sify

20 YEARS on Nasdaq

Annual Report - 2019

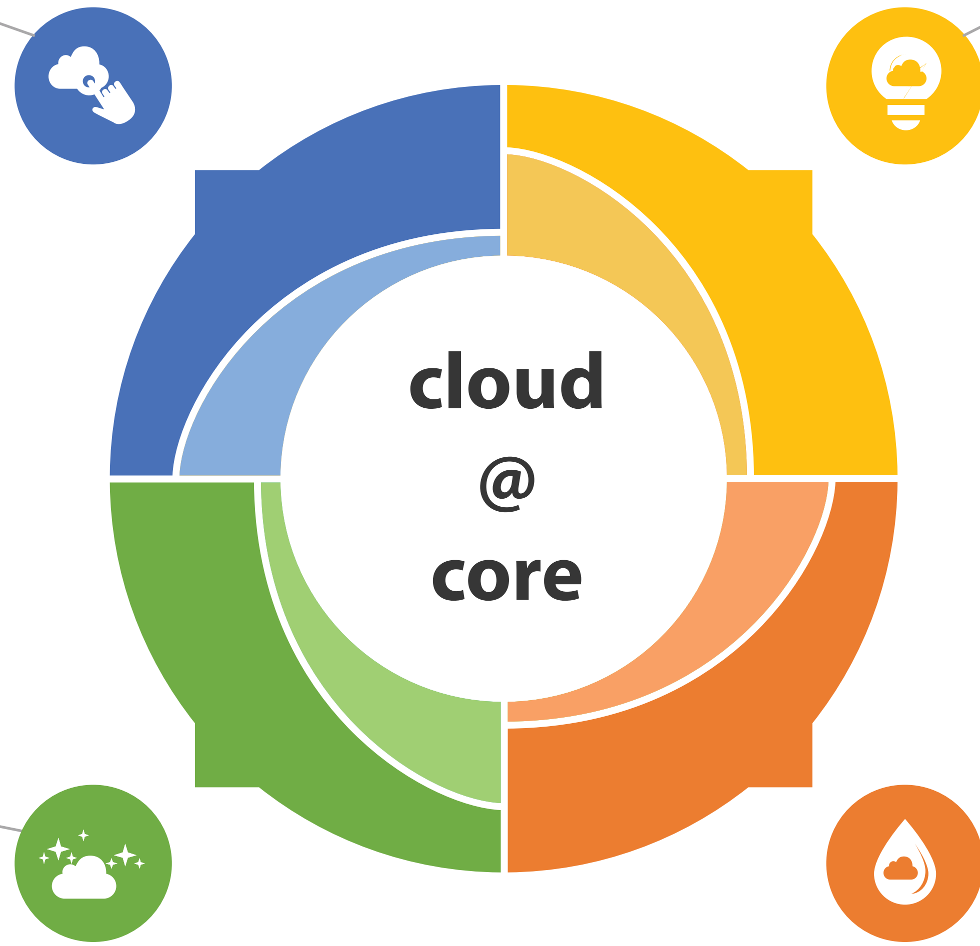
Our services are aligned to Digital Transformation demands of Enterprises

CLOUD ENABLING

- Cloud Data Centers
- Hyper-reach / Hyper-scale transport
  AWS Direct Connect | XpressRoute
- Software Defined Network services
- Cloud build Private | Hyperconverged | Enterprise
- Security services for cloud

CLOUD INSPIRED

- Sify CloudInfinit
- Hosted SAP/S4HANA Cloud
  Oracle Exadata-as-service
- EdgeConnect
- Unified Communications on Cloud



CLOUD PURE

- AWS cloud service
- Azure cloud service
- Multi-cloud managed services
- Managed orchestration platform

CLOUD ENHANCED

- App Modernization
- Big Data & Analytics
- ForumNXT on Cloud
- Online test on Cloud
- Learning Management Solutions on Cloud
- Internet of Things (IoT)
- Industry solutions as a service

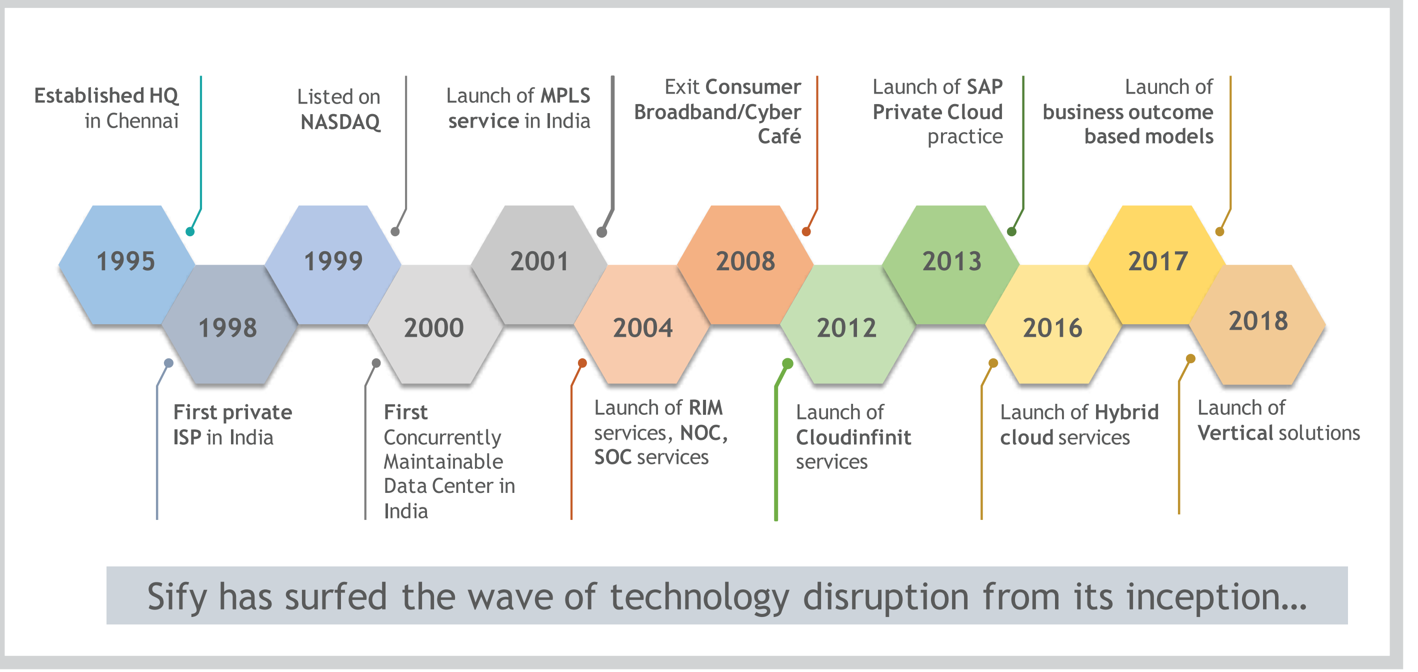
Telecom services

Data Center & Cloud Managed services

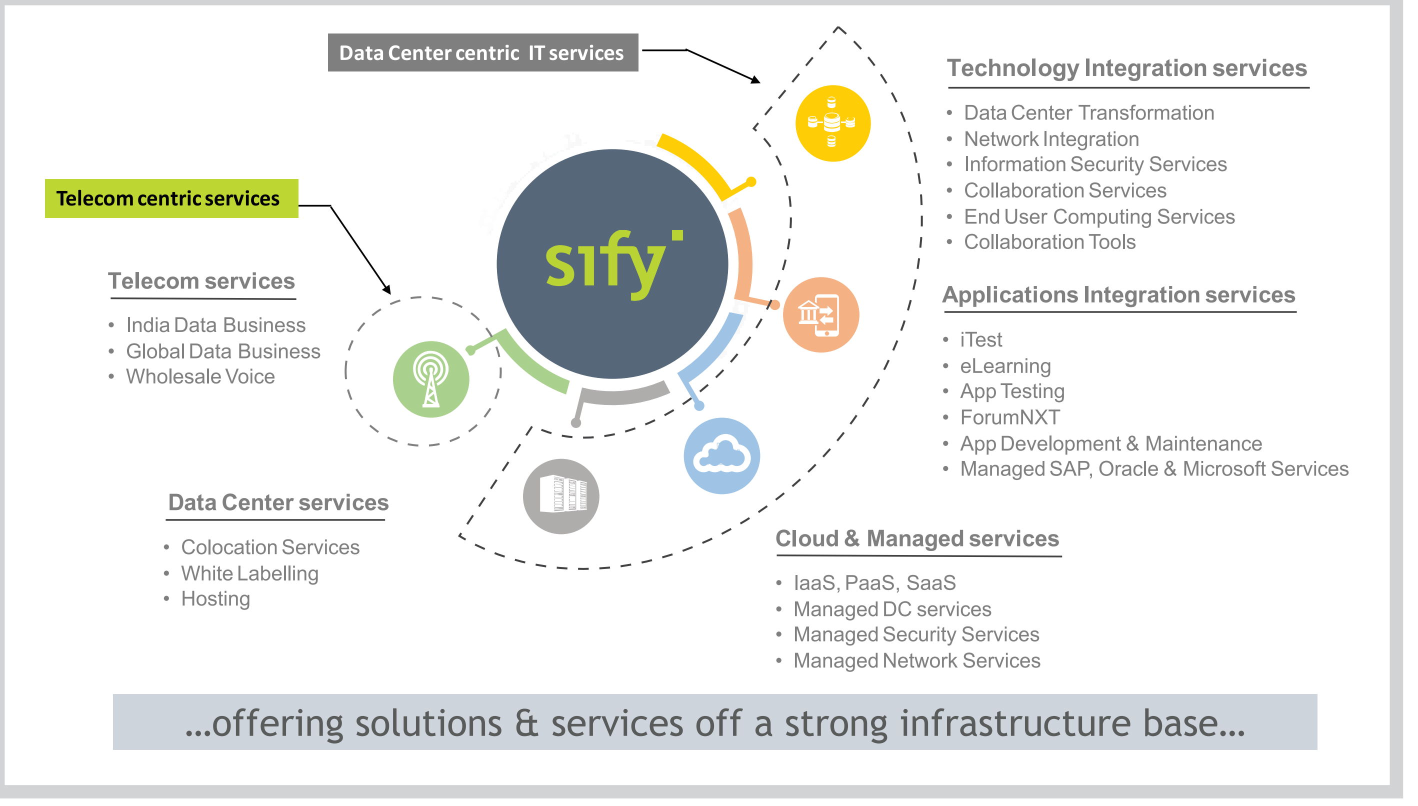
Technology Integration services

Digital Services

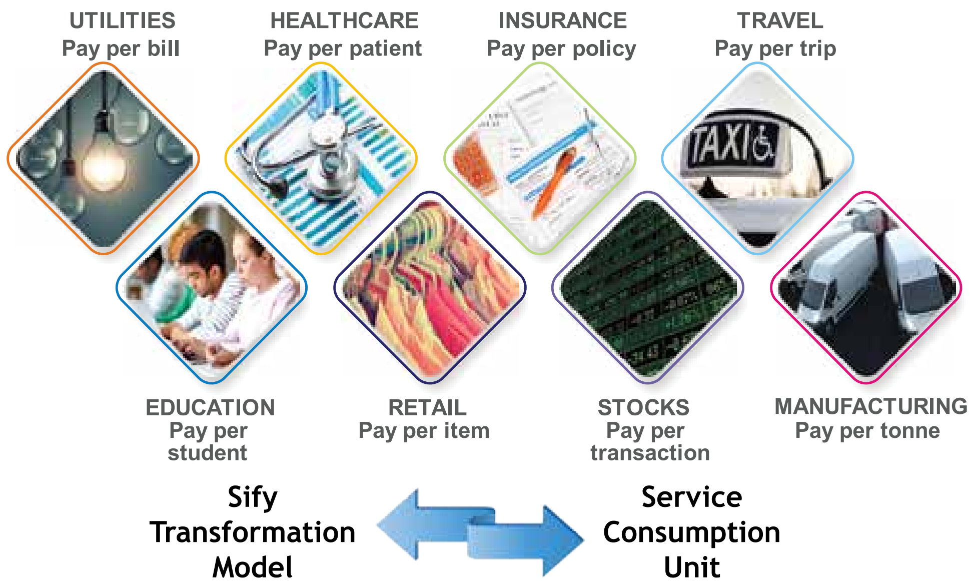
Over the years



Our business units



Our go-to-market strategy



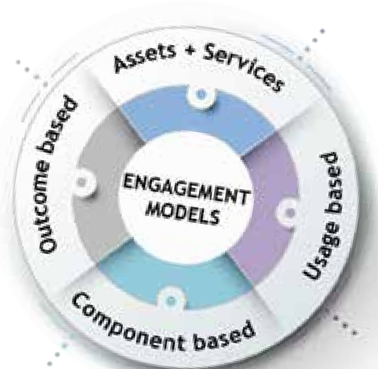
...with focused insights across multiple industry verticals...

Engagement models

Client engagement is based on defined business outcome generated by IT solutions and services

Systems are owned by the client and annuity based payout for services

LESS Hardware People Licenses



Reduced upfront investment as client subscribes to infrastructure owned by Sify as a part of their overall infrastructure requirement

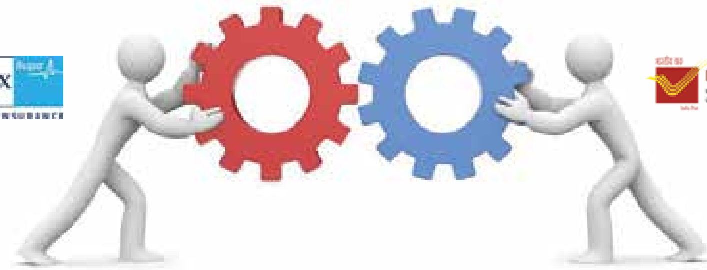
No upfront investment by client and payout is based on consumption

...eventually, resulting in tangible results for the clients.

Execution capabilities

LARGE DATA CENTER TRANSFORMATION PROJECTS

LARGE NETWORK TRANSFORMATION PROJECTS



LARGE SECURITY SOLUTIONS PROJECTS

BUSINESS OUTCOME BASED MODELS

Strategic partnerships

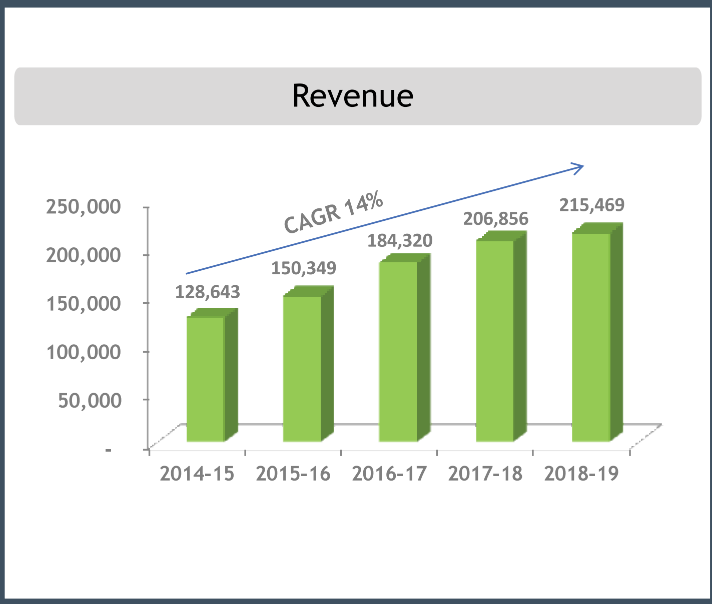
Technology Partners

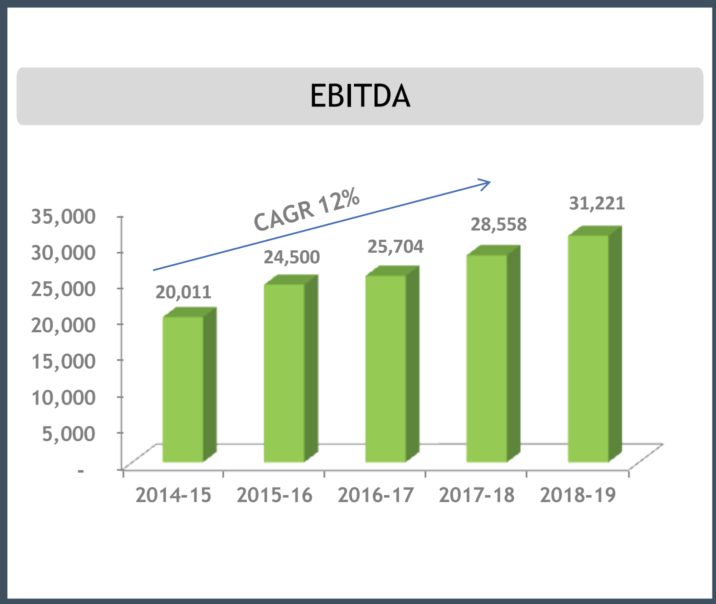
Cloud and Acceleration Partners

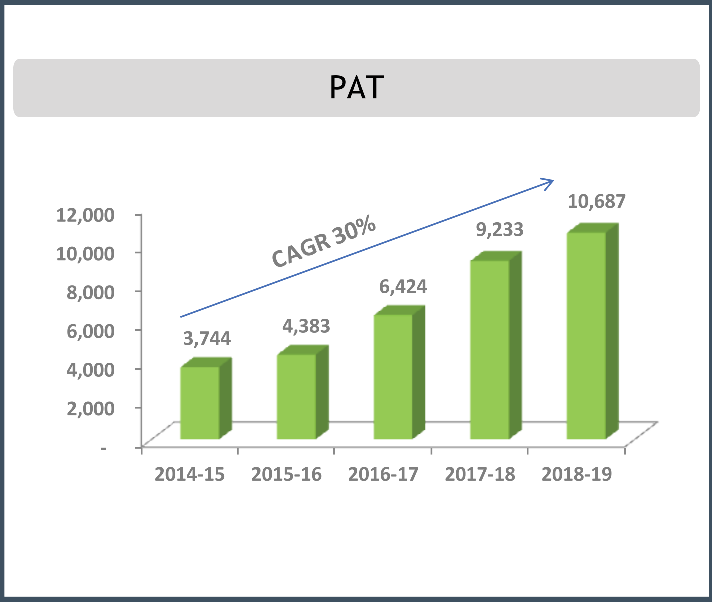
Application Partners

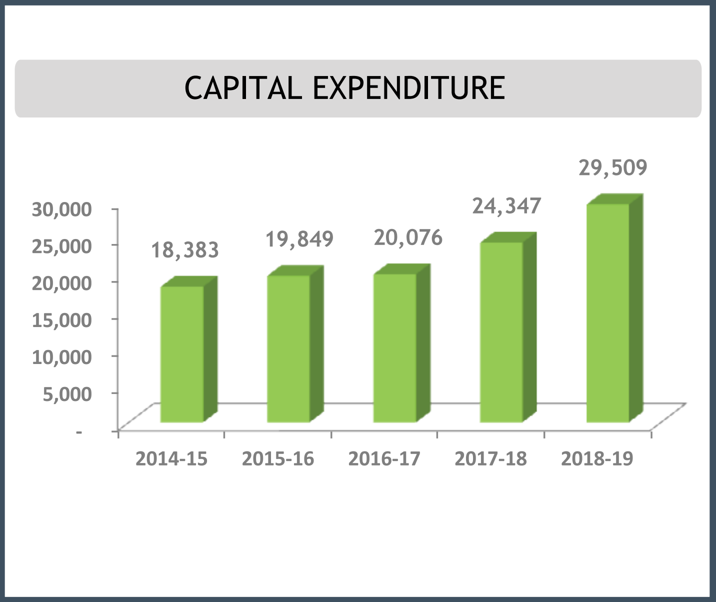
Security Partners

Summary of Consolidated financials – in INR lakhs









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Board of Directors

Sify Technologies Limited

Raju Vegesna
Chairman & Managing Director

Ananda Raju Vegesna
Executive Director

T H Chowdary

C B Mouli

Vegesna Bala Saraswathi

Arun Seth

C E S Azariah

Audit Committee

C B Mouli
Chairman & Financial Expert

Arun Seth

C E S Azariah

Compensation Committee

T H Chowdary
Chairman

C B Mouli

C E S Azariah

Nomination & Remuneration Committee

T H Chowdary
Chairman

C B Mouli

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

V Ramanujan
Company Secretary

Statutory Auditors

ASA & Associates LLP
Chartered Accountants
Chennai

Internal Auditors

Yoganandh & Ram LLP
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,

The Board of Directors of Your Company hereby presents the report of business and operations together with the audited financial statements of Your Company for the Financial Year ended March 31, 2019.

1. FINANCIAL INFORMATION

₹ in lakhs

Details	Financial Highlights			
	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Income from operations	2,05,965	1,97,448	2,15,469	2,06,856
Other Income	2,547	3,116	2,635	3,190
Profit Before Interest, Tax, Depreciation and Amortization (PBITDA)	31,554	30,511	31,691	30,475
Depreciation and Amortization	15,309	17,519	15,339	17,545
Interest expense (Net)	5,767	3,760	5,644	3,695
Profit before Tax	10,478	9,232	10,714	9,235
Profit after Tax	10,478	9,232	10,687	9,233

Standalone Financial Statements:

During the year under review, your Company registered revenue from operations of ₹ 2,05,965 lakhs as against ₹ 1,97,448 lakhs in the previous year, a growth of 4.31%. The PBITDA for the year was ₹ 31,554 lakhs as compared to ₹ 30,511 lakhs in the previous year, a growth of 3.42%. The Profit for the year was ₹ 10,478 lakhs compared to ₹ 9,232 lakhs in the previous year, a growth of 13.5%.

Consolidated Financial Statements:

During the year under review, your Company registered revenue from operations of ₹ 2,15,469 lakhs as against ₹ 2,06,856 lakhs in the previous year, a growth of 4.16%. The PBITDA for the year was ₹ 31,691 lakhs as compared to ₹ 30,475 lakhs in the previous year, a growth of 3.99%. The Profit for the year was ₹ 10,687 lakhs compared to ₹ 9,233 lakhs in the previous year, a growth of 15.75%.

1.1. Financial information of the Subsidiaries

In accordance with Section 129(3) of the Companies Act, 2013, Your Company has prepared the consolidated Financial Statements of the Company. Further, a statement containing the salient features of the financial statements of our subsidiaries in the prescribed Form AOC-1 is provided **as Annexure 1** to this Report. The statement also provides the details of performance and financial position of each of the subsidiaries. A brief of the performance of the subsidiaries is as follows:

Sify Technologies (Singapore) Pte. Ltd, Singapore

During the year under review, the Company reported revenue of ₹ 5,811 lakhs as compared to ₹ 6,781 lakhs in the previous year. The profit was ₹ 52 lakhs as compared to ₹ 18 lakhs in the previous year.

Sify Technologies North America Corporation, USA

During the year under review, the Company reported revenue of ₹ 5,781 lakhs as compared to ₹ 4,440 lakhs in the previous year. The profit was ₹ 187 lakhs as compared to ₹ 29 lakhs in the previous year.

Sify Data and Managed Services Limited

Sify Data and Managed Services Limited, a wholly-owned subsidiary is yet to commence its commercial operations and hence no revenue has been reported.

Sify Infinit Spaces Limited

Sify Infinit Spaces Limited, a wholly-owned subsidiary is yet to commence its commercial operations and hence no revenue has been reported.

1.2. 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 2018-19 (for 2017-18 ₹ 1.20 per Equity Share). The dividend, when approved by the members, would involve a cash outflow of ₹ 1,855 lakhs towards disbursement of Dividend and ₹ 381 lakhs towards payment of Dividend Distribution Tax aggregating to a total out flow of ₹ 2,236 lakhs.

1.3. Transfer to Reserves

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

1.4. Share Capital

During the year under review, the Company has received the balance amount of ₹ 90 crores towards Share Capital from Ramanand Core Investment Company Private Limited, the Holding Company in connection with the subscription of 12,50,00,000 Equity Shares of ₹ 10 each towards Share Capital and ₹ 22 towards Securities premium. Consequently, the entire shares held by the holding Company has been fully paid up.

The share capital has also increased on account of exercise of stock options issued to Associates under Associates Stock Option Plan 2014 (ASOP).

The Options issued under Associates Stock Option Plan 2014 (ASOP) and also the disclosures were 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	335,000	5
2.	Options vested	205,330	18
3.	Options exercised	459,700	19
4.	Total number of shares arising as a result of exercise of option	459,700	19
5.	Options lapsed	500,800	-
6.	Exercise price	79.10	-
7.	Variation of terms of options	Nil	Nil
8.	Money realized by exercise of options (in lakhs)	355	-
9.	Total number of options in force	45,88,300	68

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	3,35,000
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

1.5 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.

1.6 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.

1.7 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, 2019 till the date of this Report.

2. BUSINESS REVIEW

2.1 Business Strategy and Overview:

At the beginning of last year, Your Company had made a clear distinction between its services that are offered off the network infrastructure and its DC infrastructure. While services offered off the Data Center infrastructure were natural candidates to be reformatted as Cloud based services under our Cloud@Core thrust, Your Company is also seeing a healthy demand for software-intelligent network services too.

This market shift towards a Cloud iterated services works very well for Your Company. A strong infrastructure base, a suite of agile, flexible and customizable services-at-the-ready for every segment of customers; translated that means quicker turnaround time for customers with their new IT architecture.

