Digital@CORE

Annual Report 2019-20

Contents

Our Vision

"We are building a world in which our converged ICT ecosystem and our bring-it-on attitude will be the competitive advantage to our customers."

Our Mission

- Seed entrepreneurial abilities within the organization
- Build convergence technologies
- Deliver cost-effective solutions

2012 IT Solution and Service Provider & Cloud Service Company

2006 Enterprise Class Data center & Network Service Company

1999 Consumer Broadband & Portal Company

1.0

Our Values

At Sify, our values which we call the Sify Way, drive our organizational behavior.

The Sify Way

- Put customer needs first
- Be account-able
- Treat others with dignity
- Be action oriented
- Have the courage to confront issues
- Always remember that you are part of the Sify team
- Protect Sify's interest always

Performance overview

KEY HIGHLIGHTS 2019-20

Financial capital

The Company's growth strategy, along with disciplined allocation of capital has led to sustained financial returns.

*EBIT/ Capital Employed

18
EBITDA margin (%)

3
Net Margin (%)

18
Return on Capital Employed (%)*

Manufactured Capital

In line with its growth strategy, the Company continues to invest in state-of-the-art infrastructure that facilitates in strengthening its service capability and commitment.

55,682
Capex (INR Lakhs)

170+
New customer additions (Data Center Centric IT services)

270+
New customer additions (Network Centric services)

Intellectual capital

Intellectual capital represents the intangible value of the business. For Sify, it is developing contemporary and relevant IT solutions. It is the backbone of the Company and an essential key in driving value creation in its business.

cloudinfinit™
ForumNXT™
Beacon
Proprietary applications

SMACnet
Proprietary tools for networks

VR 360 Deg
ARKit's/ARCore's depth sensing and spatial recognition

Human capital

The Company is focused on developing the skills, competencies, health, safety and wellbeing of its human resources, so that they may be optimally leveraged for creation of value across other capitals.

45,996
Total training person-hours

2,264
Number of courses offered to associates

3,073
Number of associates who availed the courses

Natural capital

The Company strives to reduce the impact of its products and services on the environment through sustainable use of natural resources and responsible waste, wastewater and emission management practices.

Green Data Center Policy
Sify has adopted this policy for its upcoming data centers

EIA Guidelines
Institutionalized in the organization

Renewable Energy
Increasing usage of renewable energy

Social and Relationship capital

The Company strives to maintain mutually respectful and beneficial relationships with its stakeholders such as customers, value chain partners, local communities and government, creating a favourable business ecosystem.

Fortune Next 500
Sify featured in this coveted list

ET Iconic Brands of India 2020
Sify received this award for 2019-20

172
CSR spend (INR Lakhs)

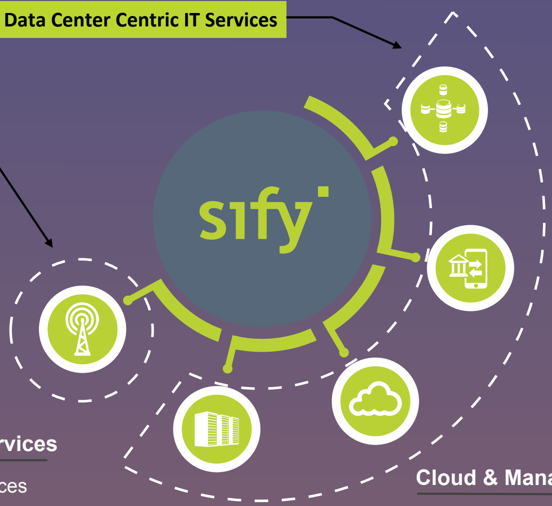
Inputs

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Natural Capital
- Social & Relationship Capital

Business Activities

Data Center Centric IT Services

Network Centric Services



Network Services

- India Data Business
- Global Data Business
- Wholesale Voice

Data Center Services

- Co-location Services
- White Labelling
- Hosting

Cloud & Managed Services

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

Technology Integration Services

- Data Center Transformation
- Network Integration
- Information Security Services
- Collaboration Services
- End User Computing Services
- Collaboration Tools

Applications Integration Services

- iTest
- eLearning
- App Testing
- ForumNXT™
- App Development & Maintenance
- Managed SAP, Oracle & Microsoft Services

Outcomes

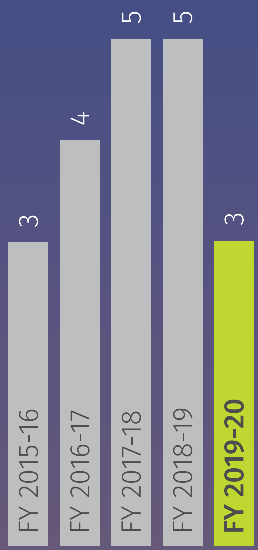
- Return to Shareholders
- Rewards to Employees
- Customer Satisfaction
- Brand value & Reputation
- Employment Opportunities
- Support to ICT Industry
- Competitive Advantage to our Customers
- Growth of Suppliers
- Positive Social Impact
- Lower Environmental Impact

Key Performance Indicators

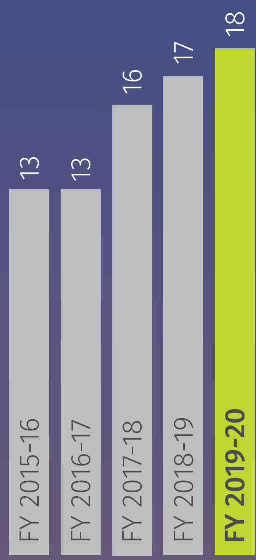
Revenue from Operations
(%)

EBITDA margin
(%)

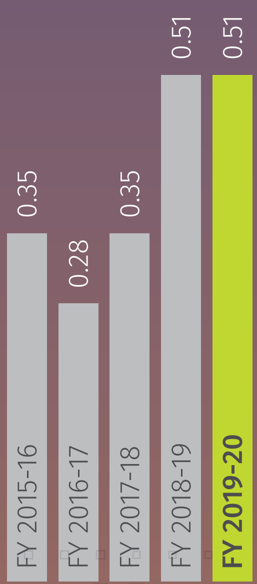
Net margin
(%)



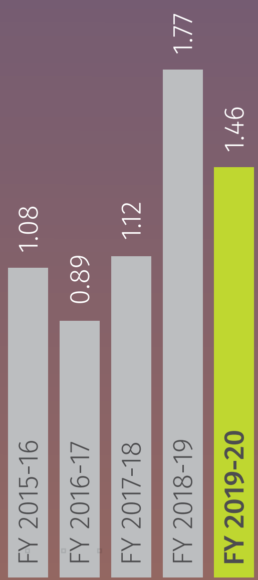
ROCE
(%)



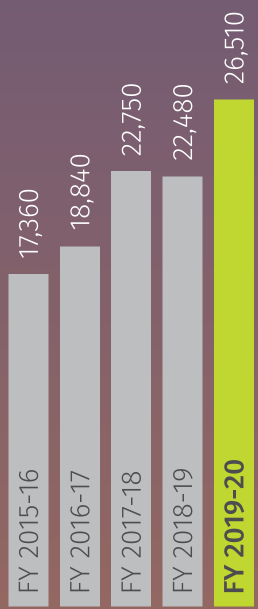
Long Term debt/ Equity
(X)



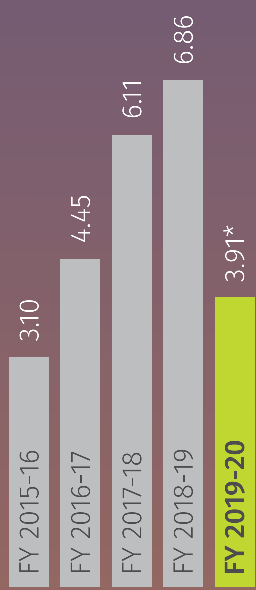
Long Term debt/ EBITDA
(X)



Cash Balance at the year end
(INR Lakh)



Earnings per share
(INR)



*After providing for taxes

Our Services

BUSINESS ACTIVITY

Our Services

Pioneers in Data Center and Cloud Management

CLOUD & DATA CENTER CENTRIC IT SERVICES

- Cloud assessment & migration
- DC (Colocation / White Labelling)
- cloudinfinit™ multi cloud CMP
- cloudinfinit™ enterprise cloud
- Hosted Azure Stack/Oracle Exadata/SAP Cloud as a service
- Application migration: on-prem to cloud
- Multi cloud managed services

Industry leader in Securing Enterprise IT

MANAGED SECURITY SERVICES

- Implement consistent set of controls to prevent security threats
- Continuously monitor to detect security breaches
- Tactical threat containment and automated response

Experience in running Enterprise Apps and SaaS

DIGITAL SERVICES

- Supply chain management services (ForumNXT,™ SFFNxt)
- eLearning services
- Livewire LMS
- Online examination services (iTest)
- Digital trust services (safescrypt)

ICT Pioneer - India's largest MPLS network

NETWORK CENTRIC SERVICES

- Cloud connect services
- SD-WAN
- EdgeConnect service for IT + OT + People
- Network transformation services
- Cloud enabled unified communication services

Business strategy

OUR ROAD MAP

Cloud@Core

The last two years have seen India play catch up to the western world when it came to automation and IT. Much water has flown under the bridge since. A heartening factor is that India's appetite for these latest technologies is showing no signs of diminishing anytime soon.

Much like the way India skipped the growth curve of the wired telephone and went on to become the largest market for mobile phones, information technology has seen its leaders re-engineer their businesses. A happy fallout has been that India moved rather effortlessly into the "Commodity-subscribing" cycle of IT.

That is the bedrock of Sify's strategy. That IT should be free of licensing and be available on a subscription model. This, in a nutshell, explains its Cloud@Core thesis.

