 2016
4. TRADE RECEIVABLES - NON-CURRENT		
Long term trade receivables (Unsecured, considered good)	66	58
	66	**58**
5. OTHER FINANCIAL ASSETS - NON-CURRENT		
Security deposits	2,032	1,720
Bank deposits*	334	310
	2,366	**2,030**

* Represents deposits with more than 12 months maturity, subject to lien in favour of banks for obtaining Bank Guarantees /Letter of Credits.

	As at March 31, 2017	As at March 31, 2016
6. OTHER NON-CURRENT ASSETS		
Capital advances	3,389	1,947
Others:		
Prepaid expenses	3,469	3,046
Lease prepayments	10,228	9,094
Unbilled revenue	13	84
	17,099	**14,171**
7. INVENTORIES		
Trade inventories	11,540	7,414
	11,540	**7,414**

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

	As at March 31, 2017	As at March 31, 2016
8. TRADE RECEIVABLES		
Secured considered good	5	5
Unsecured considered good [Refer note (a) below]	68,832	54,783
Unsecured considered doubtful [Refer note (b) below]	2,289	2,069
	71,126	56,857
Less: Allowance for doubtful receivables [Refer note (c) below]	(2,289)	(2,069)
	68,837	54,788

(a) Includes ₹ 258 receivable from Sify Technologies North America Corporation, wholly owned subsidiary of the company (Previous Year: ₹ 509).

(b) Trade receivables for which loss allowance has been made are classified as doubtful.

(c) The activity in allowance for doubtful receivables is given below:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at the beginning of the year	2,069	2,029
Add: Additional provision during the year	3,803	1,822
Less: Bad debts written off	(3,583)	(1,782)
Balance at the end of the year	2,289	2,069

9. CASH AND CASH EQUIVALENTS

	As at March 31, 2017	As at March 31, 2016
(a) Balance with banks		
(i) in current accounts	13,795	10,072
(ii) deposits	1	501
(b) Other bank balances		
(i) Bank deposits [Refer note below]	2,295	3,142
(ii) Unpaid dividend account	*	*
(c) Cheques on hand	116	798
(d) Cash on hand	5	6
	16,212	14,519

*amount is below rounding off norm adopted by the Company

Note

Balances in deposit accounts subject to lien in favour of banks for obtaining bank guarantees /letter of credits	2,295	3,142
Cash and cash equivalents for the purpose of Cash Flow Statement:		
Cash and cash equivalents as above	16,212	14,519
Less: Bank overdraft used for cash management purposes [Refer note 18 (d)]	(9,911)	(7,198)
	6,301	7,321

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

	As at March 31, 2017	As at March 31, 2016

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as given below

	SBNs	Other Denomination notes	Total
Closing cash on hand as on Nov 8, 2016	0.5	5.6	6.1
(+) Permitted Receipts	-	4.0	4.0
(-) Permitted Payments	-	(4.1)	(4.1)
(-) Amount deposited in Banks	(0.5)	-	(0.5)
Closing cash on hand as on Dec 30, 2016	-	5.5	5.5

10. OTHER FINANCIAL ASSETS

		As at March 31, 2017	As at March 31, 2016
Advances to subsidiaries *		20	-
Security deposits		813	997
Interest accrued on advances and deposits		32	115
		865	**1,112**

* Receivable from Sify Data and Managed Services Limited, wholly owned subsidiary of the company.

11. OTHER CURRENT ASSETS

		As at March 31, 2017	As at March 31, 2016
Advances other than capital advances:			
Others			
Balances with service tax and sales tax authorities		2,684	3,033
Prepaid expenses		2,722	2,193
Advance tax and tax deducted at source		12,756	12,845
Unbilled revenue		168	811
Lease prepayments		173	155
Other advances		1,619	936
	(A)	20,122	**19,973**
Unsecured, considered doubtful			
Advances recoverable in cash or in kind for value to be received		1,449	1,381
Less: Provision for doubtful advances		(1,449)	(1,381)
	(B)	-	-
	(A) +(B)	20,122	**19,973**

12. EQUITY SHARE CAPITAL

	As at March 31, 2017	As at March 31, 2016
Authorized		
20,40,00,000 (March 31, 2016: 20,40,00,000) equity shares of ₹10 each	20,400	20,400
Issued		
17,85,30,787 (March 31, 2016: 17,85,30,787) equity shares of ₹10 each	17,853	17,853
Subscribed and fully paid		
5,35,30,787 (March 31, 2016: 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, 2016: 12,50,00,000) equity shares of ₹10 each partly paid up [Refer note (c) below]	9,688	8,750
	15,041	**14,103**
Forfeited shares		
Amount originally paid up on 1,28,23,202 equity shares	128	128
	15,169	**14,231**

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

(a) 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.

(b) 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.

(c) 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, 2017, these shares are partly paid to the extent of ₹7.75 (March 31, 2016: ₹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 D (53).

(d) Of the total outstanding shares,12,50,00,000 shares (March 31, 2016: 12,50,00,000) are held by M/s Ramanand Core Investment Company Private Limited, holding company.

(e) Of the total outstanding shares, 2,50,00,000 shares are reserved for issue to eligible employees under Associate Stock Option Plans. Refer note D (42) for activities in Associate Stock Option plan.

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

	As at March 31, 2017		As at March 31, 2016	
	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	17,85,30,787	14,231
Add: Call money received	-	938	-	-
Number of shares outstanding at the end of the year	**17,85,30,787**	**15,169**	**17,85,30,787**	**14,231**

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

	As at March 31, 2017		As at March 31, 2016	
	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 ₹7.75 per share (March 31, 2016: ₹7 per share) Also refer note D (53)

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

		As at March 31, 2017	As at March 31, 2016
13. OTHER EQUITY			
13.1 Reserves and surplus			
Securities premium			
Securities premium account balance		1,87,374	1,87,374
Add: additions during the year		2,062	-
	(A)	1,89,436	**1,87,374**
General reserve			
Balance at the beginning of the year		539	539
Add: Transferred from stock options outstanding account		65	-
	(B)	604	**539**
Retained earnings			
Opening balance		16,640	13,481
Adjustments:			
Add: Profit for the year		6,170	4,856
Less: Appropriations			
Dividend paid (₹ 1 per share)		(1,410)	(1,410)
Dividend distribution tax paid		(287)	(287)
	(C)	21,113	**16,640**
	(D) = (A)+(B)+(C)	2,11,153	**2,04,553**
Less: Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (47) (a)]		(1,16,264)	(1,16,264)
Less: Accumulated losses dealt with vide scheme of merger [Refer Note D (47) (b)]		(27,661)	(27,661)
	(E)	67,228	**60,628**
13.2 Other components of Equity			
Stock option outstanding account			
Opening Balance		637	117
Add: Employee stock compensation cost for the year		176	520
Less: Transfer to general reserve in respect of grants lapsed during the year		(65)	-
	(F)	748	**637**
Remeasurement of net defined benefit liability/asset			
Opening Balance		224	210
Add: Additions during the year		(170)	14
	(G)	54	**224**
	(E)+(F)+(G)	68,030	**61,489**

Proposed Dividend: Dividend proposed to be distributed but not recognised as distribution to owners during the period amounted to ₹ 1,734 (₹ 1.2 per share) and the dividend distribution tax thereon amounts to ₹353. [Previous year: Dividend proposed ₹ 1,410 (₹ 1 per share) and the dividend distribution tax thereon amounted to ₹ 287)].

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

		As at March 31, 2017	As at March 31, 2016
14. BORROWINGS			
14.1. Term Loans			
Secured			
From banks [Refer Note (a) to (c) below]		6,605	7,564
From others [Refer Note (d) to (e) below]		548	1,573
Unsecured			
From banks		-	-
From others [Refer Note (f) to (g) below]		1,666	817
	(A)	**8,819**	**9,954**
14.2. Finance lease obligations			
Long term maturities of finance lease obligations [Refer Note (h) to (i)]		1,857	3,957
	(B)	**1,857**	**3,957**
	(A) + (B)	**10,676**	**13,911**

a. Of total balance of ₹9,211 including current maturities (Previous Year: ₹ 9,830) an amount of ₹ 1,375 (Previous Year: ₹ 1,875) 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).

b. An amount of ₹ 6,543 (Previous Year: ₹ 5,923) is primarily secured by equitable mortgage of title deeds of property of the company at Rabale in Mumbai and plant and machinery at 4th floor and also specific plant and machinery at first, sixth, seventh and ground floor at Rabale data centre and the balance ₹ 1,293 (Previous Year: ₹ 2,032) is secured by property at fifth floor, Vashi in Mumbai.

c. The term loans bear interest rate ranging from 3.50% to 4.50% plus 6 months LIBOR in the case of Foreign currency term loans and 9.30% to 12.00% for others (Previous Year: 10.85% to 12.00%) and repayable in quarterly instalments within a tenor of 3 to 5 years after moratorium periods ranging from 6 months to one year in certain cases

d. These loans are primarily taken from NBFCs and are secured by charge on relevant assets.

e. The loans bear interest rate ranging from 9.00% to 12.50% (Previous Year: 10.00% to 13.00%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

f. These loans are primarily taken from NBFCs and are secured by lease of relevant assets and also part amount is secured by financial bank guarantee of 10%.

g. The loans bear interest rate ranging from 9.00% to 12.50% (Previous Year: 10.00% to 13.00%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

h. These loans are primarily taken from NBFCs and are secured by lease of relevant assets and also part amount is secured by financial bank guarantee of 10%.

i. The loans bear interest rate ranging from 10.85% to 12.00% (Previous Year: 10.00% to 13.00%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

j. The current maturities of the above borrowings, carrying the aforesaid security and repayment terms are grouped under other financial liabilities. Refer notes D (20) and D (23).

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

		As at March 31, 2017	As at March 31, 2016
The current maturities of borrowings are as under:			
Secured			
Term loan from banks		2,606	2,266
Loan from others		1,024	1,113
Current maturities of finance lease obligations		3,335	5,576
Unsecured			
Term loan from banks		-	800
Loan from others		5,203	2,782
		12,168	**12,537**

15. OTHER FINANCIAL LIABILITIES - NON-CURRENT

		As at March 31, 2017	As at March 31, 2016
Security deposits		389	425
Other liabilities		1,628	1,625
		2,017	**2,050**

16. PROVISIONS

		As at March 31, 2017	As at March 31, 2016
Provisions for employee benefits - current			
Compensated absences		112	87
	(A)	112	**87**
Provisions for employee benefits - non-current			
Gratuity		891	562
Compensated absences		382	301
	(B)	1,273	**863**
	(A) + (B)	1,385	**950**

17. OTHER NON-CURRENT LIABILITIES

		As at March 31, 2017	As at March 31, 2016
Unearned income		4,349	3,815
		4,349	**3,815**

18. BORROWINGS (SHORT-TERM)

		As at March 31, 2017	As at March 31, 2016
Loans repayable on demand from banks - Secured			
Working capital facilities [Refer notes (a) to (d) below]		19,496	16,754
Buyers' credit from banks		5,563	2,005
Loans repayable on demand from banks - Unsecured			
Buyers' credit from banks		1,312	-
		26,371	**18,759**

(a) The above facilities amounting to ₹ 25,059 (Previous Year : ₹ 18,759), bank guarantees and non fund limits availed by the Company 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 loans repayable on demand from banks,

(i) exposure amounting to ₹ 15,980 (Previous Year : ₹ 11,278) is secured collaterally by way of pari-passu charge on the unencumbered movable fixed assets of the Company, both present and future.

(ii) exposure amounting to ₹ 10,525 (Previous Year : ₹ 8,658) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai and Vashi, Vile Parle at Mumbai

(iii) exposure amounting to ₹ 9,079 (Previous Year : ₹ 7,480) is collaterally secured by equitable mortgage over the land and building at Noida, Uttar Pradesh.

(iv) the exposure amounting to ₹ 2,200 (Previous Year : ₹ 1,541) is collaterally secured by equitable mortgage over the Vashi property at Mumbai.

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

	As at March 31, 2017	As at March 31, 2016

(c) These working capital facilities bear interest ranging from 3.25% (plus LIBOR) to 11.50% p.a. [Previous year: 3.25% (plus LIBOR) to 12.00% p.a.] and these facilities are subject to renew annually.

(d) Working capital facilities comprises of the following:

Bank overdraft	9,911	7,198
Other working capital facilities	9,585	9,556
	19,496	16,754

19. TRADE PAYABLES

Towards purchase of goods and services *	46,368	37,443
Other payables	3,575	2,863
	49,943	40,306

* Includes :

(a) ₹ 216 payable to Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary (Previous year- ₹ 40)

(b) ₹ 27 payable to Sify Technologies North America Corporation, a wholly owned subsidiary (Previous year - ₹ 164)

(c) There are no dues payable to micro, small and medium enterprises as on March 31, 2017 (Previous year - Nil) - Refer note 52

20. OTHER FINANCIAL LIABILITIES

Capital creditors	3,703	2,051
Current maturities of long term debt**	2,606	3,066
Current maturities of other loans**	6,227	3,895
Current maturities of finance lease obligations**	3,335	5,576
Interest accrued but not due on borrowings	265	161
Deposits from customers	773	773
Other payables	1,385	259
Unpaid dividends	*	*
	18,294	15,781

* Amount is below the rounding off norm adopted by the Company
**Also refer note D(14)

21. OTHER CURRENT LIABILITIES

Advances received from customers	3,752	1,325
Statutory payables	1,184	1,272
Unearned income	11,746	10,971
Other payables	1,771	1,799
	18,453	15,367

22. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

(i) Claims against the Company not acknowledged as debts include demands from Indian Income Tax authorities for payment of tax amounting to ₹ 1,136 (Previous Year - ₹ 1,136).

(ii) Contingencies due to certain Service Tax claims as at March 31, 2017 amounted to ₹ 5,167 (Previous Year: ₹ 5,052).

(iii) Contingencies due to certain Sales Tax claims as at March 31, 2017 amounted to ₹138 (Previous Year: ₹ 138).

The Company is subject to legal proceedings and claims which are arising in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's results of operations or financial conditions.

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

	As at March 31, 2017	As at March 31, 2016
(b) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	10,445	5,582

(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 difference between the normal duty and the duty saved under the scheme along with interest.

As of March 31, 2017, the company is holding 30 (Previous year : 31) licenses with a corresponding export obligation of ₹ 23,917 (Previous year : ₹ 18,373). 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 D (46) in respect of contingencies arising on legal proceedings.

(b) Refer note D [(23) (a) and (b)]for lease commitments.

23. 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, 2017 and as at March 31, 2016 are as follows:

Payable not later than one year	3,676	6,359
Payable later than one year and not later than five years	2,100	4,392
Total	5,776	**10,751**
Less: Amounts representing interest	(584)	(1,218)
Present value of minimum lease payments	5,192	**9,533**
Payable not later than one year [disclosed under other financial liabilities - Refer note D(20)]	3,335	5,576
Payable later than one year and not later than five years [disclosed under borrowings - Refer note D(14.2)]	1,857	3,957

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 non cancellable operating leases is set out below:

Payable not later than one year	1,115	996
Payable later than one year and not later than five years	4,774	4,620
Payable later than five years	5,134	6,403
Total	11,023	**12,019**

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 non cancellable operating lease arrangements are given below:

Receivables not later than one year	2,073	2,649
Receivables later than one year and not later than five years	237	1,558
	2,310	**4,207**

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

	Year ended March 31, 2017	Year ended March 31, 2016
24. REVENUE FROM OPERATIONS		
Sale of Services:		
- Domestic*	1,22,863	89,784
- Export	43,515	49,031
Sale of Products:		
- Domestic	11,549	8,820
	1,77,927	1,47,635
Revenue attributable to Unified license [Refer Note D (46)(a)]	98,485	93,240
Revenue not attributable to Unified license	79,442	54,395
	1,77,927	1,47,635

*includes lease income amounting to ₹ 3,941 for current period (Previous year- ₹ 3,915)

*refer note D (30) for revenue arising from construction contracts.

	Year ended March 31, 2017	Year ended March 31, 2016
25. OTHER INCOME		
Interest income		
From banks	236	264
Others	962	174
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	11	16
Gain on foreign exchange fluctuation (Net)	296	-
Provisions for expenses no longer required, written back	-	499
Rental income	984	473
Miscellaneous income	163	52
	2,652	1,478
26. COST OF GOODS SOLD AND SERVICES RENDERED		
A. Cost of services rendered		
Networking costs	57,309	54,504
Other direct costs	22,738	15,444
Power expenses	9,836	7,750
	89,883	77,698
B. Purchases of Stock in Trade	22,529	12,751
C. Changes in inventories - Stock in Trade		
Opening inventory	7,414	2,331
Less: Closing inventory	(11,540)	(7,414)
	(4,126)	(5,083)
	1,08,286	85,366
27. EMPLOYEE BENEFIT EXPENSE		
Salaries and wages	18,127	15,671
Contribution to provident fund and other funds*	1,073	978
Staff welfare expenses	259	137
Employee stock compensation expense [Note D (42)]	176	520
	19,635	17,306

*Also refer note D (39)

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

	Year ended March 31, 2017	Year ended March 31, 2016
28. FINANCE COSTS		
Interest expense	3,434	3,737
Other borrowing costs (including letters of credit and bill discounting charges)	933	1,260
Net loss on foreign currency transactions	-	657
	4,367	**5,654**
29. OTHER EXPENSES		
Commission expenses	227	589
Communication expenses	389	352
Rent	4,282	4,048
Rates and taxes	1,249	663
Travelling expenses	1,343	1,328
Power and fuel expenses	1,313	1,077
Legal and professional	1,049	1,296
Payment to auditors		
- Statutory audit fees	30	30
- Other services	22	22
Repairs and maintenance expenses		
- Plant and machinery	2,057	1,447
- Buildings	568	445
- Others	2,036	2,047
Insurance	353	213
Outsourced manpower costs	2,687	2,226
Advertisement, selling and marketing expenses	1,314	908
Loss on foreign exchange fluctuation (net)	-	60
Contribution towards corporate social responsibility [Refer note D(54)]	84	53
Allowance for bad and doubtful debts (including bad debts written off ₹ 3,583 (Previous year: ₹1,782))	3,803	1,822
Miscellaneous expenses	1,750	1,346
	24,556	**19,972**

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

	Year ended March 31, 2017	Year ended March 31, 2016
30. CONSTRUCTION CONTRACTS IN PROGRESS		
Contract revenue recognised for the year	-	219
Aggregate amounts of costs incurred and recognised profits (less recognised losses) upto the reporting date for contracts in progress.	-	483
Retention money	-	-
Gross amounts due from customers for contract work presented as an asset	-	483

	As at March 31, 2017	As at March 31, 2016

31. DEFERRED TAX ASSETS AND LIABILITIES

The tax effects of significant temporary differences that resulted in deferred tax assets and a description of the items that created these differences is given below :

	As at March 31, 2017	As at March 31, 2016
Recognised deferred tax assets/liabilities		
Deferred tax assets		
Property, Plant and Equipment	2,534	2,374
	2,534	**2,374**
Deferred tax liabilities		
Intangible assets	(1,212)	(1,152)
Finance lease obligations	(1,322)	(1,222)
	(2,534)	**(2,374)**
Net deferred tax asset recognised in Balance Sheet	-	-

The Company has recognised deferred tax assets only to the extent of deferred tax liabilities arising during the year. In assessing the realizability of deferred tax assets, management considers whether some portion or all of deferred tax assets will not be realized. The ultimate realization of deferred tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which deferred tax assets are deductible, management believes that the Company will realize the benefits of those recognized deductible differences. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

Movement in temporary differences during current and previous year

	Property, Plant and Equipment	Intangible assets	Finance lease obligations
Balance as at April 1, 2015	1,537	(1,016)	(521)
Recognised in income statement	837	(136)	(701)
Recognised in Equity	-	-	-
Balance as at March 31, 2016	**2,374**	**(1,152)**	**(1,222)**
Recognised in income statement	160	(60)	(100)
Recognised in Equity	-	-	-
Balance as at March 31, 2017	2,534	(1,212)	(1,322)

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

	As at March 31, 2017	As at March 31, 2016
Unrecognised deferred tax asset		
Deductible temporary differences	2,348	2,331
Unrecognised tax losses		
- Unabsorbed depreciation	8,520	10,482
- Capital Loss	-	15,716
	10,868	28,529

Considering the probability of availability of future taxable profits in the period in which tax losses expire, deferred tax assets have not been recognized in respect of tax losses carried forward by the Company. Of the above, some tax losses expire at various dates.