Your Company will continue to aggressively push to increase its footprint across the country and seeks to cover a majority of the cities with a population of 1 million or over. Similarly, Your Company has also drawn up plans for multiple DCs to compliment the current ones and be ready for the deluge-of-data that the country is bracing for.

On the services front, Your Company's pursuit of being a digital transformation specialist with the most comprehensive ICT ecosystem was endorsed with multiple awards through the year.

2.2 Technology Trends:

The big shift in Technology trends is being directed from the CIO's strategy table. They are now seeing the wisdom in engaging with a single service provider who will engage or enable the full suite of technology services as their company would require, leaving them free to concentrate on their core business. Translated, this would mean viewing a single dashboard that also gives a fair idea of the demands of the upcoming landscape. It was with this view and the intelligence that services offtake happens either off the DC or the Telecom infrastructure, that we had begun offering a clear distinction among our services. All Managed services then worked complimentary to this set up.

This last year, India witnessed renewed interest from International MNCs. This was tail-ended by their current service providers in their home geographies like OTT players, networks and Data Center providers who made a beeline to India. This works well for us as they would pick services required from local players than build their entire infrastructure grounds up.

Your Company saw the opportunity earlier on and put together a full scale of services that will sit atop the stack of traditional services. In the foresight of the international players and from a cost-efficiency perspective, it made better sense for them to buy it from us, evidence of which you will notice in a distinct spike in the offtake of the new services.

Parallelly, Your Company built a formidable reputation in the domestic market as the first choice of partner to some of the largest Indian MNCs for multi-year service deals. Case in point is the signing of India's oldest MNC that straddles verticals from steel to services. This one signup can be viewed as the biggest endorsement of the maturity of our services.

With endorsement on these scales, recognition was not too far behind. Your Company was recognised by the Peers in the industry with two CIO Choice Awards for Data Center and Network Transformation. Your company was also featured in two of Gartner's industry reports: Market Guide for Top DC services providers and Critical Capabilities for Managed Hybrid Cloud Hosting APAC.

2.3 Outlook

The refresh cycle in IT has fallen drastically from years to until-the-next-patch. Today, the mortality of the existing IT fabric is largely dictated by two factors; the continuously evolving IT landscape and its vulnerability to newer trojans. And therein lies the newer markets.

The market will see the emergence of a new class of workers with cross functional skills who is able to understand and meld multiple software units into one cohesive unit. Alongside this versatile group of workers will be the security team prized for their understanding of the multiple vulnerabilities that the landscape faces. One thing is for sure; most of the industry watchers agree that while the industry is moving towards IT-as-a-commodity, multiple specialist providers have ensured that eco-system is not constrained by choice.

While businesses and governments constantly embrace newer technologies, employees on the other hand, are seeing this more as an opportunity to enhance their career prospects. By focusing on leveraging core soft and cognitive skills such as complex problem solving, creative thinking, cognitive flexibility among others, they are reskilling and upskilling to make a mark.

For a country that started out on the IT curve in the late eighties, the time is ripe for a number of companies to shift from their legacy IT systems and processes. This digital transformation of companies is going to occupy a substantial amount of time, effort and capital in the coming years.

These are also creating a huge opportunity for IT services companies. NASSCOM projects the size of digital transformation businesses at around $470 billion by 2023. The markets are likely to grow at a CAGR of 18.5% over next five years.

Digital transformation will also bring large scale automation into the picture. Widely referred to as Robot Process Automation (RPA), repetitive and predictable jobs will be turned over to robots and bots that will bring in efficiency, both on the cost and time front.

The massive new digital footprint being created in a nascent market like India will create one of the largest data farms in the world. This opens up a secondary market for compute and security of the data; widely viewed as the areas with the largest potential to grow.

The country has crossed the milestone of having to convince the world of its power to build IT products and services in line with the demand from the market. It is now a market ripe with possibilities to become an IT power in deep machine learning, artificial intelligence, virtual reality and augmented reality.

For long, India has been bracketed as a body shop for time and material-based IT billing. With its historical pedigree in software-based computing and the proximity to big data in the coming years, we should see a market for IP based services that would not have to suffer the vagaries of price margin compulsions.

2.4 The key highlights for the year 2018-19

- Capacity Expansion of the Data Center in Mumbai.
- Connectivity services to Google Cloud in India through GlobalCloudConnect (GCC), in addition to Amazon Web Services and Microsoft Azure.
- Augmentation of cloud and managed services portfolio by including cutting edge technology and tools like ACI DC fabric and unified services platform

- Multiple successful handovers of Data center transformation projects, WAN and Security refresh projects and DC/DR build projects across BFSI and Government organizations
- Launch of new services in DC centric IT services on subscription / utility model across products
- Building and delivering hyper-scale networks to global OTT and CDN players.
- Investments in building wired network in metro cities, expanding wireless network to over 120 new cities and 250 new touch points.

2.5 Awards

Your Directors are pleased to place on record that your Company was awarded the following during the Financial Year 2018-19:

- Your Company was recognised by Peers in the industry with two CIO Choice Awards for Data Center and Network Transformation.
- Your Company was ranked an impressive 39 in Fortune Next 500 ranking.
- Your company was also accorded the Iconic Cloud Player of the year by one of the largest English business dailies, Economic Times.
- Your Company also won a Cloud Transformation Award by CyberMedia.
- Your company was featured in two of Gartner's industry reports: Market Guide for Top DC services providers and Critical Capabilities for Managed Hybrid Cloud Hosting APAC.
- The Integrated report for FY 17-18 and the Audio-Visual executed for Investors Day won international recognition with a joint second place in their respective categories at the Asia Pacific PR Excellence awards for 2018.

3. GOVERNANCE AND ETHICS

3.1 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.

In further compliance with the laws of the lands and the guidelines laid down by the Ministry of Corporate Affairs, Your Company affirms its consonance with the principles of the National Guidelines on Responsible Business Conduct (NGRBC).

1. Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable.
2. Businesses should provide goods and services in a manner that is sustainable and safe.
3. Businesses should respect and promote the well-being of all employees, including those in their value chains.
4. Businesses should respect the interests of and be responsive to all their stakeholders.
5. Businesses should respect and promote human rights.
6. Businesses should respect and make efforts to protect and restore the environment.
7. Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

8. Businesses should promote inclusive growth and equitable development.
9. Businesses should engage with and provide value to their consumers in a responsible manner.

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.

3.2 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.

3.3 Board Meetings

During the year, the Board of Directors of your Company met Five times. The dates of meetings are April 24, 2018, July 25, 2018, October 22, 2018, January 31, 2019 and March 27, 2019.

3.4 Directors and Key Managerial Personnel

i. Resignation and Appointment of Independent Director

During the year, Dr S K Rao, Independent Director of the Company, had resigned from Directorship of the Company effective June 4, 2018 due to health reasons. Your Directors wish to place on record their appreciation of the valuable services rendered by him during the tenure of his office.

Mr Arun Seth was appointed as an Additional Director (Independent) under Section 161 (1) of the Companies Act, 2013 to hold office upto the ensuing Annual General Meeting. Notice has been received from a member proposing his appointment as a Director of the Company.

Except for the above, the Composition of the Board remains the same.

ii. Key Managerial Personnel

As per the provisions of Section 203 of the Companies Act, 2013 read with Rule 8 and 8A 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
Mr V Ramanujan	Company Secretary

iii. Independent Directors

The following Directors have continued as Independent Directors of the Company.

1. Dr T H Chowdary
2. Mr C B Mouli
3. Mr C E S Azariah
4. Mr Arun Seth *

* Mr Arun Seth was appointed as an Additional Director (Independent) under Section 161 (1) of the Companies Act, 2013 to hold office upto the ensuing Annual General Meeting. His appointment is subject to the approval of shareholders at the ensuing Annual General Meeting. Your Company has received Notice from a member proposing his appointment as an Independent Director of the Company.

3.5 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 by Independent Directors

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) of the Companies Act, 2013.

3.6 Committees

i. Audit Committee

The Audit Committee consists Mr C B Mouli, Mr Arun Seth 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, Mr C B Mouli 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, Mr C B Mouli 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. Mr. Raju Vegesna is the Chairman of the Committee.

v. Nominating Committee

The Nominating Committee constituted under the SEC Regulations consists Dr T H Chowdary, Mr C B Mouli and Mr C E S Azariah as members.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 NASDAQ Listing Compliance

Consequent to the resignation of Dr S K Rao, Independent Director from the Board, the Company has filed Form 6K with NASDAQ notifying the Resignation. Due to this your Company has not complied with the below NASDAQ Listing Rules:

1. Rules 5605(b) - which requires a majority of the Board of Directors should be comprised of Independent Directors and
2. Rule 5605(c)(2), which requires to have an Audit Committee comprised of atleast three Independent Directors.

In view of this, the Company has received a NASDAQ Staff Notification letter dated June 14, 2018 in which the Company has received a cure period in order to regain compliance as follows:

- until the earlier of the Company's next annual shareholders' meeting or June 4, 2019; or
- if the next annual shareholders' meeting is held before December 3, 2018, then the Company must evidence compliance no later than December 3, 2018.

Subsequently on October 22, 2018, your Company has appointed Mr Arun Seth as an Additional Director (Independent) in the Board as well as in the Audit Committee and the same was informed to NASDAQ. On October 30, 2018, your Company has received a letter from NASDAQ confirming the compliance of Listing Rules 5605(b)(1) and 5605(c)(2) pursuant to the appointment of Mr Arun Seth as the Independent Director in the Board as well as in the Audit Committee.

3.12 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 2018-19 are listed below:

Subsidiary Companies

Sify Technologies (Singapore) Pte. Limited	Amount in ₹ Lakhs
Advances given	Nil
Receipt of Services	293
Purchase of goods	Nil
Rendering of Services	83
Sale of Property, Plant & Equipment	Nil
Trade Receivables	288
Trade Payables	710

Sify Technologies North America Corporation	Amount in ₹ Lakhs
Advances given	10
Receipt of services	24
Rendering of Services	1973
Advances repaid	-
Trade Receivables	597
Sify Data and Managed Services Limited	**Amount in ₹ Lakhs**
Investment made in Shares	Nil
Advances Receivables	Nil
Sify Infinit Spaces Limited	**Amount in ₹ Lakhs**
Investment made in Shares	Nil
Advances receivables	Nil

Holding Company

Raju Vegesna Infotech and Industries Private Limited	Amount in ₹ Lakhs
Lease rental paid	12

Enterprise over which KMP have significant influence

Raju Vegesna Developers Private Limited	Amount in ₹ Lakhs
Lease rental paid	5
Radhika Vegesna	
Lease rental paid	41

Others

Name of the Director	Nature of Payment	Amount in ₹ Lakhs
Dr T H Chowdary, Director	Consultancy Services	3

3.13 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.

3.14 Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has a zero tolerance approach for sexual Harassment of 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.

3.15 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 has been displayed on the Company's website at www.sifytechnologies.com.

3.16 Secretarial Standards

During the year, your Company has complied with the provisions of the applicable Secretarial Standards issued by Institute of Company Secretaries of India.

4. INTERNAL FINANCIAL CONTROLS AND AUDIT

4.1 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, 2019 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, 2019.

4.2 Auditors

i. Statutory Auditors

a. Name and Address

M/s ASA & Associates LLP, Chartered Accountants, 7th Floor, Beta Wing, Raheja Towers, Anna Salai, Chennai.

In terms of Section 139 of the Companies Act, 2013, the members had appointed them as Statutory Auditors 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 that 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.

However, the same was amended through Companies (Amendment Act, 2017) notified on May 7, 2018 which dispensed with the requirement of ratification at every AGM.

The Company has received a certificate from M/s ASA & Associates LLP, Chartered Accountants that they are compliant with the provisions of Section 141 of the Companies Act, 2013.

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 Mr V Ramasubramanian, Company Secretary in Practice to undertake the Secretarial Audit of the Company.

a. Name and Address

Mr V Ramasubramanian, Practising Company Secretary, Kannappa Nagar, Thiruvanmiyur, Chennai 600041.

b. Report

The Report of the Secretarial Auditor in Form MR-3 for the Financial Year ended March 31, 2019 is provided **as Annexure 2** to the Report.

The Report does not contain any qualifications, reservations or adverse remarks.

The Board has reappointed Mr V Ramasubramanian, Practicing Company Secretary as Secretarial Auditor of the Company for the Financial Year 2019-20.

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.

b. Report

The Cost Auditor will submit his report for the Financial year 2018-19 on or before the due date.

Pursuant to the recommendation of the Audit Committee, the Board has approved the appointment of Mr S Ramachandran, Cost Accountant, as Cost Auditor, for the Financial year 2019-20.

5. SOCIAL RESPONSIBILITY AND SUSTAINABILITY

5.1 Corporate Social Responsibility

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 https://www.sifytechnologies.com/investors/company-profile/csr-policy.

For the Financial Year 2018-19, the Company had spent ₹ 137 lakhs towards CSR Projects as detailed herein below:

Particulars	**Amount in ₹. Lakhs**	**Amount in ₹. Lakhs**
Amount to be spent towards CSR		135.00
Amount Spent		
Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust (VIRRD), Dwarakha Tirumala	120.00	
Government ITI Bhimavaram IMC Society	5.00	
Kaviraja Sahitya Viharamu	5.00	
ML Jaisimha Cricket 365 Academy	5.00	
Thiruvahindrapuram Veda Vidya Trust	2.00	

1. **Contribution to VIRRD Trust:** the Company has contributed ₹ 120.00 Lakhs towards Doctors' and Staffs' quarters and other patient amenities.
2. **Government ITI Bhimavaram IMC Society:** The Company has contributed ₹ 5.00 Lakhs to improve the quality training through E-learning to enable the students to have access to e-Class Rooms, e-Library and Guest lectures from Industry etc.
3. **Kaviraja Sahitya Viharamu:** The Company has contributed ₹ 5.00 Lakhs towards construction of Trust Building for carrying out development programs in the village Angaluru.
4. **ML Jaisimha Cricket 365 Academy:** The Company has contributed ₹ 5.00 Lakhs towards promoting women empowerment through cricket.
5. **Thiruvahindrapuram Veda Vidya Trust:** The Company has contributed ₹ 2.00 Lakhs to impart education in Indian Philosophy irrespective of creed, sex or class.

Annual Report on CSR is provided as **Annexure 3.**

5.2 Human Resource Management

Your Company considers its human resources as an important asset and endeavors to nurture groom and retain talent to meet the current and future needs of its business. We have conducted management and supervisory development programs as well as put in place succession plan and long term career growth plans. We have invested in upskilling our employees to meet the demands of the fast-changing technology landscape by conducting training through Sify myacademy. Our training hours went up multifold in the current year. We continue to provide conducive work environment and opportunities for development of its employees. The number of employees as on March 31, 2019 was 2,655.

5.3 Conservation of Energy and Technology Absorption

Conservation of Energy:

Data centers are energy intensive and Sify has been working continuously to ensure that we operate in the most energy efficient manner. Across all our Data Centers in India, we have implemented comprehensive energy conservation and efficiency programs through Energy usage optimization which eradicates energy hot spots though UPS optimization, installation of power factor controllers and installation of precision air handling units and maintaining power utilization efficiency to improve effectiveness across all the Data Centres.

Technology Absorption:

The Company has deployed latest technologies in its Network and its Data Center Business which has helped in improving quality of its services and productivity of its resources. The company's operations do not require significant import of technology.

6. OTHER DISCLOSURES

6.1 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.

6.2 Foreign Exchange Earnings and Outgo

Details of Foreign Exchange Earnings and outgo during the year are as follows:

Foreign Exchange Inflow: ₹ 37,170 lakhs

Foreign Exchange Outgo: ₹ 17,679 lakhs.

7. 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 22, 2019	Chairman and Managing Director	Executive Director	Director

Annexure 1

(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, 2019	USD	69.17	341	90	1,768	1,338	-	5,810	57	(5)	52	Nil	100%
2	Sify Technologies North America Corporation	March 31, 2019	USD	69.17	5	2,905	4,687	1,777	-	5,781	201	(21)	180	Nil	100%
3	Sify Data and Managed Services Limited (Note 1)	March 31, 2019	INR	-	480	(52)	2,449	2,021	-	-	(27)	-	(27)	Nil	100%
4	Sify Infinit Spaces Limited (Note 1)	March 31, 2019	INR	-	500	(17)	504	21	-	-	4	-	4	Nil	100%

Note:

1. The company has not commenced its operations as of March 31, 2019.

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 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Form No MR-3 **Annexure 2**

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2019

[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 the 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 31st March 2019 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 31st March 2019 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) and External Commercial Borrowings (ECB). Not applicable as there is no FDI into the Company or the Company has not made any ODI or OCB.
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and the various Regulations enacted under the said Act are not applicable to the Company as the Company's Equity Shares are not listed in any Stock Exchanges in India.
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) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.
   e) The Employees State Insurance Act, 1948.
   f) The Maternity Benefit Act, 1961.
   g) The Payment of Bonus Act, 1965.
   h) The Payment of Gratuity Act, 1972.
   i) The Tamilnadu Labour Welfare Fund Act, 1972.
   j) The Tamilnadu Shops and Establishment Act, 1947.
   k) The Factories Act, 1948.

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

(i) Secretarial Standards (SS) SS 1 for Board Meetings and SS 2 for General Meetings 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 provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the amendments thereto 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 have not examined the compliance by the Company with applicable Financial Laws, viz. Direct and Indirect Tax Acts, since the same have been subject to review by the Statutory Auditors and other designated Professionals.

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. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent 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.

As per the Minutes of the Board Meetings and Committee Meetings, the decisions of Board and Committee as the case may be were unanimous and no dissenting views have been recorded.

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) 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 Twenty First Annual General Meeting held on July 6, 2017.

   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 Twenty First Annual General Meeting held on July 6, 2017.

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

Chennai
17th April 2019

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

Annexure 3

CORPORATE SOCIAL RESPONSIBILITY REPORT

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

i. Sify Technologies Limited (STL) believes in alignment of its vision and through its CSR initiatives, 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
2017-18	92.21
2016-17	61.59
2015-16	48.40
Total	**202.20**

Average Net Profit = ₹ 67.40 crores

4. Prescribed CSR expenditure:

For the Financial Year 2018-19, a sum of ₹ 134.80 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, 2019:

Particulars	Amount in ₹
Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust (VIRRD), Dwarakha Tirumala	1,00,00,000
Government ITI, Bhimavaram	5,00,000
Kaviraja Sahitya Viharamu (Trust)	5,00,000
M L Jaisimha Cricket 365 Academy	5,00,000
Thiruvahindrapuram Veda Vidya Trust (Out of Previous year 2017-18 CSR Fund)	2,00,000
Total (A)	**1,17,00,000**

Amount spent after March 31, 2019:

Particulars	Amount in ₹
Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust (VIRRD), Dwarakha Tirumala	20,00,000
Total (B)	**20,00,000**
Grand Total (A + B)	**1,37,00,000**

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, 2019:							
1.	Health Care	Hospital for the Disabled	Dwarakha Tirumala	1,20,00,000	1,00,00,000	2,78,00,000	Direct Contribution to Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust, Dwarakha Tirumala
2.	Promoting Education	Enabling e-class rooms, e-Library and Guest Lectures from Industry	Bhimavaram, West Godavari District, Andhra Pradesh	5,00,000	5,00,000	5,00,000	Direct Contribution by the Company
3.	Rural Development	Construction of Trust Building to carry out programs in the village	Angaluru, Krishna District Andhrapradesh	5,00,000	5,00,000	5,00,000	Direct Contribution to Sri Hanuman Mani Education & Cultural Trust, Hyderabad
4.	Promoting Sports	Promoting women empowerment through cricket	Secunderabad	5,00,000	5,00,000	5,00,000	Direct contribution by the Company to M/s M L Jaisimha Cricket 365 Academy
Amount spent after March 31, 2019 and till the date of Directors' Report:							
1.	Health Care	Hospital for the Disabled	Dwarakha Tirumala	1,20,00,000	20,00,000	2,98,00,000	Direct Contribution to Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust, Dwarakha Tirumala
Amount Spent out of previous year balance 2017-18:							
1.	Promoting Education under Cultural Heritage	Education to students in Indian Philosophy irrespective of creed, sex or class.	Thiruvahindrapuram	2,00,000	2,00,000	2,00,000	Direct contribution by the Company with M/s Thiruvahindrapuram Veda Vidya Trust.

Chennai
April 22, 2019

Raju Vegesna
Chairman

Ananda Raju Vegesna
Member

C E S Azariah
Member

Standalone Financial Statements
for the year ended March 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of Sify Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Sify Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Trade Receivables:

Why Significant

The collectability of the Company's aged Trade Receivables and the valuation of allowance for impairment of Trade Receivables is a Key Audit Matter due to the judgement involved in assessing the recoverability. The Trade Receivable as at March 31, 2019 is ₹ 99,723 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2019 is ₹ 5,300 lakhs (including bad debts written off ₹ 4,733 lakhs).

How our audit addressed the matter

- We evaluated and tested the Company's processes for trade receivables, including the credit control, collection and provisioning processes.
- We evaluated the management view point and estimates used to determine the Allowance for bad and doubtful debts.
- We have reviewed the ageing, tested the validity of the receivables, tested that aged trade receivables were subsequently collected, the past payment and credit history of the customer, disputes (if any) with customers and based on discussion with the Company's management (information and explanation provided by them) and evidences collected, we understood and evaluated the reason for delay in realisation of the receivable and possibility of realisation of the aged receivable.
- Where there were indicators that trade receivables were unlikely to be collected, we assessed the adequacy of allowance for impairment of trade receivables.
- We tested the sufficiency of the Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2019.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our

opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

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

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, there are no managerial remuneration is payable to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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, as amended 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 43 (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 to the Significant Accounting Policies in C 13, C 14 (d) and Note 40 (a) (Derivative Financial instruments) attached to the standalone financial statements; and

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

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

D K Giridharan
Partner
Membership No: 028738

Place: Chennai
Date : April 22, 2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, 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 programme, 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) / Goods and Service Tax (GST), 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, 2019 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) 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	High Court
	June 07-Mar10	55	
Finance Act,1994 (Service tax) Finance Act,1994 (Service tax)	Oct 05-Mar 06 Oct 05-Mar 10 Feb13-Mar14 Apr08-May08 Apr12-Mar13 Apr13-Mar14 Apr13-Mar14 Apr12-Mar13 Apr15-Mar16 Apr10-Mar13 Apr14-Mar15 Apr11-Mar12 Apr10-Mar11 Apr10-Mar11	161 1,390 15 13 84 106 22 12 3 32 75 24 75 22	CESTAT, Chennai
Uttar Pradesh Value Added Tax Act, 2008	2011-12	8	Commercial Tax Officer
Income Tax Act, 1961	Assessment Year 2008-09	80	Income Tax Appellate Tribunal

(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 22, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in the Independent Auditors' Report of even date to the members of Sify Technologies Limited on the Standalone Financial Statements for the year ended March 31, 2019

We have audited the Internal Financial Controls Over Financial Reporting of Sify Technologies Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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, 2019, 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 22, 2019

Balance Sheet as at March 31, 2019

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

	Note No. (D)	March 31, 2019	March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	68,412	59,864
(b) Capital work in progress		17,955	12,279
(c) Intangible assets	2	5,589	5,648
(d) Financial assets			
(i) Investments	3	6,436	6,436
(ii) Trade receivables	4	551	325
(iii) Other financial assets	5	2,922	3,366
(e) Deferred Tax assets	31	2,360	-
(f) Other non-current assets	6	26,229	18,736
		1,30,454	**1,06,654**
(2) Current assets			
(a) Inventories	7	17,153	6,454
(b) Financial assets			
(i) Trade receivables	8	99,172	87,899
(ii) Cash and cash equivalents	9	20,282	20,315
(iii) Other financial assets	10	817	617
(c) Other current assets	11	30,405	21,991
		1,67,829	**1,37,276**
Total Assets		2,98,283	**2,43,930**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	18,043	15,184
(b) Other Equity	13	89,894	75,404
		1,07,937	**90,588**
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	33,555	21,106
(ii) Other financial liabilities	15	1,724	2,071
(b) Provisions	16	1,708	1,475
(c) Other non-current liabilities	17	9,812	7,761
		46,799	**32,413**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	27,971	25,978
(ii) Trade payables	19		
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		67,258	56,636
(iii) Other financial liabilities	20	28,179	21,397
(b) Other current liabilities	21	19,983	16,771
(c) Provisions	16	156	147
		1,43,547	**1,20,929**
Total Equity and Liabilities		2,98,283	**2,43,930**

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 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2019

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

	Note No. (D)	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations	24	2,05,965	1,97,448
Other income	25	2,547	3,116
Total income		2,08,512	**2,00,564**
EXPENSES			
Cost of services rendered	26 A	91,417	92,674
Purchase of stock-in-trade	26 B	38,718	20,584
Changes in inventories	26 C	(10,699)	5,086
Employee benefits expense	27	26,198	23,799
Finance costs	28	7,268	4,953
Depreciation and amortisation expense	1 and 2	15,309	17,519
Other expenses	29	29,823	26,717
Total expenses		1,98,034	**1,91,332**
Profit before tax		10,478	**9,232**
Tax expense	31		
Current Tax		2,360	-
Deferred Tax		(2,360)	-
Profit after tax		10,478	**9,232**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/asset	36	27	54
Total other comprehensive income		27	**54**
Total comprehensive income for the Year		10,505	**9,286**
Earnings per equity share (₹ 10 paid up)	34		
Basic		6.79	6.14
Diluted		6.73	6.11

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 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2019

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

A. Equity Share Capital

	For the year ended	
	March 31, 2019	March 31, 2018
Balance at the beginning of the year	15,184	15,169
Change in Equity Share Capital during the year	2,859	15
Balance at the end of the year	**18,043**	**15,184**

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	
2017-18						
Balance as at April 1, 2017* - (A)	**1,89,436**	**604**	**(1,22,812)**	**748**	**54**	**68,030**
Profit for the year	-	-	9,232	-	-	**9,232**
Other comprehensive income	-	-	-	-	54	**54**
Total comprehensive income for the year 2017-18 - (B)	-	-	**9,232**	-	**54**	**9,286**
Employee stock compensation cost for the year	-	-	-	69	-	**69**
Transferred from stock options outstanding account	27	29	-	(56)	-	**-**
Additions to securities premium on issue of shares on exercise of ASOP	106	-	-	-	-	**106**
Dividend paid (Including dividend distribution tax) for 2016-17 approved by shareholders in annual general meeting held on July 6, 2017	-	-	(2,087)	-	-	**(2,087)**
Balance as at March 31, 2018 - (C)	**1,89,569**	**633**	**(1,15,667)**	**761**	**108**	**75,404**
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (44) (a)] - (D)	**(1,16,264)**	-	**1,16,264**	-	-	**-**
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (44) (b)] - (E)	**(27,661)**	-	**27,661**	-	-	**-**
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	**45,644**	**633**	**28,258**	**761**	**108**	**75,404**

B. Other Equity (Continued)

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

	Reserves and surplus			Other Components of Equity		Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Remeasurements of net defined benefit liability/asset	
2018-19						
Balance as at April 1, 2018	**1,89,569**	**633**	**(1,15,667)**	**761**	**108**	**75,404**
Impact of change in accounting policy #			(382)	-	-	**(382)**
Adjusted Balance as at April 1, 2018* - (A)	**1,89,569**	**633**	**(1,16,049)**	**761**	**108**	**75,022**
Profit for the year	-	-	10,478	-	-	**10,478**
Other comprehensive income	-	-		-	27	**27**
Total comprehensive income for the year 2018-19 - (B)	-	-	**10,478**	-	**27**	**10,505**
Employee stock compensation cost for the year	-	-	-	48	-	**48**
Transferred from stock options outstanding account	84	38	-	(122)	-	-
Call money received	6,187	-	-	-	-	**6,187**
Additions to securities premium on issue of shares on exercise of ASOP	310	-	-	-	-	**310**
Dividend paid (Including dividend distribution tax) for 2017-18 approved by shareholders in annual general meeting held on July 6, 2018	-	-	(2,178)	-	-	(2,178)
Balance as at March 31, 2019 - (C)	1,96,150	671	(1,07,749)	687	135	89,894
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (44) (a)] - (D)	**(1,16,264)**	-	**1,16,264**	-	-	-
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (44) (b)] - (E)	**(27,661)**	-	**27,661**	-	-	-
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	52,225	671	36,176	687	135	89,894

*Balance at 1.4.2017 and 1.4.2018 of Securities Premium and Retained Earnings are before adjustment of Accumulated Losses with Securities Premium as detailed in Note D (44) (a) and D (44) (b).