CLOUD @ CORE

ALIGNED TO OUR CUSTOMERS CLOUD TRANSFORMATION PURSUIT

CLOUD ENABLING

- Cloud DC
- Hyper reach/Hyper scale transport Oracle FastConnect | ExpressRoute | DirectConnect | Partner Interconnect
- Software Defined Network services
- Cloud build
- Private | Hyperconverged | Enterprise
- Security services for cloud
- Migration and Implementation service

CLOUD INSPIRED

- Oracle Exadata-As-Service
- Sifycloudinfinit™
  - Public/Private
  - Workload specific cloud (e.g.S4 HANA grid)
- EdgeConnect
- Collaboration services on Cloud

CLOUD PURE

- AWS Cloud services
- Azure Cloud services
- Oracle Cloud services
- Multi-Cloud Management platform
- Multi-Cloud Managed services

CLOUD ENHANCED

- Digital SCM (ForumNXT™, SFFNxt)
- Digital Learning (Livewire LMS)
- Digital Assessment (iTest)
- Digital trust (Safescrypt)
- Digital Innovation (App modernization, Analytics, AI/ML, DevOps)
- Enterprise Mobility
- Industry solution-as-a-service

SIFY: THE TRANSFORMATION CATALYST

Workload Migration Service

- Move from on-premise to public and/or private Cloud
- On–premise DCs to Sify's world-class Data Centers

Cloud Assessment Service

- Recommend the to-be architecture and approach for a least disruptive and reliable migration

Multi-Cloud Managed Service

- Multi-cloud infrastructure and applications

Managed Security Services

- Implement consistent set of controls to prevent security threats
- Continuously monitor to detect security breaches
- Tactical threat containment and automated response

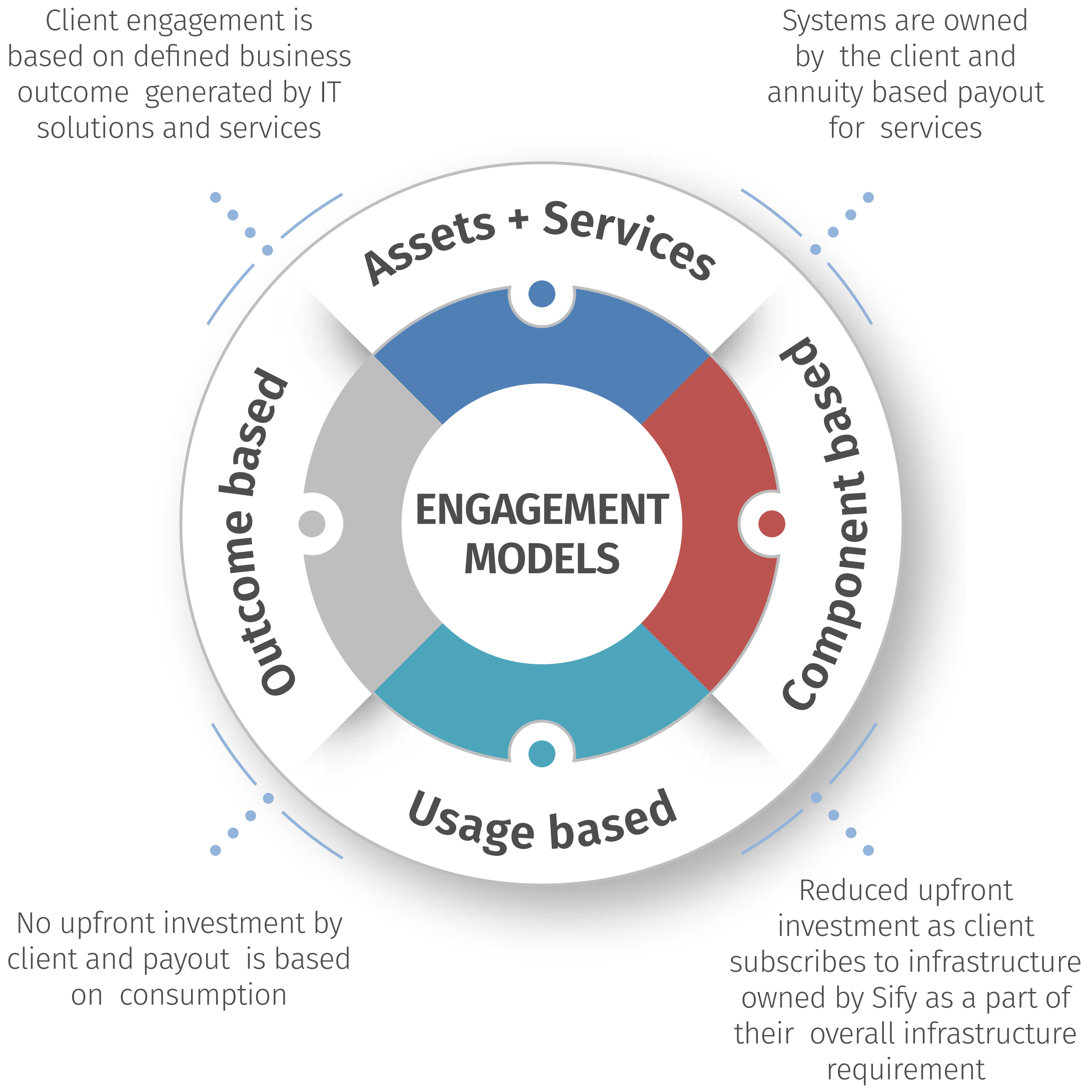
Sify's Cloud Expertise Extends Over

- All aspects of building Cloud infrastructure
- Managing Public and Hybrid Cloud services
- cloudinfinit™ CMP to provide multi-cloud operational best practices
- AWS/Azure/Oracle/Google Cloud implementation
- Experience in delivering Sify proprietary applications like ForumNXT™, iTest, Safescrypt and, eLearning from cloud in a SaaS model.

Investments in Cloud Infrastructure Help Customers Embrace Multi-Cloud Platform

- cloudinfinit™ enterprise Cloud and Public Cloud
- Disaster recovery on Cloud model
- Workload specific Cloud (HANA grid etc)
- Hosted Azurestack
- Exadata as a service

SIFY: OUR ENGAGEMENT MODEL



LESS
Hardware
People
Licenses

SIFY'S JOURNEY SO FAR

2020
DIGITAL@CORE

2017-2018
Cloud services partner

- Cloud@Core launched
- Launch of business outcome based models
- 10 Data Centers with full-fledged capacity
- Launch of private and hybrid cloud
- Cloud enabled Data Center, Network, Security services

2013-2017
Converged ICT services provider

- Cloud management platform
- Largest MPLS network

2006-2012
Full fledged transfor-mation into an enterprise services company

- Launch of cloudinfinit™ services
- Expertise in managed data center and network services capabilities
- Integrated securi-ty solutions

2000-2005
Shift to an enterprise services company

- Launch of MPLS service in India
- Launch of first concurrently maintainable Data Center in India
- Launch of remote infrastructure management (DC, Network, Security)

1995-1999
Consumer facing ISP

- First private ISP in India
- Listed on NASDAQ
- Pioneers of internet penetration and portal in India
- India's most visited internet portal

sify

Awards & recognition

IN THE SPOTLIGHT

Awards

- ET Iconic Brands of India 2020- Hybrid Multi Cloud
- Voice & Data CyberMedia- Leadership Recognition Award 2019 for Network Transformation
- AWS - Emerging Partner of the Year for India FY 18-19,
- Champion Club for Sify cloudinfinit™ at the VMware Partner Leadership Forum (India)
- Best partner awards from Trend Micro and Radware for FY 18-19.

Recognition

- Security Audit and Compliance Services in Gartner's Market Guide for Vulnerability Assessment and Penetration Testing (VAPT) Consulting Services in India 2019
- Major Player in IDC MarketScape report for Cloud Managed Services APeJ 2019

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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, 2020.

1. FINANCIAL INFORMATION

₹ in lakhs

Details	Financial Highlights			
	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Income from operations	225,720	2,05,965	2,29,521	2,15,469
Other Income	2,935	2,547	3,012	2,635
Profit Before Interest, Tax, Depreciation and Amortization (PBITDA)	40,261	31,554	40,081	31,691
Depreciation and Amortization	22,633	15,309	22,908	15,339
Interest Expense (Net)	7,107	5,767	6,976	5,644
Profit Before Tax	10,521	10,478	10,197	10,714
Profit After Tax	7,408	10,478	7,054	10,687

Standalone Financial Statements:

During the year under review, your Company registered revenue from operations of ₹ 225,720 lakhs as against ₹ 2,05,965 lakhs in the previous year, a growth of 9.59%. The PBITDA for the year was ₹ 40,261 lakhs as compared to ₹ 31,554 lakhs in the previous year, a growth of 27.59%. The Profit after Tax for the year was ₹ 7,408 lakhs compared to ₹ 10,478 lakhs in the previous year, a decrease of 29.30%.

Consolidated Financial Statements:

During the year under review, your Company registered revenue from operations of ₹ 2,29,521 lakhs as against ₹ 2,15,469 lakhs in the previous year, a growth of 6.52%. The PBITDA for the year was ₹ 40,081 lakhs as compared to ₹ 31,691 lakhs in the previous year, a growth of 26.47%. The Profit after Tax for the year was ₹ 7,054 lakhs compared to ₹ 10,687 lakhs in the previous year, a decrease of 33.98%.

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 ₹ 1,022 lakhs as compared to ₹ 5,811 lakhs in the previous year. The loss was ₹ 15 lakhs as compared to profit of ₹ 52 lakhs in the previous year.

Sify Technologies North America Corporation, USA

During the year under review, the Company reported revenue of ₹ 6,081 lakhs as compared to ₹ 5,781 lakhs in the previous year. The Loss was ₹ 295 lakhs as compared to profit of ₹ 187 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 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

Due to the unexpected outbreak of pandemic COVID 19 and the consequent lockdown and reduced economic activities, compounded by uncertainty of the timing of return to normalcy, your Directors consider it appropriate to conserve resources within the company to stay liquid and use prudently for expansion. Hence your Directors do not recommend any dividend for the year 2019-20.

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 Share Capital has increased on account of exercise of Stock Options issued to Associates under the Associates Stock Option Plan 2014 (ASOP).

The Options issued under Associates Stock Option Plan 2014 (ASOP) and also the disclosures were in compliance with the provisions of 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	72,20,000	166
2.	Options vested	91,900	6
3.	Options exercised	78,900	3
4.	Total number of shares arising as a result of exercise of option	78,900	3
5.	Options lapsed	673,300	14
6.	Exercise price	70.90	-
7.	Variation of terms of options	Nil	Nil
8.	Money realized by exercise of options (in lakhs)	53	-
9.	Total number of options in force	1,10,56,100	217

Employee-wise details of options granted to:

S. No.	Particulars	No. of Options
1.	Key Managerial Personnel	5,50,000
2.	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	Nil
3.	Identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

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, 2020 till the date of this Report.

1.8 Major Corporate Developments

Transfer of Business Undertakings to wholly-owned subsidiaries

The Company's business comprises Enterprise Network services, Data Center colocation services and other IT Services (Cloud and Managed Services, Application Integration Services and Technology Integration Services) and it has different attributes, drivers and has reached a scale where they require independent growth led strategy while still retaining the overall Information and Communication Technology positioning.

Also, the competition, customers, vendor ecosystem of these businesses are quite independent. It is hence proposed to reorganize by demerging the Company into two Wholly owned subsidiaries; one for DC business and another for IT Services Business. This structure would enable exploring partnerships with strategic players for business growth and value creation for the respective businesses.

Your Directors propose to transfer the Data Center Business, Technology Integration and Application Integration, Cloud and Managed Services together with all specified tangible and intangible assets, including Land, Building, Plant and Machinery and other assets, liabilities and interests thereof including identified Employees, Licences, Regulatory Approvals, Permits, Contracts, Intellectual Property Rights in relation to the Undertaking with effect from 1st April 2020 or such other date as may be decided by the Board of Directors of the Company for such consideration whether in cash or shares or debt or a combination thereof as the Board may deem appropriate, arrived at based on the independent valuation of the Undertakings done by a Registered Valuer to be appointed under the Companies (Registered Valuers and Valuation) Rules, 2017, as a "Going Concern" and by way of a slump sale basis or in any other manner as the Board may deem fit in the interest of the Company to the following Wholly-owned Subsidiary Companies on such terms and conditions as more appropriately defined in the Business Transfer Agreement proposed to be executed by the Company with the 100% owned Subsidiaries:

Name of the Company	Nature of Business to be transferred
Sify Infinit Spaces Limited, a Wholly-owned Subsidiary Company	Data Center Services
Sify Digital Services Limited or such other name as may be approved by the Registrar of Companies (a Wholly-owned Subsidiary Company to be incorporated)	Cloud and Managed Services, Application Integration services and Technology Integration Services

The businesses will consequently get better focus with Independent Management to take advantage of the huge untapped potentials prevailing in the market including attracting interested Investors for scaling up the business.