Income tax expense recognized in profit or loss

	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax expense/ (reversal)	-	-
Deferred tax expense	-	-
	-	-

Reconciliation of effective tax rates

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

Profit before taxes	6,170	4,856
Enacted tax rates in India	34.61%	34.61%
Expected tax expense/(benefit)	2,135	1,681
Effect of :		
Share based payment expenses not deductible for tax purposes	29	87
Unrecognised deferred tax asset on temporary differences	(208)	(180)
Expenses/income not taxable	(25)	(28)
Recognition of previously unrecognized tax losses	(1,931)	(1,560)
	-	-

32. TRADED GOODS

Opening stock		
- Hardware and Software	7,414	2,331
Purchases		
- Hardware and Software	22,529	12,751
Cost of sales		
- Hardware and Software	18,403	7,668
Closing stock		
- Hardware and Software	11,540	7,414

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

	Year ended March 31, 2017	Year ended March 31, 2016
33. VALUE OF IMPORTS ON C.I.F. BASIS		
Hardware/software imported	20	110
Fixed assets	9,139	9,169
	9,159	**9,279**
34. EXPENDITURE IN FOREIGN CURRENCY		
(i) Expenditure (on accrual basis)		
Royalty	130	91
Legal and professional charges	398	259
Networking costs	7,196	5,210
Other direct costs	184	679
Personnel expenses	220	439
Travelling expenses	7	44
Advertising, selling and marketing expenses	17	29
Others	1,434	1,744
	9,586	**8,495**

(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.

	Year ended March 31, 2017	Year ended March 31, 2016
No of shareholders	12,800	12,570
Number of shares held	3,90,00,135	3,90,00,135
Amount of dividend paid	390	390
Year to which dividend relates	2015-16	2014-15
35. EARNINGS IN FOREIGN EXCHANGE		
Export of services	43,515	49,031
36. PAYMENTS TO DIRECTORS (other than managing director and executive director)		
Sitting fees	14	20
Consultancy fees	2	2
37. 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	5,35,30,787
Effect of shares issued on exercise of stock options	-	-
Effect of partly paid shares (Refer note below)	9,09,67,466	8,75,00,000
Weighted average number of equity shares outstanding	14,44,98,253	**14,10,30,787**

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, 2017, these shares were partly paid up to the extent of ₹ 7.75 (March 31, 2016 - ₹ 7) per share. Refer note D (53).

	Year ended March 31, 2017	Year ended March 31, 2016
(b) Weighted average number of shares - Diluted		
Weighted average number of equity shares outstanding	14,44,98,253	14,10,30,787
Dilutive impact of associated stock options*	-	3,64,559
Weighted average number of equity shares for diluted earnings per share	14,44,98,253	**14,13,95,346**

*The Company has issued Associated Stock Options of which 5,837,400 options are outstanding as at March 31, 2017. These could potentially dilute basic earnings per share in future but are not included in calculation of diluted earnings per share during current year, as they are anti-dilutive. Refer Note D(42).

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

38. FOREIGN CURRENCY EXPOSURE

The details of foreign currency exposure as at March 31, 2017 are as follows:

Particulars	As at March 31, 2017		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	21	1,349
Debtors	GBP	*	*
	USD	102	6,607
	CHF	-	-
	EUR	*	31
			6,638
Amounts payable in foreign currency on account of:			
Creditors	EUR	1	76
	CAD	*	2
	USD	97	6,275
	DHS	*	7
	GBP	*	8
	CHF	*	*
			6,368
Foreign currency term loan	USD	74	4,786
Foreign currency short term borrowings	USD	220	14,260

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

The details of foreign currency exposure as at March 31, 2016 are as follows:

Particulars	As at March 31, 2016		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalents	USD	5	323
Debtors	GBP	1	122
	USD	122	8,110
	SGD	*	*
	CHF	*	8
	EUR	2	129
			8,369
Amounts payable in foreign currency on account of:			
Creditors	EUR	1	84
	CAD	*	1
	USD	71	4,681
	DHS	*	7
	GBP	*	16
	CHF	*	*
			4,789
Foreign Currency Term Loan	**USD**	**101**	**6,724**
Foreign Currency short term borrowings	**USD**	**144**	**9,556**

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

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

	Year ended March 31, 2017	Year ended March 31, 2016
39. EMPLOYEE BENEFITS		
a. Defined benefit plans (Gratuity)		
Reconciliation of opening and closing balances of the present value of the defined benefit obligation (Gratuity)		
Projected benefit obligation at the beginning of the year	918	790
Service cost	192	163
Interest cost	69	62
Remeasurement (gain)/losses	22	(13)
Benefits paid	(103)	(83)
Projected benefit obligation at the end of the year	**1,098**	**918**
Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	356	331
Interest income	27	26
Employer contributions	75	81
Benefits paid	(103)	(83)
Return on plan assets, excluding amount recognised in net interest expense	(148)	1
Fair value of plan assets at the end of the year	**207**	**356**
Amount recognised in the Balance Sheet		
Present value of projected benefit obligation at the end of the year	1,098	918
Fair value of plan assets at the end of the year	(207)	(356)
Funded status amount of liability recognised in the Balance Sheet	**891**	**562**
Expense recognised in the Statement of Profit and Loss		
Service cost	192	162
Interest cost	69	62
Interest income	(27)	(26)
Net gratuity costs	**234**	**198**
Actual return on plan assets	**(121)**	**27**
Summary of actuarial assumptions		
Discount rate	6.85% p.a.	7.50% p.a.
Expected rate of return on plan assets	7.00% p.a.	8.00% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.
Average future working life time	4.39 years	4.40 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.

Contributions: The Company expects to contribute ₹ 200 to its gratuity fund during the year ending March 31, 2018

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

The expected cash flows over the next few years are as follows:

	As at	
Year	March 31, 2017	March 31, 2016
1 year	195	171
2 to 5 years	667	576
6 to 10 years	451	379
More than 10 years	282	251

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2017 and March 31, 2016, by asset category is as follows:

	March 31, 2017	March 31, 2016
Funds managed by insurers	100%	100%

Remeasurement of the net defined benefit liability recognised in other comprehensive income

Amount recognised in other comprehensive income for the years ending March 31, 2017 and March 31, 2016 are as follows:

Remeasurement (gain) /loss arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	32	13
- experience variance	(10)	(26)
- return on plan assets, excluding amount recognised in net interest expense/income	148	(1)
	170	(14)

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	March 31, 2017		March 31, 2016	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	1,152	1,049	962	878
(% change compared to base due to sensitivity)	4.9%	-4.5%	4.8%	-4.4%
Salary Growth rate (-/+ 1%)	1,053	1,146	880	957
(% change compared to base due to sensitivity)	-4.10%	4.30%	-4.1%	4.3%

b. Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The company has no further obligations under the plan beyond its monthly contributions. The company contributed ₹ 839 and ₹ 728 for the years ended March 31, 2017 and 2016 respectively.

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

40. SEGMENT REPORTING

The Company's operating segments are as follows:

a. Telecom Services	Consists of domestic data, international data, wholesale voice and network managed services
b. Data Center and IT Services	
i. Data Center Services	Consists of co-location services
ii. Cloud and Managed Services	Consists of IT infra services, IT transformation services, remote and onsite infrastructure management services and delivery platforms
iii. Applications Integration Services	Consists of application development and maintenance, application testing, information security, mobility solutions, e-Learning, portals, tools, process and automation
iv. Technology Integration Services	Consists of data centre build, network integration, end user computing and collaborative tools and solutions

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 6 Tier III Data centers of which three 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, digital certification services, 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

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

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.

The Chief Operating Decision Maker ("CODM"), i.e, The Board of Directors and the senior management, evaluate the Group's performance and allocate resources to various strategic business units that are identified based on the products and services that they offer and on the basis of the market served. The measure of profit / loss reviewed by the CODM is "Profit/loss before interest, taxes, depreciation and amortization" also referred to as "segment operating income / loss". Revenue in relation to segments is categorized based on items that are individually identifiable to that segment.

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 "unallocabale expenses" and "depreciation, amortisation and impairment" 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.

The Company's operating segment information for the year ended March 31, 2017 is presented below:

Particulars	Telecom Services	Data center and IT Services*					Total (A)+(B)
		Data center Services	Cloud and Managed Services	Technology Integration Services	Applications Integration Services	Total (i+ii+iii+iv)	
	(A)	(i)	(ii)	(iii)	(iv)	(B)	
Revenue from operations	1,00,833	19,751	7,268	24,439	25,636	77,094	1,77,927
Operating expenses	(79,608)	(14,891)	(7,354)	(20,807)	(21,099)	(64,151)	(1,43,759)
Segment operating income / (loss)	21,225	4,860	(86)	3,632	4,537	12,943	34,168
Unallocable expenses							(8,718)
Operating income							25,450
Other income							1,158
Foreign exchange gain / (loss), net							296
Profit before interest, depreciation and tax							26,904
Interest income / (expenses), net							(3,169)
Depreciation, amortisation and impairment							(17,565)
Profit before tax							6,170
Income tax expense							-
Profit after taxes							6,170

*The Chief Operating Decision Maker (CODM) has evaluated and grouped data center services, cloud and managed services, technology integration services and applications integration services into Data Center and IT services. There are no changes in the components of Telecom service segment. Accordingly, the segment information has been presented.

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

The Company's operating segment information for the year ended March 31, 2016 is presented below (Adjusted):

Particulars	Telecom Services	Data center and IT Services					Total (A)+(B)
		Data center Services	Cloud and Managed Services	Technology Integration Services*	Applications Integration Services*	Total (i+ii+iii+iv)	
	(A)	(i)	(ii)	(iii)	(iv)	**(B)**	
Revenue from operations	**95,493**	15,229	7,793	16,515	12,605	**52,142**	**1,47,635**
Operating expenses	**(73,497)**	(11,653)	(6,602)	(13,709)	(9,584)	**(41,548)**	**(1,15,045)**
Segment operating income / (loss)	**21,996**	3,576	1,191	2,806	3,021	**10,594**	**32,590**
Unallocable expenses							**(7,539)**
Operating income							**25,051**
Other income							**1,040**
Foreign exchange gain / (loss), net							**(60)**
Profit before interest, depreciation and tax							**26,031**
Interest income / (expenses), net							**(5,216)**
Depreciation, amortisation and impairment							**(15,959)**
Profit before tax							**4,856**
Income tax expense							**-**
Profit after taxes							**4,856**

*We have been historically including the results of Digital Certification services under the Technology Integration Services segment. The Industry in which this product competes has witnessed newer competitions, business models resulting in dynamic market changes. In order to leverage the versatility and the organizational capability, the Chief Operating Decision Maker (CODM) has evaluated options of reorganizing this product into Applications Integration Services segment with effect from April 1, 2016. This will enable the product to address customers across segments, achieve better marketability, flexibility and scale. The corresponding revenue and costs of this product have been regrouped under the respective segments. Consequently, the figures for the year ended March 31, 2016 are adjusted accordingly.

The reclassification of component of operating segments did not have any effect on reported operating income, profit before income taxes, net income or per share amounts. The following table provides the amounts reclassified for prior period.

Revenue reclassifications

For the year ended 31st March 2016

Particulars	Technology Integration Services	Applications Integration Services
As previously reported	19,845	9,275
Reclassification of Digital certification services	(3,330)	3,330
Revised Segment revenue	16,515	12,605

Operating costs reclassification

For the year ended 31st March 2016

Particulars	Technology Integration Services	Applications Integration Services
As previously reported	(14,992)	(8,301)
Reclassification of Digital certification services	1,283	(1,283)
Revised Segment operating cost	(13,709)	(9,584)

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

Geographic segments

The Company has two geographic segments, India and rest of the world. Revenues from the geographic segments based on domicile of the customer are as follows:

Description	India	Rest of the world	Total
Revenues			
Year ended March 31, 2017	1,34,412	43,515	1,77,927
Year ended March 31, 2016	98,604	49,031	1,47,635

The Company does not disclose information relating to non-current assets located in India and rest of the world as the necessary information is not available and the cost to develop it would be excessive.

The revenue from transactions with a single external customer did not exceed 10% of the total revenue of the Company for each of the two years ended March 31, 2017 and March 31, 2016.

41. RELATED PARTIES AND TRANSACTIONS

(a) Related parties

The related parties where control / significant influence exists are subsidiaries and associates. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel includes the board of directors and other senior management executives. The other related parties are those with whom the Company has had transaction during the years ended March 31, 2017 and 2016 are as follows:

Particulars	Related Parties	Country of Incorporation	% of ownership interest
Holding companies	Infinity Satcom Universal Private Limited.	India	-
	Raju Vegesna Infotech and Industries Private Limited (subsidiary of Infinity Satcom Universal Private Limited)	India	-
	Ramanand Core Investment Company Private Limited (subsidiary of Raju Vegesna Infotech and Industries Private Limited)	India	-
Subsidiaries	Sify Technologies (Singapore) Pte. Limited	Singapore	100%
	Sify Technologies North America Corporation	USA	100%
	Sify Data and Managed Services Limited	India	100%

(b) Related party transactions and balances

Following is a summary of related party transactions for the year ended March 31, 2017:

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Consultancy services received	-	-	-	2
Sitting fees paid	-	-	-	14
Salaries and other short term benefits*	-	-	-	393
Contributions to defined contribution plans*	-	-	-	16

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

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Share based payment transactions*	-	-	-	38
Lease rentals paid**	10	-	44	-
Dividend paid	1,020	-	139	-
Advances given	-	35	-	-
Receipt of services	-	315	-	-
Purchase of goods	-	7	-	-
Rendering of services	-	1,355	-	-
Sale of property, plant and equipment	-	2	-	-
Investment made	-	2,500	-	-
Call money received on shares	3,000			
Amount of outstanding balances				
Advance lease rentals and refundable deposits made**	-	-	26	-
Trade payable	-	243	-	-
Advances receivable	-	20	-	-
Trade receivable	-	258	-	-
Investment	-	5,919	-	-
Lease rentals payable**	-	-	4	-

The following is the summary of the related party transactions for the year ended March 31, 2016

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Consultancy services received	-	-	-	2
Sitting fees paid	-	-	-	20
Salaries and other short term benefits*	-	-	-	340
Contributions to defined contribution plans*	-	-	-	15
Share based payment transactions*	-	-	-	142
Lease rentals paid**	10	-	39	-
Dividend paid	1,020	-	145	-
Advances given	-	95	-	-
Loan given	-	100	-	-
Loan repaid by subsidiary	-	100	-	-
Receipt of services	-	519	-	-
Purchase of goods	-	8	-	-
Rendering of services	-	760	-	-
Investment made	-	340	-	-
Amount of outstanding balances				
Advance lease rentals and refundable deposits made**	-	-	26	-
Trade payable	-	204	-	-
Advances receivable	-	-	-	-
Trade receivable	-	509	-	-
Investment	-	3,419	-	-
Lease rentals payable**	-	-	3	-

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

**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 with effect from 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.

During the year 2011 - 12, the Company had also 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 with effect from 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.

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.

* Represents salaries and other benefits of Key Management Personnel comprising of Mr. Kamal Nath - CEO, Mr. M P Vijay Kumar - CFO and Mr. C R Rao - COO.

42. 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, 2017. 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. 2,50,00,000 shares are reserved for this plan. Consequently 58,70,800 options were granted to the employees on January 20, 2015. The Company has granted additional 525,000 and 184,300 options to employees during the year 2016-17 and 2015-16 respectively.

The options vest in the following manner :

No of Options	Category	Vesting Pattern
43,04,600	Category I	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	Category II	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.
17,87,800	Category III	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.

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

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

No. of options granted, exercised and forfeited	For the year ended	
	March 31, 2017	March 31, 2016
Outstanding at the beginning of the year	56,65,800	58,70,800
Granted during the year	5,25,000	1,84,300
Forfeited and expired during the year	(3,53,400)	(3,89,300)
Exercised during the year	-	-
Outstanding at the end of the year	58,37,400	**56,65,800**
Vested and exercisable at the end of the year	37,11,130	25,44,180
Weighted average exercise price in ₹	73.55	79.10
Remaining contractual period	1.80 - 5.79 years	2.81-5.81 years

The fair value of stock options granted has been measured using the Black Scholes model at the date of the grant. The Black Scholes model includes assumptions regarding dividend yields, expected volatility, expected term (or "option life") and risk free interest rates. In respect of the options granted, the expected term is estimated based on the vesting term, contractual term as well as expected exercise behaviour of the employees receiving the option. Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of the Company's publicly traded equity shares. Share prices for the year 2011-12 have been eliminated in determining volatility as there had been extra ordinary price movements during the said period on account of capital infusion by promoters. Dividend yield of the options is based on the recent dividend activity. Risk-free interest rates are based on the Government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside the Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in the future periods, stock compensation expense could be materially impacted in future years.