The Company has initially applied Ind AS 115 - Revenue from Contracts with Customers using cumulative effect transition method. Under this method the comparative information is not restated. Refer Note B (3)(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 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Cash Flow Statement for the year ended March 31, 2019

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

		For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax		10,478	**9,232**
Adjustments for :			
Depreciation and amortisation expense		15,309	17,519
Finance expenses (considered separately)		7,268	4,953
Allowance for doubtful debts		5,300	3,700
Employee stock compensation expense		48	69
Provision for expenses no longer required written back		-	(41)
Amortisation of lease prepayments		185	183
Unrealised foreign exchange fluctuation loss/(gain), net		641	(19)
Interest income (considered separately)		(328)	(1,218)
(Profit) /loss on sale of Property, Plant and Equipment (net)		(72)	(26)
Operating profit / (loss) before working capital changes		38,829	**34,352**
(Increase)/decrease in trade receivables - current		(16,812)	(22,630)
(Increase)/decrease in non current trade receivables		(226)	(259)
(Increase)/decrease in inventories		(10,699)	5,086
(Increase)/decrease in other financial assets - current		(218)	227
(Increase)/decrease in other financial assets - non current		557	(885)
(Increase)/decrease in other non current assets		(1,893)	(2,448)
(Increase)/decrease in other current assets		(4,345)	(1,412)
Increase/(decrease) in trade payables		10,674	6,989
Increase/(decrease) in other non current financial liabilities		(347)	54
Increase/(decrease) in other non current liabilities		1,753	3,412
Increase/(decrease) in other financial liabilities - current		458	244
Increase/(decrease) in other current liabilities		2,041	(1,682)
Increase/(decrease) in provisions - non current		260	256
Increase/(decrease) in provisions - current		9	35
Cash generated from operations		20,041	**21,339**
Tax (paid)/refund received		(5,661)	(457)
Net cash generated from operating activities	**(A)**	14,380	**20,882**
Cash flow from investing activities			
Investment in subsidiary		-	(500)
Purchase of Property, Plant and Equipment		(39,658)	(18,218)
Sale proceeds of Property, Plant and Equipment		74	25
Advance to subsidiaries		-	(20)
Interest income received		233	1,144
Net cash used in investing activities	**(B)**	(39,351)	**(17,569)**
Cash flow from financing activities			
Proceeds from long-term borrowings		38,729	23,972
Repayment of long-term borrowings		(15,959)	(15,649)
Increase/(decrease) in short-term borrowings		7,676	(11,925)
Proceeds from issue of share capital		9,356	121
Dividend paid		(1,807)	(1,734)
Dividend distribution tax paid		(371)	(353)
Interest paid		(7,064)	(4,898)
Net cash used in financing activities	**(C)**	30,560	**(10,466)**
Effect of exchange differences on translation of cash and cash equivalents	**(D)**	61	**(48)**
Net increase/(decrease) in cash and cash equivalents during the year	**(A) + (B) + (C) + (D)**	5,650	**(7,201)**
Cash and cash equivalents at the beginning of the year		(900)	**6,301**
Cash and cash equivalents at the end of the year# [Refer Note D (9)]		4,750	**(900)**
# Cash and cash equivalents subject to lien [Refer Note D (9)]		2,745	2,604
Purchase of property, plant and equipment by means of financial lease		-	697
Disclosure of changes in liabilities arising from financing activities [Refer Note D (30)]			
Significant accounting policies and notes to the financial statements [(Refer notes C and D)]			

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

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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No.: 028738

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

Chennai
April 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

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

A. COMPANY OVERVIEW

Sify Technologies Limited ('Sify' or 'the Company') is a Company domiciled in India. The address of the Company's registered office is 2nd Floor, Tidel Park, 4, Rajiv Gandhi Salai, Taramani, Chennai – 600113, India. The Company offers converged ICT solutions comprising Telecom-centric services, Data Center-centric IT services which includes Data Center services, cloud and managed services, applications integration services and technology integration services. The Company was incorporated on December 12, 1995 and is listed on the NASDAQ Capital Market in the United States.

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, 2019 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on April 22, 2019.

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.
- Share-based payments
- 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. New and amended Standards adopted by the Company

Except for the changes mentioned below, the company has consistently applied accounting policies to all periods:

a) Amendment to Ind AS 21- Foreign Currency Transactions

Effective April 1, 2018 the Company has adopted amendment to Ind AS 21- Foreign Currency Transactions. The amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The adoption of amendment did not have any material effect on the financial statements.

b) Ind AS 115 - Revenue from contracts with customers

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with effect from April 1, 2018 by using the cumulative effect transition method and accordingly comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 on initial application of ₹382 has been adjusted in the opening retained earnings.

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties. Refer note C (14) Significant accounting policies in the company's 2018 annual report for the previous revenue recognition policies.

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

Impact on the financial statements

The below table summarises the impact of adoption of Ind AS 115 on the Company's financial statements for the year ended March 31, 2019

Balance Sheet as at March 31, 2019

	As at March 31, 2019 As reported	Adjustments under Ind AS 115	As at March 31, 2019 Without Ind AS 115
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	68,412		68,412
(b) Capital work in progress	17,955		17,955
(c) Intangible assets	5,589		5,589
(d) Financial assets			
(i) Investments	6,436		6,436
(ii) Trade receivables	551		551
(iii) Other financial assets	2,922		2,922
(e) Deferred Tax assets	2,360		2,360
(f) Other non-current assets	26,229	(306)	25,923
	1,30,454	(306)	1,30,148
(2) Current assets			
(a) Inventories	17,153		17,153
(b) Financial assets			
(i) Trade receivables	99,172		99,172
(ii) Cash and cash equivalents	20,282		20,282
(iii) Other financial assets	817		817
(c) Other current assets	30,405	(824)	29,581
	1,67,829	(824)	1,67,005
Total Assets	2,98,283	(1,130)	2,97,153
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	18,043		18,043
(b) Other Equity	89,894	466	90,360
	1,07,937	466	1,08,403
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	33,555		33,555
(ii) Other financial liabilities	1,724		1,724
(b) Provisions	1,708		1,708
(c) Other non-current liabilities	9,812	(356)	9,456
	46,799	(356)	46,443
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	27,971		27,971
(ii) Trade payables	67,258		67,258
(iii) Other financial liabilities	28,179		28,179
(b) Other current liabilities	19,983	(1,240)	18,743
(c) Provisions	156		156
	1,43,547	(1,240)	1,42,307
Total Equity and Liabilities	2,98,283	(1,130)	2,97,153

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

Statement of Profit and Loss for the year ended March 31, 2019

	Year ended March 31, 2019 As reported	Adjustments under Ind AS 115	Year ended March 31, 2019 Without Ind AS 115
Revenue from operations	2,05,965	127	2,06,092
Other income	2,547		2,547
Total income	2,08,512	127	2,08,639
Expenses			
Cost of services rendered	91,417	43	91,460
Purchase of stock-in-trade	38,718		38,718
Changes in inventories	(10,699)		(10,699)
Employee benefits expense	26,198		26,198
Finance costs	7,268		7,268
Depreciation and amortisation expense	15,309		15,309
Other expenses	29,823		29,823
Total expenses	1,98,034	43	1,98,077
Profit before tax	10,478	84	10,562
Tax expense			
Current Tax	2,360	18	2,378
Deferred Tax	(2,360)	(18)	(2,378)
Profit after tax	10,478	84	10,562
Earnings per equity share (₹ 10 paid up)			
Basic	6.79	0.05	6.84
Diluted	6.73	0.05	6.78

On adoption of Ind AS 115, the Company does not have a material impact on other comprehensive income and cash flows for the year except for certain adjustments to reconcile profit before tax to net cash flows from operating activities and working capital adjustments. However, there was no impact on the net cash flows from operating activities. The cash flows from investing and financing activities were not affected.

4. 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.

5. 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 assumptions having the most significant effect 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)]
- Measurement of defined employee benefit obligations [Note C (11)]
- Measurement of share-based payments [Note C(12)]
- Provisions [Note C(13)]
- Identification of performance obligation and timing of satisfaction of performance obligation, measurement of transaction price on revenue recognition [Note C(14)]
- 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 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. 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 cashflows 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 financial assets 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 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.

(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 and 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 financial liabilities at 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

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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 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 of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes expenditure 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 year ended March 31, 2019 and March 31, 2018 were as follows:

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

	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
- Computer laptops/desktops	3	3
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 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 unless such payments are structure in line with the expected general inflation to compensate for the lessors expected inflationary cost increases.

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. Contract assets/liability

Contract Assets (Unbilled revenue) represents revenue in excess of billing. Contract Liability (Unearned income) represents unserviced portion of billed contracts.

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 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

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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

The Company derives revenue from converged ICT solutions comprising telecom-centric services, Data Center-centric IT services which includes Data Center services, cloud and managed services, applications integration services and technology integration services.

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with effect from April 1, 2018 by using the cumulative effect transition method and accordingly comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 on initial application of ₹ 382 has been adjusted in the opening retained earnings.

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties. Refer note C 14 Significant accounting policies in the companies 2018 annual report for the previous revenue recognition policies.

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

(a) Telecom Services:

Revenue from Telecom services includes Data network services and Voice services. Telecom services primarily include revenue from connectivity services, NLD/ILD services and to a lesser extent, revenues from the setup and installation of connectivity links. The group provides connectivity for a fixed period of time at a fixed rate regardless of usage. Revenue from telecom services are series of distinct services. The performance obligations are satisfied overtime.

Service revenue is recognized when services are provided, based upon period of time. The setup and installation of connectivity links are deferred and recognized over the associated contract period.

Sale of equipments are accounted as separate performance obligations if they are distinct and its related revenues are recognised at a point in time when the control is passed on to the customer.

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

(b) Data Center Services (DC):

Revenue from DC services consists co-location of racks and power charges. The contracts are mainly for a fixed rate for a period of time.

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Revenue from co-location of racks, power charges and cross connect charges are series of distinct services. The performance obligations are satisfied overtime. Service revenue is recognized as the related services are performed. Sale of equipments such as servers, switches, networking equipments, cable infrastructure and racks etc are accounted as separate performance obligations if they are distinct and its related revenues are recognised at a point in time when the control is passed on to the customer.

(c) Cloud and Managed Services:

Revenue from Cloud and managed services include revenue from Cloud and storage solutions, managed services, value added services, domestic and International managed services.

Revenues from Cloud and on demand compute and storage, are primarily fixed for a period of time. Revenue from Cloud and managed services are series of distinct services. The performance obligations are satisfied overtime. The group recognizes service revenue as the related services are performed.

Revenues from domestic and international managed services, comprise of value added services, operations and maintenance of projects and from remote infrastructure management. Contracts from this segment are fixed and could also be based on time and material contracts.

In the case of time and material contracts, The Group recognizes service revenue as the related services are performed.

In the case of fixed price contract, the group recognizes revenue over a period of time based on progress towards completion of performance obligation using efforts or cost to cost measure of progress (percentage completion method of accounting).

The stage of completion is measured by efforts spent to estimated total efforts 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, network services, security solutions and to a lesser extent, revenue from sale of hardware and software.

Revenue from construction contract includes revenue from construction of Data Centers to the specific needs and design of the customer. The Group recognizes revenue at point in time, when the customer does not take control of work-in-progress or over a period of time when the customer controls the work-in-progress. In the case where revenue is recognised over a period of time and progress is measured based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract.

If the Group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of Income in the period in which such losses become probable based on the current contract estimates.

(e) Applications Integration Services:

Revenue from Applications Integration services include online assessment, document management services, web development, digital certificate based authentication services, supply chain software and eLearning software development services. eLearning software development services consist of structuring of content, developing modules, delivery and training users in the modules developed.

Revenue from Applications Integration Services is recognised over a period of time. The progress is measured based on the amount of time/effort spent on a project. 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 upon the usage (i.e on actual impressions/click throughs / leads delivered.)

Revenue from commissions earned on electronic commerce transactions are recognised when the transactions are completed.

Digital Certification revenues include income received on account of Web certification. Generally the Company does not hold after sale service commitments after the activation of the Digital Certificates sold and accordingly, revenue is recognised fully on the date of activation of the respective certificate.

Multiple deliverable arrangements

In certain cases, some elements belonging to the services mentioned above are sold as a package consisting of all or some of the elements.

The Company accounts for goods or services of the package separately if they are distinct. i.e if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer.

The Company allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. Stand-alone selling price is the price at which group would sell a promised good or service separately to the customer.

If the relative stand-alone selling prices are not available, the group estimates the same. In doing so, the group maximises the use of observable inputs and apply estimation methods consistently in similar circumstances.

Contract Cost

Costs to fulfil customer contracts i.e the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify or the costs generate/ enhance resources of the company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future or the costs that are expected to be recovered are recognised as asset and amortized over the contract period.

Incremental costs of obtaining a contract are recognised as assets and amortized over the contract period if entity expects to recover those costs. The Company recognise incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Costs to obtain a contract that is incurred regardless of whether the contract is obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Significant judgements on applying Ind AS 115

The Company contracts with customer include promises or arrangements to transfer multiple goods or services to a customer. The Company assesses whether such arrangements in the contract has distinct goods or services (performance obligation). Identification of distinct performance obligation involves judgment to determine ability of customer to benefit independently from other promises in the contract.

The judgment is required to measure the transaction price for the contract. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration could be fixed amount or variable amount or could be both. Transaction price could also be adjusted for time value of money if contract includes a significant financing component.

In the case of multiple arrangements in a contract, the Company allocates transaction price to each performance obligation based on stand-alone transaction price. The determination of stand-alone transaction price involves judgment.

The Company uses judgment in determining timing of satisfaction of performance obligation. The Company considers how customer benefits from goods or services as the services are rendered, who controls as the assets is created or enhanced, whether asset has an alternate use and the entity has an enforceable right to payment for performance completed to date, transfer of significant risk and reward to the customer, acceptance or sign off from the customer etc.,

The Company uses judgement when capitalising the contract cost as to whether it generates or enhances resources of the entity that will be used in satisfying performance obligation in the future.

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.

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

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 a deferred tax 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,

(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

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.

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 least 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

New Standards and interpretations not yet adopted

Ministry of Corporate Affairs (MCA) vide notification dated 30 March, 2019 has issued new standard, Ind AS 116 - Leases and also amended Ind AS 12 - Income taxes and Ind AS 19 - Employee benefits.

a) **Ind AS 116 - Leases**

The standard replaces all existing lease accounting requirements and represents a significant change in accounting and reporting of leases, with more assets and liabilities to be reported on the Balance Sheet and a different recognition of lease costs. The company is currently evaluating the impact of the standard on the financial statements. The effective date of adoption of Ind AS 116 - Leases is annual period beginning from 1st April 2019. The standard permits the use of either the retrospective or cumulative effect transition method.

Under restrospective method, the Company retrospectively applies the standard to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and under the cumulative effect transition method, the effect of applying the Standard is adjusted in the opening retained earnings and the comparatives will not be retrospectively adjusted.

The company will adopt cumulative transition method on adoption of Ind AS 116 and accordingly comparatives for the year ended March 2019 will not be adjusted. The Company also has elected to apply certain practical expedients on transition to Ind AS 116.

On adoption of Ind AS 116, the Company will increase the right to use of assets by ₹ 80 Crores approx. and an increase in lease liability of ₹ 95 Crores approx.

The Company has lease prepayment amounting to ₹ 112 Crores as of March 2019 and Indefeasible right of use (IRU) prepaid asset amounting to ₹ 49 Crores as of March 2019. The same will be reclassified to Right to use asset under Ind AS 116 with effect from April 1, 2019.

b) **Ind AS 12 Income taxes - Uncertainty over Income Tax Treatments**

The amendment clarifies the accounting for uncertainties in income taxes. The effective date for adoption of amendment is annual reporting periods beginning on or after April 1, 2019. The effect of amendment on Uncertainty over Income Tax Treatments is expected to be insignificant.

c) Ind AS 12 - Income taxes

The amendments clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events that generated distributable profits.

Effective date for application of this amendment is annual period beginning on or after 1 April, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

d) Amendments in Ind AS 19 – Employee Benefits

MCA has amended Ind AS 19 – "Employee Benefits" regarding plan amendments, curtailments and settlements. The amendments in Plan Amendment, Curtailment or Settlement are as follows;

a) If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement;

b) In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

The above amendments are effective for annual periods beginning on or after April 1, 2019. The company has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

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, 2019

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2018	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2019	As at April 1, 2018	For the year	Deletions/ Adjustments during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Owned assets										
Buildings	**20,130**	1,357	-	21,487	**5,423**	732	-	6,155	15,332	14,707
(As at April 1 2014)	*(9,239)*	-	-	*(9,239)*	*(2,536)*	-	-	*(2,536)*	*(6,703)*	*(6,703)*
Plant and equipment	**1,12,099**	18,424	841	1,29,682	**78,673**	9,792	839	87,626	42,056	33,426
(As at April 1 2014)	*(66,840)*	-	*(802)*	*(66,038)*	*(46,153)*	-	*(801)*	*(45,352)*	*(20,686)*	*(20,687)*
Furniture and fittings	**1,515**	23	4	1,534	**1,500**	14	4	1,510	24	15
(As at April 1 2014)	*(1,368)*	-	*(4)*	*(1,364)*	*(1,359)*	-	*(4)*	*(1,355)*	*(9)*	*(9)*
Office equipment	**5,943**	826	2	6,767	**3,492**	788	2	4,278	2,489	2,451
(As at April 1 2014)	*(2,315)*	-	*(1)*	*(2,314)*	*(1,820)*	-	*(1)*	*(1,819)*	*(495)*	*(495)*
Leasehold improvements	**10,805**	1,436	87	12,154	**7,061**	1,244	87	8,218	3,936	3,744
(As at April 1 2014)	*(4,958)*	-	*(87)*	*(4,871)*	*(4,003)*	-	*(87)*	*(3,916)*	*(955)*	*(955)*
Motor vehicles	**72**	-	-	72	**36**	24	-	60	12	36
(As at April 1 2014)	-	-	-	-	-	-	-	-	-	-
Assets acquired under lease										
Building	**2,911**	-	-	2,911	**1,183**	103	-	1,286	1,625	1,728
(As at April 1 2014)	*(2,911)*	-	-	*(2,911)*	*(771)*	-	-	*(771)*	*(2,140)*	*(2,140)*
Plant and machinery	**25,387**	-	-	25,387	**21,630**	819	-	22,449	2,938	3,757
(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)*
	1,78,891	**22,066**	**934**	**2,00,023**	**1,19,027**	**13,516**	**932**	**1,31,611**	**68,412**	**59,864**
(As at April 1 2014)	***(98,665)***	**-**	***(894)***	***(97,771)***	***(59,583)***	**-**	***(893)***	***(58,690)***	***(39,081)***	***(39,082)***

(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, 2018

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2017	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2018	As at April 1, 2017	For the year	Deletions/ Adjustments during the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Owned assets										
Buildings	**20,130**	-	-	**20,130**	**4,705**	718	-	**5,423**	**14,707**	**15,425**
(As at April 1 2014)	*(9,239)*	-	-	*(9,239)*	*(2,536)*	-	-	*(2,536)*	*(6,703)*	*(6,703)*
Plant and equipment	**1,03,273**	9,745	919	**1,12,099**	**69,552**	9,384	263	**78,673**	**33,426**	**33,721**
(As at April 1 2014)	*(67,277)*	-	*(437)*	*(66,840)*	*(46,312)*	-	*(159)*	*(46,153)*	*(20,687)*	*(20,965)*
Furniture and fittings	**1,510**	13	*8*	**1,515**	**1,474**	34	8	**1,500**	***15***	***36***
(As at April 1 2014)	*(1,376)*	-	*(8)*	*(1,368)*	*(1,362)*	-	*(3)*	*(1,359)*	*(9)*	*(14)*
Office equipment	**4,886**	1,069	12	**5,943**	**2,847**	657	12	**3,492**	**2,451**	**2,039**
(As at April 1 2014)	*(2,327)*	-	*(12)*	*(2,315)*	*(1,822)*	-	*(2)*	*(1,820)*	*(495)*	*(505)*
Leasehold improvements	**9,244**	1,563	2	**10,805**	**5,986**	1,077	2	**7,061**	**3,744**	**3,258**
(As at April 1 2014)	*(4,960)*	-	*(2)*	*(4,958)*	*(4,003)*	-	-	*(4,003)*	*(955)*	*(957)*
Motor vehicles	**72**	-	-	**72**	**12**	24	-	**36**	**36**	**60**
(As at April 1 2014)	-	-	-	-	-	-	-	-	-	-
Assets acquired under lease										
Building	**2,911**	-	-	**2,911**	**1,080**	103	-	**1,183**	**1,728**	**1,831**
(As at April 1 2014)	*(2,911)*	-	-	*(2,911)*	*(771)*	-	-	*(771)*	*(2,140)*	*(2,140)*
Plant and machinery	**24,690**	697	-	**25,387**	**17,510**	4,120	-	**21,630**	**3,757**	**7,180**
(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)*
	1,66,745	**13,087**	**941**	**1,78,891**	**1,03,195**	**16,117**	**285**	**1,19,027**	**59,864**	**63,550**
(As at April 1 2014)	***(99,124)***	**-**	***(459)***	***(98,665)***	***(59,747)***	**-**	***(164)***	***(59,583)***	***(39,082)***	***(39,377)***

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.

(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, 2019

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2018	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2019	As at April 1, 2018	For the year	Deletions/ Adjustments during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Undersea cable capacity	6,424	419	-	6,843	3,043	630	-	3,673	3,170	3,381
(As at April 1 2014)	*(5,533)*	-	-	(5,533)	*(922)*	-	-	(922)	(4,611)	*(4,611)*
System software	8,157	1,315	-	9,472	6,254	1,138	-	7,392	2,080	1,903
(As at April 1 2014)	*(4,589)*	-	-	(4,589)	*(4,044)*	-	-	(4,044)	(545)	*(545)*
License fees	730	-	-	730	366	25	-	391	339	364
(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)	-	-
	17,135	**1,734**	**-**	18,869	**11,487**	**1,793**	**-**	13,280	5,589	**5,648**
(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, 2018

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2017	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2018	As at April 1, 2017	For the year	Deletions/ Adjustments during the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Undersea cable capacity	6,424	-	-	6,424	2,474	569	-	3,043	3,381	3,950
(As at April 1 2014)	*(5,533)*	-	-	*(5,533)*	*(922)*	-	-	*(922)*	*(4,611)*	*(4,611)*
System software	6,521	1,636	-	8,157	5,448	806	-	6,254	1,903	1,073
(As at April 1 2014)	*(4,589)*	-	-	*(4,589)*	*(4,044)*	-	-	*(4,044)*	*(545)*	*(545)*
License fees	730	-	-	730	339	27	-	366	364	391
(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)*	-	-
	15,499	**1,636**	-	**17,135**	**10,085**	**1,402**	**-**	**11,487**	**5,648**	**5,414**
(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.