Your Directors recommend transfer of the undertakings by way of slump sale as above on a going concern basis subject to the approval of the shareholders and other concerned authorities.

Your Directors are of the opinion that the above proposal is in the best interest of the Company for unlocking value and creating further value, which would benefit the shareholders.

2. BUSINESS REVIEW

2.1 Business Strategy and Overview:

The past few years spent building a strong repository of Cloud enabled services came to fruition in an unlikely and unintended scenario. In the midst of the national lockdown owning to the COVID scare, both Your Company and clients relied heavily on automation to enable a suite of services to keep essential Networks and Data services running.

Your Company's services passed the litmus test with seamless transfer onto automated dashboards that were enabled at the client's end across multiple verticals during these trying times. Your Company's strong infrastructure base topped up with customizable services played the perfect host in the said transfer without any dependency on third party infrastructure.

While the current conditions might not be favorable to pursue businesses elsewhere, Your Company continues to pursue the agenda of being a comprehensive Enterprise network, Data Center and Cloud services provider with additional capital investments through the year. When things come to fruition, Your Company will occupy an enviable position as a digital transformation specialist with the most comprehensive ICT ecosystem, all of it built inhouse.

2.2 Technology Trends:

In the new world of IT, the Top Technology trends, according to the World Economic Forum would be the following.

1. Online shopping/ Robotic Deliveries
2. Digital and Contactless Payments
3. Remote Work
4. Distance Learning
5. Telehealth
6. Online Entertainment
7. Supply Chain 4.0
8. 3D Printing
9. Robotics and Drones
10. 5G and ICT

Post COVID, technologies that will not be resource dependent and elastic based on Enterprise needs software intelligent networks, self-computing AI driven databases and bot-assisted service desks will form the bulk of the new landscape. Given that a fair share of Your Company's revenue stems from multi-year deals, the revenue cycle remains assured in a majority of the cases.

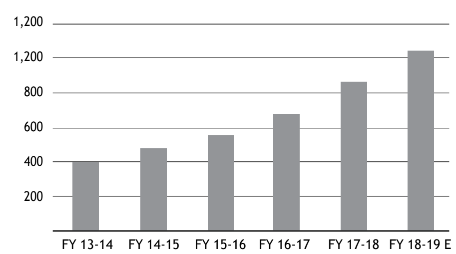
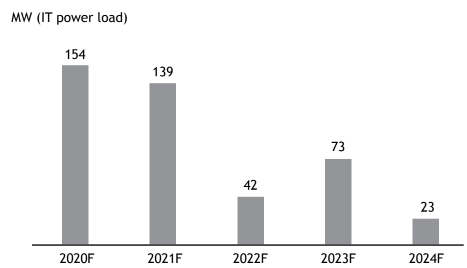
What has opened a window of opportunity for Your Company is the new realm of Technology services that will be dictated by Intellectual property. A good number of Enterprises will seek to build a mirror of services online that will help Enterprises move their services into autopilot, should a force majeure be invoked in the future. These services will require intelligent machine learning and assists, geography-agnostic implementation and bot-driven problem solving.

Pre-COVID, Your Company's foresight to put together a full scale of services that will sit atop the stack of traditional services appealed to international players, both from a cost-efficiency and quick-to-market perspective, as it crunched their shopping cycle. In building the IT architecture for MNCs, Your Company built a positive equity with the domestic markets, a good number of Enterprises who viewed Your Company being the first choice of partner to some of the largest MNCs for multi-year service deals as a natural endorsement of the maturity of Your Company's services. Once the fear around COVID subsides, Enterprises would prefer to kick-start the momentum to gain lost time. Viewed with that perspective, Your Company's sees the current slowdown as only a pause in time.

2.3 Outlook

Data Centers

The Indian data center sector is expected to see 431 MW (IT power load) capacity additions during 2020-24. This would require a total design power capacity addition of ~713 MW. Based on the industry benchmark of $4 million per MW, this would require an investment of $4.6 billion over the next five years. This investment excludes land costs, which differ across locations.

What was	What can be
Robust revenue growth of 22% CAGR during 2013-14 to 2018-19	118% capacity addition expected in next five years over existing capacity of 350 MW
	
Note: Revenue trend of 6 large players were compiled and assumed to represent 80% of the total market Source: MCA and company annual reports	Source: JLL Research estimates and secondary sources

Cloud Services

According to Gartner Inc, public cloud services revenue in India is projected to be a total of $2.4 billion in 2019, an increase of 24.3% from 2018. Even though India's revenue will represent only 1.2% of the global public cloud services total in 2019, it ranks among the nine countries whose growth rate will be higher than the global average growth rate (16%). India is also pacing up to record the third-highest growth rate in 2019 after China and Indonesia.

The shift from the 'cloud first' to the 'cloud only' model is pushing Organizations in India to increase their spending on public cloud services to advance their digital business initiatives. Cloud application services (SaaS) is set to be the fastest-growing market segment in India in 2019, accounting for nearly half of total public cloud services revenue, followed by cloud system infrastructure services (IaaS). The SaaS revenue is estimated to grow 23% in 2019 to reach $1.15 billion, while IaaS spending is likely to be up 22% in 2019.

The growth of SaaS spending is being fuelled by the increased end-user spending on customer relationship management (CRM) as organizations in India move away from commercial off-the-shelf (COTS) and license-based on-premises software to a subscription-based SaaS model to gain agility, innovation and cost efficiency.

The bottom line is that a robust cloud platform will be the vehicle for India to flatten its digital divide and pave the way for the making of a strong digital economy. At Sify, our Cloud@Core positions us perfectly to capitalize on the promising opportunities to make a significant contribution to new-generation Digital India.

NASSCOM estimates the size of the Indian cloud computing market to almost triple by 2022, averaging an annual growth rate of 30% to touch $7.1 billion. This growth is expected to be driven by increased awareness, consumerization of IT, proliferation of start-ups, a diverse landscape of supplier ecosystem, rising investments in infrastructure and availability of talent. Cloud has emerged as an economic proposition for India's small and medium enterprises, large enterprises and the government. The technology is increasingly being embraced across businesses as well as consumers. Complementing the ecosystem are futuristic technologies such as AI, machine learning (ML), analytics and the seamless adoption of SaaS, IaaS and PaaS (platform-as-a-service) offerings – which increase its acceptance.

Data Network services

Networking & Bandwidth

The cloud applications have a ferocious appetite for bandwidth – not just at the user end, but also inside the data center and between data centers. To address this meteoric rise in bandwidth demand, networking vendors have stepped on the gas to provide better connectivity and flexibility.

With the proliferation of public cloud, Software-as-a-Service, larger, rich packet types of applications like video and the anticipated data volumes that will characterize the IoT, network needs and location has vaulted to the top of the list for determining where an upcoming data center should be located. This heightened emphasis on location is being driven by the desire to place information as close to the end-user as possible to eliminate the negative impact of latency on applications that must process information in real time for the information to be usable.

Increasing network relevance

India's internet consumption rose by 13% since the nationwide lockdown was put in place to check the spread of Covid-19, according to telecom ministry data that showed Indians consumed 308 petabytes (PB) or 308,000 terabytes (TB) of data daily on an average for the week beginning March 22, 2020.

In the wake of the pandemic, as more and more employees from across industries are being ordered to work from home it is expected that sharp slowdowns in data speeds, dropped video calls and heavy buffering may be in the near future for all consumers of mobile and home broadband services.

As per Ookla, a US-based mobile and broadband network intelligence firm, the fixed broadband download speed in India reduced to 35.98 Mbps in March 2020 as compared to 39.65 Mbps a month ago. As stated by Tutela median download and upload speeds (for both WiFi and mobile data) between 11 AM and 11 PM dropped by up to 36% and 17%, respectively, after March 25 when compared to February's average. Moreover, there is higher packet loss and latency, which are also indicators that the network is congested.

Going forward, as Cloud Computing gaining center stage in the aftermath of the global pandemic, the relevance of a strong network with high uptime and speed will only be amplified.

2.4 COVID 19: Impact and Mitigation

Impact on Financial condition:

Your Company's principal services viz., Network and Data Center centric Services, are classified as 'essential services' during the lockdown period. Your Company does not see a material impact on the financial condition and results of operations. Though in short and medium term, see the demand to be sluggish, it is not expected to materially impact the Financial condition and results in the long term.

Impact on business and products:

The impact on Your Company's Network centric Services is 'Neutral'. Though there are some effects due to reduction in branch office network requirement, Your Company is witnessing an increase in demand for connecting to Data Center and Cloud connect offerings. The demand for DC Centric products is increasing due to remote work arrangements and increased data security requirement from customers. On the supplier side, Your Company has a time tested supply chain, but due to COVID-19, some delay can be expected in completion of the expansion projects and commencing new projects.

Impact on Liquidity:

Your Company has reasonably adequate cash balance, undrawn lines of credit and receivables from customers who have good payment record to meet its expenses in the short term. Your Company does not see any material uncertainty about its ongoing ability to meet the covenants of any credit arrangements. There are no significant changes in the accounting judgements due to COVID-19 circumstances which has impacted the accounting of any of the assets on the Balance Sheet. Your company has evaluated the carrying value of assets in the Balance Sheet for any impairment and does not anticipate any material impairments or any increase in credit losses of these assets.

Impact on Systems & Controls:

Your Company has carried out a detailed business impact analysis of the remote work arrangements and its ability to maintain operations including financial reporting systems, Internal Financial Control and disclosure controls and procedures. There are no material changes that have occurred which materially affect or reasonably likely to affect the Internal Financial Control. Your Company does not anticipate any challenges in maintaining the systems and controls in case such remote work arrangement continues. All lines of business of Your Company have triggered the business continuity plans which are tested on a continuous basis. Your Company believes there are enough captive resources and infrastructure to implement these plans.

Impact on operations:

Your Company has deployed tools and automated many of the customer delivery processes and not materially affected on account of constraints on human capital resources. The projects which are to be delivered at the customer premise are affected by this calamity and your company is actively engaged with the customer to deliver these projects, when normalcy resumes as some of them also have dependency on suppliers supplying the equipment. The customers have wherever required been informed of the enforcement of Force Majeure clauses. Majority of the company service offerings are delivered remotely and hence Your Company does not see any material impact on account of travel restrictions and border closures.

2.5 The key highlights for the year 2019-20

- Capacity Expansion of the Data Center in Mumbai. New facilities at Hyderabad and Kolkata.
- New expansion of data centers in Mumbai, Chennai, Bengaluru and Delhi regions.