The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2017 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2017	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	60.60 - 82.00	58,37,400	60.60 - 82.00	1.80 - 5.79 years

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2016 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2016	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	79.10	56,65,800	79.10	2.81-5.81 years

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

The assumptions used in Black Scholes model to arrive at the fair value on grant date for the options granted during the year are summarised below:

Assumptions

Grant date	Oct 19, 2016	Jan 25, 2017
Category	Category III	Category III
Current market price	₹ 74.00	₹ 64.07
Exercise price	₹ 66.60	₹ 57.66
Expected term	2-5 years	2-5 years
Volatility	35.1% to 55.8%	40.6% to 48.6%
Dividend yield	10%	10%
Discount rate	3%	3%

43. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

i. Forward and option contracts

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2017 and March 31, 2016 are given below:

Particulars	Currency	As at March 31, 2017	As at March 31, 2016
Forward/Option contracts (Sell)	USD	30	30
Forward/Option contracts (Buy)	USD	98	-
Net (gain) / loss on mark to market in respect of forward/option contracts outstanding	INR	181	(54)

The Company recognized a net loss on the forward contracts of ₹ 143 (Previous year : Net gain of ₹ 2) for the year ended March 31, 2017.

The forward exchange contracts and option contracts mature between one and twelve months. The table below summarizes the notional amounts of derivative financial instruments into relevant maturity groupings based on the remaining period as at the end of the year:

	As at March 31, 2017	As at March 31, 2016
Forward/Option contracts (Sell)	(USD)	(USD)
Not later than one month	5	5
Later than one month and not later than three months	10	10
Later than three months and not later than six months	15	15
Later than six months and not later than one year	-	-
Forward/Option contracts (Buy)	(USD)	(USD)
Not later than one month	35	-
Later than one month and not later than three months	7	-
Later than three months and not later than six months	56	-
Later than six months and not later than one year	-	-

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

ii. **Cross Currency Swap:**

The Company has 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 principal and interest 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 Statement of Profit and Loss. The details of the outstanding balances as at 31st March 2017 and the mark to market gains recognised during the year ended 31st March 2017 are as under:

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses/ (gain)
Tranch 1	345	USD 6	(26)
Tranch 2	577	USD 9	(43)
Tranch 3	453	USD 7	(34)
Total	1,375	USD 22	(103)

The details of the outstanding balances as at 31st March 2016 and the mark to market losses recognised during the year ended 31st March 2016 are as under:

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses
Tranch 1	470	USD 8	46
Tranch 2	787	USD 13	20
Tranch 3	618	USD 10	33
Tranch 4	195	USD 3	7
Tranch 5	361	USD 6	13
Tranch 6	470	USD 7	24
Tranch 7	1,287	USD 20	60
Tranch 8	426	USD 7	18
Tranch 9	373	USD 6	13
Tranch 10	91	USD 1	3
Tranch 11	397	USD 6	12
Total	**5,475**	**USD 87**	**249**

The maturity of these contracts extends till five years. The table below summarizes the cash flows (principal and interest) of these derivative financial instruments into relevant maturity groupings based on the remaining period as at the end of the year:

	As at March 31, 2017		As at March 31, 2016	
	Payable (USD)	Receivable (INR)	Payable (USD)	Receivable (INR)
Less than 1 year	9	651	49	3,338
One to two years	9	587	31	2,030
Two to three years	6	399	9	587
Three to four years	-	-	6	399
Four to five years	-	-	-	-
Total cash flows	24	1,637	**95**	**6,354**

The Company recognized a net gain on the cross currency swaps of ₹ 277 (includes mark to market gain of ₹103) [Previous year : ₹ 104 (loss) - includes mark to market loss of ₹ 249] for the year ended March 31, 2017.

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

iii. Interest rate swap:

During the current year, the Company has entered into Interest Rate Swaps in order to hedge the cash flows arising out of the Interest payments of the underlying USD term loans . 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 fixed rate of interest (ranging from 6.3% to 6.5%) and receive variable rate of interest equal to LIBOR + fixed rate (ranging from LIBOR + 3.5% to LIBOR + 4.5%) on notional amount. The swap arrangement is marked to market at the end of every period and losses are recognised in the Statement of Profit and Loss.

The maturity of these contracts extends till five years. The table below summarizes the cash flows (interest) of these derivative financial instruments into relevant maturity groupings based on the remaining period as at the end of the year:

	As at March 31, 2017		As at March 31, 2016	
	Receivable (USD)	Payable (USD)	Receivable (USD)	Payable (USD)
Less than 1 year	3	4	4	6
One to two years	2	3	3	4
Two to three years	1	1	2	2
Three to four years	*	*	1	1
Four to five years	-	-	*	*
Total cash flows	6	8	**10**	**13**

* Amount below rounding off norm adopted by the Company

Total notional amount outstanding as on March 31, 2017 is USD 73 (Previous Year: USD 100)

The Company recognized a net gain on the interest rate swaps of ₹ 71 (includes mark to market gain of ₹ 186) during the year ended March 31, 2017 (Previous year : net loss ₹ 385 including mark to market loss of ₹ 287).

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2017 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	17	17	17
Trade receivables	68,903	-	-	68,903	68,903
Cash and cash equivalents	16,212	-	-	16,212	16,212
Other financial assets	3,231	-	-	3,231	3,231
Liabilities					
Borrowings from banks	25,671	-	-	25,671	25,671
Borrowings from others	8,441	-	-	8,441	8,441
Bank overdraft	9,911	-	-	9,911	9,911
Finance lease liabilities	5,192	-	-	5,192	5,192
Trade payables	49,581	-	-	49,581	49,581
Other financial liabilities	8,143	-	-	8,143	8,143
Derivative financial instruments	-	362	-	362	362

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

The carrying value and fair value of financial instruments by each category as at March 31, 2016 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	17	17	17
Trade receivables	54,846	-	-	54,846	54,846
Cash and cash equivalents	14,519	-	-	14,519	14,519
Other financial assets	3,142	-	-	3,142	3,142
Liabilities					
Borrowings from banks	22,191	-	-	22,191	22,191
Borrowings from others	6,285	-	-	6,285	6,285
Bank overdraft	7,198	-	-	7,198	7,198
Finance lease liabilities	9,533	-	-	9,533	9,533
Trade payables	39,741	-	-	39,741	39,741
Other financial liabilities	5,294	-	-	5,294	5,294
Derivative financial instruments	-	565	-	565	565

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2017 and March 31, 2016 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2017	As at March 31, 2016
Trade receivables	68,903	54,846
Cash and cash equivalents	16,212	14,519
Other financial assets	3,231	3,142
	88,346	**72,507**

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

c. **Fair value measurements:**

The details of assets and liabilities that are measured on fair value on recurring basis are given below:

	Fair value as of March 31, 2017			Fair value as of March 31, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets gain on outstanding forward contracts	-	-	-	-	54	-
Liabilities						
Derivative financial liabilities - loss on outstanding option/forward contracts	-	(181)	-	-	-	-
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	(80)	-	-	(332)
Derivative financial liabilities - loss on outstanding interest rate swaps	-	-	(101)	-	-	(287)

- Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – unobservable inputs for the asset or liability

c. **Interest income/(expenses), gains/(losses) recognized on financial assets and liabilities**

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Financial assets at amortised cost		
Interest income on bank deposits	236	264
Interest income on other financial assets	962	143
Impairment on trade receivables	(3,803)	(1,822)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	108	(482)
(c) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(881)	(1,264)
Interest expenses on borrowings from banks, others and overdrafts	(2,739)	(3,130)

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

44. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables, treasury operations and other activities that are in the nature of leases.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Company is not exposed to concentration of credit risk to any one single customer since the services are provided to and products are sold to customers who are spread over a vast spectrum and hence, the concentration of risk with respect to trade receivables is low. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

Cash and cash equivalents and other investments

In the area of treasury operations, the Company is presently exposed to counter-party risks relating to short term and medium term deposits placed with public-sector banks, and also to investments made in mutual funds. The Chief Financial Officer is responsible for monitoring the counterparty credit risk, and has been vested with the authority to seek Board's approval to hedge such risks in case of need.

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2017 and 2016 was as follows:

	As at March 31, 2017	As at March 31, 2016
Other investments	17	17
Trade receivables	68,903	54,846
Cash and cash equivalents	16,212	14,519
Other financial assets	3,231	3,142
	88,363	**72,524**

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

	As at March 31, 2017	As at March 31, 2016

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired other than trade receivables. The age analysis of trade receivables have been considered from the date of invoice. The ageing of trade receivables, net of allowances that are past due, is given below:

Period (in days)		
Past due 181 - 270 days	8,924	6,675
Past due 271 - 365 days	3,421	3,050
More than 365 days	9,554	7,042
	21,899	**16,767**

See note D (8) for the activity in the allowance for impairment of trade account receivables.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, other assets, other receivables and finance lease receivables are neither past due nor impaired. The total trade receivables that are not past due as at March 31, 2017 amounts to ₹ 47,004 (March 31, 2016: ₹ 38,079) and impairment has not been recorded on the same.

Details of collateral and other credit enhancements held

Security deposits received for internet access services	5	5

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations. In addition, the Company has concluded arrangements with well reputed Banks, and has unused lines of credit that could be drawn upon should there be a need. The Company is also in the process of negotiating additional facilities with Banks for funding its requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

As at March 31, 2017

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	25,671	27,113	19,743	5,713	1,657
Borrowings from others	8,441	9,155	6,762	2,393	-
Bank overdraft	9,911	9,911	9,911	-	-
Finance lease liabilities	5,192	5,776	3,676	2,100	-
Trade payables	49,581	49,581	49,581	-	-
Other financial liabilities	8,143	8,143	8,143	-	-
	1,06,939	1,09,679	97,816	10,206	1,657

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

As at March 31, 2016

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	22,191	23,584	15,269	5,751	2,564
Borrowings from others	6,285	7,015	4,405	2,580	30
Bank overdraft	7,198	7,198	7,198	-	-
Finance lease liabilities	9,533	10,751	6,359	3,647	745
Trade payables	39,741	39,741	39,741	-	-
Other financial liabilities	5,294	5,294	5,294	-	-
	90,242	**93,583**	**78,266**	**11,978**	**3,339**

Market risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and the market value of its investments. Thus the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Currency risk:

The Company's exposure in USD, Euro and other foreign currency denominated transactions gives rise to Exchange rate fluctuation risk. Company's policy in this regard incorporates:

- Forecasting inflows and outflows denominated in US$ for a twelve-month period.
- Estimating the net-exposure in foreign currency, in terms of timing and amount.
- Determining the extent to which exposure should be protected through one or more risk-mitigating instruments to maintain the permissible limits of uncovered exposures.
- Carrying out a variance analysis between estimate and actual on an ongoing basis, and taking stop-loss action when the adverse movements breaches the 5% barrier of deviation, subject to review by Audit Committee.

The Company's exposure to foreign currency risk as at March 31, 2017 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loans	Net Balance Sheet exposure
USD	21	102	(97)	(294)	(268)
EUR	-	*	(1)	-	(1)
GBP	-	*	*	-	-

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

The Company's exposure to foreign currency risk as at March 31, 2016 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loans	Net Balance Sheet exposure
USD	5	122	(71)	(245)	(189)
EUR	-	2	(1)	-	1
GBP	-	1	-	-	1

A 10% strengthening of the rupee against the respective currencies as at March 31, 2017 and March 31, 2016 would have increased / (decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

	Other Comprehensive Income	Profit/(loss)
March 31, 2017	-	1,743
March 31, 2016	-	1,238

A 10% weakening of the rupee against the above currencies as at March 31, 2017 and 2016 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk:

Interest rate risk is the risk that an upward movement in interest rates would adversely affect the borrowing costs of the Company.

Profile

At the reporting date the interest rate profile of the Company's interest -bearing financial instruments were as follows:

	Carrying amount	
	March 31, 2017	March 31, 2016
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	2,630	3,953
Financial liabilities		
- Borrowings from banks	6,875	2,005
- Borrowings from others	8,441	6,285
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	18,796	20,186
- Bank overdrafts	9,911	7,198

Fair value sensitivity for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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

Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for 2016.

	Equity	Profit or (loss)
March 31, 2017	-	(242)
March 31, 2016	-	(261)

A decrease of 100 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

45. CAPITAL MANAGEMENT

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2017 is ₹ 83,199 (Previous Year: ₹ 75,720).

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting period was as follows:

		As at March 31, 2017	As at March 31, 2016
Debt		49,215	45,207
Less: cash and bank balances		(16,212)	(14,519)
Net debt	A	33,003	30,688
Equity	B	83,199	75,720
Net debt to Equity ratio	A/B	40%	41%

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

46. 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 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 (Adjusted 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.

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

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 Company had approached Honourable High Court of Madras (Court) in 2013 by filing a writ petition prohibiting Department of Telecommunications (DOT) from levying a license fee on non-licensed activities. In an earlier writ petition filed by the Company in 2012, the Court restrained DOT from recovering the license fee in respect of non- telecom activities. Based on the said order passed by the Court, an interim order was passed by the Court restraining DOT from recovering license fee in respect of non- telecom activities for the writ petition filed in 2013. The Tribunal by its order dated April 23, 2015 held that revenue from sale of scrap, treasury income etc are to be included as part of AGR. The Tribunal has also passed an order asking DOT to levy at most a nominal amount as token penalty with interest if permissible at the lower rates. The Company believes that it has adequate legal defences against these orders and that the ultimate outcome of these actions will not have a material adverse effect on the Company's financial position and result of operations.

Also, the Company has received notices for earlier years from DOT claiming Licence fee on the total Income (including income from Non Licensed activities). The Company has replied to these notices stating that licence fees are not payable on income from non-licensed activities. The Company believes that it has adequate legal defenses against these notices and that the ultimate outcome of these actions may not have a material adverse effect on the Company's financial position and result 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. The company has appropriately accounted for any adverse effect that may arise in this regard in the books of account.

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, 2017, 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 ₹ 374 (March 31, 2016: ₹ 197)] on the Company's financial position and results of operations.

47. ADJUSTMENT TO THE SECURITIES PREMIUM ACCOUNT

a) Pursuant to the approval of the shareholders of the Company at the eleventh annual general meeting held on September 24, 2007 and confirmation by the Honourable High Court of Madras vide its Order dated December 13, 2007, accumulated losses of ₹ 116,264 as on April 1, 2007 has been adjusted against the balance in the securities premium account.

b) The company had an accumulated loss of ₹ 19,783 as on March 31, 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 was ₹ 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 March 31, 2013:	
Sify Software Limited	(7,874)
Hermit Projects Private Limited	(4)
Total accumulated loss as on March 31, 2013	**(27,661)**

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

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 April 1, 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.

48. 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.

The Company has elected to apply Ind AS 103 Business Combinations, to business combinations that occurred on the date of transition to Ind AS.

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 (D)	2,422
Net surplus/(deficit) adjusted in reserves and surplus	**(36)**

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

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 was 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 was 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.

49. 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, 2017. The capacity under the mentioned facility would be upgraded over a period of time.

50. IPO LISTING

In 2006, The Ministry of Finance (MoF), issued a press release by which Indian companies cannot raise new capital abroad unless, the securities of the company are listed on a stock exchange in India. However, by virtue of notification issued by the MoF on October 21, 2014, the issuance of depository receipts has been taken out of the 1993 Scheme and is now regulated by the Depository Receipts Scheme, 2014. The 2014 Scheme allows Indian companies, whether listed or unlisted, to access the international capital markets using depository receipts. Such issuances can either be through a public offering of depository receipts or through a preferential allotment or qualified institutional placement. They can also either be sponsored by the issuer company or unsponsored (such as when an existing shareholder sells its holding through the issue of depository receipts). These issuances are subject to the usual foreign investment regime, including in relation to sectoral caps as well as pricing. Moreover, such issuances are permitted only to investors in certain specific jurisdictions as listed in the 2014 Scheme, which currently consists of a list of 34 countries. The earlier condition of mandatory listing in India is dispensed with.

51. NOTICE OF FAILURE TO SATISFY A CONTINUED LISTING RULE OR STANDARD

On December 27, 2016, Sify Technologies Limited (the "Company") received a letter from the Listing Qualifications Department of the Nasdaq Stock Market ("Nasdaq") indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days, the Company did not meet the minimum bid price of $1.00 per share required for continued listing on The Nasdaq Global Select Market pursuant to Nasdaq Listing Rule 5450(a)(1). The letter also indicated that the Company will be provided with a compliance period of 180 calendar days, or until June 26, 2017, in which to regain compliance pursuant to Nasdaq Listing Rule 5810(c)(3)(A). The letter further provided that if, at any time during the 180-day period, the closing bid price of the Company's common stock is at least $1.00 for a minimum of ten consecutive business days, Nasdaq will provide the Company with written confirmation that it has achieved compliance with the minimum bid price requirement.

52. 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.

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

53. 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. The above shares were subsequently transferred by Raju Vegesna Infotech & Industries Private Limited to Ramanand Core Investment Company Private Limited.

As of March 31, 2017, the Company has called-up and received a sum of ₹ 7.75 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, 2017 is ₹ 9,000, which comprises of ₹ 2,813 towards share capital and ₹ 6,187 towards securities premium.

54. CONTRIBUTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013, requires Company to spend towards Corporate Social Responsibility (CSR). The Company is expected to spend ₹ 84 towards CSR in compliance of this requirement. A sum of ₹ 84 has been spent during the current year towards CSR activities as per details given below. The balance amount to be spent is Nil.

Amount (₹)

Organisation	2016-17	2015-16
VIRRD Trust, Dwarakha Tirumala	70	45
Chitoor District Badminton Association	10	-
Dr B R Ambedkar Vidya Academy EM High School	3	-
Special Children Sports Meet	1	1
District Institute of Education and Training, Angaluru	-	5
ICT Academy of Tamilnadu	-	2
Book Donations to District Institute of Education and Training, Angaluru	*	*
Total	**84**	**53**

* Amount below the rounding off norm adopted by the Company

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

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

Statement containing the salient features of the financial statements of Subsidiaries/ Associates/ Joint ventures

(Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 - AOC - 1)

Part A: Subsidiaries

Sr. No.	Name of the subsidiary	Financial year ended	Reporting currency	Exchange rate	Share capital	Reserves and surplus	Total assets	Total liabilities	Investments	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend	% of shareholding
1	Sify Technologies (Singapore) Pte Ltd	March 31, 2017	USD	₹ 64.84	341	(4)	1,088	751	-	3,510	81	(7)	74	Nil	100%
2	Sify Technologies North America Corporation	March 31, 2017	USD	₹ 64.84	5	2,520	3,526	1,001	729	4,244	180	-	180	Nil	100%
3	Sify Data and Managed Services Limited (Refer Note 1 & 2)	March 31, 2017	INR	-	2,480	-	2,500	20	-	-	-	-	-	Nil	100%

Note:

1. The Company has not commenced its operations as of March 31, 2017.
2. The Company was incorporated on 16th March 2017. The financial statements will be prepared for the period from 16 March 2017 to 31 March 2018 being the first year of Incorporation.