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

		As at March 31, 2019	As at March 31, 2018
3. INVESTMENTS - NON-CURRENT			
Trade Investments			
Investment in equity instruments			
Investments in subsidiaries - unquoted (carried at cost)			
Sify Technologies (Singapore) Pte Limited			
[2,000 (March 31,2018 : 2,000) equity shares of S $1 each fully paid up]		1	1
[5,00,000 (March 31,2018 : 5,00,000) equity shares of ₹ 67.98 (USD 1) each fully paid up]		340	340
Sify Technologies North America Corporation [100 (March 31, 2018: 100) Common stock of ₹ 0.006155 (USD 0.0001) each fully paid up]		*	*
Sify Technologies North America Corporation [8,00,00,000 (March 31, 2018: 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 (March 31, 2018: 50,00,000) Equity Shares of ₹10 each fully paid up]		500	500
Sify Infinit Spaces Limited [50,00,000 (March 31, 2018: 50,00,000) Equity Shares of ₹10 each fully paid up]		500	500
Total equity instruments	A	4419	**4419**
Investment in preference shares			
Investments in subsidiaries – unquoted (carried at cost)			
Sify Data and Managed Services Limited *[2,00,00,000 (March 31, 2018: 2,00,00,000) 7% Non-Cumulative Convertible Preference Shares of ₹10 each fully paid up]*	B	2,000	2,000
	(A) + (B)	6,419	**6,419**
Investment in equity of others – unquoted (Refer note below)			
Investment in Vashi Railway Station Commercial Complex Limited [15,000 (March 31, 2018: 15,000) equity shares of ₹ 10 each fully paid up]		2	2
Investment in Sarayu Clean Gen Pvt Ltd [1,56,000 (March 31,2018: 1,56,000) equity shares of ₹10 each fully paid up]		15	15
	(C)	17	**17**
	(A) + (B) + (C)	6,436	**6,436**
Aggregate cost of unquoted investments		6,436	**6,436**

* 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, 2019	As at March 31, 2018
4. TRADE RECEIVABLES - NON-CURRENT		
Long term trade receivables (Unsecured, considered good)	551	325
	551	**325**
5. OTHER FINANCIAL ASSETS - NON-CURRENT		
Security deposits	2,537	3,007
Bank deposits*	385	359
	2,922	**3,366**

* Represents deposits with more than 12 months maturity, subject to lien in favour of banks for obtaining bank guarantees /letters of credit.

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

	As at March 31, 2019	As at March 31, 2018
6. OTHER NON-CURRENT ASSETS		
Capital advances	8,227	2,761
Others:		
Prepaid expenses	6,638	4,721
Lease prepayments	11,058	11,244
Deferred Contract cost *	306	-
Contract Asset (Unbilled revenue) *	-	10
	26,229	18,736

* Refer note 48 for the movement in Unbilled revenue and amortisation and capitalisation of deferred contract cost.

7. INVENTORIES		
Trade inventories	17,153	6,454
	17,153	6,454
8. TRADE RECEIVABLES		
Trade receivables considered good - Secured	-	5
Trade receivables considered good - Unsecured [Refer note (a) below]	1,01,778	89,933
Total	1,01,778	89,938
Loss Allowance [Refer note (b) below]	(2,606)	(2,039)
Total Trade receivables	99,172	87,899

(a) Includes ₹ 608 receivable from Sify Technologies North America Corporation, wholly owned subsidiary of the company (Previous Year: ₹ 467) and includes ₹ 288 receivable from Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary (Previous year- ₹ 300)

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning of the year	2,039	2,289
Add: Additional provision during the year	5,300	3,700
Less: Bad debts written off	(4,733)	(3,950)
Balance at the end of the year	2,606	2,039

	As at March 31, 2019	As at March 31, 2018
9. CASH AND CASH EQUIVALENTS		
(a) Balance with banks		
(i) in current accounts	17,066	17,706
(ii) deposits	5	-
(b) Other bank balances		
(i) Bank deposits [Refer note below]	2,745	2,604
(ii) Unpaid dividend account	*	*
(c) Cheques on hand	461	-
(d) Cash on hand	5	5
	20,282	20,315

*amount is below rounding off norm adopted by the Company

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

	As at March 31, 2019	As at March 31, 2018
Note		
Balances in deposit accounts subject to lien in favour of banks for obtaining bank guarantees /letter of credits	2,745	2,604
Cash and cash equivalents for the purpose of Cash Flow Statement:		
Cash and cash equivalents as above	20,282	20,315
Less: Bank overdraft used for cash management purposes [Refer note 18 (d)]	(15,532)	(21,215)
	4,750	**(900)**

10. OTHER FINANCIAL ASSETS

Advances to subsidiaries (Refer note below)	40	40
Security deposits	721	503
Interest accrued on advances and deposits	56	74
	817	**617**

Note: Includes ₹ 20 Receivable from Sify Data and Managed Services Limited, wholly owned subsidiary of the company (Previous year ₹ 20) and ₹ 20 receivable from Sify Infinit Spaces Limited, wholly owned subsidiary of the company (previous year ₹ 20)

11. OTHER CURRENT ASSETS

Advances other than capital advances:			
Balances with GST, service tax and sales tax authorities		6,620	2,753
Prepaid expenses		3,795	3,952
Advance tax and tax deducted at source		16,515	13,214
Deferred contract costs [Refer note (a) below]		824	-
Lease prepayments		185	185
Other advances		2,466	1,887
	(A)	30,405	**21,991**
Unsecured, considered doubtful			
Advances other than capital advances		1,219	994
Less: Provision for doubtful advances [Refer note (b) below]		(1,219)	(994)
	(B)	-	-
	(A) +(B)	30,405	**21,991**

(a) Refer note 48 for the amortisation and capitalisation of deferred contract cost.

(b) The activity in allowance for doubtful advances are given below:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning of the year	994	1,449
Add: Additional provision during the year	225	102
Less: Advance written off / adjustments	-	(557)
Balance at the end of the year	1,219	**994**

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

	As at March 31, 2019	As at March 31, 2018
12. EQUITY SHARE CAPITAL		
Authorized		
20,40,00,000 (March 31, 2018: 20,40,00,000) equity shares of ₹10 each	20,400	20,400
Issued		
17,91,44,347 (March 31, 2018: 17,86,84,647) equity shares of ₹10 each	17,915	17,868
Subscribed and fully paid		
17,91,44,347 (March 31, 2018: 5,36,84,647) equity shares of ₹10 each fully paid up	17,915	5,368
Subscribed but not fully paid		
Nil (March 31, 2018: 12,50,00,000) equity shares of ₹10 each partly paid up [Refer note (c) below]	-	9,688
	17,915	15,056
Forfeited shares		
Amount originally paid up on 1,28,23,202 equity shares	128	128
	18,043	**15,184**

(a) The equity shares are the only class of share capital having a par value of ₹10 per share. Of the above, 3,96,13,695 (Previous year : 3,91,53,995) 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, 2019, these shares are fully paid to the extent of ₹10 (March 31, 2018: ₹7.75) per share. Also refer note D (50).

(d) Of the total outstanding shares,12,50,00,000 shares (March 31, 2018: 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 (39) 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, 2019		As at March 31, 2018	
	Number of shares	Amount paid-up	Number of shares	Amount paid-up
Number of shares outstanding at the beginning of the year	17,86,84,647	15,184	17,85,30,787	15,169
Add:Shares issued on exercise of ASOP	4,59,700	46	1,53,860	15
Add:Call money received	-	2,813	-	-
Number of shares outstanding at the end of the year	17,91,44,347	18,043	**17,86,84,647**	**15,184**

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

	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding	Number of shares held	% holding
Ramanand Core Investment Company Private Limited@	12,50,00,000	69.78%	12,50,00,000	69.96%
Infinity Satcom Universal Private Limited	1,45,30,000	8.11%	1,45,30,000	8.13%
Infinity Capital Ventures, LP	1,39,02,860	7.76%	1,39,02,860	7.78%

@ These shares are fully paid-up to the extent of ₹10 per share (March 31, 2018: ₹7.75 per share)

Also refer note D (50)

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

		As at March 31, 2019	As at March 31, 2018
13. OTHER EQUITY			
13.1 Reserves and surplus			
Securities premium			
Securities premium account balance		1,89,569	1,89,436
Add: transfer from- Stock option outstanding account in respect of options exercised during the year		84	27
Add: additions during the year		6,497	106
	(A)	1,96,150	**1,89,569**
General reserve			
Balance at the beginning of the year		633	604
Add: transferred from stock options outstanding account		38	29
	(B)	671	**633**
Retained earnings			
Opening balance		28,258	21,113
Impact of change in accounting policy #		(382)	-
Adjusted Opening balance		27,876	21,113
Adjustments:			
Add: Profit for the year		10,478	9,232
Less: Appropriations			
Dividend paid {₹ 1.2 per share (PY: ₹ 1.2 per share)}		(1,807)	(1,734)
Dividend distribution tax paid		(371)	(353)
	(C)	36,176	**28,258**
	(D) = (A)+(B)+(C)	2,32,997	**2,18,460**
Less: Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (44) (a)]		(1,16,264)	(1,16,264)
Less: Accumulated losses dealt with vide scheme of merger [Refer Note D (44) (b)]		(27,661)	(27,661)
	(E)	89,072	**74,535**
13.2 Other components of Equity			
Stock option outstanding account			
Opening Balance		761	748
Add: Employee stock compensation cost for the year		48	69
Less: Transfer to securities premium in respect of options exercised during the year		(84)	(27)
Less: Transfer to general reserve in respect of grants lapsed during the year		(38)	(29)
	(F)	687	**761**
Remeasurement of net defined benefit liability/asset			
Opening Balance		108	54
Add: Additions during the year		27	54
	(G)	135	**108**
	(E)+(F)+(G)	89,894	**75,404**

The Company has initially applied Ind AS 115 - Revenue from contracts wth customers using cumulative effect transition method. Under this method the comparative information is not restated. (Refer Note B (3)(b))

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

	As at March 31, 2019	As at March 31, 2018

Proposed Dividend: Dividend proposed to be distributed but not recognised as distribution to owners during the year amounted to ₹ 1,855 (₹ 1.2 per share) and the dividend distribution tax thereon amounts to ₹ 381). [Previous year: Dividend proposed ₹ 1,807 (₹ 1.2 per share) and the dividend distribution tax thereon amounted to ₹ 371].

Nature and purpose of Reserves

a) Securities Premium

Securities Premium used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act

b) General Reserve

General Reserve is a free reserve represents appropriation of profit by the company. General reserve is also created by transferring from one component of equity to another.

c) Retained Earnings

Retained earnings represents accumulated undistributed profits of the company that can be distributed by the Company as dividends to its equity share holders.

d) Stock Option Outstanding Account

Stock Option Outstanding Reserve represents the stock compensation expense recognized in the statement of changes in equity.

e) Remeasurement of Defined benefit liability / Asset

Remeasurement of Defined benefit liability / Asset represent the cumulative actuarial gain / loss recognized in other comprehensive income and presented within equity.

14. BORROWINGS

		As at March 31, 2019	As at March 31, 2018
14.1. Term Loans			
Secured			
From banks [Refer Note (a) to (c) below]		14,080	6,780
Unsecured			
From banks [Refer Note (d)]		6,015	4,792
From others [Refer Note (e) to (f) below]		13,190	8,565
	(A)	33,285	**20,137**
14.2. Finance lease obligations			
Long term maturities of finance lease obligations [Refer Note (g) to (i)]		270	969
	(B)	270	**969**
	(A) + (B)	33,555	**21,106**

a. Of total balance of ₹13,869 including current maturities (Previous Year: ₹ 10,658) an amount of ₹375 (Previous Year: ₹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). An amount of ₹ 9,719 (Previous year : Nil) including current maturities is primarily secured against the specific project receivables of the company.

b. An amount of ₹ 1,166 (Previous Year: ₹ 1,828) is primarily secured by equitable mortgage of title deeds of property of the company at Rabale (Tower II) in Mumbai & also collaterally secured by way of hypothecation of movable fixed assets at 4th floor Rabale Tower I and ₹ 1,022 (Previous Year: ₹ 1,601) is primarily secured by plant and machinery at 4th floor of Rabale Tower I and ₹ 1,964 (Previous Year: ₹ 2,500) is primarily secured by specific plant and machinery at ground, first, second, fourth, fifth, sixth and seventh floor at Rabale Tower II data centre and ₹ 3,926 (Previous Year: ₹ 554) is primariliy secured by movable fixed assets at Rabale Tower II Data center (1st & 2nd floor) funded by Term Loan and

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

	As at March 31, 2019	As at March 31, 2018

collaterally secured by property at Vashi (fifth floor) in Mumbai. An amount of ₹ 5,415 (Previous Year: ₹ 3,299) is secured by plant and machinery and collaterally by all securities currently charged to working capital lines from the concerned bank as mentioned in note 18(b)(ii)).

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 9.00% to 10.50% for others (Previous Year: 8.65% to 9.50%) 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 buyers' credit & Term Loan (INR) in lieu of Buyers' Credit from banks which are repayable over a period of 1 to 3 years. The loans bear interest rate ranging from 2.5% to 3.5% for Buyers Credit and 9.00% to 9.50% for Term Loan (INR) in lieu of Buyers' Credit

e. These loans are primarily taken from NBFCs.

f. The loans bear interest rate ranging from 8.59% to 12.50% (Previous Year: 9.00% to 12.50%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

g. These are primarily taken from NBFCs and are secured by lease of relevant assets.

h. These bear interest rate ranging from 10.20% to 12.00% (Previous Year: 10.20% to 12.00%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

i. 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).

The current maturities of borrowings are as under:

Secured		
Term loan from banks	5,580	3,878
Loan from others	-	548
Current maturities of finance lease obligations	699	891
Unsecured		
Term loan from banks	4,056	-
Loan from others	11,222	5,533
	21,557	**10,850**

15. OTHER FINANCIAL LIABILITIES - NON-CURRENT

Security deposits	110	423
Other liabilities	1,614	1,648
	1,724	**2,071**

16. PROVISIONS

Provisions for employee benefits - current			
Compensated absences		156	147
	(A)	156	**147**
Provisions for employee benefits - non-current			
Gratuity		1196	991
Compensated absences		512	484
	(B)	1,708	**1475**
	(A)+ (B)	1,864	**1,622**

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

	As at March 31, 2019	As at March 31, 2018
17. OTHER NON-CURRENT LIABILITIES		
Contract liability (Unearned income)*	9,812	7,761
	9,812	**7,761**

* ₹ 202 Unearned income from Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary (Previous year- ₹ 195)
Refer note 48 for the movement in Contract liability (Unearned income)

	As at March 31, 2019	As at March 31, 2018
18. BORROWINGS (SHORT-TERM)		
Loans repayable on demand from banks – Secured [Refer notes (a) to (d) below]		
Working capital facilities	27,332	24,676
Buyers' credit from banks	639	1,302
	27,971	**25,978**

(a) The above facilities amounting to ₹ 27,971 (Previous Year : ₹ 25,978), 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 ₹ 20,214 (Previous Year : ₹ 16,976) 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 ₹ 13,426 (Previous Year : ₹ 12,232) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai and Vashi 6th floor, Vile Parle at Mumbai.

(iii) exposure amounting to ₹ 7,758 (Previous Year : ₹ 9,002) is collaterally secured by equitable mortgage over the land and building and movable fixed assets at Noida, Uttar Pradesh.

(iv) the exposure amounting to ₹ 4,439 (Previous Year : ₹ 3,885) is collaterally secured by equitable mortgage over the Vashi 5th floor property at Mumbai.

(c) These working capital facilities bear interest ranging from 4.15% to 10.75% p.a. [Previous year: 4.15% to 9.25% p.a.] and these facilities are subject to renewal annually.

(d) Working capital facilities comprises the following:

	As at March 31, 2019	As at March 31, 2018
Bank overdraft	15,532	21,215
Other working capital facilities	11,800	3,461
	27,332	**24,676**

	As at March 31, 2019	As at March 31, 2018
19. TRADE PAYABLES		
Towards purchase of goods and services *		
(A) Total outstanding dues to micro enterprises and small enterprises	-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	62,146	52,414
Other payables	5,112	4,222
	67,258	**56,636**

* Includes :

(a) ₹ 710 payable to Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary (Previous year- ₹ 292)
(b) ₹ Nil payable to Sify Technologies North America Corporation, a wholly owned subsidiary (Previous year - ₹ 50)
(c) There are no dues payable to micro, small and medium enterprises as on March 31, 2019 (Previous year - Nil) - Refer note 49

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

	As at March 31, 2019	As at March 31, 2018
20. OTHER FINANCIAL LIABILITIES		
Capital creditors	3,109	7,825
Current maturities of long term debt**	9,636	3,878
Current maturities of other loans**	11,222	6,081
Current maturities of finance lease obligations**	699	891
Interest accrued	524	320
Deposits from customers	1155	770
Other payables	1,834	1,632
Unpaid dividends	*	*
	28,179	21,397

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

******Also refer note D(14)

21. OTHER CURRENT LIABILITIES		
Advances received from customers	4,606	2,464
Statutory payables	1,087	966
Contract liability (Unearned income)*	13,136	11,491
Other payables	1,154	1,850
	19,983	16,771

* ₹ 16 Unearned income from Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary (Previous year- ₹ 15)

Refer note 48 for the movement in Contract liability (Unearned income)

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 ₹ 80 (Previous Year - ₹ 80).

(ii) Contingencies due to certain Service Tax claims as at March 31, 2019 amounted to ₹ 4,430 (Previous Year: ₹ 4,689).

(iii) Contingencies due to certain Sales Tax claims as at March 31, 2019 amounted to ₹11 (Previous Year: ₹ 11).

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.

(b) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for	31,577	10,327

(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

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

	As at March 31, 2019	As at March 31, 2018

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, 2019, the company is holding 58 (Previous year : 48) licenses with a corresponding export obligation of ₹ 48,511 (Previous year : ₹ 39,261). 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 (43) 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, 2019 and as at March 31, 2018 are as follows:

	March 31, 2019	March 31, 2018
Payable not later than one year	767	1,049
Payable later than one year and not later than five years	288	1,054
Total	1,055	**2,103**
Less: Amounts representing interest	(86)	(243)
Present value of minimum lease payments	969	**1,860**
Payable not later than one year [disclosed under other financial liabilities - Refer note D(20)]	699	891
Payable later than one year and not later than five years[disclosed under borrowings - Refer note D(14.2)]	270	969

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:

	March 31, 2019	March 31, 2018
Payable not later than one year	1,124	1,124
Payable later than one year and not later than five years	4,356	4,919
Payable later than five years	3,306	3,866
Total	8,786	**9,909**

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:

	March 31, 2019	March 31, 2018
Receivables not later than one year	198	175
Receivables later than one year and not later than five years	242	279
	440	**454**

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

	Year ended March 31, 2019	Year ended March 31, 2018
24. REVENUE FROM OPERATIONS		
Sale of Services:		
- Domestic*	1,49,902	1,51,143
- Export	37,170	30,954
Sale of Products:		
- Domestic	18,893	15,351
	2,05,965	**1,97,448**
Revenue attributable to Unified license [Refer Note D (43)(a)]	1,05,168	91,252
Revenue not attributable to Unified license	1,00,797	1,06,196
	2,05,965	**1,97,448**

*includes lease income amounting to ₹ 200 for current year (Previous year- ₹ 2,120)

Note: 1 Revenue disaggregation as per business segment and geography has been included in segment information (See Note 37).

Note: 2 Performance obligations and remaining performance obligations

The Company has applied the practical expedient provided in the standard and accordingly not disclosed the remaining performance obligation relating to the contract where the performance obligation is part of a contract that has an original expected duration of one year or less and has also not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

The following table provides revenue expected to be recognised in the future related to performance obligation that are unsatisfied (or partially satisfied) at the reporting date.

To be recognised	Amount
Within one year	11,809
One to three years	5,058
Three years or more	1,220

	Year ended March 31, 2019	Year ended March 31, 2018
25. OTHER INCOME		
Interest income		
From banks	137	187
Others	191	1,030
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	72	26
Gain on foreign exchange fluctuation (Net)	-	72
Provisions for expenses no longer required, written back	-	41
Rental income	965	963
Miscellaneous income	1182	797
	2,547	**3,116**
26. COST OF GOODS SOLD AND SERVICES RENDERED		
A. Cost of services rendered		
Networking costs	56,415	47,312
Other direct costs	21,513	33,909
Power expenses	13,489	11,453
	91,417	**92,674**
B. Purchases of Stock in Trade	38,718	20,584
C. Changes in inventories - Stock in Trade		
Opening inventory	6,454	11,540
Less: closing inventory	(17,153)	(6,454)
	(10,699)	**5,086**
	1,19,436	**1,18,344**

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

	Year ended March 31, 2019	Year ended March 31, 2018
27. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	24,424	22,163
Contribution to provident and other funds*	1,483	1,372
Staff welfare expenses	243	195
Share-based payments to employees [Note D (39)]	48	69
	26,198	**23,799**

*Also refer note D (36)

	Year ended March 31, 2019	Year ended March 31, 2018
28. FINANCE COSTS		
Interest	5,904	3,947
Other borrowing costs (including letters of credit and bill discounting charges)	962	909
Exchange differences regarded as an adjustment to borrowing costs	402	97
	7,268	**4,953**
29. OTHER EXPENSES		
Commission expenses	544	370
Communication expenses	265	293
Rent	5,297	4,665
Rates and taxes	801	633
Travelling expenses	1,454	1,482
Power and fuel expenses	1,488	1,312
Legal and professional	1,318	1,367
Payment to auditors		
- Statutory audit fees	31	31
- Other services	28	23
Repairs and maintenance expenses		
- Plant and machinery	1,661	1,763
- Buildings	502	968
- Others	3,633	2,616
Insurance	392	263
Outsourced manpower costs	4,047	3,672
Advertisement, selling and marketing expenses	1,016	1,226
Loss on foreign exchange fluctuation (net)	518	-
Contribution towards corporate social responsibility [Refer note D(51)]	137	96
Allowance for bad and doubtful debts (including bad debts written off ₹ 4,733 (Previous year: ₹3,950)	5300	3700
Miscellaneous expenses	1,391	2,237
	29,823	**26,717**

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

30. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2019

(i) Long term borrowings *

				Non cash movement			
Particulars	As at April 01, 2018	Proceeds	Repayment	Assets acquired on lease	Foreign exchange movement	Fair value changes	As at March 31, 2019
Term loans from Bank	15,450	18,899	(5,133)	-	515	-	29,731
Term loans from Others	14,646	19,830	(9,935)	-	-	(129)	24,412
Finance lease obligations	1,860	-	(891)	-	-	-	969
Total	**31,956**	**38,729**	**(15,959)**	**-**	**515**	**(129)**	**55,112**

*including current maturities

(ii) Short term borrowings

Particulars	As at April 01, 2018	Cash flow	Foreign exchange movement	As at March 31, 2019
Working capital facilities excluding overdraft*	3,461	8,339	-	11,800
Other short term borrowing	1,302	(663)	-	639
Total	**4,763**	**7,676**	**-**	**12,439**

* Bank overdrafts are used for cash management purposes [Refer Note D (9)]

Reconciliation of liabilities from financing activities for the year ended March 31, 2018

(i) Long term borrowings *

				Non cash movement			
Particulars	As at April 01, 2017	Proceeds	Repayment	Assets acquired on lease	Foreign exchange movement	Fair value changes	As at March 31, 2018
Term loans from Bank	9,211	8,752	(2,740)	-	227	-	15,450
Term loans from Others	8,441	15,220	(8,880)	-	-	(135)	14,646
Finance lease obligations	5,192	-	(4,029)	697	-	-	1,860
Total	**22,844**	**23,972**	**(15,649)**	**697**	**227**	**(135)**	**31,956**

*including current maturities

(ii) Short term borrowings

Particulars	As at April 01, 2017	Cash flow	Foreign exchange movement	As at March 31, 2018
Working capital facilities excluding overdraft*	9,585	(6,376)	252	3,461
Other short term borrowing	6,875	(5,549)	(24)	1,302
Total	**16,460**	**(11,925)**	**228**	**4,763**

* Bank overdrafts are used for cash management purposes [Refer Note D (9)]

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

31. DEFERRED TAX ASSETS AND LIABILITIES

	As at March 31, 2019	As at March 31, 2018
The tax effects of significant temporary differences that resulted in deferred tax assets and a description of the items that created these differences are given below :		
Recognised deferred tax assets/liabilities		
Deferred tax assets on temporary deductible differences		
Property, Plant and Equipment	2,723	2,737
	2,723	**2,737**
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(1,467)	(1,470)
Finance lease obligations	(1,256)	(1,267)
	(2,723)	**(2,737)**
Unused tax credits		
MAT credit entitlement	2,360	-
Net deferred tax asset recognised in Balance Sheet	2,360	-

The Company has recognised deferred tax assets arising on temporary deductible differences only to the extent of deferred tax liabilities arising on taxable temporary differences 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.