- Connectivity services to Oracle FastConnect PoP at the Rabale Data Center in Mumbai, in addition to GlobalCloudConnect (GCC), Amazon Web Services and Microsoft Azure.
- Launched the First Media-Focussed Private Cloud in partnership with BeBop Technology partners
- Multiple successful handovers of Data center transformation projects, WAN and Security refresh projects and DC/DR build projects across BFSI and Government organizations
- The Network business launched Carrier Ethernet and augmented the Metro network in Hyderabad.
- Extended the AMS-IX Carrier-Neutral Internet Exchange to Kolkata and Hyderabad.
- Consulting practice for Cloud & Managed Services now offered in Europe through ZSAH Managed Technology services.
- Onboarded Global Network service provider from the GCC region.
- Continued investments in building the wired network in metro cities, network now covers 1600 towns and cities and India and offers 100,000 Enterprise endpoints.

2.6 Awards

Your Directors are pleased to place on record that your Company was awarded the following during the Financial Year 2019-20:

Awards:

- ➢ ET Iconic Brands of India 2020- Hybrid Multi Cloud
- ➢ Voice & Data CyberMedia- Leadership Recognition Award 2019 for Network Transformation
- ➢ Won the Brandon Hall Group's Gold award for excellence in the 'Best Advance in Learning Measurement'.

Recognition:

- ➢ Security Audit and Compliance Services in Gartner's Market Guide for Vulnerability Assessment and Penetration Testing (VAPT) Consulting Services in India 2019
- ➢ Major Player in IDC MarketScape report for Cloud Managed Services APeJ 2019

With endorsement on these scales, recognition for Your Company 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.

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, Nomination & Remuneration, 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 with Whistle Blower Policy and Code of Conduct for the Board of Directors and Senior Management.

The provisions of the 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 22, 2019, July 24, 2019, October 18, 2019, December 11, 2019 and January 24, 2020.

The maximum interval between any two meetings did not exceed 120 days as prescribed under 173(1) of the Companies Act, 2013

3.4 Directors and Key Managerial Personnel

i. 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

ii. 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

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. Reappointment of Executive Director

Based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the members of the Company, the Board of Directors of the Company proposes to reappoint Mr Ananda Raju Vegesna as the Executive Director of the Company for a further period of five years effective June 22, 2020, with such remuneration as may be decided by the Committee and Board in compliance with the provisions of Section 196 and 197 read with Part II of Schedule V of the Companies Act, 2013.

The Committee has also recommended to the Board that in case the date of Annual General Meeting is fixed beyond June 22, 2020, Mr Ananda Raju Vegesna be appointed by the Board as an Additional Director under Section 161 of the Companies Act from June 22, 2020, till the date of the Annual General Meeting.

Pursuant to the recommendation of the Committee, the Board of Directors on May 5, 2020, have appointed Mr Ananda Raju Vegesna as an Additional Director under Section 161 of the Companies Act, 2013 and he shall hold office up to the date of the ensuing Annual General Meeting and is eligible for election as a Director by the shareholders at the AGM.

Your Company has received a Notice from a Member proposing his appointment as envisaged in Section 160(1) of the Companies Act, 2013. However, consequent to the Companies (Amendment) Act, 2017, the requirement of deposit of ₹1,00,000/- by the Member who is proposing his appointment, shall not apply, where such appointment is recommended by the Nomination and Remuneration Committee.

iii. 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 confirming that they meet with the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013. For the purpose of Rule 8(5)(iiia) of the Companies (Accounts) Rules, 2014, there were no independent directors appointed during the year ended March 31, 2020

iv. Registration in the Databank of Independent Directors

As per the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, every Independent Director who was already appointed or proposed to be appointed, is required to apply with the Indian Institute of Corporate Affairs (IICA) for the inclusion of his name in the Data Bank of Independent Directors.

As per the above rules, Your Company Independent Directors have enrolled with Indian Institute of Corporate Affairs and complied with the provisions of Rules.

3.6 Committees

i. Audit Committee

The Audit Committee consists of 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. Dr T H Chowdary is the Chairman of the Committee.

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.

The performance evaluation criteria for Directors is determined by the Nomination and Remuneration Committee.

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(4) of the Companies Act, 2013 and the policy has been displayed on the Company's website at www.sifytechnologies.com.

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 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 substantial mismanagement of Company resources;

iii. reporting the genuine concerns by the employees and Directors;

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

3.11 NASDAQ Listing

Your Company achieved a major milestone of completion of 20 continuous years of listing on the prestigious NASDAQ Stock market.

NASDAQ Listing Compliances:

On April 23, 2020, your Company received a letter from the Listing Qualifications Department of the Nasdaq Stock Market ("Nasdaq") indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days, the Company did not meet the minimum bid price of $1.00 per share required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2).

In terms of the letter, given the extraordinary market conditions, Nasdaq has determined to toll the compliance periods for the bid price and market value of publicly held shares requirements through June 30, 2020. As a result, the compliance periods for the Price-based Requirements will be reinstated on July 1, 2020. Hence, the Company needs to regain compliance by December 28, 2020 pursuant to NASDAQ Listing Rule.

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

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 2019-20 are listed below:

Subsidiary Companies

Sify Technologies (Singapore) Pte. Limited	**Amount in ₹ Lakhs**
Advances given	Nil
Receipt of Services	633
Purchase of goods	Nil
Rendering of Services	64
Sale of Property, Plant & Equipment	Nil
Trade Receivables	334
Trade Payables	978
Sify Technologies North America Corporation	**Amount in ₹ Lakhs**
Advances given	Nil
Receipt of services	Nil
Rendering of Services	2,869
Advances repaid	Nil
Trade Receivables	1,020

Sify Data and Managed Services Limited	Amount in ₹ Lakhs
Advances given	1,286
Interest on Loan accrued	11
Investment made in Shares	Nil
Advances Receivables	1306
Interest Receivable	11
Sify Infinit Spaces Limited	**Amount in ₹ Lakhs**
Services rendered	20
Investment made in Shares	Nil
Advances receivables	20
Amounts receivable	20

Holding Company

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

Enterprise over which KMP have a significant influence

Raju Vegesna Developers Private Limited	Amount in ₹ Lakhs
Lease rental paid	5
Radhika Vegesna	
Lease rental paid	62

Others

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

Particulars of contracts or arrangements or transactions with Related Parties during the year referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as **Annexure 2** to the Board's report.

3.13 Employees' Particulars in terms of Section 197 read with rules therewith of the Companies Act, 2013

The provisions of Section 197(12) of the Companies Act, 2013 and the Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

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 under 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 mandatory 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, 2020 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, 2020.

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 600 002.

In terms of Section 139 of the Companies Act, 2013, the members had appointed them as Statutory Auditors for the 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 confirming they continue to be 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, Flat 3B, No.5, Second Main Road, Kannappa Nagar, Thiruvanmiyur, Chennai 600 041.

b. Report

The Report of the Secretarial Auditor in Form MR-3 for the Financial Year ended March 31, 2020 is provided **as Annexure 3** 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 Year2020-21.

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 2019-20 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 Year2020-21.

The Report of the Statutory Auditor forming part of the Annual Report, does not contain any qualification, reservation, adverse remark or disclaimer.

During the year under review, the Statutory Auditors have not reported to the Audit Committee under Section 143(12) of the Companies Act, 2013, instances of any fraud committed against the Company by its Officers or Employees.

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 2019-20, the Company had spent ₹ 172 lakhs towards CSR Projects as detailed herein below:

Particulars	Amount in ₹. Lakhs	Amount in ₹. Lakhs
Amount to be spent towards CSR		172.00
Amount Spent		
Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust (VIRRD), Dwaraka Tirumala	150.00	
Voluntary Health Services, Taramani.	17.00	
Saraswathi Vidya Peetham	5.00	

1. **Contribution to VIRRD Trust:** the Company has contributed ` 150.00 Lakhs towards Doctors' and Staffs' quarters and other patient amenities.
2. **Voluntary Health Services, Trust:** The Company has contributed ` 17.00 Lakhs for purchase of ventilators specifically for Covid-19 and purchase of Urology surgical equipments.
3. **Saraswathi Vidya Peetham:** The Company has contributed ` 5.00 Lakhs towards the construction of additional classrooms rooms, Renovation of Existing Class Rooms, New Toilet blocks, Digital Class Rooms and state of the art Sports Facilities.

Annual Report on CSR is provided as **Annexure 4.**

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 plans 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, 2020 was 2,794.

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

During the year, your Company has filed two applications under Section 441 of the Companies Act, 2013 before the Regional Director (RD), Ministry of Corporate Affairs, Southern Region, Chennai for compounding the non-compliance / offence with the provisions of Section 134(3)(g) on disclosure of particulars of Loans, Guarantees or Investments under Section 186 and under Section 134(3)(m) of the Companies Act, 2013 on the Conservation of Energy, Technology Absorption in the Directors' Report for the Financial Years ended 31.3.2013, 31.3.2014 and 31.3.2015. The applications were considered by the RD and passed the Compounding Orders levying fine on the Company, Managing Director, Executive Director, Chief Financial Officer and the Company Secretary (Former). The Company and the KMPs have paid the fines.

Other than the above, there were no significant and 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: ₹ 30,612 lakhs

Foreign Exchange Outgo: ₹ 55,830 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***
May 5, 2020	Chairman & Managing Director	Executive Director	Director

Annexure 1

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, 2020	USD	75.39	341	112	1,601	1,148	-	1,022	(15)	-	(15)	Nil	100%
2	Sify Technologies North America Corporation	March 31, 2020	USD	75.39	5	2,854	5,642	2,783	-	6,081	(266)	(29)	(295)	Nil	100%
3	Sify Data and Managed Services Limited (Note 1)	March 31, 2020	INR	-	480	(97)	3,691	3,308	-	-	(45)	-	(45)	Nil	100%
4	Sify Infinit Spaces Limited (Note 1)	March 31, 2020	INR	-	500	(16)	525	41	-	-	3	2	1	Nil	100%

Note:

1. The company has not commenced its operations as of March 31, 2020.

Part B: Associates and Join 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
May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Annexure 2

Form No. AOC-2

Form for disclosure of 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 including certain arms-length transactions under third proviso thereto:

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: **Nil**
2. Details of material contracts or arrangement or transactions at arm's length basis
   (a) Name(s) of the related party and nature of relationship
   Ms Radhika Vegesna, Daughter of Mr Ananda Raju Vegesna
   (b) Nature of contracts/arrangements / transactions
   Property located at M.C.H, No.8-2-269/S/92, Plot No.92, Sagar Co-operative Housing Society at Road, No.2, Banjara Hills, Hyderabad 500 034 was taken on Rent.
   (c) Duration of the contracts/arrangements/transactions
   Initially for a period of 3 years from 1.6.2019 to 31.5.2022 and would be automatically renewed for a further period of two blocks of 3 years each. Effective period of term shall be up to 31.5.2028.
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
   Rent will be increased by 15% for every three years.
   Rent (per month) : ₹ 5.56 lakhs.
   (e) Date(s) of approval by the Board, if any: April 22, 2019
   (f) Amount paid as advances, if any:
   ₹ 55.60 lakhs (Refundable Security Deposit)

Annexure 3

Form No MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2020

[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 2020 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, Minutes Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2020 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 (FEMA), 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). During the year under review, there was no FDI into the Company or the Company has made any ODI or OCB.

   As required under FEMA, the Company has filed the Annual Performance Report for the year 2018-19 online with RBI on 26.12.2019 and Annual Return on Foreign Liabilities and Assets for the year 2018-19 online with RBI on 1.8.2019.
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. The Company has complied with the following 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.