Part B: Associates and Joint Ventures - Not Applicable

For and on behalf of the Board of Directors

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

Consolidated Financial Statements for the year ended March 31, 2017

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Sify Technologies Limited

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sify Technologies Limited ("the Holding Company") and its subsidiaries (collectively referred to as 'the Company' or 'the Group'), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

2. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity 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 relevant rules issued thereunder. The Board of Directors of the Company are responsible for 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; the 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 the consolidated financial statements based on our audit. While conducting the 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 consolidated financial position of the Group, its financial performance including other comprehensive income, its changes in consolidated equity and its consolidated cash flows for the year ended on that date.

5. Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 1,087.78 lakhs as at March 31, 2017, total revenues of ₹ 3,700.23 lakhs and net cash flows (decrease in cash and cash equivalents) amounting to ₹ 235.44 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 ₹ 74.17 lakhs for the year ended March 31, 2017, 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, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

6. Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable 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 of the aforesaid financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant rules issues thereunder.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

g) 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 Holding Company has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements - Refer Note 22 (a) (Contingent liabilities) and Note 42(legal proceedings) to the financial statements;

ii. The Holding 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 30 (Disclosure pursuant to Ind AS 11 – Construction contracts in progress) and Note 39 (a) (Financial and derivative instruments) to the consolidated financial statements;

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

iv. The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company (Refer Note 9 to the consolidated financial statements).

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

D K Giridharan
Partner
Membership No.: 028738

Place: Chennai
Date : April 25, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 6 (f) of the Independent Auditors' Report of even date to the members of Sify Technologies Limited on the Consolidated Financial Statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Sify Technologies Limited ("the Company/the Holding Company"). The audit of the internal financial controls over financial reporting is applicable only to the Holding Company.

Management's Responsibility for Internal Financial Controls

The Holding Company's Management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

D K Giridharan
Partner
Membership No.: 028738

Place: Chennai
Date : April 25, 2017

Consolidated Balance Sheet as at March 31, 2017

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

	Note No. (D)	March 31, 2017	March 31, 2016
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	63,633	61,372
(b) Capital work in progress		2,680	1,999
(c) Intangible assets	2	5,414	5,880
(d) Financial assets			
(i) Investments	3	746	17
(ii) Trade receivables	4	66	58
(iii) Other financial assets	5	2,403	2,049
(e) Other non-current assets	6	19,312	14,173
		94,254	**85,548**
(2) Current assets			
(a) Inventories	7	11,820	7,414
(b) Financial assets			
(i) Trade receivables	8	69,487	54,945
(ii) Cash and cash equivalents	9	18,509	17,048
(iii) Other financial assets	10	847	1,112
(c) Other current assets	11	20,434	20,283
		1,21,097	**1,00,802**
Total Assets		2,15,351	**1,86,350**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	15,169	14,231
(b) Other Equity	13	67,457	60,758
		82,626	**74,989**
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	10,676	13,911
(ii) Other financial liabilities	15	2,017	2,051
(b) Provisions	16	1,273	863
(c) Other non-current liabilities	17	4,349	3,815
		18,315	**20,640**
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	26,371	18,759
(ii) Trade payables	19	50,727	40,527
(iii) Other financial liabilities	20	18,323	15,781
(b) Other current liabilities	21	18,877	15,567
(c) Provisions	16	112	87
		1,14,410	**90,721**
Total Equity and Liabilities		2,15,351	**1,86,350**

Significant accounting policies and notes to the financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Consolidated Balance Sheet

As per our report of even date attached.

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

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

	Note No. (D)	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations	24	1,84,320	1,50,349
Other income	25	2,686	1,519
Total income		1,87,006	**1,51,868**
EXPENSES			
Cost of services rendered	26 A	91,221	78,049
Purchase of stock-in-trade	26 B	25,042	13,235
Changes in inventories	26 C	(4,406)	(5,083)
Employee benefits expense	27	21,595	19,194
Finance costs	28	4,371	5,657
Depreciation and amortisation expense	1 and 2	17,588	15,980
Other expenses	29	25,164	20,454
Total expenses		1,80,575	**1,47,486**
Profit before tax		6,431	4,382
Tax expense	31	(7)	1
Profit after tax		6,424	**4,383**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/asset	35	(170)	14
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		(76)	134
Total other comprehensive income		(246)	**148**
Total comprehensive income for the year		6,178	**4,531**
Earnings per equity share (₹ 10 paid up)	33		
Basic		4.45	3.11
Diluted		4.45	3.10
Earnings per equity share ₹ 7.75 (March 31, 2016 : ₹ 7) paid up	33		
Basic		3.45	2.18
Diluted		3.45	2.17

Significant accounting policies and notes to the financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Consolidated Statement of Profit and loss

As per our report of even date attached.

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

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

Consolidated Statement of Changes in Equity for the year ended March 31, 2017

A. Equity Share Capital

	For the year ended	
	March 31, 2017	March 31, 2016
Balance at the beginning of the year	14,231	14,231
Change in Equity Share Capital during the year	938	-
Balance at the end of the year	**15,169**	**14,231**

B. Other Equity

	Reserves and surplus			Other Components of Equity			Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Exchange differences on translation of foreign operations	Remeasurements of net defined benefit liability/ asset	
2015-16							
Balance as at April 1, 2015* - (A)	**1,87,374**	**539**	**(1,30,904)**	**117**	**68**	**210**	**57,404**
Profit for the year	-	-	4,383	-	-	-	4,383
Other comprehensive income	-	-	-	-	134	14	148
Total comprehensive income for the year 2015-16 - (B)	**-**	**-**	**4,383**	**-**	**134**	**14**	**4,531**
Employee stock compensation cost for the year	-	-	-	520	-	-	520
Dividend paid (Including dividend distribution tax) for 2014-15 approved by shareholders in annual general meeting held on June 18, 2015	-	-	(1,697)	-	-	-	(1,697)
Balance as at March 31, 2016 - (C)	**1,87,374**	**539**	**(1,28,218)**	**637**	**202**	**224**	**60,758**
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (43) (a)] - (D)	(1,16,264)	-	1,16,264	-	-	-	-
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (43) (b)] - (E)	(27,661)	-	27,661	-	-	-	-
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	**43,449**	**539**	**15,707**	**637**	**202**	**224**	**60,758**

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

B. Other Equity (Continued)

	Reserves and surplus			Other Components of Equity			Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Exchange differences on translation of foreign operations	Remeasurements of net defined benefit liability/ asset	
2016-17							
Balance as at April 1, 2016* - (A)	1,87,374	539	(1,28,218)	637	202	224	60,758
Profit for the year	-	-	6,424	-	-	-	6,424
Other comprehensive income	-	-	-	-	(76)	(170)	(246)
Total comprehensive income for the year 2016-17 - (B)	**-**	**-**	**6,424**	**-**	**(76)**	**(170)**	**6,178**
Employee stock compensation cost for the year	-	-	-	176	-	-	176
Transferred from stock options outstanding account	-	65	-	(65)	-	-	-
Call money received	2,062	-	-	-	-	-	2,062
Transaction costs related to equity	-	-	(20)	-	-	-	(20)
Dividend paid (Including dividend distribution tax) for 2015-16 approved by shareholders in annual general meeting held on July 4, 2016	-	-	(1,697)	-	-	-	(1,697)
Balance as at March 31, 2017 - (C)	1,89,436	604	(1,23,511)	748	126	54	67,457
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (43) (a)] - (D)	(1,16,264)	-	1,16,264	-	-	-	-
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (43) (b)] - (E)	(27,661)	-	27,661	-	-	-	-
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	45,511	604	20,414	748	126	54	67,457

*Balance at 1.4.2015 and 1.4.2016 of Securities Premium and Retained Earnings are before adjustment of Accumulated Losses with Securities Premium as detailed in Note D (43) (a) and D (43) (b).

Significant accounting policies and notes to the financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Consolidated Statement of Changes in Equity

As per our report of even date attached.

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

Consolidated Cash Flow Statement for the year ended March 31, 2017

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

		For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before tax		6,431	4,382
Adjustments for :			
Depreciation and amortisation expense		17,588	15,980
Finance expenses (considered separately)		4,371	4,394
Allowance for doubtful debts (including bad debts written off and provision written back) (net)		3,835	1,822
Employee stock compensation expense		176	520
Provision for expenses no longer required written back		-	(499)
Amortisation of lease prepayments		159	147
Unrealised foreign exchange fluctuation loss/(gain), net		(683)	310
Interest income (considered separately)		(1,226)	(454)
(Profit) /loss on sale of Property, Plant and Equipment (net)		(11)	(16)
Operating profit / (loss) before working capital changes		30,640	**26,586**
(Increase)/decrease in trade receivables - current		(18,621)	(10,177)
(Increase)/decrease in non current trade receivables		(8)	86
(Increase)/decrease in inventories		(4,406)	(5,083)
(Increase)/decrease in other financial assets - current		182	(586)
(Increase)/decrease in other non current financial assets		(339)	584
(Increase)/decrease in other non current assets		(1,643)	(714)
(Increase)/decrease in other current assets		(239)	1,653
Increase/(decrease) in trade payables		10,288	12,117
Increase/(decrease) in other non current financial liabilities		(34)	397
Increase/(decrease) in other non current liabilities		534	391
Increase/(decrease) in other financial liabilities -current		1,155	(68)
Increase/(decrease) in other current liabilities		3,310	2,603
Increase/(decrease) in provisions - non current		240	150
Increase/(decrease) in provisions - current		25	19
Cash generated from operations		21,084	**27,958**
Tax (paid)/refund received		81	**(4,914)**
Net cash generated from operating activities	*(A)*	21,165	**23,044**
Cash flow from investing activities			
Purchase of Property, Plant and Equipment		(20,392)	(16,022)
Investments in corporate debt securities		(729)	-
Sale proceeds of Property, Plant and Equipment		23	17
Interest income received		1,294	452
Net cash used in investing activities	*(B)*	(19,804)	**(15,553)**
Cash flow from financing activities			
Proceeds from long-term borrowings		12,291	12,585
Repayment of long-term borrowings		(17,582)	(15,047)
Increase/(decrease) in short-term borrowings		5,698	4,034
Proceeds from issue of share capital		3,000	-
Transaction costs related to equity		(20)	-
Dividend paid		(1,410)	(1,410)
Dividend distribution tax paid		(287)	(287)
Interest paid		(4,267)	(4,416)
Net cash generated/(used) in financing activities	*(C)*	(2,577)	**(4,541)**
Effect of exchange differences on translation of cash and cash equivalents	*(D)*	(36)	(8)
Net increase/(decrease) in cash and cash equivalents during the year	*(A) + (B) + (C) + (D)*	(1,252)	2,942
Cash and cash equivalents at the beginning of the year		9,850	6,908
Cash and cash equivalents at the end of the year# [Refer Note D (9)]		8,598	**9,850**
# Cash and cash equivalents subject to lien [Refer Note D (9)]		2,295	**3,142**

Significant accounting policies and notes to the financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Consolidated Cash Flow Statement
As per our report of even date attached.

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

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

A. GROUP 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 and its subsidiaries Sify Technologies (Singapore) Pte. Limited, Sify Technologies North America Corporation and Sify Data and Managed Services Limited (are together referred to as the 'Group' and individually as 'Group entities'). The Group offers converged ICT solutions comprising network, data center, cloud, integration and IT and software services. The Company was incorporated on December 12, 1995 and is listed on the NASDAQ Global Select Market. These Consolidated Financial Statements comprise of the Company and its subsidiaries.

B. BASIS OF PREPARATION

The Consolidated 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 accrual basis of accounting, except for Cash Flow Statement and certain financial instruments which are measured on fair value basis. GAAP comprises Indian Accounting Standards (Ind AS) as notified under Section 133 of the Act read together with Rule 4 of Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the Group and other provisions of the Act. 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 note C (22). 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 and non-current classification of assets and liabilities.

1. Statement of Compliance

The Consolidated Financial Statements comprising Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of changes in Equity, Consolidated Cash Flow Statement, together with notes for the year ended March 31, 2017 have been prepared in accordance with Ind AS, duly approved by the Board of Directors at its meeting held on April 25, 2017.

2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Financial assets at fair value through other comprehensive income are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.
- The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.
- In relation to lease prepayments, the initial fair value of the security deposit is estimated as the present value of the refundable amount, discounted using the market interest rates for similar instruments. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease prepayment.

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note C (20).

3. Functional and Presentation Currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Indian rupee is the functional currency of Sify Technologies Limited and Sify Data and Managed Services Limited, Indian Subsidiary. The U.S. dollar is the functional currency of Sify's foreign subsidiaries located in Singapore and the United States of America.

The Consolidated Financial Statements are presented in Indian Rupees (₹) which is the Group's presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest lakhs except where otherwise indicated.

4. Use of estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates, judgements and assumption having the most significant effect on the amounts recognized in the financial statements are:

- Valuation of financial instruments [Note C(3)]
- Useful lives of property, plant and equipment [Note C(5)]
- Useful lives of intangible assets [Note C(7)]
- Lease classification [Note C(8)]
- Determination of percentage completion in construction contracts [Note C(10)]
- Measurement of defined employee benefit obligations [Note C(12)]
- Measurement of share-based payments [Note C(13)]
- Provisions [Note C(14)]
- Utilization of tax losses [Note C(18)]

C. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

1. Basis of consolidation

The financial statements of the Group companies are consolidated on a line-by-line basis. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Company controls an investee if and only if the Company has all the following :

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect the amount of the Company's returns.

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of voting of similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

2. Foreign currency

(a) Foreign currency transactions and balances

Transactions in foreign currencies are initially recognized in the financial statements using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognized in the income statement for determination of net profit or loss during the period.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations and cash flows are translated to using average exchange rates during the period. Any differences arising on such translation are recognized in other comprehensive income. Such differences are included in the foreign currency translation reserve “FCTR” within other components of equity. When a foreign operation is disposed off, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

3. Financial Instruments

(a) Financial Assets

Financial assets comprises of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement:

(i) Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

The Group while applying above criteria has classified the following at Amortised cost

a) Trade receivable

b) Investment in debt securities

c) Other financial assets

(ii) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the Group classifies the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends, are recognised in other comprehensive income (OCI).

(iii) Financial assets at fair value through profit or loss (FVTPL):

Financial assets are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the Statement of Profit and Loss.

Derecognition of financial assets:

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the Statement of Profit and Loss.

Impairment of financial assets:

Trade receivables, contract assets, lease receivables under Ind AS 109, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for the respective financial asset.

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

(i) **Trade receivables**

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach, assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

(ii) **Other financial assets**

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the lifetime when there is significant increase in credit risk.

(b) **Financial liabilities**

Initial recognition and measurement:

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

Subsequent measurement:

The financial liabilities are classified for subsequent measurement into following categories:

- at amortised cost

- at fair value through profit or loss

(i) **Financial liabilities at amortised cost**

The Group is classifying the following under amortised cost:

a) Borrowings from banks

b) Borrowings from others

c) Finance lease liabilities

d) Trade payables

e) Other financial liabilities

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

(ii) **Financial liabilities at fair value through profit or loss**

Financial liabilities held for trading are measured at FVTPL.

De recognition of financial liabilities:

A financial liability shall be de recognized when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged or cancelled or expires.

(c) **Derivative financial instruments**

Foreign exchange forward contracts and options are entered into by the group to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. The Group also enters into cross currency and interest rate swaps for hedging the risk against variability in cash flows of its term loan. These derivative contracts do not qualify for hedge accounting under Ind AS 109, and are initially recognized at fair value on the date the contract is entered into and subsequently measured at fair value through profit or loss. Gains or losses arising from changes in the fair value of the derivative contracts are recognized in profit or loss.

(d) **Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Group has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

(e) **Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorised as equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

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

Changes to the business model are expected to be infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

4. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are recognized as a deduction from equity, net of any tax effects.

5. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Amount paid as advances towards the acquisition of property, plant and equipment is disclosed separately under other non-current assets as capital advances and the cost of assets not put to use as on balance sheet date are disclosed under 'Capital work-in-progress.'

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment and are recognized net within "other income / other expenses" in the Statement of Profit and Loss.

Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit or Loss during the period in which it is incurred.

Depreciation:

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation on contract-specific assets are charged co-terminus over the contract period. Management's estimated useful lives for the years ended March 31, 2017 and 2016 were as follows:

	Estimate of useful life in years	Useful life prescribed by Schedule II (in years)
Buildings	28	30
Plant and equipment		
- Tower, telecom ducts, cables and optical fibre	3 - 8	18
- Telecom tranceivers	8	13
- Computer servers	5	6
Furniture and fittings	5	10
Office equipment	5	10
Motor vehicles	3	8

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

6. Business combinations

Business combinations are accounted for using Ind AS 103 Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

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Business combinations have been accounted for, using the acquisition method under the provisions of Ind AS 103. The cost of acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transactions costs that the Group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

The acquisition of an asset or a group of assets that does not constitute a 'business' as per Ind AS 103 is accounted for by identifying and recognizing the individual identifiable assets acquired and liabilities assumed. The cost of the group of assets is allocated to such individual identifiable assets and liabilities on the basis of their relative fair values on the date of purchase.

Business combinations involving entities or businesses under common control have been accounted for using the pooling of interests method.

7. Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent expenditure:

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

Amortization of intangible assets with finite useful lives:

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and previous year are as follows:

	Estimate of useful life in years
System software	1 - 3
Undersea cable capacity	12
Other Intangibles	3 - 5

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

8. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease:

A finance lease is recognized as an asset and a liability at the commencement of lease, at lower of the fair value of leased asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets taken on operating lease:

Assets taken on operating leases are not recognized on the Group's Balance Sheet. Payments made under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Assets given on finance lease:

The Group is a dealer lessor for leasing various types of products sold to its customers. Profit or loss on sale of such products is recognized in accordance with the policy on outright sales. Finance income i.e., excess of gross minimum lease payments and normal selling price is recognized over the lease period.

Assets given on operating lease:

Assets given on operating lease are depreciated over the useful life of the assets. Rental income is recognised in the statement of profit and loss on a straight line basis over the lease term.

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

Deposits provided to lessors:

The Group is generally required to pay refundable security deposits in order to obtain property leases from various lessors. Such security deposits are financial assets and are recorded at fair value on initial recognition. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease pre-payment. The initial fair value is estimated as the present value of the refundable amount of security deposit, discounted using the market interest rates for similar instruments.

Subsequent to initial recognition, the security deposit is measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight-line basis over the lease term as lease rental expense.