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

Movement in temporary differences during current and previous year

	Property, Plant and Equipment	Intangible assets	Finance lease obligations
Balance as at April 1, 2017	**2,534**	**(1,212)**	**(1,322)**
Recognised in income statement	203	(258)	55
Recognised in Equity	-	-	-
Balance as at March 31, 2018	**2,737**	**(1,470)**	**(1,267)**
Recognised in income statement	(14)	3	11
Recognised in Equity	-	-	-
Balance as at March 31, 2019	**2,723**	**(1,467)**	**(1,256)**

	As at March 31, 2019	As at March 31, 2018
Unrecognised deferred tax asset		
Deductible temporary differences	5,204	2,715
Unrecognised tax losses		
- Unabsorbed depreciation	1,041	5,125
	6,245	**7,840**

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

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax expense/ (reversal)	2,360	-
Deferred tax expense	(2,360)	-
	-	-

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	10,478	9,232
Enacted tax rates in India	34.94%	34.61%
Expected tax expense/(benefit)	3,661	3,195
Effect of :		
Share based payment expenses not deductible for tax purposes	4	16
Unrecognised deferred tax asset on temporary differences	460	264
Expenses/income not taxable	-	(8)
Recognition of previously unrecognized tax losses	(4,125)	(3,467)
	-	-

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

	Year ended March 31, 2019	Year ended March 31, 2018
32. EXPENDITURE IN FOREIGN CURRENCY		
(i) Expenditure (on accrual basis)		
Royalty	11	45
Legal and professional charges	381	286
Networking costs	13,852	4,701
Other direct costs	710	384
Personnel expenses	881	761
Travelling expenses	29	11
Advertising, selling and marketing expenses	21	65
Others	1,056	1,277
	16,941	**7,530**

(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.

	As at March 31, 2019	As at March 31, 2018
No of shareholders	11,709	11,278
Number of shares held	3,92,04,095	3,90,00,135
Amount of dividend paid	470	468
Year to which dividend relates	2017-18	2016-17

33. PAYMENTS TO DIRECTORS

(other than managing director and executive director)

	Year ended March 31, 2019	Year ended March 31, 2018
Sitting fees	13	13
Consultancy fees	3	2

34. RECONCILIATION OF EQUITY SHARES IN COMPUTING WEIGHTED AVERAGE NUMBER OF EQUITY SHARES

	As at March 31, 2019	As at March 31, 2018
(a) Weighted average number of shares – Basic		
Issued fully paid up ordinary shares as on April 1,	5,36,84,647	5,35,30,787
Effect of shares issued on exercise of stock options	2,26,075	11,683
Effect of partly paid shares (Refer note below)	10,04,19,521	9,68,75,000
Weighted average number of equity shares outstanding	15,43,30,243	**15,04,17,470**

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, 2019, these shares were fully paid up to the extent of ₹ 10 (March 31, 2018 - ₹ 7.75) per share. Refer note D (50).

(b) Weighted average number of shares - Diluted		
Weighted average number of equity shares outstanding	15,43,30,243	15,04,17,470
Dilutive impact of associated stock options*	14,27,183	6,46,569
Weighted average number of equity shares for diluted earnings per share	15,57,57,426	**15,10,64,039**

*The Company has issued Associate Stock Options of which 45,88,300 (Previous year - 51,80,440) options are outstanding as at March 31, 2019. These could potentially dilute basic earnings per share in future. Refer Note D(39).

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

35. FOREIGN CURRENCY EXPOSURE

The details of foreign currency exposure as at March 31, 2019 are as follows:

Particulars	As at March 31, 2019		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	9	644
Debtors	GBP	*	5
	USD	120	8,281
	SGD	-	-
	EUR	*	12
			8,298
Amounts payable in foreign currency on account of:			
Creditors	EUR	1	43
	CAD	-	-
	USD	71	4,943
	DHS	*	9
	GBP	*	33
	HKD	*	2
	CHF	*	*
			5,030
Foreign currency long term loan	USD	105	7,282
Foreign currency short term borrowings	USD	9	639

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

The details of foreign currency exposure as at March 31, 2018 are as follows:

Particulars	As at March 31, 2018		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalents	USD	12	801
Debtors	GBP	-	-
	USD	109	7,088
	SGD	-	*
	EUR	1	53
			7,141
Amounts payable in foreign currency on account of:			
Creditors	EUR	*	24
	CAD	-	-
	USD	92	5,995
	DHS	*	10
	GBP	-	-
	HKD	*	*
	CHF	-	-
			6,029
Foreign Currency Long Term Loan	**USD**	**126**	**8,237**
Foreign Currency short term borrowings	**USD**	**73**	**4,775**

*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, 2019	Year ended March 31, 2018
36. 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	1,316	1,098
Service cost	260	296
Interest cost	96	75
Remeasurement (gain)/losses	(52)	(69)
Benefits paid	(169)	(84)
Projected benefit obligation at the end of the year	1,451	**1,316**
Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	325	207
Interest income	25	14
Employer contributions	99	204
Benefits paid	(169)	(84)
Return on plan assets, excluding amount recognised in net interest expense	(25)	(16)
Fair value of plan assets at the end of the year	255	**325**
Amount recognised in the Balance Sheet		
Present value of projected benefit obligation at the end of the year	1,451	1,316
Fair value of plan assets at the end of the year	(255)	(325)
Funded status amount of liability recognised in the Balance Sheet	1196	**991**
Expense recognised in the Statement of Profit and Loss		
Service cost	260	296
Interest cost	96	75
Interest income	(25)	(14)
Net gratuity costs	331	**357**
Actual return on plan assets	-	**(2)**
Summary of actuarial assumptions		
Discount rate	6.95% p.a.	7.30% p.a.
Expected rate of return on plan assets	7.00% p.a.	7.00% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.
Average future working life time	4.37 years	4.38 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 ₹ 1470 to its gratuity fund during the year ending March 31, 2020

(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, 2019	March 31, 2018
1 year	256	250
2 to 5 years	880	793
6 to 10 years	611	566
More than 10 years	371	344

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2019 and March 31, 2018, by asset category is as follows:

	March 31, 2019	March 31, 2018
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 ended March 31, 2019 and March 31, 2018 are as follows:

Remeasurement (gain) /loss arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	23	(28)
- experience variance	(75)	(41)
- return on plan assets, excluding amount recognised in net interest expense/income	25	15
	(27)	**(54)**

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, 2019		March 31, 2018	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	1,522	1,386	1,381	1,258
(% change compared to base due to sensitivity)	4.9%	-4.5%	4.8%	-4.5%
Salary Growth rate (-/+ 1%)	1,387	1,519	1,259	1,378
(% change compared to base due to sensitivity)	-4.4%	4.7%	-4.4%	4.6%

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 ₹ 1,152 and ₹ 1,016 for the year ended March 31, 2019 and March 31, 2018 respectively.

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

37. Segment reporting

The Company's operating segments are as follows:

a. Telecom-centric services	Consists of domestic data, international data, wholesale voice and network managed services
b. Data Center-centric 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. Technology Integration Services	Consists of data centre build, network integration, end user computing and collaborative tools and solutions
iv. Applications Integration Services	Consists of application development and maintenance, application testing, information security, mobility solutions, eLearning, portals, tools, process and automation

Telecom-centric 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-centric IT services:

Data center services: The Company operates 6 Concurrently maintainable 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.

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

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 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 "unallocable expenses" and "depreciation, amortisation and impairment" and adjusted only against the total operating income of the Company.

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

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

The Company's operating segment information for the year ended March 31, 2019 is presented below:

Particulars	Telecom-centric services	Data center-centric 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	1,10,556	31,449	12,141	34,681	17,138	95,409	2,05,965
Operating expenses	(83,858)	(20,098)	(10,507)	(32,624)	(18,547)	(81,776)	(1,65,634)
Segment operating income / (loss)	26,698	11,351	1,634	2,057	(1,409)	13,633	40,331
Unallocable expenses							(9,305)
Operating income							31,026
Other income							2,219
Foreign exchange gain / (loss), net							(518)
Profit before interest, depreciation and tax							32,727
Interest income / (expenses), net							(6,940)
Depreciation, amortisation and impairment							(15,309)
Profit before tax							10,478
Income tax expense							-
Profit after taxes							10,478

The Company's operating segment information for the year ended March 31, 2018 is presented below:

Particulars	Telecom-centric services	Data center-centric 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	**93,610**	24,346	7,790	34,033	37,669	**1,03,838**	**1,97,448**
Operating expenses	**(70,396)**	(17,534)	(9,336)	(28,941)	(32,077)	**(87,888)**	**(1,58,284)**
Segment operating income / (loss)	**23,214**	6,812	(1,546)	5,092	5,592	**15,950**	**39,164**
Unallocable expenses							**(10,576)**
Operating income							**28,588**
Other income							**1,827**
Foreign exchange gain / (loss), net							**72**
Profit before interest, depreciation and tax							**30,487**
Interest income / (expenses), net							**(3,736)**
Depreciation, amortisation and impairment							**(17,519)**
Profit before tax							**9,232**
Income tax expense							**-**
Profit after taxes							**9,232**

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-centric 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)

Geographic segments

The Company has two geographic segments viz., 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, 2019	1,68,795	37,170	2,05,965
Year ended March 31, 2018	1,66,494	30,954	1,97,448

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.

Major Customer

During the year, company does not have more than 10% of the total revenue from one customer (Previous year, revenue from one customer of the company's Data center-centric IT Services segment is ₹ 22,615 which is more than 10% of the Company's total revenue).

38. 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 year ended March 31, 2019 and March 31, 2018 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%
	Sify Infinit Spaces 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, 2019:

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Consultancy services received	-	-	-	3
Sitting fees paid	-	-	-	13
Salaries and other short term benefits*	-	-	-	380
Contributions to defined contribution plans*	-	-	-	17
Share based payment transactions*	-	-	-	-
Lease rentals paid**	12	-	45	-
Dividend paid	1,511	-	-	-
Advances given	-	10	-	-
Receipt of services	-	317	-	-
Purchase of goods	-	-	-	-
Rendering of services	-	2,057	-	-
Call money received on shares	9,000	-	-	
Amount of outstanding balances				
Advance lease rentals and refundable deposits made**	-	-	26	-
Security Deposit	-	-	-	-
Trade payable	-	710	-	-
Advances receivable	-	40	-	-
Trade receivable	-	896	-	-
Unearned income	-	218	-	-
Prepaid Expenses	-	243	-	-
Investment	-	-	-	-
Lease rentals payable**	-	-	6	-

The following is the summary of the related party transactions for the year ended March 31, 2018

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Consultancy services received	-	-	-	2
Sitting fees paid	-	-	-	13
Salaries and other short term benefits*	-	-	-	391
Contributions to defined contribution plans*	-	-	-	17
Share based payment transactions*	-	-	-	13
Lease rentals paid**	11	-	45	-

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

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Dividend paid	1,266	-	167	-
Advances given	-	5	-	-
Receipt of services	-	306	-	-
Purchase of goods	-	11	-	-
Rendering of services	-	1,696	-	-
Advances repaid by subsidiaries		4		
Investment made	-	500	-	-
Amount of outstanding balances				
Advance lease rentals and refundable deposits made**	-	-	26	-
Trade payable	-	342	-	-
Advances receivable	-	40	-	-
Trade receivable	-	767	-	-
Unearned income	-	210	-	-
Investment	-	6,419	-	-
Lease rentals payable**	-	-	1	-

**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. The agreement provides 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.

39. 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, 2019. The plan details of ASOP 2014 are as follows:

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

(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 3,35,000, 1,50,000, 5,25,000 and 1,84,300 options to employees during the year 2018-19, 2017-18, 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
22,72,800	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, 2019	March 31, 2018
Outstanding at the beginning of the year	51,80,440	58,37,400
Granted during the year	3,35,000	1,50,000
Forfeited and expired during the year	(4,67,440)	(6,53,100)
Exercised during the year	(4,59,700)	(1,53,860)
Outstanding at the end of the year	45,88,300	**51,80,440**
Vested and exercisable at the end of the year	44,41,848	43,40,070
Weighted average exercise price in ₹	78.84	78.79
Remaining contractual period	0.80 - 5.84 years	0.06 - 4.81 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.

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

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2019 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2019	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	57.66 - 146.23	45,88,300	78.84	0.80 - 5.84 years

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2018 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2018	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	57.66 - 82.00	51,80,440	57.66 - 82.00	0.06 - 4.81 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	Apr 24, 2018	Jul 24, 2018	Oct 22, 2018	Jan 31, 2019
Category	Category III	Category III	Category III	Category III
Current market price	150.31	136.23	94.72	119.09
Exercise price	135.28	122.82	85.25	107.18
Expected term	2-5 years	2-5 years	2-5 years	2-5 years
Volatility	53.1% to 97.8%	38.06% to 79.29%	48.51% to 70.62%	53.04% to 72.78%
Dividend yield	12%	12%	12%	12%
Discount rate	3%	2%	2%	2%

40. 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, 2019 and March 31, 2018 are given below:

Particulars	Currency	As at March 31, 2019	As at March 31, 2018
Forward/Option contracts (Sell)	USD	Nil	Nil
Forward/Option contracts (Buy)	USD	26	Nil
Net (gain) / loss on mark to market in respect of forward/option contracts outstanding	INR	46	Nil

The Company recognized a net loss on the forward contracts of ₹ 92 (Previous year : Net loss of ₹ 75) for the year ended March 31, 2019.

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

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, 2019	As at March 31, 2018
Forward/Option contracts (Buy)	(USD)	(USD)
Not later than one month	2	-
Later than one month and not later than three months	17	-
Later than three months and not later than six months	7	-
Later than six months and not later than one year	-	-

ii. Cross Currency Swap:

The Company enters into Cross Currency Swaps (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 contracts is co-terminus with the period of the underlying term loans. 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 swap contracts are settled before maturity during current period and there are no oustanding balances as on March 31, 2019.

The Company recognized a net loss on the cross currency swaps of ₹ Nil [Previous year : ₹ 80 (Loss)] for the year ended March 31, 2019.

iii. Interest rate swap:

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, 2019		As at March 31, 2018	
	Receivable (USD)	Payable (USD)	**Receivable (USD)**	**Payable (USD)**
Less than 1 year	1	1	2	3
One to two years	*	*	1	1
Two to three years	-	-	*	*
Three to four years	-	-	-	-
Four to five years	-	-	-	-
Total cash flows	1	1	**3**	**4**

* Amount below rounding off norm adopted by the Company

Total notional amount outstanding as on March 31, 2019 is USD 32 (Previous Year: USD 53)

The Company recognized a net loss on the interest rate swaps of ₹ 38 (includes mark to market gain of ₹ 12) during the year ended March 31, 2019 (Previous year : net gain ₹ 16 including mark to market gain of ₹ 84).

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

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2019 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	99,723	-	-	99,723	99,723
Cash and cash equivalents	20,282	-	-	20,282	20,282
Other financial assets	3,739	-	-	3,739	3,739
Liabilities					
Borrowings from banks	42,170	-	-	42,170	42,170
Borrowings from others	24,412	-	-	24,412	24,412
Bank overdraft	15,532	-	-	15,532	15,532
Finance lease liabilities	969	-	-	969	969
Trade payables	67,207	-	-	67,207	67,207
Other financial liabilities	8,346	-	-	8,346	8,346
Derivative financial instruments	-	51	-	51	51

The carrying value and fair value of financial instruments by each category as at March 31, 2018 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	88,224	-	-	88,224	88,224
Cash and cash equivalents	20,315	-	-	20,315	20,315
Other financial assets	3,983	-	-	3,983	3,983
Liabilities					
Borrowings from banks	20,213	-	-	20,213	20,213
Borrowings from others	14,646	-	-	14,646	14,646
Bank overdraft	21,215	-	-	21,215	21,215
Finance lease liabilities	1,860	-	-	1,860	1,860
Trade payables	56,619	-	-	56,619	56,619
Other financial liabilities	12,618	-	-	12,618	12,618
Derivative financial instruments	-	17	-	17	17

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

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2019 and March 31, 2018 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2019	As at March 31, 2018
Trade receivables	99,723	88,224
Cash and cash equivalents	20,282	20,315
Other financial assets	3,739	3,983
	1,23,744	**1,12,522**

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, 2019			**Fair value as of March 31, 2018**		
	Level 1	Level 2	Level 3	**Level 1**	**Level 2**	**Level 3**
Assets						
Derivative financial assets - gain on outstanding forward contracts	-	-	-	-	-	-
Liabilities						
Derivative financial liabilities - loss on outstanding option/ forward contracts	-		46	-		-
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	-	-	-	-
Derivative financial liabilities - (Gain) / loss on outstanding interest rate swaps	-	-	5	-	-	(17)

- 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**

	Year ended March 31, 2019	**Year ended March 31, 2018**
(a) Financial assets at amortised cost		
Interest income on bank deposits	137	187
Interest income on other financial assets	191	1,030
Impairment on trade receivables	(5,300)	(3,700)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	12	84
(c) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(147)	(312)
Interest expenses on borrowings from banks, others and overdrafts	(6,171)	(3,816)

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

41. 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. 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, 2019 and March 31, 2018 was as follows:

	As at March 31, 2019	As at March 31, 2018
Other investments	17	17
Trade receivables	99,723	88,224
Cash and cash equivalents	20,282	20,315
Other financial assets	3,739	3,983
	1,23,761	**1,12,539**

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	13,132	8,255
Past due 271 - 365 days	3,666	2,647
More than 365 days	12,110	8,805
	28,908	**19,707**

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

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

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, 2019 amounts to ₹ 70,815 (March 31, 2018: ₹ 68,517) and impairment has not been recorded on the same.

	As at March 31, 2019	As at March 31, 2018
Details of collateral and other credit enhancements held		
Security deposits received for internet access services	-	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, 2019

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	42,170	47,739	24,768	17,536	5,435
Borrowings from others	24,412	27,600	13,239	13,457	904
Bank overdraft	15,532	15,532	15,532	-	-
Finance lease liabilities	969	1,055	767	288	-
Trade payables	67,207	67,207	67,207	-	-
Other financial liabilities	8,346	8,346	8,346	-	-
	1,58,636	**1,67,479**	**1,29,859**	**31,281**	**6,339**

As at March 31, 2018

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	20,213	22,402	9,494	12,092	816
Borrowings from others	14,646	18,519	7,694	8,938	1,887
Bank overdraft	21,215	21,215	21,215	-	-
Finance lease liabilities	1,860	2,103	1,053	1,019	31
Trade payables	56,619	56,619	56,619	-	-
Other financial liabilities	12,618	12,618	12,618	-	-
	1,27,171	**1,33,476**	**1,08,693**	**22,049**	**2,734**

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

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, 2019 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	9	120	(71)	(114)	(56)
EUR	-	*	(1)	-	(1)
DHS	-	-	*	-	*

The Company's exposure to foreign currency risk as at March 31, 2018 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	12	109	(92)	(200)	(171)
EUR	*	1	*	-	1
DHS	-	-	*	-	*

A 10% strengthening of the rupee against the respective currencies as at March 31, 2019 and March 31, 2018 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 2018.

	Other Comprehensive Income	Profit/(loss)
March 31, 2019	-	401
March 31, 2018	-	1,106

A 10% weakening of the rupee against the above currencies as at March 31, 2019 and March 31, 2018 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.

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

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, 2019	March 31, 2018
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	3,135	2,963
Financial liabilities		
- Borrowings from banks	639	6,094
- Borrowings from others	24,412	14,646
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	41,531	14,119
- Bank overdrafts	15,532	21,215

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.

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 2018.

	Equity	Profit or (loss)
March 31, 2019	-	(449)
March 31, 2018	-	(326)

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 variables remain constant.

42. 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, 2019 is ₹ 1,07,937 (Previous Year: ₹ 90,588).

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:

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

		As at March 31, 2019	As at March 31, 2018
Debt		83,083	57,934
Less: cash and bank balances		(20,282)	(20,315)
Net debt	A	62,801	37,619
Equity	B	1,07,937	90,588
Net debt to Equity ratio	A/B	58%	42%

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

43. 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 (Aggregated Gross Revenue).

The Company and other service providers through their Association of Unified Telecom Service Providers (AUTSPI) approached Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') and challenged DOT's demand seeking inclusion of the aforesaid items as part of 'income' . TDSAT passed an order in favour of service providers. The order was subsequently challenged by DOT in Supreme Court of India which set aside the TDSAT order to the effect that DOT has per se authority to define AGR. However the Supreme Court through its supplementary order allowed the service providers to approach TDSAT on the issue of demands made by DOT and also held that matter should be settled as per law. AUTSPI approached TDSAT on the demands raised by DOT. TRAI recommended to DOT to charge License fees only on licensed activities. The 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 defences 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.

(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 Company through Internet Service Providers Association of India (ISPAI) challenged the said clause before TDSAT and has not made payment in this regard. 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, 2019, 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 ₹ 916 (March 31, 2018: ₹ 911)] on the Company's financial position and results of operations.

c) The Company has received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to ₹ 64 on special allowances paid to employees. The company has filed a writ petition before High court of Madras and obtained the stay of demand. In Feb 2019, the Supreme Court held, in a similar case, that Special allowances paid by the employer to its employee will be included in the scope of basic wages and subject to provident fund contribution. However, the Supreme Court has not fixed the effective date of order.

44. 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 accumulated 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)**

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.

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

45. 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)**

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

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

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.

46. 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, 2019.The capacity under the mentioned facility would be upgraded over a period of time.

47. 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.

48. CONTRACT BALANCES

The following table provides information about receivables, contract assets and contract liabilities from the contracts with the customers

Particulars	**As at March 31, 2019**		**As at March 31, 2018**	
Trade Receivables		99,723		88,224
Contract Assets – Unbilled Revenue		-		10
Contract liabilities – Deferred Income				
Current contract liabilities	13,136		11,491	
Non current contract liabilities	9,812		7,761	
Total Contract liabilities - Deferred Income		**22,948**		**19,252**

The following table provides the movement in contract assets (unbilled revenue) for the year ended March 31, 2019

Particulars	**Amount (₹)**
Balance as of April 1, 2018	**10**
Add: Revenue recognized during the year	-
Less: Invoiced during the year	**(10)**
Add: Translation gain or (loss)	-
Balance as of March 31, 2019	-

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

The following table provides the movement in contract liabilities (Deferred Income) for the year ended March 31, 2019

Particulars	Amount (₹)
Balance as of March 31, 2018	19,252
Add: Impact due to adoption of Ind AS 115	1,469
Balance as of April 1, 2018	**20,721**
Less: Revenue recognized during the year	1,14,786
Add: Invoiced during the year but revenue not recognised	1,17,013
Balance as of March 31, 2019	**22,948**

Contract Cost and Amortisation

Costs to fulfil customer contracts are deferred and amortized over the contract period. For the year ended March 31, 2019 the Company has capitalised ₹1,685 and amortised ₹ 1,642. There was no impairment loss in relation to the capitalised cost.

Incremental costs of obtaining a contract are recognised as assets and amortized over the contract period. The Company recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

49. DUES TO MICRO, SMALL OR MEDIUM ENTERPRISES

As per the Office memorandum issued by the Ministry of Micro, Small and Medium Enterprises dated August 26, 2008 recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2019 and March 31, 2018 has been made in the financial statements based on information received and available with the Company. As the records available with the company, there are no dues payable to micro, small and medium enterprises as on March 31, 2019 (Previous year - Nil). The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at	
	March 31, 2019	March 31, 2018
a. The principal amount and the interest due thereon remaining unpaid at the end of accounting year	-	-
b. The amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d. The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

50. 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, 2019, the Company has called-up and received a sum of ₹ 10 per share (previous year ₹ 7.75 per share) and hence the shares have become fully paid up.

51. 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 ₹ 135 towards CSR in compliance of this requirement. A sum of ₹ 137 has been spent during the current year towards CSR activities as per details given below. The amount spent during the current year also includes previous year balance of ₹ 2. Balance amount to be spent pertaining to previous year is ₹ 1

Amount (₹)

Organisation	2018-19	2017-18
VIRRD Trust, Dwarakha Tirumala	120	63
M/s Thiruvahindrapuram Veda Vidya Trust	2	-
M/s Jateeya Vidya Seva Samithi	-	25
Sri Hanuman Mani Education & Culture Trust	-	8
Government ITI Bhimavaram IMC Society	5	-
Kaviraja Sahitya Viharamu	5	-
ML Jaisimha Cricket 365 Academy	5	-
Special Children Sports Meet	*	*
Book Donations to District Institute of Education and Training, Angaluru	-	-
Total	137	96

* 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 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Consolidated Financial Statements
for the year ended March 31, 2019

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Sify Technologies Limited

1. Report on the Consolidated Financial Statements

Opinion

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, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ' the Consolidated Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Trade Receivables:

Why Significant

The collectability of the Company's aged Trade Receivables and the valuation of allowance for impairment of Trade Receivables is a Key Audit Matter due to the judgement involved in assessing the recoverability. The Trade Receivable as at March 31, 2019 is ₹ 1,00,526 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2019 is ₹ 5,363 lakhs.

How our audit addressed the matter

- We evaluated and tested the Company's processes for trade receivables, including the credit control, collection and provisioning processes.
- We evaluated the managements view point and estimates used to determine the Allowance for bad and doubtful debts.
- We tested that aged trade receivables were subsequently collected, tested their validity, reviewed the ageing, the past payment and credit history of the customer, disputes (if any) with customers and based on discussion with the Company's management (information and explanation provided by them) and evidences collected, we understood and evaluated the reason for delay in realisation of the receivable and possibility of realisation of the aged receivable.
- Where there were indicators that trade receivables were unlikely to be collected, we assessed the adequacy of allowance for impairment of trade receivables.
- We tested the sufficiency of the Allowance for bad and doubtful debts charged in the

Statement of Profit and Loss for the year ended March 31, 2019.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 1,768.22 lakhs as at March 31, 2019, total revenues of ₹ 6,049.41 lakhs and net cash flows (decrease in cash and cash equivalents) amounting to ₹ 225.78 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 ₹ 51.79 lakhs for the year ended March 31, 2019, as considered in the consolidated financial statements, whose financial statements have not been audited by us. These financial statements have been audited by other auditor, whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated 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 so far as it appears from our examination of those books.