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

(i) Secretarial Standards (SS) SS- for Board Meetings and SS-2 for General Meetings issued by The Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the financial year under review.

(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.

From the verification of records and as per the information and explanation furnished to me, 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:

i) The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. 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.

ii) 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.

iii) Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the Minutes. However, on perusal of the Minutes of the Board or Committee Meetings, it was observed that there was no dissenting note made by any of the Member.

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 year under review, the Company has filed two applications under Section 441 of the Companies Act, 2013 to the Regional Director (RD), Ministry of Corporate Affairs, Southern Region, Chennai for compounding the non-compliance / offence with the provisions of Section 134(3)(g) and 134(3)(m) of the Companies Act, 2013 in respect of disclosures in the Directors' Report for the Financial Years ended 31.3.2013, 31.3.2014 and 31.3.2015. The applications were duly considered by the RD and passed the Compounding Orders levying fine on the Company, Managing Director, Executive Director, Chief Financial Officer and the Company Secretary (Former). The Company and the KMPs have paid the fines.

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 Third Annual General Meeting held on 5th July 2019.

  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 Third Annual General Meeting held on 5th July 2019.

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

Chennai
23rd April 2020

V Ramasubramanian
Company Secretary
ACS No: 5890
COP No: 11325
UDIN: A005890B000251498

Annexure 4

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**
2018-19	104.06
2017-18	92.06
2016-17	61.59
Total	257.71

Average Net Profit = ₹ 85.90 crores

4. Prescribed CSR expenditure:

For the Financial Year 2019-20, a sum of ₹ 171.81 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, 2020:

Particulars	Amount in ₹
Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust (VIRRD), Dwaraka Tirumala	1,50,00,000
Voluntary Health Services, Chennai (Trust)	17,00,000
Saraswathi Vidya Peetham, Trust	5,00,000
Total	1,72,00,000

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 were 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, 2020:							
1.	Health Care	Hospital for the Disabled	Dwaraka Tirumala	1,50,00,000	1,50,00,000	4,48,00,000	Direct Contribution to Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust, Dwaraka Tirumala
2.	Health Care	Hospital for the poorer backgrounds and low income groups	Chennai	17,00,000	17,00,000	17,00,000	Direct contribution by the Company to M/s Voluntary Health Services, Chennai.
3.	Promoting Education	Providing Education to villages and tribal areas	Hyderabad	5,00,000	5,00,000	5,00,000	Direct Contribution by the Company

Chennai
May 5, 2020

Raju Vegesna
Chairman

Ananda Raju Vegesna
Member

C E S Azariah
Member

Standalone Financial Statements for the year ended March 31, 2020

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 Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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, 2020, 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, 2020 is ₹ 98,891 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2020 is ₹ 4,750 lakhs (including bad debts written off ₹ 4,829 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 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, 2020.

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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 separate 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
UDIN : 20028738AAAAAQ5098

Place: Chennai
Date : May 5, 2020

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 2020, we report that:

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

b) The Company has a programme of physical verification of fixed assets in a phased manner in a period of three years. Pursuant to the program, majority of 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, 2020 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
	Mar 07-Mar10 Oct 05-Mar10	55 1,390	
Finance Act,1994 (Service tax) Finance Act,1994 (Service tax)	Oct 06-Mar 07 Apr08-May08 Jul12-Mar13 Apr13-Mar14 Apr15-Mar16 Apr14-Mar15 Apr11-Mar12 Apr10-Mar11 Apr10-Mar11	161 13 84 106 3 75 24 75 22	CESTAT, Chennai
Uttar Pradesh Value Added Tax Act, 2008	2011-12	8	Commercial Tax Officer
Karnataka Value Added Tax Act, 2003	2014-15	11	Commissioner of Commercial Taxes(Appeals)

Karnataka Value Added Tax Act, 2003	2016-17	15	Commissioner of Commercial Taxes(Appeals)
West Bengal Value Added Tax Act, 2003	Assessment Year 2015-16	16	Commercial Tax Officer- West Bengal
Rajasthan Value Added Tax	2016-17	28	Commercial Tax Officer, Rajasthan
Income Tax Act, 1961	2017-18	2444	Commissioner of Income Tax (Appeals)

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

(ix) During the year, the Company did not raise any money by way of public offer or further public offer (including debt instruments). In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

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

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

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

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

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

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

D K Giridharan
Partner
Membership No: 028738
UDIN : 20028738AAAAAQ5098

Place: Chennai
Date : May 5, 2020

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, 2020

We have audited the internal financial controls over financial reporting of Sify Technologies Limited ("the Company") as of March 31, 2020 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, 2020, 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
UDIN : 20028738AAAAAQ5098

Place: Chennai
Date : May 5, 2020

Balance Sheet as at March 31, 2020

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

	Note No. (D)	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	1,08,977	68,412
(b) Right-of-use Assets	3	34,886	-
(c) Capital work in progress		8,652	17,955
(d) Intangible assets	2	6,620	5,589
(e) Financial assets			
(i) Investments	4	6,436	6,436
(ii) Trade receivables	5	564	551
(iii) Other financial assets	6	2,437	2,922
(f) Deferred Tax assets	31	993	2,360
(g) Other non-current assets	7	6,049	26,229
		1,75,614	**1,30,454**
(2) Current assets			
(a) Inventories	8	13,021	17,153
(b) Financial assets			
(i) Trade receivables	9	96,364	99,172
(ii) Cash and cash equivalents	10	24,618	20,282
(iii) Other financial assets	11	2,647	817
(c) Other current assets	12	28,999	30,405
		1,65,649	**1,67,829**
Total Assets		3,41,263	**2,98,283**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	18,051	18,043
(b) Other Equity	14	95,682	89,894
		1,13,733	**1,07,937**
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings & Lease liabilities	15	51,519	33,555
(ii) Other financial liabilities	16	334	1,724
(b) Provisions	17	1,774	1,708
(c) Other non-current liabilities	18	9,818	9,812
		63,445	**46,799**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	34,944	27,971
(ii) Trade payables	20		
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		71,411	67,258
(iii) Other financial liabilities	21	36,986	28,179
(b) Other current liabilities	22	20,584	19,983
(c) Provisions	17	160	156
		1,64,085	**1,43,547**
Total Equity and Liabilities		3,41,263	**2,98,283**

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
May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2020

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

	Note No. (D)	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	24	2,25,720	2,05,965
Other income	25	2,935	2,547
Total income		2,28,655	**2,08,512**
EXPENSES			
Cost of services rendered	26 A	96,627	91,417
Purchase of stock-in-trade	26 B	28,242	38,718
Changes in inventories	26 C	4,132	(10,699)
Employee benefits expense	27	29,117	26,198
Finance costs	28	10,503	7,268
Depreciation and amortisation expense	1,2&3	22,633	15,309
Other expenses	29	26,880	29,823
Total expenses		2,18,134	**1,98,034**
Profit before tax		10,521	**10,478**
Tax expense	31		
Current Tax		(3,427)	(2,360)
Deferred Tax		314	2,360
Profit after tax		7,408	**10,478**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/asset	36	107	27
Total other comprehensive income		107	**27**
Total comprehensive income		7,515	**10,505**
Earnings per equity share (₹ 10 paid up)	34		
Basic		4.13	6.79
Diluted		4.10	6.73

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

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Executive Director

C B Mouli
Director

Chennai
May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

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

A. Equity Share Capital

	For the year ended	
	March 31, 2020	March 31, 2019
Balance at the beginning of the year	18,043	15,184
Change in Equity Share Capital during the year	8	2,859
Balance at the end of the year	**18,051**	**18,043**

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	
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**

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 Out-standing	Remeasurements of net defined benefit liability/asset	
2019-20						
Balance as at April 1, 2019*	**1,96,150**	**671**	**(1,07,749)**	**687**	**135**	**89,894**
Profit for the year			7,408			**7,408**
Other comprehensive income					107	**107**
Total comprehensive income for the year 2019-20 - (B)			**7,408**		**107**	**7,515**
Employee stock compensation cost for the year				464		**464**
Transferred from stock options outstanding account	13	54		(67)		
Additions to securities premium on issue of shares on exercise of ASOP	45					**45**
Dividend paid (Including dividend distribution tax) for 2018-19 approved by shareholders in annual general meeting held on July 5, 2019			(2,236)			(2,236)
Balance as at March 31, 2020 - (C)	1,96,208	725	(1,02,577)	1,084	242	95,682
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)]	52,283	725	41,348	1,084	242	95,682

*Balance at 1.4.2018 and 1.4.2019 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 Customer Contracts 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
May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Cash Flow Statement for the year ended March 31, 2020

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

		For the Year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax		10,521	**10,478**
Adjustments for :			
Depreciation and amortisation expense		22,633	15,309
Finance expenses (considered separately)		10,503	7,268
Allowance for doubtful debts		4,750	5,300
Employee stock compensation expense		464	48
Deposits/Advances no longer payable written back		440	-
Amortisation of lease prepayments		-	185
Unrealised foreign exchange fluctuation loss/(gain), net		83	641
Interest income (considered separately)		(1,796)	(328)
(Profit) /loss on sale of Property, Plant and Equipment (net)		102	(72)
Operating profit / (loss) before working capital changes		47,700	**38,829**
(Increase)/decrease in trade receivables - current		(1,182)	(16,812)
(Increase)/decrease in non current trade receivables		(13)	(226)
(Increase)/decrease in inventories		4,132	(10,699)
(Increase)/decrease in other financial assets - current		(621)	(218)
(Increase)/decrease in other financial assets - non current		635	557
(Increase)/decrease in other non current assets		(43)	(1,893)
(Increase)/decrease in other current assets		(6,096)	(4,345)
Increase/(decrease) in trade payables		3,964	10,674
Increase/(decrease) in other non current financial liabilities		64	(347)
Increase/(decrease) in other non current liabilities		6	1,753
Increase/(decrease) in other financial liabilities - current		(938)	458
Increase/(decrease) in other current liabilities		601	2,041
Increase/(decrease) in provisions - non current		173	260
Increase/(decrease) in provisions - current		4	9
Cash generated from operations		48,386	**20,041**
Tax (paid)/refund received		3,045	(5,661)
Net cash generated from operating activities	**(A)**	51,431	**14,380**
Cash flow from investing activities			
Investment in subsidiary		-	-
Purchase of Property, Plant and Equipment		(43,618)	(39,658)
Amount paid for acquisition of right of use assets		(981)	
Sale proceeds of Property, Plant and Equipment		115	74
Advance to subsidiaries		(1,287)	-
Interest income received		1,636	233
Net cash used in investing activities	**(B)**	(44,135)	**(39,351)**
Cash flow from financing activities			
Proceeds from long-term borrowings		28,321	38,729
Repayment of long-term borrowings		(23,363)	(15,959)
Increase/(decrease) in short-term borrowings		9,931	7,676
Repayment of lease liabilities		(2,059)	-
Proceeds from issue of share capital		53	9,356
Dividend paid		(1,855)	(1,807)
Dividend distribution tax paid		(381)	(371)
Interest paid		(10,433)	(7,064)
Net cash used in financing activities	**(C)**	214	**30,560**
Effect of exchange differences on translation of cash and cash equivalents	**(D)**	1	**61**
Net increase/(decrease) in cash and cash equivalents during the year	**(A) + (B) + (C) + (D)**	7,511	**5,650**
Cash and cash equivalents at the beginning of the year		4,750	**(900)**
Cash and cash equivalents at the end of the year# [Refer Note D (10)]		12,261	**4,750**
# Cash and cash equivalents subject to lien [Refer Note D (10)]		3,326	2,745
Non-Cash financing and investing activities			
Purchase of property, plant and equipment by means of financial lease		-	-

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
May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

A. COMPANY OVERVIEW

Sify Technologies Limited ('Sify' or 'the Company') is a Company domiciled in India. The address of the Company's registered office is 2nd Floor, Tidel Park, 4, Rajiv Gandhi Salai, Taramani, Chennai – 600113, India. The Company offers converged ICT solutions comprising Network-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 relevant rules of Companies (Indian Accounting Standards) Rules 2015 and 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, 2020 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on May 5, 2020.