9. Inventories

Inventories comprising traded hardware and software are measured at the lower of cost (determined using first-in first-out method) and net realizable value. Cost comprises cost of purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

10. Construction contracts in progress

Construction contracts in progress represent the gross unbilled amount expected to be billed to customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billing and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contracts and activities based on normal operating capacity. Percentage completion is measured based on the amount of time and effort spent on a project.

Construction contracts in progress is presented as part of other current assets in the Balance Sheet for all contracts in which costs are incurred plus recognized profit exceed progress billings. If progress billings exceeds cost incurred plus recognized profits, the difference is presented as deferred income / unearned revenue in the Balance Sheet.

11. Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

Reversal of impairment loss:

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

12. Employee benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Group, as detailed below:

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

(a) Defined contribution plan (Provident fund):

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Group makes specified monthly contribution towards Government administered provident fund scheme. The Group also contributes to 401(K) plan on behalf of eligible employees. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit and loss in the periods during which the related services are rendered by employees.

(b) Defined benefit plans (Gratuity):

In accordance with applicable Indian laws, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting any unrecognized past service cost and the fair value of any plan assets.

The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), are recognised in other comprehensive income and presented within equity. Remeasurements are not reclassified to profit or loss in subsequent periods. Service costs, net interest expenses and other expenses related to defined benefit plans are recognised in profit or loss.

(c) Short term benefit:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(d) Compensated absences:

The employees of the Group are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Group recognizes an obligation for compensated absences in the period in which the employee renders the services. The Group provides for the expected cost of compensated absence in the Statement of Profit and Loss as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated based on actuarial valuations carried out by an independent actuary at the balance sheet date.

13. Share-based payment transactions

The fair value of options on grant date, (equity-settled share based payments) granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period in which the options are vested. The increase in equity recognized in connection with a share based payment transaction is presented as a separate component in equity. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest. In respect of options whose terms and conditions are modified, the Group includes the incremental fair value of the options in the measurement of the amounts recognized for services received from the employees. The incremental fair value is the difference between the fair value of the modified option and that of the original option both estimated as at the date

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of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the fair value of the original equity instruments, which is recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

14. Provisions

Provisions are recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

15. Revenue recognition

(i) Revenue from sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized 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.

(ii) Revenue from services

Revenue from services rendered is generally recognized in proportion to the stage of completion of the transaction at the reporting date. Revenue is recognized when the following conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the Group;
- the stage of completion at the Balance Sheet date can be measured reliably; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The revenue recognition in respect of the various streams of revenue is described below:

(a) 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 revenue from the installation of connectivity links.

The Group 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.

(i) 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.

(ii) Indefeasible Right of Use (IRU):

The Group has entered into IRU arrangements through which it entitles its customers the 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

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a straight-line basis over the term of the arrangement.

(b) 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.

(c) 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 on straight-line basis over the term of the contract.

(d) Technology Integration Services:

Revenue from Technology Integration Services include System Integration Services, revenue from construction of data centers, security solutions, 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 the Statement of 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 and Loss.

(e) Applications Integration Services:

Revenue from Applications Integration services include online assessment, document management services, web development, mailing solutions, supply chain software, digital certificate based authentication services and e-Learning software development services. e-Learning software development services consists 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 Group enters into contracts with customers to serve advertisements in the portal and the Group 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.

Digital Certification revenues include income received on account of Web certification. Generally the Group does not hold after-sale service commitments after the activation of the Digital Certificates sold. 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.

Multiple element contracts

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, has a fair value that is reliable, verifiable and objectively determinable, and the undelivered element is not essential to functionality of the delivered elements.

Unearned income

Unearned income represents unserviced portion of billed contracts.

16. Finance income

Finance income comprises interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognized as it accrues in Statement of Profit and Loss, using the effective interest method. Dividend income is recognized in Statement of Profit and loss on the date when the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

17. Finance expense

Finance expense comprises borrowing costs, bank charges, unwinding of discount on provision, fair value losses on financial assets at fair value through profit or loss that are recognized in Statement of Profit and Loss. Fair value changes attributable to hedged risk are recognised in Statement of Profit and Loss.

Borrowing costs

Borrowing costs are interest and other costs (including exchange difference relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Interest expense is recognised using effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Group which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Group capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

18. Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of profit and loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Group is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Group is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

(i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and

(ii) differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.

(iii) Arising due to taxable temporary differences arising on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxation arising on investments in subsidiaries and associates is recognized except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation on temporary differences arising out of undistributed earnings of the equity method accounted investee is recorded based on the management's intention. If the intention is to realize the undistributed earnings through sale, deferred tax is measured at the capital gains tax rates that are expected to be applied to temporary differences when they reverse. However, when the intention is to realize the undistributed earnings through dividend, the company's share of the income and expenses of the equity method accounted investee, is recorded in the statement of income, after considering any taxes on dividend payable by the equity method accounted investee and no deferred tax is set up in the books as the tax liability is not with the Group.

19. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes share options granted to employees. To the extent that partly paid shares are not entitled to participate in dividends during the period, they are treated as the equivalent of warrants or options in the calculation of diluted earnings per share.

20. Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described below:

Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether

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

transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investments in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting date. In the absence of quoted price, the fair value of the financial asset is measured using valuation techniques.

(ii) Trade and other receivables

The fair value of trade and other receivables expected to be realised beyond twelve months, excluding construction contracts in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However, in respect of such financial instruments, fair value generally approximates the carrying amount due to the short term nature of such assets. This fair value is determined for disclosure purposes or when acquired in a business combination.

(iii) Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds). The fair value of foreign currency option contracts is determined based on the appropriate valuation techniques, considering the terms of the contract. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counter party when appropriate. The fair value of the cross currency swaps (principal only swaps) and interest rate swaps is determined based on the discounting of the future cash flows at the market rates existing on the reporting date.

(iv) Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(v) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes method. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), expected term of the instrument (based on historical experience and general option holder behavior), expected dividends, and the risk free interest rate (based on government bonds).

21. Dividend distribution to equity shareholders

Dividend distributed to Equity shareholders is recognised as distribution to owners of capital in the Statement of Changes in Equity, in the period in which it is paid.

22. Current/ non-current classification

An asset is classified as current if:

(a) it is expected to be realised or sold or consumed in the Group's normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be realised within twelve months after the reporting period; or

(d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

(a) it is expected to be settled in normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be settled within twelve months after the reporting period;

(d) it has no unconditional right to defer the settlement of the liability for at lease twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Group's normal operating cycle is twelve months.

23. Recent accounting pronouncements

(i) New Standards and interpretations not yet adopted

The Ministry of Corporate Affairs (MCA) vide notification dated 17 March 2017 amended Ind AS 102 Share-based payment and Ind AS 7 Statement of cash flows.

a) Ind AS 102 Share-based Payment

The amendments made to Ind AS 102 provides specific guidance to the below accounting areas:

- Measurement of cash-settled share-based payment transactions.
- Share-based payment transactions with a net settlement feature for withholding tax obligations.
- Accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled transaction.

The effective date for adoption of Amendments are annual periods beginning on or after April 1, 2017. The group is currently evaluating the impact of the standard on the financial statements.

b) Ind AS 7 Statement of Cash Flows

The amendments made to Ind AS 7 requires an entity to make certain disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. It also suggests inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The effective date for adoption of Amendments are annual periods beginning on or after April 1, 2017. The group is currently evaluating the impact of the standard on the financial statements.

D. Notes to Accounts

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

1. Property, Plant and Equipment

The following table presents the changes in property, plant and equipment during the year ended March 31, 2017

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2016	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at April 1, 2016	For the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Owned assets										
Buildings	20,131	-	-	20,131	3,986	719	-	4,705	15,426	16,145
(As at April 1, 2014)	*(15,218)*	-	-	*(15,218)*	*(2,738)*	-	-	*(2,738)*	*(12,480)*	*(12,480)*
Plant and equipment	88,419	15,133	231	1,03,321	61,343	8,442	219	69,566	33,755	27,076
(As at April 1, 2014)	*(68,115)*	-	*(228)*	*(67,887)*	*(46,589)*	-	*(206)*	*(46,383)*	*(21,504)*	*(21,526)*
Furniture and fittings	1,544	41	15	1,570	1,468	47	15	1,500	70	76
(As at April 1, 2014)	*(1,432)*	-	*(15)*	*(1,417)*	*(1,384)*	-	*(15)*	*(1,369)*	*(48)*	*(48)*
Office equipment	3,802	1,100	7	4,895	2,325	531	7	2,849	2,046	1,477
(As at April 1, 2014)	*(2,334)*	-	*(7)*	*(2,327)*	*(1,828)*	-	*(6)*	*(1,822)*	*(505)*	*(506)*
Leasehold improvements	8,637	642	21	9,258	5,102	912	21	5,993	3,265	3,535
(As at April 1, 2014)	*(4,981)*	-	*(21)*	*(4,960)*	*(4,024)*	-	*(21)*	*(4,003)*	*(957)*	*(957)*
Motor vehicles	-	72	-	72	-	12	-	12	60	-
(As at April 1, 2014)	-	-	-	-	-	-	-	-	-	-
Assets acquired under lease										
Building	2,911	-	-	2,911	977	103	-	1,080	1,831	1,934
(As at April 1, 2014)	*(2,911)*	-	-	*(2,911)*	*(771)*	-	-	*(771)*	*(2,140)*	*(2,140)*
Plant and machinery	23,003	1,687	-	24,690	11,874	5,636	-	17,510	7,180	11,129
(As at April 1, 2014)	*(11,005)*	-	-	*(11,005)*	*(2,913)*	-	-	*(2,913)*	*(8,092)*	*(8,092)*
Motor vehicles	29	-	-	29	29	-	-	29	-	-
(As at April 1, 2014)	*(29)*	-	-	*(29)*	*(28)*	-	-	*(28)*	*(1)*	*(1)*
Total	**1,48,476**	**18,675**	**274**	**1,66,877**	**87,104**	**16,402**	**262**	**1,03,244**	**63,633**	**61,372**
(As at April 1, 2014)	***(1,06,025)***	**-**	***(271)***	***(1,05,754)***	***(60,275)***	**-**	***(248)***	***(60,027)***	***(45,727)***	***(45,750)***

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

The following table presents the changes in property, plant and equipment during the year ended March 31, 2016

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2015	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Owned assets										
Buildings	17,042	3,089	-	20,131	3,347	639	-	3,986	16,145	13,695
(As at April 1, 2014)	*(15,218)*	-	-	*(15,218)*	*(2,738)*	-	-	*(2,738)*	*(12,480)*	*(12,480)*
Plant and equipment	73,955	14,886	422	88,419	53,646	8,118	421	61,343	27,076	20,309
(As at April 1, 2014)	*(68,537)*	-	*(422)*	*(68,115)*	*(47,010)*	-	*(421)*	*(46,589)*	*(21,526)*	*(21,527)*
Furniture and fittings	1,517	31	4	1,544	1,445	27	4	1,468	76	72
(As at April 1, 2014)	*(1,436)*	-	*(4)*	*(1,432)*	*(1,388)*	-	*(4)*	*(1,384)*	*(48)*	*(48)*
Office equipment	2,796	1,010	4	3,802	2,068	261	4	2,325	1,477	728
(As at April 1, 2014)	*(2,338)*	-	*(4)*	*(2,334)*	*(1,832)*	-	*(4)*	*(1,828)*	*(506)*	*(506)*
Leasehold improvements	5,930	2,707	-	8,637	4,431	671	-	5,102	3,535	1,499
(As at April 1, 2014)	*(4,981)*	-	-	*(4,981)*	*(4,024)*	-	-	*(4,024)*	*(957)*	*(957)*
Assets acquired under lease										
Building	2,911	-	-	2,911	874	103	-	977	1,934	2,037
(As at April 1, 2014)	*(2,911)*	-	-	*(2,911)*	*(771)*	-	-	*(771)*	*(2,140)*	*(2,140)*
Plant and machinery	17,895	5,108	-	23,003	6,688	5,186	-	11,874	11,129	11,207
(As at April 1, 2014)	*(11,005)*	-	-	*(11,005)*	*(2,913)*	-	-	*(2,913)*	*(8,092)*	*(8,092)*
Motor vehicles	29	-	-	29	29	-	-	29	-	-
(As at April 1, 2014)	*(29)*	-	-	*(29)*	*(28)*	-	-	*(28)*	*(1)*	*(1)*
Total	**1,22,075**	**26,831**	**430**	**1,48,476**	**72,528**	**15,005**	**429**	**87,104**	**61,372**	**49,547**
(As at April 1, 2014)	***(1,06,455)***	**-**	***(430)***	***(1,06,025)***	***(60,704)***	**-**	***(429)***	***(60,275)***	***(45,750)***	***(45,751)***

Notes

(a) Refer note D (14) and D (18) for security given for borrowings.

(b) Refer note D (22)(b) for capital commitments.

(c) The group had elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP and use that as its deemed cost as at the date of transition to Ind AS (i.e., 1st April 2014). The carrying value as on Balance Sheet date of those property, plant and equipment existing as on date of transition are given in brackets.

(d) During the year 2016-17 the Group has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of cash generating unit exceeded its carrying amount.

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

2. Intangible assets

The following table presents the changes in intangible assets during the year ended March 31, 2017

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2016	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at April 1, 2016	For the year	Deletions/ Adjustments during the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Undersea cable capacity	6,424	-	-	6,424	1,910	564	-	2,474	3,950	4,514
(As at April 1, 2014)	*(5,533)*	-	-	*(5,533)*	*(922)*	-	-	*(922)*	*(4,611)*	*(4,611)*
System software	5,801	720	-	6,521	4,853	595	-	5,448	1,073	948
(As at April 1, 2014)	*(4,589)*	-	-	*(4,589)*	*(4,044)*	-	-	*(4,044)*	*(545)*	*(545)*
License fees	730	-	-	730	312	27	-	339	391	418
(As at April 1, 2014)	*(500)*	-	-	*(500)*	*(238)*	-	-	*(238)*	*(262)*	*(262)*
Customer related intangibles	1,824	-	-	1,824	1,824	-	-	1,824	-	-
(As at April 1, 2014)	*(1,824)*	-	-	*(1,824)*	*(1,824)*	-	-	*(1,824)*	-	-
Total	**14,779**	**720**	**-**	**15,499**	**8,899**	**1,186**	**-**	**10,085**	**5,414**	**5,880**
(As at April 1, 2014)	***(12,446)***	**-**	**-**	***(12,446)***	***(7,028)***	**-**	**-**	***(7,028)***	***(5,418)***	***(5,418)***

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

The following table presents the changes in intangible assets during the year ended March 31, 2016

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2015	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deletions/ Adjustments during the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Undersea cable capacity	5,765	659	-	6,424	1,406	504	-	1,910	4,514	4,359
(As at April 1, 2014)	*(5,533)*	-	-	*(5,533)*	*(922)*	-	-	*(922)*	*(4,611)*	*(4,611)*
System software	5,173	628	-	5,801	4,409	444	-	4,853	948	764
(As at April 1, 2014)	*(4,589)*	-	-	*(4,589)*	*(4,044)*		-	*(4,044)*	*(545)*	*(545)*
License fees	730	-	-	730	285	27	-	312	418	445
(As at April 1, 2014)	*(500)*	-	-	*(500)*	*(238)*	-	-	*(238)*	*(262)*	*(262)*
Customer related intangibles	1,824	-	-	1,824	1,824	-	-	1,824	-	-
(As at April 1, 2014)	*(1,824)*	-	-	*(1,824)*	*(1,824)*	-		*(1,824)*	-	-
Total	**13,492**	**1,287**	**-**	**14,779**	**7,924**	**975**	**-**	**8,899**	**5,880**	**5,568**
(As at April 1, 2014)	***(12,446)***	**-**	**-**	***(12,446)***	***(7,028)***	**-**	**-**	***(7,028)***	***(5,418)***	***(5,418)***

Notes

(a) The group had elected to continue with the carrying amount of intangible assets measured as per previous GAAP and use that as its deemed cost as at the date of transition to Ind AS (i.e., 1st April 2014). The carrying value as on Balance Sheet date of those intangible assets existing as on date of transition are given in brackets.

(b) During the year 2016-17 the Group has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of cash generating unit exceeded its carrying amount.

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

	As at March 31, 2017	As at March 31, 2016
3. INVESTMENTS - NON-CURRENT		
Trade Investments		
Investment in equity of others - unquoted [Refer note (a) below]		
Investment in Vashi Railway Station Commercial Complex Limited [15,000 (March 31, 2016: 15,000) equity shares of ₹ 10 each fully paid up]	2	2
Investment in Sarayu Clean Gen Pvt Ltd [1,56,000 (March 31,2016: 1,56,000) equity shares of ₹ 10 each fully paid up]	15	15
Investment in unquoted debt securities [Refer note (b) below]		
Investment in Attala Systems Corporation #	729	-
	746	**17**
Aggregate cost of unquoted investments	746	17

Unsecured convertible promissory note of $11.25 with Attala Systems Corporation, of which $ 7.5 (₹ 486) and $ 3.75 (₹ 243) matures on 17th October 2019 and 4th January 2020 respectively. The note bears interest at a rate of five percent (5%). The promissory note is convertible to equity securities under specific terms based on triggering events as defined in the agreement.

Note:
a. The Group has classified Investments in equity of others - unquoted as at FVTOCI.
b. The Group has classified Investments in debt securities - unquoted as at amortised cost.

	As at March 31, 2017	As at March 31, 2016
4. TRADE RECEIVABLES - NON-CURRENT		
Long term trade receivables (Unsecured, considered good)	66	58
	66	**58**
5. OTHER FINANCIAL ASSETS - NON-CURRENT		
Security deposits	2,054	1,739
Interest accrued on investments	15	-
Bank deposits*	334	310
	2,403	**2,049**

* Represents deposits with more than 12 months maturity, subject to lien in favour of banks for obtaining Bank Guarantees /Letter of Credits.

	As at March 31, 2017	As at March 31, 2016
6. OTHER NON-CURRENT ASSETS		
Capital advances	5,602	1,947
Others:		
Prepaid expenses	3,469	3,048
Lease prepayments	10,228	9,094
Unbilled revenue	13	84
	19,312	**14,173**
7. INVENTORIES		
Trade inventories	11,820	7,414
	11,820	**7,414**

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

	As at March 31, 2017	As at March 31, 2016
8. TRADE RECEIVABLES		
Secured, considered good	5	5
Unsecured, considered good	69,482	54,940
Unsecured, considered doubtful*	2,342	2,091
	71,829	57,036
Less: Allowance for doubtful receivables**	(2,342)	(2,091)
	69,487	54,945

* Trade receivables for which loss allowance has been made are classified as doubtful.