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

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

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 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, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: in our opinion and to the best of our information and according to the explanations given to us, there are no managerial remuneration payable to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 (a) (Contingent liabilities) and Note 42 (legal proceedings) to the financial statements;

ii. Provision has been made in the financial statements, as required, under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer to the Significant Accounting Policies in C 14, C 15 (d) and Note 39 (a) (Derivative Financial instruments) attached to the consolidated financial statements; and

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

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

D K Giridharan
Partner
Membership No: 028738

Place: Chennai
Date : April 22, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in 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, 2019

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 2019, we have audited the Internal Financial Controls Over Financial Reporting of Sify Technologies Limited ("the Holding Company") and its subsidiaries namely Sify Data and Managed Services Limited and Sify Infinit Spaces Limited (herein referred as the Company). The audit of the Internal Financial Controls Over Financial Reporting is applicable to the Holding Company and its subsidiaries namely Sify Data and Managed Services Limited and Sify Infinit Spaces Limited.

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 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 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, 2019, 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 22, 2019

Consolidated Balance Sheet as at March 31, 2019

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

	Note No. (D)	March 31, 2019	March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	68,487	59,947
(b) Capital work in progress		17,967	12,279
(c) Intangible assets	2	5,589	5,648
(d) Financial assets			
(i) Investments	3	1,946	1,457
(ii) Trade receivables	4	551	325
(iii) Other financial assets	5	3,288	3,628
(e) Deferred Tax assets	31	2,360	-
(f) Other non-current assets	6	28,450	20,992
		1,28,638	**1,04,276**
(2) Current assets			
(a) Inventories	7	17,153	6,458
(b) Financial assets			
(i) Trade receivables	8	99,975	88,167
(ii) Cash and cash equivalents	9	22,095	22,523
(iii) Other financial assets	10	781	577
(c) Other current assets	11	30,766	22,632
		1,70,770	**1,40,357**
Total Assets		2,99,408	**2,44,633**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	18,043	15,184
(b) Other Equity	13	89,729	74,847
		1,07,772	**90,031**
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	33,555	21,106
(ii) Other financial liabilities	15	1,724	2,071
(b) Provisions	16	1,708	1,475
(c) Other non-current liabilities	17	10,224	7,761
		47,211	**32,413**
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	27,971	25,978
(ii) Trade payables	19		
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		67,909	57,196
(iii) Other financial liabilities	20	28,180	21,476
(b) Other current liabilities	21	20,209	17,392
(c) Provisions	16	156	147
		1,44,425	**1,22,189**
Total Equity and Liabilities		2,99,408	**2,44,633**

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 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

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

	Note No. (D)	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations	24	2,15,469	2,06,856
Other income	25	2,635	3,190
Total income		2,18,104	**2,10,046**
EXPENSES			
Cost of services rendered	26 A	97,625	99,182
Purchase of stock-in-trade	26 B	38,856	20,700
Changes in inventories	26 C	(10,695)	5,362
Employee benefits expense	27	28,444	25,675
Finance costs	28	7,284	4,968
Depreciation and amortisation expense	1 and 2	15,339	17,545
Other expenses	29	30,537	27,379
Total expenses		2,07,390	**2,00,811**
Profit before tax		10,714	**9,235**
Tax expense	31		
Current Tax		2,387	2
Deferred Tax		(2,360)	
Profit after tax		10,687	**9,233**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/asset	35	27	54
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		183	15
Total other comprehensive income		210	**69**
Total comprehensive income for the Year		10,897	**9,302**
Earnings per equity share (₹ 10 paid up)	33		
Basic		6.92	6.14
Diluted		6.86	6.11

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 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

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

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital

	For the year ended	
	March 31, 2019	March 31, 2018
Balance at the beginning of the year	15,184	15,169
Change in Equity Share Capital during the year	2,859	15
Balance at the end of the year	**18,043**	**15,184**

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	
2017-18							
Balance as at April 1, 2017* - (A)	1,89,436	604	(1,23,511)	748	126	54	**67,457**
Profit for the year			9,233				**9,233**
Other comprehensive income					15	54	**69**
Total comprehensive income for the year 2017-18 - (B)			**9,233**		**15**	**54**	**9,302**
Employee stock compensation cost for the year				69			**69**
Transferred from stock options outstanding account	27	29		(56)			**-**
Additions to securities premium on issue of shares on exercise of ASOP	106						**106**
Dividend paid (Including dividend distribution tax) for 2016-17 approved by shareholders in annual general meeting held on July 6, 2017			(2,087)				**(2,087)**
Balance as at March 31, 2018 - (C)	**1,89,569**	**633**	**(1,16,365)**	**761**	**141**	**108**	**74,847**
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)]	**45,644**	**633**	**27,560**	**761**	**141**	**108**	**74,847**

B. Other Equity (Continued)

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

	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	
2018-19							
Balance as at April 1, 2018* - (A)	**1,89,569**	**633**	**(1,16,365)**	**761**	**141**	**108**	**74,847**
Impact of change in accounting policy #			(382)				**(382)**
Adjusted Balance as at April 1, 2018* - (A)	**1,89,569**	**633**	**(1,16,747)**	**761**	**141**	**108**	**74,465**
Profit for the year			10,687				**10,687**
Other comprehensive income					183	27	**210**
Total comprehensive income for the year ended March 31, 2019 - (B)			**10,687**		**183**	**27**	**10,897**
Employee stock compensation cost for the year				48			**48**
Transferred from stock options outstanding account	84	38	-	(122)			**-**
Call money received	6,187	-	-	-			**6,187**
Additions to securities premium on issue of shares on exercise of ASOP	310	-	-	-			**310**
Dividend paid (Including dividend distribution tax) for 2017-18 approved by shareholders in annual general meeting held on July 6, 2018	-	-	(2,178)	-			**(2,178)**
Balance as at March 31, 2019 - (C)	1,96,150	671	(1,08,238)	687	324	135	89,729
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)]	52,225	671	35,687	687	324	135	89,729

*Balance at 1.4.2017 and 1.4.2018 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).

The Group has initially applied Ind AS 115 Revenue from contracts with customers using cumulative effect transition method. Under this method the comparative information is not restated. Refer Note B(3)(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 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2019

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

		For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax		10,714	**9,235**
Adjustments for :			
Depreciation and amortisation expense		15,339	17,545
Finance expenses (considered separately)		7,284	4,968
Allowance for doubtful debts		5,363	3,700
Employee stock compensation expense		48	69
Amortisation of lease prepayments		221	217
Unrealised foreign exchange fluctuation loss/(gain), net		641	(19)
Interest income (considered separately)		(463)	(1,293)
(Profit) /loss on sale of Property, Plant and Equipment (net)		(72)	(26)
Operating profit / (loss) before working capital changes		39,075	**34,396**
(Increase)/decrease in trade receivables - current		(17,410)	(22,248)
(Increase)/decrease in non current trade receivables		(226)	(259)
(Increase)/decrease in inventories		(10,695)	5,362
(Increase)/decrease in other financial assets - current		(217)	312
(Increase)/decrease in other financial assets - non current		555	(1,043)
(Increase)/decrease in other non current assets		(1,894)	(2,446)
(Increase)/decrease in other current assets		(4,081)	(1,740)
Increase/(decrease) in trade payables		10,842	6,739
Increase/(decrease) in other non current financial liabilities		(347)	54
Increase/(decrease) in other non current liabilities		2,165	3,412
Increase/(decrease) in other financial liabilities -current		379	294
Increase/(decrease) in other current liabilities		1,646	(1,485)
Increase/(decrease) in provisions - non current		260	256
Increase/(decrease) in provisions - current		9	35
Cash generated from operations		20,061	**21,639**
Tax (paid)/refund received		(5,671)	(460)
Net cash generated from operating activities	(A)	14,390	**21,179**
Cash flow from investing activities			
Purchase of Property, Plant and Equipment		(39,691)	(18,322)
Investments in corporate debt securities		(383)	(711)
Sale proceeds of Property, Plant and Equipment		73	24
Interest income received		261	1,070
Net cash used in investing activities	(B)	(39,740)	**(17,939)**
Cash flow from financing activities			
Proceeds from long-term borrowings		38,729	23,972
Repayment of long-term borrowings		(15,959)	(15,649)
Increase/(decrease) in short-term borrowings		7,676	(11,925)
Proceeds from issue of share capital		9,356	121
Dividend paid		(1,807)	(1,734)
Dividend distribution tax paid		(371)	(353)
Interest paid		(7,080)	(4,914)
Net cash generated / used in financing activities	(C)	30,544	(10,482)
Effect of exchange differences on translation of cash and cash equivalents	(D)	61	**(48)**
Net increase/(decrease) in cash and cash equivalents during the year	(A) + (B) + (C) + (D)	5,255	**(7,290)**
Cash and cash equivalents at the beginning of the year		1,308	8,598
Cash and cash equivalents at the end of the year# [Refer Note D (9)]		6,563	**1,308**
# Cash and cash equivalents subject to lien [Refer Note D (9)]		2,745	2,604
Non-Cash financing and investing activities			
Purchase of property, plant and equipment by means of financial lease		-	697

Disclosure of changes in liabilities arising from financing activities [Refer Note D (30)]
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

D K Giridharan
Partner
Membership No.: 028738

Chennai
April 22, 2019

For and on behalf of the Board of Directors

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

(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, Sify Data and Managed Services Limited and Sify Infinit Spaces Limited (are together referred to as the 'Group' and individually as 'Group entities'). The Group offers converged ICT solutions comprising telecom-centric services, Data Center-centric IT services which includes Data Center services, cloud and managed services, applications integration services and technology integration services. The Company was incorporated on December 12, 1995 and is listed on the NASDAQ Capital Market. The financial statements are for the Group consisting of Sify Technologies Limited (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, 2019 have been prepared in accordance with Ind AS, duly approved by the Board of Directors at its meeting held on April 22, 2019.

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.
- Share-based payments
- 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. New and amended Standards adopted by the Group

Except for the changes mentioned below, the Group has consistently applied the accounting policies to all the periods

a) Amendment to Ind AS 21 - Foreign Currency Transactions

Effective April 1, 2018 the Group has adopted amendment to Ind AS 21- Foreign Currency Transactions. The amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The adoption of amendment did not have any material effect on the financial statements.

b) Ind AS 115 - Revenue from contracts with customers

The Group has adopted Ind AS 115 Revenue from Contracts with Customers with effect from April 1, 2018 by using the cumulative effect transition method and accordingly comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 on initial application of ₹ 382 has been adjusted in the opening retained earnings.

The Group recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties. Refer note C 15 Significant accounting policies in the companies 2018 annual report for the previous revenue recognition policies.

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

Impact on the financial statements

The below table summarises the impact of adoption of Ind AS 115 on the Group's financial statements for the year ended March 31, 2019

Balance Sheet as at March 31, 2019

	As at March 31, 2019 As reported	Adjustments under Ind AS 115	As at March 31, 2019 Without Ind AS 115
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	68,487		68,487
(b) Capital work in progress	17,967		17,967
(c) Intangible assets	5,589		5,589
(d) Financial assets			
(i) Investments	1,946		1,946
(ii) Trade receivables	551		551
(iii) Other financial assets	3,288		3,288
(e) Deferred Tax assets	2,360		2,360
(f) Other non-current assets	28,450	(306)	28,144
	1,28,638	(306)	1,28,332
(2) Current assets			
(a) Inventories	17,153		17,153
(b) Financial assets			
(i) Trade receivables	99,975		99,975
(ii) Cash and cash equivalents	22,095		22,095
(iii) Other financial assets	781		781
(c) Other current assets	30,766	(824)	29,942
	1,70,770	(824)	1,69,946
Total Assets	2,99,408	(1,130)	2,98,278
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	18,043		18,043
(b) Other Equity	89,729	466	90,195
	1,07,772	466	1,08,238
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	33,555		33,555
(ii) Other financial liabilities	1,724		1,724
(b) Provisions	1,708		1,708
(c) Other non-current liabilities	10,224	(356)	9,868
	47,211	(356)	46,855
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	27,971		27,971
(ii) Trade payables	67,909		67,909
(iii) Other financial liabilities	28,180		28,180
(b) Other current liabilities	20,209	(1,240)	18,969
(c) Provisions	156		156
	1,44,425	(1,240)	1,43,185
Total Equity and Liabilities	2,99,408	(1,130)	2,98,278

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

Statement of Profit and Loss for the year ended March 31, 2019

	Year ended March 31, 2019 As reported	Adjustments under Ind AS 115	Year ended March 31, 2019 Without Ind AS 115
Revenue from operations	2,15,469	127	2,15,596
Other income	2,635		2,635
Total income	2,18,104	127	2,18,231
Expenses			
Cost of services rendered	97,625	43	97,668
Purchase of stock-in-trade	38,856		38,856
Changes in inventories	(10,695)		(10,695)
Employee benefits expense	28,444		28,444
Finance costs	7,284		7,284
Depreciation and amortisation expense	15,339		15,339
Other expenses	30,537		30,537
Total expenses	2,07,390	43	2,07,433
Profit before tax	10,714	84	10,798
Tax expense			
Current Tax	2,387	18	2,405
Deferred Tax	(2,360)	(18)	(2,378)
Profit after tax	10,687	84	10,771
Earnings per equity share (₹ 10 paid up)			
Basic	6.92	0.05	6.98
Diluted	6.86	0.05	6.92

On adoption of Ind AS 115, the Group does not have a material impact on other comprehensive income and cash flows for the year except for certain adjustments to reconcile profit before tax to net cash flows from operating activities and working capital adjustments. However, there was no impact on the net cash flows from operating activities. The cash flows from investing and financing activities were not affected.

4. 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 its Indian subsidiaries viz., Sify Infinit Spaces Limited and Sify Data and Managed Services Limited. 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.

5. 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)]

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

- Lease classification [Note C(8)]
- Measurement of defined employee benefit obligations [Note C (12)]
- Measurement of share-based payments [Note C(13)]
- Provisions [Note C(14)]
- Identification of performance obligation and timing of satisfaction of performance obligation, measurement of transaction price on revenue recognition [Note C(15)]
- 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 except for the changes in accounting policies mentioned in Note B (3).

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 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. 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 financial assets 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 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 and any transaction cost that are

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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 financial liabilities at 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 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. 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 of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes expenditure 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.

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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 year ended March 31, 2019 and March 31, 2018 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 laptops/desktop	3	3
- 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.

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.

Transaction 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

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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 unless such payments are structured in line with the expected general inflation to compensate for the lessors expected inflationary cost increases.

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.

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 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.

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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. Contract assets/liability

Contract Assets (Unbilled revenue) represents revenue in excess of billing. Contract Liability (Unearned income) represents unserviced portion of billed contracts.

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:

(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 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

The Group derives revenue from converged ICT solutions comprising telecom-centric services, Data Center-centric IT services which includes Data Center services, cloud and managed services, applications integration services and technology integration services.

The Group has adopted Ind AS 115 Revenue from Contracts with Customers with effect from April 1, 2018 by using the cumulative effect transition

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method and accordingly comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 on initial application of ₹ 382 has been adjusted in the opening retained earnings.

The Group recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties. Refer note C 15 Significant accounting policies in the companies 2018 annual report for the previous revenue recognition policies.

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

(a) Telecom Services:

Revenue from Telecom services includes Data network services and Voice services. Telecom services primarily include revenue from connectivity services, NLD/ILD services and to a lesser extent, revenues from the setup and installation of connectivity links. The group provides connectivity for a fixed period of time at a fixed rate regardless of usage. Revenue from telecom services are series of distinct services. The performance obligations are satisfied overtime.

Service revenue is recognized when services are provided, based upon period of time. The setup and installation of connectivity links are deferred and recognized over the associated contract period.

Sale of equipments are accounted as separate performance obligations if they are distinct and its related revenues are recognised at a point in time when the control is passed on to the customer.

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

(b) Data Center Services (DC):

Revenue from DC services consists co-location of racks and power charges. The contracts are mainly for a fixed rate for a period of time. Revenue from co-location of racks, power charges and cross connect charges are series of distinct services. The performance obligations are satisfied overtime. Service revenue is recognized as the related services are performed. Sale of equipments such as servers, switches, networking equipments, cable infrastructure and racks etc are accounted as separate performance obligations if they are distinct and its related revenues are recognised at a point in time when the control is passed on to the customer.

(c) Cloud and Managed Services:

Revenue from Cloud and managed services include revenue from Cloud and storage solutions, managed services, value added services, domestic and International managed services. Revenues from Cloud and on demand compute and storage, are primarily fixed for a period of time.

Revenue from Cloud and managed services are series of distinct services. The performance obligations are satisfied overtime. The group recognizes service revenue as the related services are performed.

Revenues from domestic and international managed services, comprise of value added services, operations and maintenance of projects and from remote infrastructure management. Contracts from this segment are fixed and could also be based on time and material contracts.

In the case of time and material contracts, The Group recognizes service revenue as the related services are performed. In the case of fixed price contract, the group recognize revenue over a period of time based on progress towards completion of performance obligation using efforts or cost to cost measure of progress (percentage completion method of accounting). The stage of completion is measured by efforts spent to estimated total efforts 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, network services, security solutions and to a lesser extent, revenue from sale of hardware and software.

Revenue from construction contract includes revenue from construction of Data Centers to the specific needs and design of the customer. The Group recognizes revenue at point in time, when the customer does not take control of work-in-progress or over a period of time when the customer controls the work-in-progress. In the case where revenue is recognised over a period of time and progress is measured based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. If the Group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of Income in the period in which such losses become probable based on the current contract estimates.

(e) Applications Integration Services:

Revenue from Applications Integration services include online assessment, document management services, web development, digital certificate based authentication services, supply chain software and eLearning software development services. eLearning software development services consist of structuring of content, developing modules, delivery and training users in the modules developed.

Revenue from Applications Integration Services is recognised over a period of time. The progress is measured based on the amount of time/ effort spent on a project. 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 upon the usage (i.e on actual impressions/click-throughs / leads delivered.)

Revenue from commissions earned on electronic commerce transactions are recognised when the transactions are completed. 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 and accordingly, revenue is recognised fully on the date of activation of the respective certificate.

Multiple deliverable arrangements

In certain cases, some elements belonging to the services mentioned above are sold as a package consisting of all or some of the elements. The Group accounts for goods or services of the package separately if they are distinct. i.e if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer. The Group allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. Stand-alone selling price is the price at which group would sell a promised good or service separately to the customer. If the relative stand-alone selling prices are not available, the group estimates the same. In doing so, the group maximises the use of observable inputs and apply estimation methods consistently in similar circumstances.

Contract Cost

Costs to fulfil customer contracts i.e the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify or the costs generate/ enhance resources of the group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future or the costs that are expected to be recovered are recognised as asset and amortized over the contract period.

Incremental costs of obtaining a contract are recognised as assets and amortized over the contract period if entity expects to recover those costs. The Group recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Costs to obtain a contract that is incurred regardless of whether the contract is obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Significant judgments on applying Ind AS 115

The group contracts with customer include promises or arrangements to transfer multiple goods or services to a customer. The group assesses whether such arrangements in the contract has distinct goods or services (performance obligation). Identification of distinct performance obligation involves judgment to determine ability of customer to benefit independently from other promises in the contract.

The judgment is required to measure the transaction price for the contract. The

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transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration could be fixed amount or variable amount or could be both. Transaction price could also be adjusted for time value of money if contract includes a significant financing component.

In the case of multiple arrangements in a contract, the group allocates transaction price to each performance obligation based on stand-alone transaction price. The determination of stand-alone transaction price involves judgment.

The group uses judgment in determining timing of satisfaction of performance obligation. The group considers how customer benefits from goods or services as the services are rendered, who controls as the assets is created or enhanced, whether asset has an alternate use and the entity has an enforceable right to payment for performance completed to date, transfer of significant risk and reward to the customer, acceptance or sign off from the customer etc.,

The group uses judgement when capitalising the contract cost as to whether it generates or enhances resources of the entity that will be used in satisfying performance obligation in the future.

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 Group'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 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 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 a deferred tax 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 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 Group 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 amounts are in Indian ₹ lakhs except share data and as stated)

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 least 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

New Standards and interpretations not yet adopted

Ministry of Corporate Affairs (MCA) vide notification dated 30 March 2019 has issued new standard, Ind AS 116 - Leases and also amended Ind AS 12 - Income taxes and Ind AS 19 - Employee benefits.

a) Ind AS 116 - Leases

The standard replaces all existing lease accounting requirements and represents a significant change in accounting and reporting of leases, with more assets and liabilities to be reported on the Balance Sheet and a different recognition of lease costs. The Group is currently evaluating the impact of the standard on the financial statements. The effective date of adoption of Ind AS 116 - Leases is annual period beginning from 1st April 2019. The standard permits the use of either the retrospective or cumulative effect transition method.

Under retrospective method, the Group retrospectively applies the standard to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and under the cumulative effect transition method, the effect of applying the Standard is adjusted in the opening retained earnings and the comparatives will not be retrospectively adjusted.

The Group will adopt cumulative transition method on adoption of Ind AS 116 and accordingly comparatives for the year ended March 2019 will not be adjusted. The Group also has elected to apply certain practical expedients on transition to Ind AS 116.

On adoption of Ind AS 116, the Group will increase the right to use of assets by ₹ 81 Crores approx. and an increase in lease liability of ₹ 96 Crores approx.

The Company has lease prepayment amounting to ₹ 135 Crores as of March 2019 and Indefeasible right of use (IRU) prepaid asset amounting to ₹ 49 Crores as of March 2019. The same will be reclassified to Right to use asset under Ind AS 116 with effect from April 1, 2019.

b) Ind AS 12 Income taxes - Uncertainty over Income Tax Treatments

The amendment clarifies the accounting for uncertainties in income taxes. The effective date for adoption of amendment is annual reporting periods beginning on or after April 1, 2019. The effect of amendment on Uncertainty over Income Tax Treatments is expected to be insignificant.

c) Ind AS 12 - Income taxes

The amendments to clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events that generated distributable profits. Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Group is currently evaluating the effect of this amendment on the financial statements.

d) Amendments in Ind AS 19 - Employee Benefits

MCA has amendments Ind AS 19 – "Employee Benefits" regarding plan amendments, curtailments and settlements. The amendments in Plan Amendment, Curtailment or Settlement are as follows:

a) If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement;

b) In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

The above amendments are effective for annual periods beginning on or after April 1, 2019. The Group has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

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, 2019

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2018	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2019	As at April 1, 2018	For the year	Deletions/ Adjustments during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Owned assets										
Buildings	**20,131**	1,357	-	21,488	**5,423**	730	-	6,153	**15,335**	14,708
(As at April 1 2014)	*(15,218)*	-	-	(15,218)	*(2,738)*	-	-	(2,738)	*(12,480)*	*(12,480)*
Plant and equipment	**1,12,169**	18,437	841	1,29,765	**78,696**	9,802	841	87,657	**42,108**	33,473
(As at April 1 2014)	*(67,450)*	-	*(802)*	(66,648)	*(46,224)*	-	*(801)*	(45,423)	*(21,225)*	*(21,226)*
Furniture and fittings	**1,577**	28	5	1,600	**1,537**	28	4	1,561	**39**	40
(As at April 1 2014)	*(1,409)*	-	*(4)*	(1,405)	*(1,366)*	-	*(4)*	(1,362)	*(43)*	*(43)*
Office equipment	**5,952**	827	2	6,777	**3,495**	790	2	4,283	**2,494**	2,457
(As at April 1 2014)	*(2,315)*	-	*(1)*	(2,314)	*(1,820)*	-	*(1)*	(1,819)	*(495)*	*(495)*
Leasehold improvements	**10,819**	1,437	87	12,169	**7,071**	1,249	87	8,233	**3,936**	3,748
(As at April 1 2014)	*(4,958)*	-	*(87)*	(4,871)	*(4,003)*	-	*(87)*	(3,916)	*(955)*	*(955)*
Motor vehicles	**72**	-	-	72	**36**	24	-	60	**12**	36
(As at April 1 2014)	-	-	-	-	-	-	-	-	-	-
Assets acquired under lease										
Building	**2,911**	-	-	2,911	**1,183**	103	-	1,286	**1,625**	1,728
(As at April 1 2014)	*(2,911)*	-	-	(2,911)	*(771)*	-	-	(771)	*(2,140)*	*(2,140)*
Plant and machinery	**25,387**	-	-	25,387	**21,630**	819	-	22,449	**2,938**	3,757
(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)*
	1,79,047	**22,086**	**935**	2,00,198	**1,19,100**	**13,545**	**934**	1,31,711	**68,487**	**59,947**
(As at April 1 2014)	*(1,05,295)*	-	*(894)*	(1,04,401)	*(59,863)*	-	*(893)*	(58,970)	*(45,431)*	*(45,432)*

(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, 2018

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2017	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2018	As at April 1, 2017	For the year	Deletions/ Adjustments during the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Owned assets										
Buildings	**20,131**	-	-	**20,131**	**4,705**	718	-	**5,423**	**14,708**	15,426
(As at April 1 2014)	*(15,218)*	-		*(15,218)*	*(2,738)*	-	-	*(2,738)*	*(12,480)*	*(12,480)*
Plant and equipment	**1,03,321**	9,768	920	**1,12,169**	**69,566**	9,394	264	**78,696**	**33,473**	33,755
(As at April 1 2014)	*(67,887)*	-	*(437)*	*(67,450)*	*(46,383)*	-	*(159)*	*(46,224)*	*(21,226)*	*(21,504)*
Furniture and fittings	**1,570**	15	8	**1,577**	**1,500**	46	9	**1,537**	**40**	70
(As at April 1 2014)	*(1,417)*	-	*(8)*	*(1,409)*	*(1,369)*	-	*(3)*	*(1,366)*	*(43)*	*(48)*
Office equipment	**4,895**	1,069	12	**5,952**	**2,849**	658	12	**3,495**	**2,457**	2,046
(As at April 1 2014)	*(2,327)*	-	*(12)*	*(2,315)*	*(1,822)*	-	*(2)*	*(1,820)*	*(495)*	*(505)*
Leasehold improvements	**9,258**	1,563	2	**10,819**	**5,993**	1,080	2	**7,071**	**3,748**	3,265
(As at April 1 2014)	*(4,960)*	-	*(2)*	*(4,958)*	*(4,003)*	-	-	*(4,003)*	*(955)*	*(957)*
Motor vehicles	**72**	-	-	**72**	**12**	24	-	**36**	**36**	60
(As at April 1 2014)	-	-	-	-	-	-	-	-	-	-
Assets acquired under lease										
Building	**2,911**	-	-	**2,911**	**1,080**	103	-	**1,183**	**1,728**	1,831
(As at April 1 2014)	*(2,911)*	-	-	*(2,911)*	*(771)*	-	-	*(771)*	*(2,140)*	*(2,140)*
Plant and machinery	**24,690**	697	-	**25,387**	**17,510**	4,120	-	**21,630**	**3,757**	7,180
(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)*
	1,66,877	**13,112**	**942**	**1,79,047**	**1,03,244**	**16,143**	**287**	**1,19,100**	**59,947**	**63,633**
(As at April 1 2014)	*(1,05,754)*	-	*(459)*	*(1,05,295)*	*(60,027)*	-	*(164)*	*(59,863)*	*(45,432)*	*(45,727)*

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.