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 Right of Use Asset.

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

3A. 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) Ind AS 116 - Leases

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of Initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019

On transition, the adoption of the new standard resulted in recognition of "Right of Use" asset of ₹37,335, and a lease liability of ₹18,099. The effect of this adoption is insignificant on the operating profit, net profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

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

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9.5% p.a.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The company recognised depreciation on "Right of Use" assets of ₹ 4,433 and interest from lease liabilities of ₹ 1,691 during the period

Detailed information given in Right of Use Assets Note. Please refer to Note D(3)

The difference between the lease obligation disclosed as of March 31, 2019 under Ind AS 17 (Refer Note 23 of the FY 2018-19 Annual Report) and the value of the lease liabilities as of April 1, 2019 is primarily on account of practical expedients exercised for low value assets and short term leases, inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116

b) Ind AS 12 - Income Taxes

Appendix C on Uncertainty over Income tax treatments is effective from April 1, 2019. Appendix C to Income Taxes clarifies the accounting for uncertainties in income taxes. The appendix is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of this appendix did not have any material impact on the financial statement of the company

Additionally, there were amendments to Ind AS 12. The amendments clarify that an entity shall recognize the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind AS 12 did not have any impact on financial statements of the Company

c) Ind AS 19 - Employee Benefits

Amendments to Ind AS 19, 'Employee Benefits' were issued, in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on financial statements of the Company.

3B. New and amended Standards not yet effective and not adopted by the Company

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020

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, judgments and assumption having the most significant effect on the amounts recognized in the financial statements are:

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

- 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)]
- Estimate of Lease term and measurement of Right of Use Assets and Lease Liabilities [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 and computation of deferred taxes [Note C(17)]
- Expected Credit losses on Financial Assets [Note C(2)]
- Impairment testing [Note C(10)]

Estimation uncertainty relating to global health pandemic on COVID-19

Recoverability of receivables, contract assets and contract costs, carrying amount of Property, Plant and Equipment and certain investments have all been assessed based on the information available within the company and external sources such as credit reports and economic forecasts. The company has performed impairment testing and assessed that the carrying amount of these assets will be recovered. The impact of global health pandemic may be different from the date of approval of Financial Statements.

The company has assessed the external environment, short term and long term liquidity position, company's mitigative actions regarding material uncertainties related to global health pandemic on COVID-19 and the company expects these uncertainties do not cast significant doubt upon the ability of the company to continue as going concern.

C. SIGINIFICANT ACCOUNTING POLICIES

1. Foreign currency

(i) Foreign currency transactions and balances

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

(ii) Foreign operations

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

2 Financial Instruments

a. Financial Assets

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

Initial recognition:

All financial assets are recognised initially at fair value. 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

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

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 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 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 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 purchases 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.

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

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. Depreciation on contract-specific assets are charged co-terminus over the contract period. Management's estimated useful lives for the year ended March 31, 2020 and March 31, 2019 were as follows:

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

The management believes that the useful lives as given above best represent the period over which management expects to use these assets.

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

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The company assesses whether a contract contains a lease, at inception of a contract. A contract is,

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or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (1) the contract involves the use of an identified asset (2) the company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

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 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 Network-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 company's 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) Network Services*

Revenue from Network services includes Data network services and Voice services. Network 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 Network 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

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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).

* The word telecom was largely understood as providing telecommunication services to consumers and also mobility services. Since the company services were not relating to either consumer services or mobility services and that company services were limited to enterprise data network, and services on the data network that spawns multiple services around network, the said Telecom services will henceforth be referred for appropriate representation of the substance, as Network services and all businesses dependent on the Network infrastructure will be collectively referred to as Network Centric Services

(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 recognize 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 recognize service revenue as the related services are performed.

In the case of fixed price contract, the group recognise 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 recognize 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 allocate the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. Standalone 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 maximise 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 assess 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 allocate transaction price to each performance obligation based on standalone transaction price. The determination of standalone 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.

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

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

17. Income taxes

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

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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 lease twelve months after the reporting period.

All other liabilities are classified as non-current.

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

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, 2020

Particulars	ORIGINAL COST					DEPRECIATION					NET BOOK VALUE	
	As at April 1, 2019	Adjustment on adoption of Ind AS 116	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2020	As at April 1, 2019	Adjustment on adoption of Ind AS 116	For the year	Deletions/ Adjustments during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Owned assets												
Freehold Land	-		1,472		1,472	-		-		-	1,472	-
Buildings	**21,487**		22,492	-	43,979	**6,155**		965		7,120	36,859	15,332
(As at April 1 2014)	*(9,239)*				*(9,239)*	*(2,536)*				*(2,536)*	*(6,703)*	*(6,703)*
Plant and equipment	**1,29,682**		21,994	958	1,50,718	**87,626**		11,314	741	98,199	52,519	42,056
(As at April 1 2014)	*(66,038)*			*(619)*	*(65,419)*	*(45,352)*			*(619)*	*(44,733)*	*(20,686)*	*(20,686)*
Furniture and fittings	**1,534**		1	1	1,534	**1,510**		9	1	1,518	*16*	24
(As at April 1 2014)	*(1,364)*			*(1)*	*(1,363)*	*(1,355)*			*(1)*	*(1,354)*	*(9)*	*(9)*
Office equipment	**6,767**		3,701	-	10,468	**4,278**		1282		5,560	4,908	2,489
(As at April 1 2014)	*(2,314)*				*(2,314)*	*(1,819)*				*(1,819)*	*(495)*	*(495)*
Leasehold improvements	**12,154**		11,507	-	23,661	**8,218**		2240		10,458	13,203	3,936
(As at April 1 2014)	*(4,871)*				*(4,871)*	*(3,916)*				*(3,916)*	*(955)*	*(955)*
Motor vehicles	**72**		-	-	72	**60**		12		72	-	12
(As at April 1 2014)	-				-	-				-	-	-
Assets acquired under lease												
Building	**2,911**	**(2,911)**	-	-	-	**1,286**	**(1,286)**			-	-	1,625
(As at April 1 2014)	*(2,911)*	*2,911*			-	*(771)*	*771*			-	-	*(2,140)*
Plant and machinery	**25,387**	**(25,387)**	-	-	-	**22,449**	**(22,449)**			-	-	2,938
(As at April 1 2014)	*(11,005)*	*11,005*			-	*(2,913)*	*2913*			-	-	*(8,092)*
Motor vehicles	**29**	**(29)**	-	-	-	**29**	**(29)**			-	-	-
(As at April 1 2014)	*(29)*	*29*	-	-	-	*(29)*	*29*			-	-	-
	2,00,023	**(28,327)**	**61,167**	**959**	2,31,904	**1,31,611**	**(23,764)**	**15,822**	**742**	1,22,927	1,08,977	**68,412**
(As at April 1 2014)	***(97,771)***	***13,945***	**-**	***(620)***	*(83,206)*	***(58,690)***	***3,712***	**-**	***(620)***	*(54,358)*	*(28,848)*	***(39,081)***

(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, 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)***

Notes

(a) Refer note D (15) and D (19) for security given for borrowings.

(b) Refer note D (23)(b) for capital commitments.

(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, 2020

Particulars	ORIGINAL COST					AMORTISATION					NET BOOK VALUE	
	As at April 1, 2019	Adjustment on adoption of Ind AS 116	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2020	As at April 1, 2019	Adjustment on adoption of Ind AS 116	For the year	Deletions/ Adjustments during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Undersea cable capacity	6,843		521		7,364	3,673		709		4,382	2,982	3,170
(As at April 1 2014)	*(5,533)*				*(5,533)*	*(922)*				*(922)*	*(4,611)*	*(4,611)*
System software	9,472		2,838		12,310	7,392		1,632		9,024	3,286	2,080
(As at April 1 2014)	*(4,589)*				*(4,589)*	*(4,044)*				*(4,044)*	*(545)*	*(545)*
License fees	730		50		780	391		37		428	352	339
(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)*	-	-
	18,869	**-**	**3,409**	**-**	**22,278**	**13,280**	**-**	**2,378**	**-**	**15,658**	**6,620**	**5,589**

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/ Adjust-ments during the year	As at March 31, 2019	As at April 1, 2018	For the year	Deletions/ Adjust-ments 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)***

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

3. RIGHT OF USE ASSETS AND LIABILITIES

Following are the changes in the carrying value of right of use assets during the year ended March 31, 2020:

Particulars	Category of ROU asset				
	Land	Building	P&M	IRU	Total
Balance as of April 1, 2019	10,959	17,258	2,941	6,177	37,335
Additions	-	1,183	777	24	1,984
Deletions	-	-	-	-	-
Depreciation	(136)	(2,669)	(822)	(806)	(4,433)
Translation difference	-	-	-	-	-
Balance as of March 31, 2020	**10,823**	**15,772**	**2,896**	**5,395**	**34,886**

Particulars	Amount	
Current lease liabilities	3,634	
Non-current lease liabilities	14,108	
Total	**17,742**	-

The following is the movement in lease liabilities during the Year ended March 31, 2020

Particulars	Amount
Balance as of April 1, 2019	18,099
Additions	1,701
Finance cost accrued during the year	1,691
Deletions	-
Payment of lease liabilities	(3,749)
Translation difference	-
Balance as of March 31, 2020	**17,742**

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis

Particulars	Amount
Less than one year	3,473
One to five years	5,530
More than five years	6,425
Total	**15,428**

Amounts recognised in profit or loss for the year ended March 31, 2020

Particulars	Amount
Interest on lease liabilities	1,691
Expenses relating to leases of low-value assets, including short-term leases of low value assets	1,972

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

		As at March 31, 2020	As at March 31, 2019
4. 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, 2019 : 2,000) equity shares of S $1 each fully paid up]		1	1
[5,00,000 (March 31, 2019 : 5,00,000) equity shares of ₹ 67.98 (USD 1) each fully paid up]		340	340
Sify Technologies North America Corporation [100 (March 31, 2019: 100) Common stock of ₹ 0.006155 (USD 0.0001) each fully paid up]		*	*
Sify Technologies North America Corporation [8,00,00,000 (March 31, 2019: 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, 2019: 50,00,000) Equity Shares of ₹10 each fully paid up]		500	500
Sify Infinit Spaces Limited [50,00,000 (March 31, 2019: 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, 2019: 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, 2019: 15,000) equity shares of ₹ 10 each fully paid up]		2	2
Investment in Sarayu Clean Gen Pvt Ltd [1,56,000 (March 31, 2019: l,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, 2020	As at March 31, 2019
5. TRADE RECEIVABLES - NON-CURRENT		
Long term trade receivables (Unsecured, considered good)	564	551
	564	**551**
6. OTHER FINANCIAL ASSETS - NON-CURRENT		
Security deposits	2,437	2,537
Bank deposits*	-	385
	2,437	**2,922**