**The activity in allowance for doubtful receivables is given below:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at the beginning of the year	2,091	2,064
Add: Additional allowance during the year	3,835	1,822
Less: Allowance no longer required written back	-	(13)
Less: Bad debts written off	(3,584)	(1,782)
Balance at the end of the year	2,342	2,091

9. CASH AND CASH EQUIVALENTS

	As at March 31, 2017	As at March 31, 2016
(a) Balance with banks		
(i) in current accounts	14,230	10,428
(ii) deposits	1,863	2,674
(b) Other bank balances		
(i) Bank deposits [Refer note below]	2,295	3,142
(ii) Unpaid dividend account	*	*
(c) Cheques on hand	116	798
(d) Cash on hand	5	6
	18,509	17,048

*amount is below rounding off norm adopted by the Group

Note

Balances in deposit accounts subject to lien in favour of banks for obtaining bank guarantees /letter of credits	2,295	3,142
Cash and cash equivalents for the purpose of Cash Flow Statement:		
Cash and cash equivalents as above	18,509	17,048
Less: Bank overdraft used for cash management purposes [Refer note 18 (d)]	(9,911)	(7,198)
	8,598	9,850

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

	As at March 31, 2017	As at March 31, 2016

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as given below:

	SBNs	Other Denomination notes	Total
Closing cash on hand as on Nov 8, 2016	0.5	5.6	6.1
(+) Permitted Receipts	-	4.0	4.0
(-) Permitted Payments	-	(4.1)	(4.1)
(-) Amount deposited in Banks	(0.5)	-	(0.5)
Closing cash on hand as on Dec 30, 2017	**-**	**5.5**	**5.5**

10. OTHER FINANCIAL ASSETS

		As at March 31, 2017	As at March 31, 2016
Security deposits		815	997
Interest accrued on advances and deposits		32	115
		847	**1,112**

11. OTHER CURRENT ASSETS

		As at March 31, 2017	As at March 31, 2016
Advances other than capital advances:			
Others			
Balances with service tax and sales tax authorities		2,718	3,044
Prepaid expenses		2,732	2,203
Advance tax and tax deducted at source		12,757	12,845
Unbilled revenue		415	913
Lease prepayments		173	155
Other advances		1,639	1,123
	(A)	20,434	**20,283**
Unsecured, considered doubtful			
Advances recoverable in cash or in kind for value to be received		1,449	1,381
Less: Allowance for doubtful advances		(1,449)	(1,381)
	(B)	-	-
	(A) +(B)	20,434	**20,283**

12. EQUITY SHARE CAPITAL

	As at March 31, 2017	As at March 31, 2016
Authorized		
20,40,00,000 (March 31, 2016: 20,40,00,000) equity shares of ₹10 each	20,400	20,400
Issued		
17,85,30,787 (March 31, 2016: 17,85,30,787) equity shares of ₹10 each	17,853	17,853
Subscribed and fully paid		
5,35,30,787 (March 31, 2016: 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, 2016: 12,50,00,000) equity shares of ₹10 each partly paid up [Refer note (c) below]	9,688	8,750
	15,041	14,103
Forfeited shares		
Amount originally paid up on 1,28,23,202 equity shares	128	128
	15,169	14,231

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

(a) 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 Group in accordance with applicable laws and regulations.

(b) 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.

(c) In 2010-11, the Group approved the issuance, in a private placement, of upto an aggregate of 12,50,00,000 of the Group'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, 2017, these shares are partly paid to the extent of ₹7.75 (March 31, 2016: ₹7) per share. Until the full purchase price is paid by the purchasers, the Group retains a lien on these equity shares. Also refer note D (48).

(d) Of the total outstanding shares,12,50,00,000 shares (March 31, 2016 12,50,00,000) are held by M/s Ramanand Core Investment Company Private Limited, holding company.

(e) Of the total outstanding shares, 2,50,00,000 shares are reserved for issue to eligible employees under Associate Stock Option Plans. Refer note D (38) for activities in Associate Stock Option plan.

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

	As at March 31, 2017		As at March 31, 2016	
	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	17,85,30,787	14,231
Add: Call money received	-	938	-	-
Number of shares outstanding at the end of the year	**17,85,30,787**	**15,169**	**17,85,30,787**	**14,231**

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

	As at March 31, 2017		As at March 31, 2016	
	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 ₹7.75 per share (March 31, 2016: ₹7 per share) Also refer note D (48)

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

		As at March 31, 2017	As at March 31, 2016
13. OTHER EQUITY			
13.1 Reserves and surplus			
Securities premium			
Securities premium account balance		1,87,374	1,87,374
Add: Additions during the year		2,062	-
	(A)	1,89,436	**1,87,374**
General reserve			
Balance at the beginning of the year		539	539
Add: Transferred from stock options outstanding account		65	-
	(B)	604	**539**
Retained earnings			
Opening balance		15,707	13,021
Adjustments:			
Add: Profit for the year		6,424	4,383
Less: Transaction costs related to equity		(20)	-
Less: Appropriations			
Dividend paid (₹ 1 per share)		(1,410)	(1,410)
Dividend distribution tax paid		(287)	(287)
	(C)	20,414	**15,707**
	(D) = (A)+(B)+(C)	2,10,454	**2,03,620**
Less:Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (43) (a)]		(1,16,264)	(1,16,264)
Less: Accumulated losses dealt with vide scheme of merger [Refer Note D (43)(b)]		(27,661)	(27,661)
	(E)	66,529	**59,695**
13.2 Other components of Equity			
Stock option outstanding account			
Opening Balance		637	117
Add: Employee stock compensation cost for the year		176	520
Less: Transfer to general reserve in respect of grants lapsed during the year		(65)	-
	(F)	748	**637**
Exchange differences on translation of foreign operations			
Balance at the beginning of the year		202	68
Add: Additions during the year		(76)	134
	(G)	126	**202**
Remeasurement of net defined benefit liability/asset			
Opening Balance		224	210
Add: Additions during the year		(170)	14
	(H)	54	**224**
	(E)+(F)+(G)+(H)	67,457	**60,758**

Proposed Dividend: Dividend proposed to be distributed but not recognised as distribution to owners during the period amounted to ₹ 1,734 (₹ 1.2 per share) and the dividend distribution tax thereon amounts to ₹ 353 [Previous year : dividend proposed ₹ 1,410 (₹ 1 per share) and the dividend distribution tax thereon amounted to ₹ 287].

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

		As at March 31, 2017	As at March 31, 2016
14. Borrowings			
14.1. Term Loans			
Secured			
From banks [Refer Note (a) to (c) below]		6,605	7,564
From others [Refer Note (d) to (e) below]		548	1,573
Unsecured			
From banks		-	-
From others [Refer Note (f) to (g)]		1,666	817
	(A)	**8,819**	**9,954**
14.2. Finance lease obligations			
Long term maturities of finance lease obligations [Refer Note (h) to (i)]		1,857	3,957
	(B)	**1,857**	**3,957**
	(A) + (B)	**10,676**	**13,911**

a. Of total balance of ₹ 9,211 including current maturities (Previous Year: ₹ 9,830) an amount of ₹ 1,375 (Previous Year: ₹ 1,875) 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).

b. An amount of ₹ 6,543 (Previous Year: ₹ 5,923) is primarily secured by equitable mortgage of title deeds of property of the company at Rabale in Mumbai and plant and machinery at 4th floor and also specific plant and machinery at first, sixth, seventh and ground floor at Rabale data centre and the balance ₹ 1,293 (Previous Year: ₹ 2,032) is secured by property at fifth floor, Vashi in Mumbai.

c. The term loans bear interest rate ranging from 3.50% to 4.50% plus 6 months LIBOR in the case of Foreign currency term loans and 9.30% to 12.00% for others (Previous Year: 10.85% to 12.00%) and repayable in quarterly instalments within a tenor of 3 to 5 years after moratorium periods ranging from 6 months to one year in certain cases.

d. These loans are primarily taken from NBFCs and are secured by charge on relevant assets.

e. The loans bear interest rate ranging from 9.00% to 12.50% (Previous Year: 10.00% to 13.00%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

f. These loans are primarily taken from NBFCs and are secured by lease of relevant assets and also part amount is secured by financial bank guarantee of 10%.

g. The loans bear interest rate ranging from 9.00% to 12.50% (Previous Year: 10.00% to 13.00%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

h. These loans are primarily taken from NBFCs and are secured by lease of relevant assets and also part amount is secured by financial bank guarantee of 10%.

i. The loans bear interest rate ranging from 10.85% to 12.00% (Previous Year: 10.00% to 13.00%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

j. The current maturities of the above borrowings, carrying the aforesaid security and repayment terms are grouped under other financial liabilities. Refer notes D (20) and D (23).

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

		As at March 31, 2017	As at March 31, 2016
The current maturities of borrowings are as under:			
Secured			
Term loan from banks		2,606	2,266
Loan from others		1,024	1,113
Current maturities of finance lease obligations		3,335	5,576
Unsecured			
Term loan from banks		-	800
Loan from others		5,203	2,782
		12,168	**12,537**

15. OTHER FINANCIAL LIABILITIES - NON-CURRENT

Security deposits		389	425
Other liabilities		1,628	1,626
		2,017	**2,051**

16. PROVISIONS

Provisions for employee benefits - current			
Compensated absences		112	87
	(A)	112	**87**
Provisions for employee benefits - non-current			
Gratuity		891	562
Compensated absences		382	301
	(B)	1,273	**863**
	(A) + (B)	1,385	**950**

17. OTHER NON-CURRENT LIABILITIES

Unearned income		4,349	3,815
		4,349	**3,815**

18. BORROWINGS (SHORT-TERM)

Loans repayable on demand from banks - Secured			
Working capital facilities [Refer notes (a) to (d) below]		19,496	16,754
Buyers' credit from banks		5,563	2,005
Loans repayable on demand from banks - Unsecured			
Buyers' credit from banks		1,312	-
		26,371	**18,759**

(a) The above facilities amounting to ₹ 25,059 (Previous Year : ₹ 18,759), bank guarantees and non fund limits availed by the Group are primarily secured by way of pari-passu first charge on the entire current assets of the Group to all working capital bankers under consortium.

(b) In addition to the above, out of these loans repayable on demand from banks,

(i) exposure amounting to ₹ 15,980 (Previous Year : ₹ 11,278) is secured collaterally by way of pari-passu charge on the unencumbered movable fixed assets of the Group, both present and future.

(ii) exposure amounting to ₹ 10,525 (Previous Year : ₹ 8,658) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai and Vashi, Vile Parle at Mumbai.

(iii) exposure amounting to ₹ 9,079 (Previous Year : ₹ 7,480) is collaterally secured by equitable mortgage over the land and building at Noida, Uttar Pradesh.

(iv) the exposure amounting to ₹ 2,200 (Previous Year : ₹ 1,541) is collaterally secured by equitable mortgage over the Vashi property at Mumbai.

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

	As at March 31, 2017	As at March 31, 2016

(c) These working capital facilities bear interest ranging from 3.25% (plus LIBOR) to 11.50% p.a. [Previous year: 3.25% (plus LIBOR) to 12.00% p.a.] and these facilities are subject to renew annually.

(d) Working capital facilities comprises of the following:

Bank overdraft	9,911	7,198
Other working capital facilities	9,585	9,556
	19,496	**16,754**

19. TRADE PAYABLES

Towards purchase of goods and services *	47,152	37,664
Other payables	3,575	2,863
	50,727	**40,527**

* There are no dues payable to micro, small and medium enterprises as on March 31, 2017 (Previous year - Nil) - Refer note 47

20. OTHER FINANCIAL LIABILITIES

Capital creditors	3,703	2,051
Current maturities of long term debt**	2,606	3,066
Current maturities of other loans**	6,227	3,895
Current maturities of finance lease obligations**	3,335	5,576
Interest accrued but not due on borrowings	265	161
Deposits from customers	773	773
Other payables	1,414	259
Unpaid dividends	*	*
	18,323	**15,781**

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

**Also refer note D(14)

21. OTHER CURRENT LIABILITIES

Advances received from customers	3,755	1,526
Statutory payables	1,184	1,272
Unearned income	12,167	10,970
Other payables	1,771	1,799
	18,877	**15,567**

22. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

(i) Claims against the Group not acknowledged as debts include demands from Indian Income Tax authorities for payment of tax amounting to ₹ 1,136 (Previous Year - ₹ 1,136).

(ii) Contingencies due to certain Service Tax claims as at March 31, 2017 amounted to ₹ 5,167 (Previous Year: ₹ 5,052).

(iii) Contingencies due to certain Sales Tax claims as at March 31, 2017 amounted to ₹138 (Previous Year: ₹ 138).

The Group is subject to legal proceedings and claims which are arising in the ordinary course of business. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Group's results of operations or financial conditions.

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

	As at March 31, 2017	As at March 31, 2016
(b) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	10,445	5,582

(c) Other commitments

(i) Export obligation under EPCG : Effective 2012-13, the Group 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 Group would be liable to pay the difference between the normal duty and the duty saved under the scheme along with interest.

As of March 31, 2017, the Group is holding 30 (Previous year : 31) licenses with a corresponding export obligation of ₹ 23,917 (Previous year : ₹ 18,373). Considering the track record of the exports, the Group 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 D (42) in respect of contingencies arising on legal proceedings.

(b) Refer note D [(23) (a) and (b)]for lease commitments.

23. LEASE COMMITMENTS

a. The Group 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, 2017 and as at March 31, 2016 are as follows:

	As at March 31, 2017	As at March 31, 2016
Payable not later than one year	3,676	6,359
Payable later than one year and not later than five years	2,100	4,392
Total	5,776	**10,751**
Less: Amounts representing interest	(584)	(1,218)
Present value of minimum lease payments	5,192	**9,533**
Payable not later than one year [disclosed under other financial liabilities - Refer note D(20)]	3,335	5,576
Payable later than one year and not later than five years [disclosed under borrowings - Refer note D(14.2)]	1,857	3,957

b. The Group 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 non cancellable operating leases is set out below:

	As at March 31, 2017	As at March 31, 2016
Payable not later than one year	1,115	996
Payable later than one year and not later than five years	4,774	4,620
Payable later than five years	5,134	6,403
Total	11,023	**12,019**

c. The Group 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 non cancellable operating lease arrangements are given below:

	As at March 31, 2017	As at March 31, 2016
Receivables not later than one year	2,073	2,649
Receivables later than one year and not later than five years	237	1,558
	2,310	4,207

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

	Year ended March 31, 2017	Year ended March 31, 2016
24. REVENUE FROM OPERATIONS		
Sale of Services	1,70,333	1,40,986
Sale of Products	13,987	9,363
	1,84,320	1,50,349
Revenue attributable to Unified license [Refer Note D (42)(a)]	98,485	93,240
Revenue not attributable to Unified license	85,835	57,109
	1,84,320	**1,50,349**

*includes lease income amounting to ₹ 3,941 for current period (Previous year- ₹ 3,915)
*refer note D (30) for revenue arising from construction contracts.

	Year ended March 31, 2017	Year ended March 31, 2016
25. OTHER INCOME		
Interest income		
From banks	265	280
Others	962	174
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	11	16
Gain on foreign exchange fluctuation (Net)	292	-
Provisions for doubtful debts no longer required, written back	-	16
Provisions for expenses no longer required, written back	-	499
Rental income	984	473
Miscellaneous income	172	61
	2,686	**1,519**

	Year ended March 31, 2017	Year ended March 31, 2016
26. COST OF GOODS SOLD AND SERVICES RENDERED		
A. Cost of services rendered		
Networking costs	58,201	54,505
Other direct costs	23,184	15,794
Power expenses	9,836	7,750
	91,221	**78,049**
B. Purchases of Stock in trade	25,042	**13,235**
C. Changes in inventories - Stock in Trade		
Opening inventory	7,414	2,331
Less: Closing inventory	(11,820)	(7,414)
	(4,406)	**(5,083)**
	1,11,857	**86,201**

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

	Year ended March 31, 2017	Year ended March 31, 2016
27. EMPLOYEE BENEFIT EXPENSE		
Salaries and wages	19,956	17,518
Contribution to provident fund and other funds*	1,181	989
Staff welfare expenses	282	167
Employee stock compensation expense [Note D (38)]	176	520
	21,595	19,194

*Also refer note D (35)

	Year ended March 31, 2017	Year ended March 31, 2016
28. FINANCE COSTS		
Interest expense	3,434	3,737
Other borrowing costs (including letters of credit and bill discounting charges)	937	1,263
Net loss on foreign currency transactions	-	657
	4,371	5,657
29. OTHER EXPENSES		
Commission expenses	227	589
Communication expenses	405	365
Rent	4,408	4,147
Rates and taxes	1,260	687
Travelling expenses	1,480	1,547
Power and fuel expenses	1,313	1,077
Legal and professional	1,058	1,078
Payment to auditors		
- Statutory audit fees	32	32
- Other services	22	22
Repairs and maintenance expenses		
- Plant and machinery	2,057	1,447
- Buildings	572	447
- Others	2,043	2,055
Insurance	518	389
Outsourced manpower costs	2,687	2,226
Advertisement, selling and marketing expenses	1,333	1,016
Loss on foreign exchange fluctuation (net)	-	62
Contribution towards Corporate Social Responsibility [Refer note D(49)]	84	53
Allowance for bad and doubtful debts (including bad debts written off ₹ 3,584 (Previous year: ₹1,782))	3,835	1,822
Miscellaneous expenses	1,830	1,393
	25,164	20,454

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

	Year ended March 31, 2017	Year ended March 31, 2016
30. CONSTRUCTION CONTRACTS IN PROGRESS		
Contract revenue recognised for the year	-	219
Aggregate amounts of costs incurred and recognized profits (less recognised losses) upto the reporting date – Contracts in progress	-	483
Retention money	-	-
Gross amount due from customers for contract work presented as an asset	-	483

31. DEFERRED TAX ASSETS AND LIABILITIES

The tax effects of significant temporary differences that resulted in deferred tax assets and a description of the items that created these differences is given below :

	As at March 31, 2017	As at March 31, 2016
Recognised deferred tax assets/liabilities		
Deferred tax assets		
Property, plant and equipment	2,534	2,374
	2,534	2,374
Deferred tax liabilities		
Intangible assets	(1,212)	(1,152)
Finance lease obligations	(1,322)	(1,222)
	(2,534)	(2,374)
Net deferred tax asset (liability) recognised in Balance Sheet	-	-

The Group has recognised deferred tax assets only to the extent of deferred tax liabilities arising during the year. In assessing the realizability of the deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of the deferred income tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Group will realize the benefits of those recognized deductible differences. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

Movement in temporary differences during current and previous year

	Property, Plant and Equipment	Intangible assets	Finance lease obligations
Balance as at April 1, 2015	1,537	(1,016)	(521)
Recognised in income statement	837	(136)	(701)
Recognised in Equity	-	-	-
Balance as at March 31, 2016	**2,374**	**(1,152)**	**(1,222)**
Recognised in income statement	160	(60)	(100)
Recognised in Equity	-	-	-
Balance as at March 31, 2017	**2,534**	**(1,212)**	**(1,322)**

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

	As at March 31, 2017	As at March 31, 2016
Unrecognised deferred tax asset		
Deductible temporary differences	2,364	2,315
Unrecognised tax losses		
- unabsorbed depreciation	8,520	10,482
- business loss	243	620
- capital loss	-	15,716
	11,127	**29,133**

Considering the probability of availability of future taxable profits in the period in which tax losses expire, deferred tax assets have not been recognized in respect of tax losses carried forward by the Group. The above tax losses expire at various dates.