(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, 2019

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2018	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2019	As at April 1, 2018	For the year	Deletions/ Adjustments during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Undersea cable capacity	6,424	419	-	6,843	3,043	631	-	3,674	3,169	3,381
(As at April 1 2014)	*(5,533)*	-	-	*(5,533)*	*(922)*	-	-	*(922)*	*(4,611)*	*(4,611)*
System software	8,157	1,316	-	9,473	6,254	1,138	-	7,392	2,081	1,903
(As at April 1 2014)	*(4,589)*	-	-	*(4,589)*	*(4,044)*	-	-	*(4,044)*	*(545)*	*(545)*
License fees	730	-	-	730	366	25	-	391	339	364
(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)*	-	-
	17,135	**1,735**	-	**18,870**	**11,487**	**1,794**	-	**13,281**	**5,589**	**5,648**
(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, 2018

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2017	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2018	As at April 1, 2017	For the year	Deletions/ Adjustments during the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Undersea cable capacity	6,424	-	-	6,424	2,474	569	-	3,043	3,381	3,950
(As at April 1 2014)	*(5,533)*	-	-	*(5,533)*	*(922)*	-	-	*(922)*	*(4,611)*	*(4,611)*
System software	6,521	1,636	-	8,157	5,448	806	-	6,254	1,903	1,073
(As at April 1 2014)	*(4,589)*	-	-	*(4,589)*	*(4,044)*	-	-	*(4,044)*	*(545)*	*(545)*
License fees	730	-	-	730	339	27	-	366	364	391
(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)*	-	-
	15,499	**1,636**	-	**17,135**	**10,085**	**1,402**	-	**11,487**	**5,648**	**5,414**
(As at April 1 2014)	**(12,446)**	-	-	**(12,446)**	**(7,028)**	-	-	**(7,028)**	**(5,418)**	**(5,418)**

Note

(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.

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

	As at March 31, 2019	As at March 31, 2018
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, 2018: 15,000) equity shares of ₹ 10 each fully paid up]	2	2
Investment in Sarayu Clean Gen Pvt Ltd [1,56,000 (March 31, 2018: l,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 #	1929	1440
	1946	**1457**
Aggregate cost of unquoted investments	1,946	**1,457**

Unsecured convertible promissory note of $27.89 with Attala Systems Corporation, of which $ 7.5 (₹ 519), $ 3.75(₹ 259), $3.75 (₹ 259), $ 5.00 (₹ 346), $ 2.14 (₹ 148) and $ 5.75 (₹ 398) matures on 17th October 2019, 4th January 2020 , 4th April 2020 , 30th October 2020, 1st January 2021 and 27th November 2021 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, 2019	As at March 31, 2018
4. TRADE RECEIVABLES - NON-CURRENT		
Long term trade receivables (Unsecured, considered good)	551	325
	551	**325**
5. OTHER FINANCIAL ASSETS - NON-CURRENT		
Security deposits	2,741	3,198
Interest accrued on investments	162	71
Bank deposits*	385	359
	3,288	**3,628**

* 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, 2019	As at March 31, 2018
6. OTHER NON-CURRENT ASSETS		
Capital advances	8,227	2,761
Others:		
Prepaid expenses	6,638	4,721
Lease prepayments	13,279	13,500
Deferred Contract costs	306	
Contract Assets (Unbilled revenue)	-	10
	28,450	**20,992**
7. Inventories		
Trade inventories	17,153	6,458
	17,153	**6,458**

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

	As at March 31, 2019	As at March 31, 2018
8. TRADE RECEIVABLES		
Trade receivables considered good - Secured	-	5
Trade receivables considered good - Unsecured	1,02,700	90,254
Total	1,02,700	**90,259**
Loss Allowance *	(2,725)	(2,092)
Total Trade receivables	99,975	**88,167**

*The activity in allowance for doubtful receivables is given below:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning of the year	2,092	2,342
Add: Additional allowance during the year	5,363	3,700
Less: Bad debts written off	(4,730)	(3,950)
Balance at the end of the year	2,725	**2,092**

	As at March 31, 2019	As at March 31, 2018
9. CASH AND CASH EQUIVALENTS		
(a) Balance with banks		
(i) in current accounts	17,552	18,746
(ii) deposits	1,332	1,168
(b) Other bank balances		
(i) Bank deposits [Refer note below]	2,745	2,604
(ii) Unpaid dividend account	*	*
(c) Cheques on hand	461	-
(d) Cash on hand	5	5
	22,095	**22,523**

*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	2,745	2,604

Cash and cash equivalents for the purpose of Cash Flow Statement:

Cash and cash equivalents as above	22,095	22,523
Less: Bank overdraft used for cash management purposes [Refer note 18 (d)]	(15,532)	(21,215)
	6,563	**1,308**

10. OTHER FINANCIAL ASSETS		
Security deposits	721	503
Interest accrued on advances and deposits	60	74
	781	**577**

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

		As at March 31, 2019	As at March 31, 2018
11. OTHER CURRENT ASSETS			
Advances other than capital advances:			
Balances with GST, service tax and sales tax authorities		6,620	2,755
Prepaid expenses		3,785	3,968
Advance tax and tax deducted at source		16,493	13,215
Contract Assets (Unbilled revenue)		336	566
Deferred Contract costs		824	-
Lease prepayments		221	221
Other advances		2,487	1,907
	(A)	30,766	**22,632**
Unsecured, considered doubtful			
Advances other than capital advances		1,219	994
Less: Provision for doubtful advances (Refer note (a) below)		(1,219)	(994)
	(B)	-	-
	(A) +(B)	30,766	**22,632**

(a) The activity in allowance for doubtful advances are given below:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning of the year	994	1,449
Add: Additional provision during the year	225	102
Less: Advance written off / adjustments	-	(557)
Balance at the end of the year	1,219	**994**

12. EQUITY SHARE CAPITAL

	As at March 31, 2019	As at March 31, 2018
Authorized		
20,40,00,000 (March 31, 2018: 20,40,00,000) equity shares of ₹10 each	20,400	20,400
Issued		
17,91,44,347 (March 31, 2018: 17,86,84,647) equity shares of ₹10 each	17,915	17,868
Subscribed and fully paid		
17,91,44,347 (March 31, 2018: 5,36,84,647) equity shares of ₹10 each fully paid up	17,915	5,368
Subscribed but not fully paid		
Nil (March 31, 2018: 12,50,00,000) equity shares of ₹10 each partly paid up [Refer note (c) below]	-	9,688
	17,915	15,056
Forfeited shares		
Amount originally paid up on 1,28,23,202 equity shares	128	128
	18,043	**15,184**

(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, 3,96,13,695 (Previous year : 3,91,53,995) 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, 2019, these shares are fully paid to the extent of ₹10 (March 31, 2018: ₹7.75) per share. Also refer note D (48).

(d) Of the total outstanding shares,12,50,00,000 shares (March 31, 2018: 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, 2019		As at March 31, 2018	
	Number of shares	Amount paid-up	Number of shares	Amount paid-up
Number of shares outstanding at the beginning of the year	17,86,84,647	15,184	17,85,30,787	15,169
Add: Shares issued on exercise of ASOP	4,59,700	46	1,53,860	15
Add: Call money received	-	2,813	-	-
Number of shares outstanding at the end of the year	17,91,44,347	18,043	**17,86,84,647**	**15,184**

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

	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding	Number of shares held	% holding
Ramanand Core Investment Company Private Limited@	12,50,00,000	69.78%	12,50,00,000	69.96%
Infinity Satcom Universal Private Limited	1,45,30,000	8.11%	1,45,30,000	8.13%
Infinity Capital Ventures, LP	1,39,02,860	7.76%	1,39,02,860	7.78%

@These shares are fully paid-up to the extent of ₹10 per share (March 31, 2018: ₹7.75 per share)

Also refer note D (48)

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

		As at March 31, 2019	As at March 31, 2018
13. OTHER EQUITY			
13.1 Reserves and surplus			
Securities premium			
Securities premium account balance		1,89,569	1,89,436
Add: Transfer from Stock option outstanding account in respect of options exercised during the year		84	27
Add: additions during the year		6,497	106
	(A)	1,96,150	**1,89,569**
General reserve			
Balance at the beginning of the year		633	604
Add: Transferred from stock options outstanding account		38	29
	(B)	671	**633**
Retained earnings			
Opening balance		27,560	20,414
Impact of change in accounting policy #		(382)	-
Adjusted Opening balance		27,178	**20,414**
Adjustments:			
Add: Profit for the year		10,687	9,233
Less: Appropriations			
Dividend paid {₹ 1.2 per share (PY: ₹ 1.2 per share)}		(1,807)	(1,734)
Dividend distribution tax paid		(371)	(353)
	(C)	35,687	**27,560**
	(D) = (A)+(B)+(C)	2,32,508	**2,17,762**
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)	88,583	**73,837**
13.2 Other components of Equity			
Stock option outstanding account			
Opening Balance		761	748
Add: Employee stock compensation cost for the year		48	69
Less: Transfer to securities premium in respect of options exercised during the year		(84)	(27)
Less: Transfer to general reserve in respect of grants lapsed during the year		(38)	(29)
	(F)	687	**761**
Exchange differences on translation of foreign operations			
Balance at the beginning of the year		141	126
Add: Additions during the year		183	15
	(G)	324	**141**
Remeasurement of net defined benefit liability/asset			
Opening Balance		108	54
Add: Additions during the year		27	54
	(H)	135	**108**
	(E)+(F)+(G)+(H)	89,729	**74,847**

The Group has initially applied Ind AS 115 Revenue from Customer contracts using cumulative effect transition method. Under this method the comparative information is not restated. Refer Note B(3)(b)

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

	As at March 31, 2019	As at March 31, 2018

Proposed Dividend: Dividend proposed to be distributed but not recognised as distribution to owners during the year amounted to ₹ 1,855 (₹ 1.2 per share) and the dividend distribution tax thereon amounts to ₹ 381). [Previous year: Dividend proposed ₹ 1,807 (₹ 1.2 per share) and the dividend distribution tax thereon amounted to ₹ 371].

Nature and purpose of Reserves

a) **Securities Premium**

Securities Premium used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act

b) **General Reserve**

General Reserve is a free reserve represents appropriation of profit by the company. General reserve is also created by transferring from one component of equity to another.

c) **Retained Earnings**

Retained earnings represents accumulated undistributed profits of the company that can be distributed by the Company as dividends to its equity share holders.

d) **Stock Option Outstanding account**

Stock Option Outstanding Reserve represents the stock compensation expense recognized in the statement of changes in equity.

e) **Exchange differences on translation of foreign operations**

Exchange differences relating to translation of results and net assets of company's foreign subsidiaries from the functional currency of foreign subsidiaries to group's presentation currency are recognised in other comprehensive income and accumulated in Exchange differences on translation of foreign operations.

f) **Remeasurement of Defined benefit liability / Asset**

Remeasurement of Defined benefit liability / Asset represent the cumulative actuarial gain / loss recognized in other comprehensive income and presented within equity.

14. BORROWINGS

		As at March 31, 2019	As at March 31, 2018
14.1. Term Loans			
Secured			
From banks [Refer Note (a) to (c) below]		14,080	6,780
Unsecured			
From banks [Refer Note (d)]		6,015	4,792
From others [Refer Note (e) to (f)]		13,190	8,565
	(A)	33,285	**20,137**
14.2. Finance lease obligations			
Long term maturities of finance lease obligations [Refer Note (g) to (i)]		270	969
	(B)	270	**969**
	(A) + (B)	33,555	**21,106**

a. Of total balance of ₹ 13,869 including current maturities (Previous Year:₹ 10,658) an amount of ₹375 (Previous Year: ₹ 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). An amount of ₹ 9,719 (Previous year : Nil) including current maturities is primarily secured against the specific project receivables of the company.

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

		As at March 31, 2019	As at March 31, 2018

b. An amount of ₹ 1,166 (Previous Year: ₹ 1,828) is primarily secured by equitable mortgage of title deeds of property of the company at Rabale (Tower II) in Mumbai & also collaterally secured by way of hypothecation of movable fixed assets at 4th floor Rabale Tower I and ₹ 1,022 (Previous Year: ₹ 1,601) is primarily secured by plant and machinery at 4th floor of Rabale Tower I and ₹ 1,964 (Previous Year: ₹ 2,500) is primarily secured by specific plant and machinery at ground, first, second, fourth, fifth, sixth and seventh floor at Rabale Tower II data centre and ₹ 3,926 (Previous Year: ₹ 554) is primarily secured by movable fixed assets at Rabale Tower II Data center (1st & 2nd floor) funded by Term Loan and collaterally secured by property at Vashi (fifth floor) in Mumbai. An amount of ₹ 5,415 (Previous Year: ₹ 3,299) is secured by plant and machinery and collaterally by all securities currently charged to working capital lines from the concerned bank as mentioned in note 18(b)(ii).

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 9.00% to 10.50% for others (Previous Year: 8.65% to 9.50%) 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 buyers' credit & INR TL in lieu of Buyers' Credit from banks which are repayable over a period of 1 to 3 years. The loans bear interest rate ranging from 2.5% to 3.5% for Buyers Credit and 9.00% to 9.50% for INR TL in lieu of Buyers' Credit

e. These loans are primarily taken from NBFCs.

f. The loans bear interest rate ranging from 8.59% to 12.50% (Previous Year: 9.00% to 12.50%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

g. These loans are primarily taken from NBFCs and are secured by lease of relevant assets.

h. These bear interest rate ranging from 10.20% to 12.00% (Previous Year: 10.20% to 12.00%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

i. 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).

The current maturities of borrowings are as under:

		As at March 31, 2019	As at March 31, 2018
Secured			
Term loan from banks		5,580	3,878
Loan from others		-	548
Current maturities of finance lease obligations		699	891
Unsecured			
Term loan from banks		4,056	-
Loan from others		11,222	5,533
		21,557	**10,850**

15. OTHER FINANCIAL LIABILITIES - NON-CURRENT

		As at March 31, 2019	As at March 31, 2018
Security deposits		110	423
Other liabilities		1,614	1,648
		1,724	**2,071**

16. PROVISIONS

		As at March 31, 2019	As at March 31, 2018
Provisions for employee benefits - current			
Compensated absences		156	147
	(A)	156	**147**
Provisions for employee benefits - non-current			
Gratuity		1196	991
Compensated absences		512	484
	(B)	1,708	**1475**
	(A) + (B)	1,864	**1,622**

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

	As at March 31, 2019	As at March 31, 2018
17. OTHER NON-CURRENT LIABILITIES		
Contract Liability (Unearned income)	10,224	7,761
	10,224	**7,761**
18. BORROWINGS (SHORT-TERM)		
Loans repayable on demand from banks - Secured [Refer notes (a) to (d) below]		
Working capital facilities	27,332	24,676
Buyers' credit from banks	639	1,302
	27,971	**25,978**

(a) The above facilities amounting to ₹ 27,971 (Previous Year : ₹ 25,978), 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 ₹ 20,214 (Previous Year : ₹ 16,976) 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 ₹ 13,426 (Previous Year : ₹ 12,232) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai and Vashi 6th floor, Vile Parle at Mumbai.

(iii) exposure amounting to ₹ 7,758 (Previous Year : ₹ 9,002) is collaterally secured by equitable mortgage over the land and building and movable fixed assets at Noida, Uttar Pradesh.

(iv) the exposure amounting to ₹ 4,439 (Previous Year : ₹ 3,885) is collaterally secured by equitable mortgage over the Vashi 5th floor property at Mumbai.

(c) These working capital facilities bear interest ranging from 4.15% to 10.75% p.a. [Previous year: 4.15% to 9.25% p.a.] and these facilities are subject to renewal annually.

(d) Working capital facilities comprises the following:

Bank overdraft	15,532	21,215
Other working capital facilities	11,800	3,461
	27,332	**24,676**

19. TRADE PAYABLES		
Towards purchase of goods and services *		
(A) Total outstanding dues to micro enterprises and small enterprises	-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	62,797	53,181
Other payables	5,112	4,015
	67,909	**57,196**

* There are no dues payable to micro, small and medium enterprises as on March 31, 2019 (Previous year - Nil) - Refer note 47

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

	As at March 31, 2019	As at March 31, 2018
20. OTHER FINANCIAL LIABILITIES		
Capital creditors	3,109	7,825
Current maturities of long term debt**	9,636	3,878
Current maturities of other loans**	11,222	6,081
Current maturities of finance lease obligations**	699	891
Interest accrued but not due on borrowings	524	320
Deposits from customers	1155	770
Other payables	1,835	1,711
Unpaid dividends	*	*
	28,180	21,476

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

**Also refer note D(14)

21. OTHER CURRENT LIABILITIES		
Advances received from customers	4,634	2,856
Statutory payables	1,085	966
Contract liability (Unearned income)	13,338	11,721
Other payables	1,152	1,849
	20,209	17,392

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 ₹ 80 (Previous Year - ₹ 80).

(ii) Contingencies due to certain Service Tax claims as at March 31, 2019 amounted to ₹ 4,430 (Previous Year: ₹ 4,689).

(iii) Contingencies due to certain Sales Tax claims as at March 31, 2019 amounted to ₹11 (Previous Year: ₹ 11).

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.

(b) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for	31,577	10,327

(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.

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

	As at March 31, 2019	As at March 31, 2018

As of March 31, 2019, the Group is holding 58 (Previous year: 48) licenses with a corresponding export obligation of ₹ 48,511 (Previous year : ₹ 39,261). 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, 2019 and as at March 31, 2018 are as follows:

	As at March 31, 2019	As at March 31, 2018
Payable not later than one year	767	1,049
Payable later than one year and not later than five years	288	1,054
Total	1,055	**2,103**
Less: Amounts representing interest	(86)	(243)
Present value of minimum lease payments	969	**1,860**
Payable not later than one year [disclosed under other financial liabilities - Refer note D(20)]	699	891
Payable later than one year and not later than five years [disclosed under borrowings - Refer note D(14.2)]	270	969

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, 2019	As at March 31, 2018
Payable not later than one year	1,124	1,124
Payable later than one year and not later than five years	4,356	4,919
Payable later than five years	3,306	3,866
Total	8,786	**9,909**

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, 2019	As at March 31, 2018
Receivables not later than one year	198	175
Receivables later than one year and not later than five years	242	279
	440	**454**

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

	Year ended March 31, 2019	Year ended March 31, 2018
24. REVENUE FROM OPERATIONS		
Sale of Services *	1,96,402	1,91,092
Sale of Products	19,067	15,764
	2,15,469	2,06,856
Revenue attributable to Unified license [Refer Note D (42)(a)]	1,05,168	91,252
Revenue not attributable to Unified license	1,10,301	1,15,604
	2,15,469	2,06,856

*includes lease income amounting to ₹ 200 for current year (Previous year- ₹ 2,120)

Note :1 Revenue disaggregation as per business segment and geography has been included in segment information (See Note D (36)).

Note :2 Performance obligations and remaining performance obligations

The Group has applied the practical expedient provided in the standard and accordingly not disclosed the remaining performance obligation relating to the contract where the performance obligation is part of a contract that has an original expected duration of one year or less and has also not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

The following table provides revenue expected to be recognised in the future related to performance obligation that are unsatisfied (or partially satisfied) at the reporting date.

To be recognised	Amount
Within one year	11,809
One to three years	5,058
Three years or more	1,220

	Year ended March 31, 2019	Year ended March 31, 2018
25. OTHER INCOME		
Interest income		
From banks	260	252
Others	202	1,041
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	72	26
Gain on foreign exchange fluctuation (Net)	-	70
Provisions for expenses no longer required, written back	-	41
Rental income	965	963
Miscellaneous income	1136	797
	2,635	3,190
26. COST OF GOODS SOLD AND SERVICES RENDERED		
A. Cost of services rendered		
Networking costs	61,832	53,451
Other direct costs	22,304	34,278
Power expenses	13,489	11,453
	97,625	99,182
B. Purchases of Stock in trade	38,856	20,700
C. Changes in inventories - Stock in Trade		
Opening inventory	6,458	11,820
Less: Closing inventory	(17,153)	(6,458)
	(10,695)	5,362
	1,25,786	1,25,244

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

	Year ended March 31, 2019	Year ended March 31, 2018
27. EMPLOYEE BENEFIT EXPENSE		
Salaries and wages	26,558	23,920
Contribution to provident and other funds*	1,573	1,467
Staff welfare expenses	265	219
Share-based payments to employees [Note D (38)]	48	69
	28,444	25,675

*Also refer note D (35)

	Year ended March 31, 2019	Year ended March 31, 2018
28. FINANCE COSTS		
Interest	5,904	3,947
Other borrowing costs (including letters of credit and bill discounting charges)	978	924
Exchange differences regarded as an adjustment to borrowing costs	402	97
	7,284	4,968
29. OTHER EXPENSES		
Commission expenses	544	370
Communication expenses	283	311
Rent	5,496	4,850
Rates and taxes	849	687
Travelling expenses	1,597	1,622
Power and fuel expenses	1,489	1,314
Legal and professional	1,213	1,396
Payment to auditors		
- Statutory audit fees	35	33
- Other services	28	23
Repairs and maintenance expenses		
- Plant and machinery	1,623	1,763
- Buildings	511	976
- Others	3,680	2,626
Insurance	602	419
Outsourced manpower costs	4,047	3,672
Advertisement, selling and marketing expenses	1,097	1,253
Loss on foreign exchange fluctuation (net)	519	-
Contribution towards Corporate Social Responsibility [Refer note D(49)]	137	96
Allowance for bad and doubtful debts	5,363	3,700
Miscellaneous expenses	1,424	2,268
	30,537	27,379

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

30. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2019

(i) Long term borrowings *

				Non cash movement			
Particulars	As at April 01, 2018	Proceeds	Repayment	Assets acquired on lease	Foreign exchange movement	Fair value changes	As at March 31, 2019
Term loans from Bank	15,450	18,899	(5,133)	-	515	-	29,731
Term loans from Others	14,646	19,830	(9,935)	-	-	(129)	24,412
Finance lease obligations	1,860	-	(891)	-	-	-	969
Total	**31,956**	**38,729**	**(15,959)**	**-**	**515**	**(129)**	**55,112**

*including current maturities

(ii) Short term borrowings

Particulars	As at April 01, 2018	Cash flow	Foreign exchange movement	As at March 31, 2019
Working capital facilities excluding overdraft*	3,461	8,339	-	11,800
Other short term borrowing	1,302	(663)	-	639
Total	**4,763**	**7,676**	**-**	**12,439**

* Bank overdrafts are used for cash management purposes (Refer Note D (9))

Reconciliation of liabilities from financing activities for the year ended March 31, 2018

(i) Long term borrowings *

				Non cash movement			
Particulars	As at April 01, 2017	Proceeds	Repayment	Assets acquired on lease	Foreign exchange movement	Fair value changes	As at March 31, 2018
Term loans from Bank	9,211	8,752	(2,740)	-	227	-	15,450
Term loans from Others	8,441	15,220	(8,880)	-	-	(135)	14,646
Finance lease obligations	5,192	-	(4,029)	697	-	-	1,860
Total	**22,844**	**23,972**	**(15,649)**	**697**	**227**	**(135)**	31,956

*including current maturities

(ii) Short term borrowings

Particulars	As at April 01, 2017	Cash flow	Foreign exchange movement	As at March 31, 2018
Working capital facilities excluding overdraft*	9,585	(6,376)	252	3,461
Other short term borrowing	6,875	(5,549)	(24)	1,302
Total	**16,460**	**(11,925)**	**228**	4,763

* Bank overdrafts are used for cash management purposes [Refer Note D (9)]

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

	As at March 31, 2019	As at March 31, 2018

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, 2019	As at March 31, 2018
Recognised deferred tax assets/liabilities		
Deferred tax assets on temporary deductible difference		
Property, plant and equipment	2,723	2,935
	2,723	**2,935**
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(1,467)	(1,470)
Finance lease obligations	(1,256)	(1,465)
	(2,723)	**(2,935)**
Unused tax credits		
Mat Credit Entitlement	2,360	-
Net deferred tax asset / (liability) recognised in Balance Sheet	2,360	**-**

The Company has recognised deferred tax assets arising on temporary deductible difference only to the extent of deferred tax liabilities arising on taxable temporary differences 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.