* 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, 2020	As at March 31, 2019
7. OTHER NON-CURRENT ASSETS		
Capital advances	2,703	8,227
Others:		
Prepaid expenses	2,964	6,638
Lease prepayments	-	11,058
Deferred Contract cost *	382	306
	6,049	**26,229**

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

	As at March 31, 2020	As at March 31, 2019
8. INVENTORIES		
Trade inventories	13,021	17,153
	13,021	**17,153**
9. TRADE RECEIVABLES		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured [Refer note (a) below]	98,891	1,01,778
Total	98,891	**1,01,778**
Loss Allowance [Refer note (b) below]	(2,527)	(2,606)
Total Trade receivables	96,364	**99,172**

(a) Includes ₹ 1,020 receivable from Sify Technologies North America Corporation, wholly owned subsidiary of the company (Previous Year: ₹ 608) and includes ₹ 334 receivable from Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary (Previous year: ₹ 288)

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	2,606	2,039
Add: Additional provision during the year	4,750	5,300
Less: Bad debts written off	(4,829)	(4,733)
Balance at the end of the year	2,527	**2,606**

	As at March 31, 2020	As at March 31, 2019
10. CASH AND CASH EQUIVALENTS		
(a) Balance with banks		
(i) in current accounts	20,471	17,066
(ii) deposits	747	5
(b) Other bank balances		
(i) Bank deposits [Refer note below]	3,326	2,745
(ii) Unpaid dividend account	*	*
(c) Cheques on hand	69	461
(d) Cash on hand	5	5
	24,618	**20,282**

*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, 2020	As at March 31, 2019
Note			
Balances in deposit accounts subject to lien in favour of banks for obtaining bank guarantees /letter of credits		3,326	2,745
Cash and cash equivalents for the purpose of Cash Flow Statement:			
Cash and cash equivalents as above		24,618	20,282
Less: Bank overdraft used for cash management purposes [Refer note 19 (d)]		(12,357)	(15,532)
		12,261	**4,750**
11. OTHER FINANCIAL ASSETS			
Advances to subsidiaries (Refer note below)		1327	40
Security deposits		632	721
Interest accrued on advances and deposits		66	56
Other Receivables		622	-
		2,647	**817**

Note: Includes ₹ 1,306 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)

		As at March 31, 2020	As at March 31, 2019
12. OTHER CURRENT ASSETS			
Advances other than capital advances:			
Balances with GST, service tax and sales tax authorities		9,335	6,620
Prepaid expenses		5,371	3,795
Advance tax and tax deducted at source (Net of Provision for Tax ₹ 4,383 Previous year: ₹ 2,636)		11,723	16,515
Deferred contract costs [Refer note (a) below]		638	824
Lease prepayments		-	185
Other advances		1,932	2,466
	(A)	28,999	**30,405**
Unsecured, considered doubtful			
Advances other than capital advances		842	1,219
Less: Provision for doubtful advances [Refer note (b) below]		(842)	(1,219)
	(B)	-	-
	(A) +(B)	28,999	**30,405**

(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, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	1,219	994
Add: Additional provision during the year	-	225
Less: Advance written off / adjustments	(377)	-
Balance at the end of the year	842	**1,219**

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

	As at March 31, 2020	As at March 31, 2019
13. EQUITY SHARE CAPITAL		
Authorized		
20,40,00,000 (March 31, 2019: 20,40,00,000) equity shares of ₹10 each	20,400	20,400
Issued		
17,92,23,247 (March 31, 2019: 17,91,44,347) equity shares of ₹10 each	17,923	17,915
Subscribed and fully paid		
17,92,23,247 (March 31, 2019: 17,91,44,347) equity shares of ₹10 each fully paid up	17,923	17,915
	17,923	17,915
Forfeited shares		
Amount originally paid up on 1,28,23,202 equity shares	128	128
	18,051	**18,043**

(a) The equity shares are the only class of share capital having a par value of ₹10 per share. Of the above, 3,96,92,595 (Previous year : 3,96,13,695) 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 previous year ended March 31, 2019, these shares are fully paid to the extent of ₹10. Also refer note D (50).

(d) Of the total outstanding shares,12,50,00,000 shares (March 31, 2019: 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.

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

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount paid-up	Number of shares	Amount paid-up
Number of shares outstanding at the beginning of the year	17,91,44,347	18,043	17,86,84,647	15,184
Add:Shares issued on exercise of ASOP	78,900	8	4,59,700	46
Add:Call money received	-	-	-	2,813
Number of shares outstanding at the end of the year	17,92,23,247	18,051	**17,91,44,347**	**18,043**

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

	As at March 31, 2020		As at March 31, 2019	
	Number of Shares held	% holding	Number of Shares held	% holding
Ramanand Core Investment Company Private Limited@	12,50,00,000	69.75%	12,50,00,000	69.78%
Infinity Satcom Universal Private Limited	1,45,30,000	8.11%	1,45,30,000	8.11%
Infinity Capital Ventures, LP	1,39,02,860	7.76%	1,39,02,860	7.76%

@ These shares are fully paid-up to the extent of ₹10 per share

Also refer note D (50)

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

		As at March 31, 2020	As at March 31, 2019
14. OTHER EQUITY			
14.1 Reserves and surplus			
Securities premium			
Balance at the beginning of the year		1,96,150	1,89,569
Add: transfer from Stock option outstanding account in respect of options exercised during the year		13	84
Add: additions during the year		45	6,497
	(A)	1,96,208	**1,96,150**
General reserve			
Balance at the beginning of the year		671	633
Add: transferred from stock options outstanding account		54	38
	(B)	725	**671**
Retained earnings			
Balance at the beginning of the year		36,176	28,258
Impact of change in accounting policy		-	(382)
Adjusted Opening balance		36,176	27,876
Adjustments:			
Add: Profit for the year		7,408	10,478
Less: Appropriations			
Dividend paid {₹ 1.2 per share (PY: ₹ 1.2 per share)}		(1,855)	(1,807)
Dividend distribution tax paid		(381)	(371)
	(C)	41,348	**36,176**
	(D) = (A)+(B)+(C)	2,38,281	**2,32,997**
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)	94,356	**89,072**
14.2 Other components of Equity			
Stock option outstanding account			
Balance at the beginning of the year		687	761
Add: Employee stock compensation cost for the year		464	48
Less: Transfer to securities premium in respect of options exercised during the year		(13)	(84)
Less: Transfer to general reserve in respect of grants lapsed during the year		(54)	(38)
	(F)	1,084	**687**
Remeasurement of net defined benefit liability/asset			
Balance at the beginning of the year		135	108
Add: Additions during the year		107	27
	(G)	242	**135**
	(E)+(F)+(G)	95,682	**89,894**

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

		As at March 31, 2020	As at March 31, 2019

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, 2013

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.

15. BORROWINGS

		As at March 31, 2020	As at March 31, 2019
15.1. Term Loans			
Secured			
From banks [Refer Note (a) to (c) below]		22,061	14,080
From others [Refer Note (d) to (e) below]		-	-
Unsecured			
From banks [Refer Note (d)]		5,854	6,015
From others [Refer Note (e) to (f) below]		9,496	13,190
	(A)	**37,411**	**33,285**
15.2. Lease Liabilities			
Long term maturities of finance lease obligations [Refer Note (g) to (i)]		549	270
Other Lease Liabilities - Non Current		13,559	-
	(B)	**14,108**	**270**
	(A) + (B)	**51,519**	**33,555**

a. Of total balance of ₹18,110 including current maturities (Previous Year: ₹ 13,869) an amount of ₹ Nil (Previous Year: ₹ 375) 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 ₹ 20,661 (Previous year :₹ 9,719) including current maturities is primarily secured against the specific project receivables of the company.

b. An amount of ₹ Nil (Previous Year: ₹ 1,166) 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 ₹ 371 (Previous Year: ₹ 1,022) is primarily secured by plant and machinery at 4th floor of Rabale Tower I and ₹ 1,250 (Previous Year: ₹ 1,964) 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 ₹ 4,334 (Previous Year: ₹ 3,926) is Primarily secured by moveable 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 ₹ 4,164 (Previous Year: ₹ 5,415) 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 19(b)(ii)). An amount of ₹ 2742 (Previous Year : ₹ Nil) is primarily secured by moveable fixed assets funded out of Term Loan.

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

		As at March 31, 2020	As at March 31, 2019

An amount of ₹ 1030 (Previous Year : ₹ Nil) is primarily secured by moveable fixed assets funded out of Term Loan. An amount of ₹ 1421 (Previous Year : ₹ Nil) is primarily secured by moveable fixed assets funded out of Term Loan.

c. The term loans bear interest rate ranging from 3.50% p.a. to 5.30% p.a. plus 6 months LIBOR in the case of Foreign currency term loans and 8.80% p.a. to 10.25% p.a. for others (Previous Year: 9.00% to 10.50%) 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% to 5.75% for Buyers Credit and 9.00% p.a. to 9.75% p.a. 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% p.a. to 10.85% p.a. (Previous Year: 8.59% 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% p.a. to 10.70% p.a. (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.

The current maturities of borrowings are as under:

		As at March 31, 2020	As at March 31, 2019
Secured			
Term loan from banks		7,181	5,580
Current maturities of finance lease obligations		499	699
Unsecured			
Term loan from banks		2,172	4,056
Loan from others		11,675	11,222
Current portion of lease obligation		3,135	-
		24,662	**21,557**

16. OTHER FINANCIAL LIABILITIES - NON-CURRENT

		As at March 31, 2020	As at March 31, 2019
Security deposits		154	110
Other liabilities		180	1,614
		334	**1,724**

17. PROVISIONS

		As at March 31, 2020	As at March 31, 2019
Provisions for employee benefits - current			
Compensated absences		160	156
	(A)	*160*	***156***
Provisions for employee benefits - non-current			
Gratuity		1261	1196
Compensated absences		513	512
	(B)	1,774	**1708**
	(A) + (B)	1,934	**1,864**

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

	As at March 31, 2020	As at March 31, 2019
18. OTHER NON-CURRENT LIABILITIES		
Contract liability (Unearned income)*	9,818	9,812
	9,818	**9,812**

* ₹ 188 Unearned income from Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary (Previous year- ₹ 202)
Refer note 48 for the movement in Contract liability (Unearned income)

	As at March 31, 2020	As at March 31, 2019
19. BORROWINGS (SHORT-TERM)		
Loans repayable on demand from banks – Secured [Refer notes (a) to (d) below]		
Working capital facilities	31,857	27,332
Buyers' credit from banks	2,359	639
Loans repayable on demand from banks – Unsecured		
Buyers' credit from banks	728	-
	34,944	**27,971**

(a) The above facilities amounting to ₹ 34,216 (Previous Year : ₹ 27,971), 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 ₹ 25,106 (Previous Year : ₹ 20,214) 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 ₹ 15,300 (Previous Year : ₹ 13,426) 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 ₹ 9,838 (Previous Year : ₹ 7,758) is collaterally secured by equitable mortgage over the land and building and specific movable fixed assets at Noida, Uttar Pradesh.