Income tax expense recognized in profit or loss

	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax expense/ (reversal)	7	(1)
Deferred tax expense	-	-
	7	**(1)**

Reconciliation of effective tax rates

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

Profit before income taxes	6,431	4,382
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense/(benefit)	2,226	1,517
Effect of :		
Share based payment expenses not deductible for tax purposes	29	87
Unrecognised deferred tax asset on losses incurred during the year	-	165
Unrecognised deferred tax asset on temporary differences	(208)	(181)
Difference on account of differential tax rates in different jurisdictions	(7)	(1)
Expenses/income not taxable	(26)	(28)
Recognition of previously unrecognized tax losses	(2,007)	(1,560)
	7	**(1)**

32. PAYMENTS TO DIRECTORS

(other than managing director and executive director)

Sitting fees	14	20
Consultancy fees	2	2

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

	Year ended March 31, 2017	Year ended March 31, 2016
33. 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	5,35,30,787
Effect of shares issued on exercise of stock options	-	-
Effect of partly paid shares (Refer note below)	9,09,67,466	8,75,00,000
Weighted average number of equity shares outstanding	**14,44,98,253**	**14,10,30,787**

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, 2017, these shares were partly paid up to the extent of ₹ 7.75 (March 31, 2016 - ₹7) per share. Refer note D(48).

	Year ended March 31, 2017	Year ended March 31, 2016
(b) Weighted average number of shares - Diluted		
Weighted average number of equity shares outstanding	14,44,98,253	14,10,30,787
Dilutive impact of associated stock options*	-	3,64,559
Weighted average number of equity shares for diluted earnings per share	**14,44,98,253**	**14,13,95,346**

*The Group has issued Associated Stock Options of which 58,37,400 options are outstanding as at March 31, 2017. These could potentially dilute basic earnings per share in future but are not included in calculation of diluted earnings per share during current year, as they are anti-dilutive. Refer Note D(38).

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

34. FOREIGN CURRENCY EXPOSURE

The details of foreign currency exposure as at March 31, 2017 are as follows:

Particulars	As at March 31, 2017		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalents	USD	52	3,359
Debtors	GBP	-	-
	USD	112	7,279
	CHF	-	-
	EUR	*	31
			7,310
Amounts payable in foreign currency on account of:			
Creditors	EUR	1	76
	CAD	-	-
	USD	109	7,099
	DHS	*	7
	GBP	*	8
	CHF	-	-
			7,190
Foreign currency term loan	USD	74	4,786
Foreign currency short term borrowings	USD	220	14,260

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

The details of foreign currency exposure as at March 31, 2016 are as follows:

Particulars	As at March 31, 2016		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalents	USD	43	2,852
Debtors	GBP	1	122
	USD	124	8,225
	CHF	*	8
	EUR	2	129
			8,484
Amounts payable in foreign currency on account of:			
Creditors	EUR	1	84
	CAD	*	1
	USD	74	4,909
	DHS	*	7
	GBP	*	16
	CHF	*	*
			5,017
Foreign Currency Term Loan	**USD**	**101**	**6,724**
Foreign Currency short term borrowings	**USD**	**144**	**9,556**

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

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

	Year ended March 31, 2017	Year ended March 31, 2016

35. EMPLOYEE BENEFITS

a. Defined benefit plans (Gratuity)

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

	Year ended March 31, 2017	Year ended March 31, 2016
Projected benefit obligation at the beginning of the year	918	790
Service cost	192	162
Interest cost	69	62
Remeasurement (gain)/losses	22	(13)
Benefits paid	(103)	(83)
Projected benefit obligation at the end of the year	**1,098**	**918**

Change in the fair value of plan assets

	Year ended March 31, 2017	Year ended March 31, 2016
Fair value of plan assets at the beginning of the year	356	331
Interest income	27	26
Employer contributions	75	81
Benefits paid	(103)	(83)
Return on plan assets, excluding amount recognised in net interest expense	(148)	1
Fair value of plan assets at the end of the year	207	**356**

Amount recognised in the Consolidated Balance Sheet

	As at March 31, 2017	As at March 31, 2016
Present value of projected benefit obligation at the end of the year	1,098	918
Fair value of plan assets at the end of the year	(207)	(356)
Funded status amount of liability recognised in the Balance Sheet	891	**562**

Expense recognised in the Consolidated Statement of Profit and Loss

	Year ended March 31, 2017	Year ended March 31, 2016
Service cost	192	162
Interest cost	69	62
Interest income	(27)	(26)
Net gratuity costs	234	**198**
Actual return on plan assets	(121)	**27**

Summary of actuarial assumptions

Discount rate	6.85% p.a.	7.50% p.a.
Expected rate of return on plan assets	7.00% p.a.	8.00% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.
Average future working life time	4.39 years	4.40 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.

Contributions: The Group expects to contribute ₹ 200 to its gratuity fund during the year ending March 31, 2017

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

The expected cash flows over the next few years are as follows:

	As at	
Year	**March 31, 2017**	**March 31, 2016**
1 year	195	171
2 to 5 years	667	576
6 to 10 years	451	379
More than 10 years	282	251

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2017 and March 31, 2016, by asset category is as follows:

	March 31, 2017	**March 31, 2016**
Funds managed by insurers	100%	100%

Remeasurement of the net defined benefit liability recognised in other comprehensive income

Amount recognised in other comprehensive income for the years ending March 31, 2017 and March 31, 2016 are as follows:

Remeasurement (gain) /loss arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	32	13
- experience variance	(10)	(26)
- return on plan assets, excluding amount recognised in net interest expense/income	148	(1)
	170	**(14)**

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	March 31, 2017		March 31, 2016	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	1,152	1,049	962	878
(% change compared to base due to sensitivity)	4.9%	-4.5%	4.8%	-4.4%
Salary Growth rate (-/+ 1%)	1053	1146	880	957
(% change compared to base due to sensitivity)	-4.10%	4.30%	-4.10%	4.30%

b. Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The group has no further obligations under the plan beyond its monthly contributions. The group contributed ₹ 850 and ₹ 739 for the years ended March 31, 2017 and 2016 respectively.The Group has contributed to 401(K) plan on behalf of eligible employees amounting to ₹ 97 (March 31, 2016: Nil) during the year ended March 31, 2017.

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

36. SEGMENT REPORTING

The Group's operating segments are as follows:

a. Telecom Services	Consists of domestic data, international data, wholesale voice and network managed services
b. Data Center and IT Services	
i. Data Center Services	Consists of co-location services
ii. Cloud and Managed Services	Consists of IT infra services, IT transformation services, remote and onsite infrastructure management services and delivery platforms
iii. Applications Integration Services	Consists of application development and maintenance, application testing, information security, mobility solutions, e-Learning, portals, tools, process and automation
iv. Technology Integration Services	Consists of data centre build, network integration, end user computing and collaborative tools and solutions

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 Group provides MPLS-enabled IPVPN's through entire network. The Group 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 Group operates 6 Tier III Data centers of which three are located in Mumbai (Bombay), one each at Noida (Delhi), Chennai (Madras) and Bengaluru, to host mission-critical applications. The Group 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 Group 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 Group 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 Group also offers value-added services to organizations such as website design, development, content management, digital certification services, 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 and 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.

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

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

The Chief Operating Decision Maker ("CODM"), i.e, The Board of Directors and the senior management, evaluate the Group's performance and allocate resources to various strategic business units that are identified based on the products and services that they offer and on the basis of the market served. The measure of profit / loss reviewed by the CODM is "Profit/loss before interest, taxes, depreciation and amortization" also referred to as "segment operating income / loss". Revenue in relation to segments is categorized based on items that are individually identifiable to that segment.

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 "unallocable expenses" and "depreciation, amortisation and impairment" and adjusted only against the total operating income of the Group.

A significant part of the fixed assets used in the Group'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.

The Group's operating segment information for the year ended March 31, 2017 is presented below:

Particulars	Telecom Services	Data center and IT Services*					Total (A)+(B)
		Data center Services	Cloud and Managed Services	Technology Integration Services	Applications Integration Services	Total (i+ii+iii+iv)	
	(A)	(i)	(ii)	(iii)	(iv)	(B)	
Revenue from operations	1,01,730	19,751	9,200	26,878	26,761	82,590	1,84,320
Operating expenses	(80,500)	(14,891)	(8,250)	(23,062)	(21,865)	(68,068)	(1,48,568)
Segment operating income / (loss)	21,230	4,860	950	3,816	4,896	14,522	35,752
Unallocable expenses							(10,048)
Operating income							25,704
Other income							1,167
Foreign exchange gain / (loss), net							292
Profit / (loss) before interest, depreciation and tax							27,163
Interest income / (expenses), net							(3,144)
Depreciation, amortisation and impairment							(17,588)
Profit before tax							6,431
Income tax (expense)/recovery							(7)
Profit after taxes							6,424

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

*The Chief Operating Decision Maker (CODM) has evaluated and grouped data center services, cloud and managed services, technology integration services and applications integration services into Data Center and IT services. There are no changes in the components of Telecom service segment. Accordingly, the segment information has been presented.

The Group's operating segment information for the year ended March 31, 2016 is presented below (adjusted):

Particulars	Telecom Services	Data center and IT Services					Total (A)+(B)
		Data center Services	Cloud and Managed Services	Technology Integration Services*	Applications Integration Services*	Total (i+ii+iii+iv)	
	(A)	(i)	(ii)	(iii)	(iv)	(B)	
Revenue from operations	**95,493**	15,229	9,412	17,057	13,158	**54,856**	**1,50,349**
Operating expenses	**(73,420)**	(11,653)	(7,670)	(14,194)	(9,999)	**(43,516)**	**(1,16,936)**
Segment operating income / (loss)	**22,073**	3,576	1,742	2,863	3,159	**11,340**	**33,413**
Unallocable expenses							**(8,851)**
Operating income							**24,562**
Other income							**1,065**
Foreign exchange gain / (loss), net							**(62)**
Profit / (loss) before interest, depreciation and tax							**25,565**
Interest income / (expenses), net							**(5,203)**
Depreciation, amortisation and impairment							**(15,980)**
Profit before tax							**4,382**
Income tax (expense)/recovery							**1**
Profit after taxes							**4,383**

* We have been historically including the results of Digital Certification services under the Technology Integration Services segment. The Industry in which this product competes has witnessed newer competitions, business models resulting in dynamic market changes. In order to leverage the versatility and the organizational capability, the Chief Operating Decision Maker (CODM) has evaluated options of reorganizing this product into Applications Integration Services segment with effect from April 1, 2016. This will enable the product to address customers across segments, achieve better marketability, flexibility and scale. The corresponding revenue and costs of this product have been regrouped under the respective segments. Consequently, the figures for the year ended March 31, 2016 are adjusted accordingly.

The reclassification of component of operating segments did not have any effect on reported operating income, profit before income taxes, net income or per share amounts. The following table provides the amounts reclassified for prior period.

Revenue Reclassification:

For the year ended 31st March 2016

Particulars	Technology Integration Services	Applications Integration Services
As previously reported	20,387	9,828
Reclassification of Digital certification services	(3,330)	3,330
Revised Segment revenue	17,057	13,158

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

Operating costs reclassification

For the year ended 31st March 2016

Particulars	Technology Integration Services	Applications Integration Services
As previously reported	(15,477)	(8,716)
Reclassification of Digital certification services	1,283	(1,283)
Revised Segment operating cost	(14,194)	(9,999)

Geographic segments

The Group has two geographic segments India and rest of the world. Revenues from the geographic segments based on domicile of the customer are as follows:

Description	India	Rest of the world	Total
Revenues			
Year ended March 31, 2017	1,34,412	49,908	1,84,320
Year ended March 31, 2016	98,604	51,745	1,50,349

The Group does not disclose information relating to non-current assets located in India and rest of the world as the necessary information is not available and the cost to develop it would be excessive.

The revenue from transactions with a single external customer did not exceed 10% of the total revenue of the Group for each of the two years ended March 31, 2017 and March 31, 2016.

37. RELATED PARTY TRANSACTIONS

(a) Related parties

The related parties where control / significant influence exists are subsidiaries and associates. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel includes the board of directors and other senior management executives. The other related parties are those with whom the Group has had transaction during the year ended March 31, 2017 and March 31, 2016 are as follows:

Particulars	Related Parties	Country of Incorporation	% of ownership interest
Holding companies	Infinity Satcom Universal Private Limited.	India	-
	Raju Vegesna Infotech and Industries Private Limited (subsidiary of Infinity Satcom Universal Private Limited)	India	-
	Ramanand Core Investment Company Private Limited (subsidiary of Raju Vegesna Infotech and Industries Private Limited)	India	-
Subsidiaries	Sify Technologies (Singapore) Pte. Limited	Singapore	100%
	Sify Technologies North America Corporation	USA	100%
	Sify Data and Managed Services Limited	India	100%

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

(b) Related party transactions and balances

Following is a summary of related party transactions for the year ended March 31, 2017:

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	2
Sitting fees paid	-	-	14
Salaries and other short term benefits*	-	-	400
Contributions to defined contribution plans*	-	-	16
Share based payment transactions*	-	-	38
Lease rentals paid**	10	44	-
Dividend paid	1,020	139	-
Call money received on shares	3,000	-	-
Amount of outstanding balances			
Advance lease rentals and refundable deposits made**	-	26	-
Lease rentals payable**	-	4	-

The following is a summary of the related party transactions for the year ended 31st March 2016:

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	2
Sitting fees paid	-	-	20
Salaries and other short term benefits*	-	-	526
Contributions to defined contribution plans*	-	-	15
Share based payment transactions*	-	-	142
Lease rentals paid**	10	39	-
Dividend paid	1,020	145	-
Amount of outstanding balances			
Advance lease rentals and refundable deposits made**	-	26	-
Lease rentals payable**	-	3	-

**During the year 2011 -12, the Group 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 Group entered into an amendment agreement with effect from 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.

During the year 2011-12, the Group had also 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 Group entered into an amendment agreement with effect from 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.

During the year 2010-11, the Group 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.

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

* Represents salaries and other benefits of Key Management Personnel comprising of Mr. Kamal Nath - CEO (Sify Technologies Limited), Mr. M P Vijay Kumar - CFO, Mr. C R Rao - COO, and Mr. Ravi Shelvankar - CEO - resigned with effect from April 9, 2016 (Sify Technologies North America Corporation).

38. ASSOCIATE STOCK OPTION PLAN

The Group 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, 2017. The plan details of ASOP 2014 are as follows:

(i) ASOP 2014

During July 2014, the shareholders of the Group approved a new scheme for allotment of shares to employees i.e. Associate Stock Option Plan 2014. 2,50,00,000 shares are reserved for this plan. Consequently 58,70,800 options were granted to the employees on January 20, 2015. The Group has granted additional 525,000 and 184,300 options to employees during the year 2016-17 and 2015-16 respectively.

The options vest in the following manner :

No of Options	Category	Vesting Pattern
43,04,600	Category I	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	Category II	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.
17,87,800	Category III	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 2014:

No. of options granted, exercised and forfeited	For the year ended	
	March 31, 2017	March 31, 2016
Outstanding at the beginning of the year	56,65,800	58,70,800
Granted during the year	5,25,000	1,84,300
Forfeited and expired during the year	(3,53,400)	(3,89,300)
Outstanding at the end of the year	58,37,400	**56,65,800**
Vested and exercisable at the end of the year	37,11,130	25,44,180
Weighted average exercise price in ₹	73.55	79.10
Remaining contractual period	1.80 - 5.79 years	2.81-5.81 years

The fair value of stock options granted has been measured using the Black Scholes model at the date of the grant. The Black Scholes model includes assumptions regarding dividend yields, expected volatility, expected term (or "option life") and risk free interest rates. In respect of the options granted, the expected term is estimated based on the vesting term, contractual term as well as expected exercise behaviour of the employees receiving the option. Expected volatility of the option is based on

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historical volatility, during a period equivalent to the option life, of the observed market prices of the Group's publicly traded equity shares. Share prices for the year 2011-12 have been eliminated in determining volatility as there had been extra ordinary price movements during the said period on account of capital infusion by promoters. Dividend yield of the options is based on the recent dividend activity. Risk-free interest rates are based on the Government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside the Group's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in the future periods, stock compensation expense could be materially impacted in future years.

The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2017 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2017	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	60.60 - 82.00	58,37,400	60.60 - 82.00	1.80 - 5.79 years

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at Mar 31, 2016 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2016	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	79.10	56,65,800	79.10	2.81-5.81 years

The assumptions used in Black Scholes model to arrive at the fair value on grant date for the options granted during the year are summarised below:

Assumptions

Grant date	Óct 19, 2016	Jan 25, 2017
Category	Category III	Category III
Current market price	₹ 74.00	₹ 64.07
Exercise price	₹ 66.60	₹ 57.66
Expected term	2-5 years	2-5 years
Volatility	35.1% to 55.8%	40.6% to 48.6%
Dividend yield	10%	10%
Discount rate	3%	3%

39. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

i. Forward and option contracts

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately

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in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2017 and March 31, 2016 are given below:

Particulars	Currency	As at March 31, 2017	As at March 31, 2016
Forward/Option contracts (Sell)	USD	30	30
Forward/Option contracts (Buy)	USD	98	-
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	181	(54)

The Group recognized a net loss on the forward contracts of ₹ 143 (Previous Year : Net gain ₹ 2) for the year ended March 31, 2017.