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

Movement in temporary differences during current and previous year

	Property, Plant and Equipment	Intangible assets	Finance lease obligations
Balance as at April 1 2017	**2,534**	**(1,212)**	**(1,322)**
Recognised in income statement	401	(258)	(143)
Recognised in Equity	-	-	-
Balance as at March 31, 2018	**2,935**	**(1,470)**	**(1,465)**
Recognised in income statement	(212)	3	209
Recognised in Equity	-	-	-
Balance as at March 31, 2019	**2,723**	**(1,467)**	**(1,256)**

	As at March 31, 2019	As at March 31, 2018
Unrecognised deferred tax asset		
Deductible temporary differences	5,183	2,498
Unrecognised tax losses		
- unabsorbed depreciation	1,041	5,129
- business loss	137	243
	6,361	**7,870**

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

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax expense/ (reversal)	2,387	2
Deferred tax expense	(2,360)	-
	27	**2**

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	10,714	9,235
Enacted tax rates in India	34.94%	34.61%
Computed expected tax expense/(benefit)	3,744	3,196
Effect of :		
Share based payment expenses not deductible for tax purposes	4	16
Unrecognised deferred tax asset on temporary differences	484	261
Difference on account of differential tax rates in different jurisdictions	(19)	(2)
Expenses/income not taxable	-	(9)
Recognition of previously unrecognized tax losses	(4,186)	(3,460)
	27	**2**

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

	Year ended March 31, 2019	Year ended March 31, 2018
32. PAYMENTS TO DIRECTORS		
(other than managing director and executive director)		
Sitting fees	13	13
Consultancy fees	3	2

33. RECONCILIATION OF EQUITY SHARES IN COMPUTING WEIGHTED AVERAGE NUMBER OF EQUITY SHARES

	Year ended March 31, 2019	Year ended March 31, 2018
(a) Weighted average number of shares - Basic		
Issued fully paid up ordinary shares as on April 1,	5,36,84,647	5,35,30,787
Effect of shares issued on exercise of stock options	2,26,075	11,683
Effect of partly paid shares (Refer note below)	10,04,19,521	9,68,75,000
Weighted average number of equity shares outstanding	**15,43,30,243**	**15,04,17,470**

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, 2019, these shares were fully paid up to the extent of ₹ 10 (March 31, 2018 - ₹7.75) per share. Refer note D(48).

	Year ended March 31, 2019	Year ended March 31, 2018
(b) Weighted average number of shares - Diluted		
Weighted average number of equity shares outstanding	15,43,30,243	15,04,17,470
Dilutive impact of associated stock options*	14,27,183	6,46,569
Weighted average number of equity shares for diluted earnings per share	**15,57,57,426**	**15,10,64,039**

*The Group has issued Associated Stock Options of which 45,88,300 (Previous year - 51,80,440) options are outstanding as at March 31, 2019. These could potentially dilute basic earnings per share in future. 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, 2019 are as follows:

Particulars	As at March 31, 2019		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	28	1,952
Debtors	GBP	*	5
	USD	127	8788
	CHF	-	-
	EUR	*	12
			8,805
Amounts payable in foreign currency on account of:			
Creditors	EUR	1	43
	CAD	-	*
	USD	77	5,299
	DHS	*	9
	GBP	*	33
	HKD	*	2
	CHF	-	-
			5,386
Foreign currency long term loan	USD	105	7,282
Foreign currency short term borrowings	USD	9	639

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

The details of foreign currency exposure as at March 31, 2018 are as follows:

Particulars	As at March 31, 2018		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalents	USD	38	2,494
Debtors	GBP	-	-
	USD	113	7,356
	CHF	-	-
	EUR	1	53
			7,409
Amounts payable in foreign currency on account of:			
Creditors	EUR	*	24
	CAD	-	*
	USD	101	6,554
	DHS	*	10
	GBP	-	-
	HKD	-	-
	CHF	-	-
			6,588
Foreign Currency Long Term Loan	**USD**	**127**	**8,237**
Foreign Currency short term borrowings	**USD**	**73**	**4,775**

*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, 2019	Year ended March 31, 2018
35. 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	1,316	1,098
Service cost	260	296
Interest cost	96	75
Remeasurement (gain)/losses	(52)	(69)
Benefits paid	(169)	(84)
Projected benefit obligation at the end of the year	1,451	**1,316**
Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	325	207
Interest income	25	14
Employer contributions	99	204
Benefits paid	(169)	(84)
Return on plan assets, excluding amount recognised in net interest expense	(25)	(16)
Fair value of plan assets at the end of the year	255	**325**
Amount recognised in the Consolidated Balance Sheet		
Present value of projected benefit obligation at the end of the year	1,451	1,316
Fair value of plan assets at the end of the year	(255)	(325)
Funded status amount of liability recognised in the Balance Sheet	1196	**991**
Expense recognised in the Consolidated Statement of Profit and Loss		
Service cost	260	296
Interest cost	96	75
Interest income	(25)	(14)
Net gratuity costs	331	**357**
Actual return on plan assets	-	**(2)**
Summary of actuarial assumptions		
Discount rate	6.95% p.a.	7.30% p.a.
Expected rate of return on plan assets	7.00% p.a.	7.00% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.
Average future working life time	4.37 years	4.38 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 ₹ 1470 to its gratuity fund during the year ending March 31, 2020

(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, 2019	March 31, 2018
1 year	256	250
2 to 5 years	880	793
6 to 10 years	611	566
More than 10 years	371	344

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2019 and March 31, 2018, by asset category is as follows:

	March 31, 2019	March 31, 2018
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 ended March 31, 2019 and March 31, 2018 are as follows:

Remeasurement (gain) /loss arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	23	(28)
- experience variance	(75)	(41)
- return on plan assets, excluding amount recognised in net interest expense/income	25	15
	(27)	(54)

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, 2019		March 31, 2018	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	1,522	1,386	1,381	1,258
(% change compared to base due to sensitivity)	4.9%	-4.5%	4.8%	-4.5%
Salary Growth rate (-/+ 1%)	1,387	1,519	1,259	1,378
(% change compared to base due to sensitivity)	-4.4%	4.7%	-4.4%	4.6%

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 ₹ 1,155 and ₹ 1023 for the period ended March 31, 2019 and March 31, 2018 respectively. The Group has contributed to 401(K) plan on behalf of eligible employees amounting to ₹ 87 (March 31, 2018: ₹ 87) during the period ended March 31, 2019.

(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-centric services	Consists of domestic data, international data, wholesale voice and network managed services
b. Data Center-centric 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. Technology Integration Services	Consists of data centre build, network integration, end user computing and collaborative tools and solutions
iv. Applications Integration Services	Consists of application development and maintenance, application testing, information security, mobility solutions, eLearning, portals, tools, process and automation

Telecom-centric 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-centric IT services

Data center services: The Group operates 6 Concurrently maintainable 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.

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

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.

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 Property, plant and equipment 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.

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

The Group's operating segment information for the year ended March 31, 2019 is presented below:

Particulars	Telecom-centric services	Data center-centric 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	**1,16,011**	31,449	14,741	34,869	18,399	**99,458**	**2,15,469**
Operating expenses	**(89,919)**	(20,151)	(12,275)	(32,414)	(19,307)	**(84,147)**	**(1,74,066)**
Segment operating income / (loss)	**26,092**	11,298	2,466	2,455	(908)	**15,311**	**41,403**
Unallocable expenses							**(10,182)**
Operating income							**31,221**
Other income							**2,173**
Foreign exchange gain / (loss), net							**(519)**
Profit / (loss) before interest, depreciation and tax							**32,875**
Interest income / (expenses), net							**(6,822)**
Depreciation, amortisation and impairment							**(15,339)**
Profit before tax							**10,714**
Income tax (expense)/recovery							**(27)**
Profit after taxes							**10,687**

The Group's operating segment information for the year ended March 31, 2018 is presented below:

Particulars	Telecom-centric services	Data center-centric 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	**99,818**	24,346	9,567	34,446	38,679	**1,07,038**	**2,06,856**
Operating expenses	**(76,535)**	(17,534)	(10,527)	(29,335)	(32,880)	**(90,276)**	**(1,66,811)**
Segment operating income / (loss)	**23,283**	6,812	(960)	5,111	5,799	**16,762**	**40,045**
Unallocable expenses							**(11,487)**
Operating income							**28,558**
Other income							**1,827**
Foreign exchange gain / (loss), net							**70**
Profit / (loss) before interest, depreciation and tax							**30,455**
Interest income / (expenses), net							**(3,675)**
Depreciation, amortisation and impairment							**(17,545)**
Profit before tax							**9,235**
Income tax (expense)/recovery							**(2)**
Profit after taxes							**9,233**

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-centric 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)

Geographic segments

The Group has two geographic segments viz., 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, 2019	1,68,795	46,674	2,15,469
Year ended March 31, 2018	1,66,494	40,362	2,06,856

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.

Major Customer

During the year, Group does not have more than 10% of the total revenue from one customer (Previous year, revenue from one customer of the Group's Data center-centric IT Services segment is ₹ 22,615 which is more than 10% of the Group's total revenue).

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 period ended March 31, 2019 and March 31, 2018 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 Infinit Spaces Limited	India	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, 2019:

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	3
Sitting fees paid	-	-	13
Salaries and other short term benefits*	-	-	380
Contributions to defined contribution plans*	-	-	17
Share based payment transactions*	-	-	-
Lease rentals paid**	12	45	-
Dividend paid	1,337	174	-
Call money received on shares	9,000	-	-
Amount of outstanding balances			
Advance lease rentals and refundable deposits made**	-	26	-
Lease rentals payable**	-	6	-

Following is the summary of the related party transactions for the year ended March 31, 2018

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	2
Sitting fees paid	-	-	13
Salaries and other short term benefits*	-	-	391
Contributions to defined contribution plans*	-	-	17
Share based payment transactions*	-	-	13
Lease rentals paid**	11	45	-
Dividend paid	1,266	167	-
Amount of outstanding balances			
Advance lease rentals and refundable deposits made**	-	26	-
Lease rentals payable**	-	1	-

**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 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. The agreement provides 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.

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

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 (Rupees Three Lakhs Only) per month and payment of refundable security deposit of ₹ 26 (Rupees Twenty Six Lakhs Only). 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 (Sify Technologies Limited), Mr. M P Vijay Kumar - CFO and Mr. C R Rao - COO.

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, 2019. 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 3,35,000, 1,50,000, 5,25,000 and 1,84,300 options to employees during the year 2018-19, 2017-18, 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.
22,72,800	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, 2019	March 31, 2018
Outstanding at the beginning of the year	51,80,440	58,37,400
Granted during the year	3,35,000	1,50,000
Forfeited and expired during the year	(4,67,440)	(6,53,100)
Exercised during the year	(4,59,700)	(1,53,860)
Outstanding at the end of the year	45,88,300	**51,80,440**
Vested and exercisable at the end of the year	44,41,848	43,40,070
Weighted average exercise price in ₹	78.84	78.79
Remaining contractual period	0.80 - 5.84 years	0.06 - 4.81 years

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

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 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, 2019 is furnished below:

	Range of exercise price in ₹	**Number outstanding at March 31, 2019**	**Weighted average exercise price in ₹**	**Weighted average remaining contractual life**
ASOP 2014	57.66 - 146.23	45,88,300	78.84	0.80 - 5.84 years

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2018 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2018	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	57.66 - 82.00	51,80,440	57.66-82.00	0.06 - 4.81 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	Apr 24, 2018	Jul 24, 2018	Oct 22, 2018	Jan 31, 2019
Category	Category III	Category III	Category III	Category III
Current market price	₹ 150.31	₹ 136.23	₹ 94.72	₹ 119.09
Exercise price	₹ 135.28	₹ 122.82	₹ 85.25	₹ 107.18
Expected term	2-5 years	2-5 years	2-5 years	2-5 years
Volatility	53.1% to 97.8%	38.06% to 79.29%	48.51% to 70.62%	53.04% to 72.78%
Dividend yield	12%	12%	12%	12%
Discount rate	3%	2%	2%	2%

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

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 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, 2019 and March 31, 2018 are given below:

Particulars	Currency	As at March 31, 2019	As at March 31, 2018
Forward/Option contracts (Sell)	USD	Nil	Nil
Forward/Option contracts (Buy)	USD	26	Nil
Net (gain) / loss on mark to market in respect of forward/option contracts outstanding	INR	46	Nil

The Company recognized a net loss on the forward contracts of ₹ 92 (Previous year : Net loss of ₹ 75) for the year ended March 31, 2019.

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, 2019	As at March 31, 2018
Forward/Option contracts (Buy)	(USD)	(USD)
Not later than one month	2	-
Later than one month and not later than three months	17	-
Later than three months and not later than six months	7	-
Later than six months and not later than one year	-	-

ii. Cross Currency Swap:

The Group enters into Cross Currency Swaps (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 contracts is co-terminus with the period of the underlying term loans. 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 swap contracts are settled before maturity during the current year and there are no oustanding balances as on March 31, 2019.

The Group recognized a net loss on the cross currency swaps of ₹ Nil [Previous year : ₹ 80 (Loss) for the year ended March 31, 2019.

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

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

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, 2019		As at March 31, 2018	
	Receivable (USD)	Payable (USD)	Receivable (USD)	Payable (USD)
Less than 1 year	1	1	2	3
One to two years	*	*	1	1
Two to three years	-	-	*	*
Three to four years	-	-	-	-
Four to five years	-	-	-	-
Total cash flows	**1**	**1**	**3**	**4**

* Amount below rounding off norm adopted by the Group.

Total notional amount outstanding as on March 31, 2019 is USD 32 (Previous Year: USD 53)

The Group recognized a net loss on the interest rate swaps of ₹ 38 (includes mark to market gain of ₹ 12) during the year ended March 31, 2019 (Previous year : net gain ₹ 16 including mark to market gain of ₹ 84).

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2019 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	1929	-	17	1,946	1,946
Trade receivables	1,00,526	-	-	1,00,526	1,00,526
Cash and cash equivalents	22,095	-	-	22,095	22,095
Other financial assets	4,069	-	-	4,069	4,069
Liabilities					
Borrowings from banks	42,170	-	-	42,170	42,170
Borrowings from others	24,412	-	-	24,412	24,412
Bank overdraft	15,532	-	-	15,532	15,532
Finance lease liabilities	969	-	-	969	969
Trade payables	67,858	-	-	67,858	67,858
Other financial liabilities	8,347	-	-	8,347	8,347
Derivative financial instruments	-	51	-	51	51

(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, 2018 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	1440	-	17	1,457	1,457
Trade receivables	88,492	-	-	88,492	88,492
Cash and cash equivalents	22,523	-	-	22,523	22,523
Other financial assets	4,205	-	-	4,205	4,205
Liabilities					
Borrowings from banks	20,213	-	-	20,213	20,213
Borrowings from others	14,646	-	-	14,646	14,646
Bank overdraft	21,215	-	-	21,215	21,215
Finance lease liabilities	1,860	-	-	1,860	1,860
Trade payables	57,179	-	-	57,179	57,179
Other financial liabilities	12,697	-	-	12,697	12,697
Derivative financial instruments	-	17	-	17	17

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2019 and March 31, 2018 that the Group has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2019	As at March 31, 2018
Trade receivables	98,827	87,457
Cash and cash equivalents	20,282	20,315
Other financial assets	3,739	3,983
	1,22,848	**1,11,755**

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, 2019			Fair value as of March 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets - gain on outstanding forward/options contracts	-	-	-	-	-	-
Liabilities						
Derivative financial liabilities - loss on outstanding option/forward contracts	-	-	46	-	-	-
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	-	-	-	-
Derivative financial liabilities - (Gain) / loss on outstanding interest rate swaps	-	-	5	-	-	(17)

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

- 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

		Year ended March 31, 2019	Year ended March 31, 2018
(a)	**Financial assets at amortised cost**		
	Interest income on bank deposits	260	252
	Interest income on other financial assets	202	1,041
	Impairment on trade receivables	(5,363)	(3,700)
(b)	**Financial assets/liabilities at fair value through profit or loss (FVTPL)**		
	Net gains/(losses) on fair valuation of derivative financial instruments	12	84
(c)	**Financial liabilities at amortised cost**		
	Interest expenses on lease obligations	(147)	(312)
	Interest expenses on borrowings from banks, others and overdrafts	(6,171)	(3,813)

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. 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.

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.

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

	As at March 31, 2019	As at March 31, 2018

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, 2019 and March 31, 2018 was as follows:

Trade investments	1,946	1,457
Trade receivables	1,00,526	88,492
Cash and cash equivalents	22,095	22,523
Other financial assets	4,069	4,205
	1,28,636	1,16,677

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	13,291	8,255
Past due 271 - 365 days	3,666	2,729
More than 365 days	12,151	8,856
	29,108	19,840

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, 2019 amounts to ₹ 71,418 (March 31, 2018: ₹ 68,652) 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

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 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:

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

As at March 31, 2019

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	42,170	47,739	24,768	17,536	5,435
Borrowings from others	24,412	27,600	13,239	13,457	904
Bank overdraft	15,532	15,532	15,532	-	-
Finance lease liabilities	969	1,055	767	288	-
Trade payables	67,858	67,858	67,858	-	-
Other financial liabilities	8,347	8,347	8,347	-	-
	1,59,288	**1,68,131**	**1,30,511**	**31,281**	**6,339**

As at March 31, 2018

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	20,213	22,402	9,494	12,092	816
Borrowings from others	14,646	18,519	7,694	8,938	1,887
Bank overdraft	21,215	21,215	21,215	-	-
Finance lease liabilities	1,860	2,103	1,053	1,019	31
Trade payables	57,179	57,179	57,179	-	-
Other financial liabilities	12,697	12,697	12,697	-	-
	1,27,810	**1,34,115**	**1,09,332**	**22,049**	**2,734**

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.
- 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.

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

The Group's exposure to foreign currency risk as at March 31, 2019 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	28	127	(77)	(114)	(36)
EUR	-	*	(1)	-	1
DHS	-	-	*	-	*

The Group's exposure to foreign currency risk as at March 31, 2018 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	38	113	(101)	(200)	(150)
EUR	-	1	*	-	1
DHS	-	-	*	-	*

A 10% strengthening of the rupee against the respective currencies as at March 31, 2019 and March 31, 2018 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 2018.

	Other Comprehensive Income	Profit/(loss)
March 31, 2019	-	255
March 31, 2018	-	1,185

A 10% weakening of the rupee against the above currencies as at March 31, 2019 and March 31, 2018 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:

	Carrying amount	
	March 31, 2019	March 31, 2018
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	4,462	4,131
- Investment in debt securities	1,929	1,440
Financial liabilities		
- Borrowings from banks	639	6,094
- Borrowings from others	24,412	14,646
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	41,531	14,119
- Bank overdrafts	15,532	21,215

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

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 2018.

	Equity	Profit or (loss)
March 31, 2019	-	(449)
March 31, 2018	-	(326)

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 variables 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, 2019 is ₹ 107,772 (Previous Year: ₹ 90,031).

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:

		As at March 31, 2019	As at March 31, 2018
Debt		83,083	57,934
Less: cash and bank balances		(22,095)	(22,523)
Net debt	A	60,988	**35,411**
Equity	B	1,07,772	90,031
Net debt to Equity ratio	A/B	57%	39%

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.

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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 (Aggregated 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 defences 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.

(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 and has not made payment in this regard. TDSAT passed a stay order on DOT from charging the Licence fee on pure internet services. The group has appropriately accounted for any adverse effect that may arise in this regard in the books of account.

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, 2019, 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 ₹ 916 (March 31, 2018: ₹ 911)] on the Group’s financial position and results of operations.

c) The Company has received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to ₹ 64 on special allowances paid to employees. The company has filed a writ petition before High court of Madras and obtained the stay of demand. In Feb 2019, the Supreme Court held, in a similar case, that Special allowances paid by the employer to its employee will be included in the scope of basic wages and subject to provident fund contribution. However, the Supreme Court has not fixed the effective date of order.

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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 accumulated 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, 2019. 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 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.

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46. CONTRACT BALANCES

The following table provides information about receivables, contract assets and contract liabilities from the contracts with the customers

Particulars	March 31, 2019		March 31, 2018	
Trade Receivables		1,00,526		88,492
Contract Assets – Unbilled Revenue		336		576
Contract liabilities – Deferred Income				
Current contract liabilities	13,338		11,721	
Non-current contract liabilities	10,224		7,761	
Total Contract liabilities – Deferred Income		23,562		**19,482**

The following table provides the movement in contract assets (unbilled revenue) for the year ended March 31, 2019

Particulars	Amount
Balance as of April 1, 2018	**576**
Add: Revenue recognized during the year	-
Less: Invoiced during the year	**240**
Add: Translation gain or (loss)	-
Balance as of March 31, 2019	336

The following table provides the movement in contract liabilities (Deferred Income) for the year ended March 31, 2019

Particulars	Amount
Balance as of April 1, 2018	19,482
Add: Impact due to adoption of Ind AS 115	1,469
Balance as of April 1, 2018	**20,951**
Less: Revenue recognized during the year	1,16,100
Add: Invoiced during the year but revenue not recognised	1,18,692
Add: Translation gain or (loss)	19
Balance as of March 31, 2019	**23,562**

Contract Cost and Amortisation

Costs to fulfill customer contracts are deferred and amortized over the contract period. For the year ended March 31, 2019 the Company has capitalised ₹1,685 and amortised ₹ 1,642. There was no impairment loss in relation to the capitalised cost.

Incremental costs of obtaining a contract are recognised as assets and amortized over the contract period. The Company recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

47. DUES TO MICRO, SMALL OR MEDIUM ENTERPRISES

As per the Office memorandum issued by the Ministry of Micro, Small and Medium Enterprises dated August 26, 2008 recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2019 and March 31, 2018 has been made in the financial statements based on information received and available with the

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Company. As the records available with the company, there are no dues payable to micro, small and medium enterprises as on March 31, 2019 (Previous year - Nil). The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at	
	March 31, 2019	March 31, 2018
a. The principal amount and the interest due thereon remaining unpaid at the end of accounting year	-	-
b. The amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d. The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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, 2019, the Company has called-up and received a sum of ₹ 10 per share (previous year ₹ 7.75 per share) and hence the shares have become fully paid up.

49. 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 ₹ 135 towards CSR in compliance of this requirement. A sum of ₹ 137 has been spent during the current year towards CSR activities as per details given below. The amount spent during the current year also includes previous year balance of ₹ 2. Balance amount to be spent pertaining to previous year is ₹ 1.

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

		Amount (₹)
Organisation	2018-19	2017-18
VIRRD Trust, Dwarakha Tirumala	120	63
M/s Thiruvahindrapuram Veda Vidya Trust	2	-
M/s Jateeya Vidya Seva Samithi	-	25
Sri Hanuman Mani Education & Culture Trust	-	8
Government ITI Bhimavaram IMC Society	5	-
Kaviraja Sahitya Viharamu	5	-
ML Jaisimha Cricket 365 Academy	5	-
Special Children Sports Meet	-	*
Book Donations to District Institute of Education and Training, Angaluru	-	-
Total	137	96

* 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 March 31, 2019

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	100%	1,07,937	98%	10,478	13%	27	96%	10,505
Indian Subsidiaries								
Sify Data and Managed Services Limited	*	(72)	*	(27)	-	-	*	(27)
Sify Infinit Spaces Limited	*	(16)	*	4	-	-	*	4
Foreign subsidiaries								
Sify Technologies (Singapore) Pte Limited	*	90	*	51	10%	22	1%	73
Sify Technologies North America Corporation	*	(167)	2%	181	77%	161	3%	342

* Below rounding off norm adopted by the Group

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

For the year ended March 31, 2018

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
<u>Parent</u> Sify Technologies Ltd	101%	90,588	100%	9,232	1%	54	100%	9,286
<u>Indian Subsidiaries</u>								
Sify Data and Managed Services Limited	*	(45)	*	(25)	-	-	*	(25)
Sify Infinit Spaces Limited	*	(20)	*	(20)	-	-	*	(20)
<u>Foreign subsidiaries</u>								
Sify Technologies (Singapore) Pte Limited	*	16	*	18	*	1	*	19
Sify Technologies North America Corporation	-1%	(508)	*	28	*	14	*	42

* 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 22, 2019

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

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The Sify Way

01 Put customers' needs first.

02 Be accountable.

03 Treat others with dignity.

04 Be action oriented.

05 Have the courage to confront issues.

06 Always remember that you are a part of the Sify team.

07 Protect Sify's interest always.

20 YEARS on Nasdaq

This year is an important milestone.

Its not about the two decades spent as India's only true-blue ICT Company. It is the realisation of a long held dream of a converging nation…and being the perfect platform to enable it.

All in the pursuit of keeping you ahead.

sify keeping you ahead

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