The forward exchange contracts and option contracts mature between one and twelve months. The table below summarizes the notional amounts of derivative financial instruments into relevant maturity groupings based on the remaining period as at the end of the year:

	As at March 31, 2017	As at March 31, 2016
Forward/Option contracts (Sell)	(USD)	(USD)
Not later than one month	5	5
Later than one month and not later than three months	10	10
Later than three months and not later than six months	15	15
Later than six months and not later than one year	-	-
Forward/Option contracts (Buy)	(USD)	(USD)
Not later than one month	35	-
Later than one month and not later than three months	7	-
Later than three months and not later than six months	56	-
Later than six months and not later than one year	-	-

ii. Cross Currency Swap:

The Group has 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 Group shall pay USD fixed and receive fixed INR principal and interest 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 Statement of Profit and Loss. The details of the outstanding balances as at March 31, 2017 and the mark to market gain recognised during the year ended March 31, 2017 are as under:

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses/ (gain)
Tranch 1	345	USD 6	(26)
Tranch 2	577	USD 9	(43)
Tranch 3	453	USD 7	(34)
Total	1,375	USD 22	(103)

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

The details of the outstanding balances as at March 31, 2016 and the mark to market losses recognised during the year ended 31 March 2016 are as under:

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses
Tranch 1	470	USD 8	46
Tranch 2	787	USD 13	20
Tranch 3	618	USD 10	33
Tranch 4	195	USD 3	7
Tranch 5	361	USD 6	13
Tranch 6	470	USD 7	24
Tranch 7	1,287	USD 20	60
Tranch 8	426	USD 7	18
Tranch 9	373	USD 6	13
Tranch 10	91	USD 1	3
Tranch 11	397	USD 6	12
Total	**5,475**	**USD 87**	**249**

The maturity of these contracts extends till five years. The table below summarizes the cash flows (principal and interest) of these derivative financial instruments into relevant maturity groupings based on the remaining period as at the end of the year:

	As at March 31, 2017		As at March 31, 2016	
	Payable (USD)	Receivable (INR)	Payable (USD)	Receivable (INR)
Less than 1 year	9	651	49	3,338
One to two years	9	587	31	2,030
Two to three years	6	399	9	587
Three to four years	-	-	6	399
Four to five years	-	-	-	-
Total cash flows	**24**	**1,637**	**95**	**6,354**

The Group recognized a net gain on the cross currency swaps of ₹ 277 (includes mark to market gain of ₹ 103 [Previous year : ₹ 104 (loss) - includes mark to market loss of ₹ 249] for the year ended March 31, 2017].

iii. Interest rate swap:

The Group has entered into Interest Rate Swaps in order to hedge the cash flows arising out of the Interest payments of the underlying USD 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 Group shall pay fixed rate of interest (ranging from 6.3% to 6.5%) and receive variable rate of interest equal to LIBOR + fixed rate (ranging from LIBOR + 3.5% to LIBOR + 4.5%) on notional amount. The swap arrangement is marked to market at the end of every period and losses are recognised in the Statement of Profit and Loss.

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

The maturity of these contracts extends till five years. The table below summarizes the cash flows (interest) of these derivative financial instruments into relevant maturity groupings based on the remaining period as at the end of the year:

	As at March 31, 2017		As at March 31, 2016	
	Receivable (USD)	Payable (USD)	Receivable (USD)	Payable (USD)
Less than 1 year	3	4	4	6
One to two years	2	3	3	4
Two to three years	1	1	2	2
Three to four years	*	*	1	1
Four to five years	-	-	*	*
Total cash flows	6	8	**10**	**13**

* Amount below rounding off norm adopted by the Group

Total notional amount outstanding as on March 31, 2017 is USD 73 (Previous Year: USD 100)

The Group recognized a net gain on the interest rate swaps of ₹ 71 (includes mark to market gain of ₹ 186) during the year ended March 31, 2017 (Previous year : net loss ₹ 385 including mark to market loss of ₹ 287).

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2017 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	729	-	17	746	746
Trade receivables	69,553	-	-	69,553	69,553
Cash and cash equivalents	18,509	-	-	18,509	18,509
Other financial assets	3,250	-	-	3,250	3,250
Liabilities					
Borrowings from banks	25,671	-	-	25,671	25,671
Borrowings from others	8,441	-	-	8,441	8,441
Bank overdraft	9,911	-	-	9,911	9,911
Finance lease liabilities	5,192	-	-	5,192	5,192
Trade payables	50,365	-	-	50,365	50,365
Other financial liabilities	8,172	-	-	8,172	8,172
Derivative financial instruments	-	362	-	362	362

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

The carrying value and fair value of financial instruments by each category as at March 31, 2016 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	17	17	17
Trade receivables	55,003	-	-	55,003	55,003
Cash and cash equivalents	17,048	-	-	17,048	17,048
Other financial assets	3,161	-	-	3,161	3,161
Liabilities					
Borrowings from banks	22,191	-	-	22,191	22,191
Borrowings from others	6,285	-	-	6,285	6,285
Bank overdraft	7,198	-	-	7,198	7,198
Finance lease liabilities	9,533	-	-	9,533	9,533
Trade payables	39,962	-	-	39,962	39,962
Other financial liabilities	5,295	-	-	5,295	5,295
Derivative financial instruments	-	565	-	565	565

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2017 and March 31, 2016 that the Group has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	March 31, 2017	March 31, 2016
Trade receivables	68,645	54,337
Cash and cash equivalents	16,212	14,519
Other financial assets	3,231	3,142
	88,088	**71,998**

c. Fair value measurements:

The details of assets and liabilities that are measured on fair value on recurring basis are given below:

	Fair value as of March 31, 2017			Fair value as of March 31, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets gain on outstanding forward contracts	-	-	-	-	54	-
Liabilities						
Derivative financial liabilities – loss on outstanding option/forward contracts	-	(181)	-	-	-	-

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

	Fair value as of March 31, 2017			Fair value as of March 31, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	(80)	-	-	(332)
Derivative financial liabilities - loss on outstanding interest rate swaps	-	-	(101)	-	-	(287)

- Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – unobservable inputs for the asset or liability

d. Interest income/(expenses), gains/(losses) recognized on financial assets and liabilities

	For the year ended	
	March 31, 2017	March 31, 2016
(a) Financial assets at amortised cost		
Interest income on bank deposits	265	280
Interest income on other financial assets	962	143
Impairment on trade receivables	(3,835)	(1,822)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	108	(482)
(c)Financial liabilities at amortised cost		
Interest expenses on lease obligations	(881)	(1,264)
Interest expenses on borrowings from banks, others and overdrafts	(2,739)	(3,130)

40. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Group's activities. The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the risk management framework. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables, treasury operations and other activities that are in the nature of leases.

Trade and other receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Group is not exposed to concentration of credit risk to any one single customer since the services are provided to and products are sold to customers who are spread over a vast spectrum and hence, the concentration of risk with respect to trade receivables is low. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Group grants credit terms in the normal course of the business.

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

Cash and cash equivalents and other investments:

In the area of treasury operations, the Group is presently exposed to counter-party risks relating to short term and medium term deposits placed with public-sector banks, and also to investments made in mutual funds.

The Chief Financial Officer is responsible for monitoring the counterparty credit risk, and has been vested with the authority to seek Board's approval to hedge such risks in case of need.

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2017 and March 31, 2016 was as follows:

	As at March 31, 2017	As at March 31, 2016
Trade investments	746	17
Trade receivables	69,553	55,003
Cash and cash equivalents	18,509	17,048
Other financial assets	3,250	3,161
	92,058	75,229

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired other than trade receivables. The age analysis of trade receivables have been considered from the date of invoice. The ageing of trade receivables, net of allowances that are past due, is given below:

Period (in days)	March 31, 2017	March 31, 2016
Past due 181 - 270 days	8,924	6,699
Past due 271 - 365 days	3,445	3,050
More than 365 days	9,613	7,042
	21,982	16,791

See note D (8) for the activity in the allowance for impairment of trade account receivables.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, finance lease receivables, other assets and receivables are neither past due nor impaired. The total trade receivables that are not past due as at March 31, 2017 amounts to ₹ 47,571 (March 31, 2016: ₹ 38,212) and impairment has not been recorded on the same.

Details of collateral and other credit enhancements held

	March 31, 2017	March 31, 2016
Security deposits received for internet access services	5	5

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations. In addition, the Group has concluded arrangements with well reputed Banks, and has unused lines of credit that could be drawn upon should there

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

be a need. The Group is also in the process of negotiating additional facilities with Banks for funding its requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

As at March 31, 2017

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	25,671	27,113	19,743	5,713	1,657
Borrowings from others	8,441	9,155	6,762	2,393	-
Bank overdraft	9,911	9,911	9,911	-	-
Finance lease liabilities	5,192	5,776	3,676	2,100	-
Trade payables	50,365	50,365	50,365	-	-
Other financial liabilities	8,172	8,172	8,172	-	-
	1,07,752	1,10,492	98,629	10,206	1,657

As at March 31, 2016

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	22,191	23,584	15,269	5,751	2,564
Borrowings from others	6,285	7,015	4,405	2,580	30
Bank overdraft	7,198	7,198	7,198	-	-
Finance lease liabilities	9,533	10,751	6,359	3,647	745
Trade payables	39,962	39,962	39,962	-	-
Other financial liabilities	5,295	5,295	5,295	-	-
	90,464	**93,805**	**78,488**	**11,978**	**3,339**

Market risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Group is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and the market value of its investments. Thus the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Currency risk:

The Group's exposure in USD, Euro and other foreign currency denominated transactions gives rise to Exchange rate fluctuation risk. Group's policy in this regard incorporates:

- Forecasting inflows and outflows denominated in US$ for a twelve-month period.
- Estimating the net-exposure in foreign currency, in terms of timing and amount.
- Determining the extent to which exposure should be protected through one or more risk-mitigating instruments to maintain the permissible limits of uncovered exposures.

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

- Carrying out a variance analysis between estimate and actual on an ongoing basis, and taking stop-loss action when the adverse movements breaches the 5% barrier of deviation, subject to review by Audit Committee.

The Group's exposure to foreign currency risk as at March 31, 2017 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loan	Net Balance Sheet exposure
USD	52	112	(109)	(294)	(239)
EUR	-	-	(1)	-	(1)
GBP	-	-	-	-	-

The Group's exposure to foreign currency risk as at March 31, 2016 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loans	Net Balance Sheet exposure
USD	43	124	(74)	(245)	(152)
EUR	-	2	(1)	-	1
GBP	-	1	-	-	1

A 10% strengthening of the rupee against the respective currencies as at March 31, 2017 and March 31, 2016 would have increased / (decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

	Other comprehensive income	Profit/(loss)
March 31, 2017	-	1,557
March 31, 2016	-	991

A 10% weakening of the rupee against the above currencies as at March 31, 2017 and March 31, 2016 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest Rate Risk:

Interest rate risk is the risk that an upward movement in interest rates would adversely affect the borrowing costs of the Group.

Profile

At the reporting date the interest rate profile of the Group's interest -bearing financial instruments were as follows:

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

	Carrying amount	
	March 31, 2017	March 31, 2016
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	4,492	6,126
- Investment in debt securities	729	-
Financial liabilities		
- Borrowings from banks	6,875	2,005
- Borrowings from others	8,441	6,285
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	18,796	20,186
- Bank overdrafts	9,911	7,198

Fair value sensitivity for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for 2016.

	Equity	Profit or (loss)
March 31, 2017	-	(242)
March 31, 2016	-	(261)

A decrease of 100 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

41. CAPITAL MANAGEMENT

The Group's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Group's capital management is to maximise shareholders value. The Group manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Group does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2017 is ₹ 82,626 (Previous Year: ₹ 74,989).

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting period was as follows:

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

		As at March 31, 2017	As at March 31, 2016
Debt		49,215	45,207
Less: cash and bank balances		(18,509)	(17,048)
Net debt	A	30,706	28,159
Equity	B	82,626	74,989
Net debt to Equity ratio	A/B	37%	38%

No changes were made in the objectives, policies or processes for managing capital of the Group during the current and previous year.

42. 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 demands on the Group 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 Group and arise in connection with the Telecom business of the Group 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 (Adjusted Gross Revenue).

The Group 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 Group had approached Honourable High Court of Madras (Court) in 2013 by filing a writ petition prohibiting Department of Telecommunications (DOT) from levying a license fee on non-licensed activities. In an earlier writ petition filed by the Group in 2012, the Court restrained DOT from recovering the license fee in respect of non- telecom activities. Based on the said order passed by the Court, an interim order was passed by the Court restraining DOT from recovering license fee in respect of non- telecom activities for the writ petition filed in 2013. The Tribunal by its order dated April 23, 2015 held that revenue from sale of scrap, treasury income, etc are to be included as part of AGR. The Tribunal has also passed an order asking DOT to levy at most a nominal amount as token penalty with interest if permissible at the lower rates. The Group believes that it has adequate legal defences against these orders and that the ultimate outcome of these actions will not have a material adverse effect on the Group's financial position and result of operations.

Also, the Group has received notices for earlier years from DOT claiming Licence fee on the total Income (including income from Non Licensed activities). The Group has replied to these notices stating that licence fees are not payable on income from non-licensed activities. The Group believes that it has adequate legal defenses against these notices and that the ultimate outcome of these actions may not have a material adverse effect on the Group's financial position and result of operations.

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

(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 Group 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. The group has appropriately accounted for any adverse that may arise in this regard in the books of accounts.

b) The Group is party to additional legal actions arising in the ordinary course of business. Based on the available information as at March 31, 2017, the Group 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 ₹ 374 (March 31, 2016: ₹ 197)] on the Group's financial position and results of operations.

43. ADJUSTMENT TO THE SECURITIES PREMIUM ACCOUNT

a) Pursuant to the approval of the shareholders of the Company at the eleventh annual general meeting held on September 24, 2007 and confirmation by the Honourable High Court of Madras vide its Order dated December 13, 2007, accumulated losses of ₹ 1,16,264 as on April 1, 2007 has been adjusted against the balance in the securities premium account.

b) The Group had an accumulated loss of ₹ 19,783 as on March 31, 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 Group and subsidiaries with the Securities Premium account of the Group. 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 Group 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 March 31, 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 Group as on April 1, 2013 is adjusted against the sum of ₹ 69,004 standing to the credit of Securities Premium Account of the Group on the said date. On such adjustment, the Securities Premium Account of the Group shall stand reduced collectively by a sum of ₹ 27,661, leaving a credit balance of ₹ 41,343.

44. EUROPE INDIA GATEWAY

The Group 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 Group is required to pay its share of decommissioning costs, if any, that may arise in the future. No provision has been made by the Group for such decommissioning costs as the amount of provision cannot be measured reliably as at March 31, 2017. The capacity under the mentioned facility would be upgraded over a period of time.

45. IPO Listing

In 2006, The Ministry of Finance (MoF), issued a press release by which Indian companies cannot raise new capital abroad unless, the securities of the company are listed on a stock exchange in India. However, by virtue of notification issued by the MoF on October 21, 2014, the issuance of depository receipts has been taken out of the 1993 Scheme and is now regulated by the Depository Receipts Scheme, 2014. The 2014

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

Scheme allows Indian companies, whether listed or unlisted, to access the international capital markets using depository receipts. Such issuances can either be through a public offering of depository receipts or through a preferential allotment or qualified institutional placement. They can also either be sponsored by the issuer company or unsponsored (such as when an existing shareholder sells its holding through the issue of depository receipts). These issuances are subject to the usual foreign investment regime, including in relation to sectoral caps as well as pricing. Moreover, such issuances are permitted only to investors in certain specific jurisdictions as listed in the 2014 Scheme, which currently consists of a list of 34 countries. The earlier condition of mandatory listing in India is dispensed with.

46. NOTICE OF FAILURE TO SATISFY A CONTINUED LISTING RULE OR STANDARD

On December 27, 2016, Sify Technologies Limited (the "Company") received a letter from the Listing Qualifications Department of the Nasdaq Stock Market ("NASDAQ") indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days, the Company did not meet the minimum bid price of $1.00 per share required for continued listing on The Nasdaq Global Select Market pursuant to Nasdaq Listing Rule 5450(a)(1). The letter also indicated that the Company will be provided with a compliance period of 180 calendar days, or until June 26, 2017, in which to regain compliance pursuant to Nasdaq Listing Rule 5810(c)(3)(A). The letter further provided that if, at any time during the 180-day period, the closing bid price of the Company's common stock is at least $1.00 for a minimum of ten consecutive business days, Nasdaq will provide the Company with written confirmation that it has achieved compliance with the minimum bid price requirement.

47. DUES TO MICRO AND SMALL ENTERPRISES

The Group 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 Group 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 Group's promoter, including entities affiliated with Mr Raju Vegesna, the Group'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 and Industries Private Limited, a company affiliated with the promoter group on October 30, 2010. The above shares were subsequently transferred by Raju Vegesna Infotech & Industries Private Limited to Ramanand Core Investment Company Private Limited.

As of March 31, 2017, the Group has called-up and received a sum of ₹7.75 per share. The remaining amount of the purchase price will be called up at such time as determined by the Group. Until the full purchase price is paid by the purchasers, the Group retains a lien on the equity shares purchased in connection with the Offering. The remaining amount of purchase price uncalled as on March 31, 2017 is ₹ 9,000, which comprises of ₹ 2,813 towards share capital and ₹ 6,187 towards securities premium.

49. CONTRIBUTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013, requires the Group to spend towards Corporate Social Responsibility (CSR). The Group is expected to spend ₹ 84 towards CSR in compliance of this requirement. A sum of ₹ 84 has been spent during the current year towards CSR activities as per details given below. The balance amount to be spent is Nil

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

Amount (₹)

Organisation	2016-17	2015-16
VIRRD Trust, Dwarakha Tirumala	70	45
Chitoor District Badminton Association	10	-
Dr B R Ambedkar Vidya Academy EM High School	3	-
Special Children Sports Meet	1	1
District Institute of Education and Training, Angaluru	-	5
ICT Academy of Tamilnadu	-	2
Book Donations to District Institute of Education and Training, Angaluru	*	*
Total	**84**	**53**

* Amount below rounding off norm adopted by the Group

50. ADDITIONAL DISCLOSURE AS PER PART III OF SCHEDULE III TO COMPANIES ACT 2013

For the year ended 31st March 2017

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Parent (Sify Technologies Ltd)	101%	83,199	96%	6,170	69%	(170)	97%	6,000
Indian Subsidiaries: - Sify Data and Managed Services Limited	*	(20)	-	-	-	-	-	-
Foreign subsidiaries: - Sify Technologies (Singapore) Pte Limited	*	(4)	1%	74	6%	(15)	1%	59
- Sify Technologies North America Corporation	-1%	(549)	3%	180	25%	(61)	2%	119

* Amount below rounding off norm adopted by the Group

For the year ended 31st March 2016

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Parent (Sify Technologies Ltd)	101%	75,720	111%	4,856	9%	14	107%	4,870
Foreign subsidiaries: - Sify Technologies (Singapore) Pte Limited	*	(67)	-1%	(42)	-4%	(6)	-1%	(48)
- Sify Technologies North America Corporation	-1%	(664)	-10%	(431)	95%	140	-6%	(291)

* Amount below rounding off norm adopted by the Group

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 25, 2017

M P Vijay Kumar
Chief Financial Officer

keeping you ahead

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