(iv) the exposure amounting to ₹ 6,569 (Previous Year : ₹ 4,439) is collaterally secured by equitable mortgage over the Vashi 5th floor property at Mumbai.

(c) These working capital facilities bear interest ranging from 7.9% p.a. to 10.7% p.a. [Previous year: 4.15% to 10.75% p.a.] and these facilities are subject to renewal annually.

(d) Working capital facilities comprises the following:

	As at March 31, 2020	As at March 31, 2019
Bank overdraft	12,357	15,532
Other working capital facilities	19,500	11,800
	31,857	**27,332**

	As at March 31, 2020	As at March 31, 2019
20. 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	65,015	62,146
Other payables	6,396	5,112
	71,411	**67,258**

* Includes : (a) ₹ 978 payable to Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary (Previous year- ₹ 710) (b) ₹ Nil payable to Sify Technologies North America Corporation, a wholly owned subsidiary (Previous year - ₹ Nil) (c) There are no dues payable to micro, small and medium enterprises as on March 31, 2020 (Previous year - Nil) - Refer note 49

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

	As at March 31, 2020	As at March 31, 2019
21. OTHER FINANCIAL LIABILITIES		
Capital creditors	9,242	3,109
Current maturities of long term debt**	9,353	9,636
Current maturities of other loans**	11,675	11,222
Current maturities of finance lease obligations**	499	699
Other Lease liabilities current	3,135	-
Interest accrued	454	524
Deposits from customers	565	1155
Other payables	2,063	1,834
Unpaid dividends	*	*
	36,986	28,179

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

**Also refer note D(15)

	As at March 31, 2020	As at March 31, 2019
22. OTHER CURRENT LIABILITIES		
Advances received from customers	4,069	4,606
Statutory payables	831	1,087
Contract liability (Unearned income)*	14,268	13,136
Other payables	1,416	1,154
	20,584	19,983

* Unearned income from Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary ₹ 14 (Previous year- ₹ 16)

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

23. 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 ₹ Nil (Previous Year - ₹ 80).

(ii) Contingencies due to certain Service Tax claims as at March 31, 2020 amounted to ₹ 4,349 (Previous Year: ₹ 4,430).

(iii) Contingencies due to certain Sales Tax claims as at March 31, 2020 amounted to ₹ 94 (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

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	61,408	31,577

(c) Other commitments

(i) Export obligation under EPCG : Effective 2012-13, the Company has participated in the Export Promotion Capital Goods Scheme ("the scheme") under which capital equipments are permitted to be imported against a specific licence at a substantially reduced customs duty, subject to fulfilment of obligation to export services rendered by use of capital equipment imported under the scheme to the extent of over 6 times the value of duty saved over a period of 6 years from the date of obtaining the licence. In case of failure to meet the export obligation, the company would be liable to pay the difference between the normal duty and the duty saved under the scheme along with interest. As of March 31, 2020, the company is holding 58 (Previous year : 58) licenses with a corresponding export obligation of ₹ 48,511 (Previous year : ₹ 48,511). 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.

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
24. REVENUE FROM OPERATIONS		
Sale of Services:		
- Domestic*	1,59,910	1,49,902
- Export	47,632	37,170
Sale of Products:		
- Domestic	18,178	18,893
	2,25,720	**2,05,965**
Revenue attributable to Unified license [Refer Note D (43)(a)]	1,20,834	1,05,168
Revenue not attributable to Unified license	1,04,886	1,00,797
	2,25,720	**2,05,965**

*includes lease income amounting to ₹ Nil for current year (Previous year - ₹ 200)

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	11,949
One to three years	4,928
Three years or more	1,255

25. OTHER INCOME

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income		
From banks	190	137
Others*	1,606	191
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	-	72
Deposits/advances no longer payable, written back	440	-
Rental income	212	965
Miscellaneous income	487	1182
	2,935	**2,547**

*Interest from others includes interest income from Income tax refund ₹ 1,456 (Previous year : ₹ 78)

26. COST OF GOODS SOLD AND SERVICES RENDERED

	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cost of services rendered		
Networking costs	61,352	50,878
Other direct costs	19,326	27,050
Power expenses	15,949	13,489
	96,627	**91,417**
B. Purchases of Stock in Trade	28,242	38,718
C. Changes in inventories - Stock in Trade		
Opening inventory	17,153	6,454
Less: closing inventory	(13,021)	(17,153)
	4,132	**(10,699)**
	1,29,001	**1,19,436**

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
27. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	26,764	24,424
Contribution to provident and other funds	1,545	1,483
Staff welfare expenses	344	243
Share-based payments to employees [Note D (39)]	464	48
	29,117	**26,198**
28. FINANCE COSTS		
Interest	7,297	5,904
Other finance costs	1,173	962
Interest on lease liability	1,691	-
Exchange differences regarded as an adjustment to borrowing costs	342	402
	10,503	**7,268**
29. OTHER EXPENSES		
Commission expenses	629	544
Communication expenses	197	265
Rent	1,972	5,297
Rates and taxes	198	801
Travelling expenses	1,607	1,454
Power and fuel expenses	1,549	1,488
Legal and professional	1,456	1,318
Payment to auditors		
- Statutory audit fees	34	31
- Other services	33	28
Repairs and maintenance expenses		
- Plant and machinery	2,159	1,661
- Buildings	1,151	502
- Others	4,030	3,633
Insurance	521	392
Outsourced manpower costs	3,381	4,047
Advertisement, selling and marketing expenses	616	1,016
Loss on foreign exchange fluctuation (net)	28	518
Loss on sale of property, plant and equipment (Net)	102	0
Contribution towards corporate social responsibility [Refer note D(51)]	172	137
Allowance for bad and doubtful debts (including bad debts written off ₹ 4,829 (Previous year: ₹4,733)	4,750	5300
Miscellaneous expenses	2,295	1,391
	26,880	**29,823**

(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, 2020

(i) Long term borrowings *

				Non cash movement			
Particulars	**As at April 01, 2019**	**Availment**	**Repayment**	**Assets acquired on lease**	**Foreign exchange movement**	**Fair value changes**	**As at March 31, 2020**
Term loans from Bank	29,731	17,587	(10,258)	-	208	-	37,268
Term loans from Others	24,412	9,957	(13,106)	-	-	(92)	21,171
Finance lease obligations	969	777	(698)	-	-	-	1,048
Total	55,112	28,321	(24,062)	-	208	(92)	59,487

*including current maturities

(ii) Short term borrowings

Particulars	**As at April 01, 2019**	**Net Availment**	**Foreign exchange movement**	**As at March 31, 2020**
Working capital facilities excluding overdraft*	11,800	7,700	-	19,500
Other short term borrowing	639	2,231	217	3,087
Total	**12,439**	**9,931**	**217**	**22,587**

* Bank overdrafts are used for cash management purposes [Refer Note D (10)]

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**	**Availment**	**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

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

	As at March 31, 2020	As at March 31, 2019

(ii) Short term borrowings

Particulars	As at April 01, 2018	Net Availment	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 (10)]

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 :

Recognised deferred tax assets/liabilities

	As at March 31, 2020	As at March 31, 2019
Deferred tax assets on temporary deductible differences		
Property, Plant and Equipment	1,812	2,723
Leases under Ind AS 116	330	-
Provision for employee benefits	-	-
	2,142	**2,723**
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(1,812)	(1,467)
Accounts receivable	-	-
Provision for Doubtful Advances	-	-
Finance lease obligations	-	(1,256)
	(1,812)	**(2,723)**
Unused tax credits		
MAT credit entitlement	663	2,360
Net deferred tax asset recognised in Balance Sheet	993	2,360

In assessing the realizability of the deferred income tax assets, management considers whether some portion or all of deferred tax assets will be realized. The ultimate realization of the deferred tax assets 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 recognizes deferred tax assets on deductible temporary differences to the extent of deferred tax liabilities on taxable temporary 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. The management recognised MAT Credit entitlement in the previous year and its partial reversal in the current year

(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	Leases under Ind AS 116	MAT Credit entitlement
Balance as at March 31, 2018	**2,737**	**(1,470)**	**(1,267)**		
Recognised in income statement	(14)	3	11		2,360
Recognised in Equity	-	-	-		-
Balance as at March 31, 2019	**2,723**	**(1,467)**	**(1,256)**		**2,360**
Recognised in income statement	(911)	(345)	1,256	330	(1,697)
Recognised in Equity	-	-	-	-	-
Balance as at March 31, 2020	**1,812**	**(1,812)**		**330**	**663**

Unrecognised deferred tax asset

	As at March 31, 2020	As at March 31, 2019
Deductible temporary differences	5,925	5,204
Unrecognised tax losses		
- Unabsorbed depreciation	-	1,041
Unrecognised deferred tax asset	**5,925**	**6,245**

Income tax expense recognized in profit or loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expense/ (reversal)	3,427	2,360
Deferred tax expense	(314)	(2,360)
	3,113	-

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	10,521	10,478
Enacted tax rates in India	34.94%	34.94%
Expected tax expense/(benefit)	3,676	3,661
Effect of :		
Share based payment expenses not deductible for tax purposes	-	4
Unrecognised deferred tax asset on temporary differences	767	460
Recognition of temporary differences	(330)	-
Expenses/income not taxable	-	-
Recognition of previously unrecognized tax losses	(1,000)	(4,125)
	3,113	-

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

	For the year ended March 31, 2020	For the year ended March 31, 2019

32. EXPENDITURE IN FOREIGN CURRENCY

(i) Expenditure (on accrual basis)

Royalty	70	11
Legal and professional charges	482	381
Networking costs	22,992	13,852
Other direct costs	685	710
Personnel expenses	884	881
Travelling expenses	41	29
Advertising, selling and marketing expenses	44	21
Others	346	1,056
	25,544	**16,941**

(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.

	For the year ended March 31, 2020	For the year ended March 31, 2019
No of shareholders	10,032	11,709
Number of shares held	3,96,13,695	3,92,04,095
Amount of dividend paid	476	470
Year to which dividend relates	2018-19	2017-18

33. PAYMENTS TO DIRECTORS

(other than Managing Director and Executive Director)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Sitting fees	15	13
Consultancy fees	3	3

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

	As at March 31, 2020	As at March 31, 2019
(a) Weighted average number of shares - Basic		
Issued fully paid up ordinary shares as on April 1,	17,91,44,347	5,36,84,647
Effect of shares issued on exercise of stock options	35,938	2,26,075
Effect of partly paid shares (Refer note below)	-	10,04,19,521
Weighted average number of equity shares outstanding	17,91,80,285	**15,43,30,243**

Note: During the year 2010-11, 12,50,00,000 ordinary shares were issued to the existing promoter group on a private placement basis. Refer note D (50).

(b) Weighted average number of shares - Diluted		
Weighted average number of equity shares outstanding	17,91,80,285	15,43,30,243
Dilutive impact of associated stock options*	14,62,892	14,27,183
Weighted average number of equity shares for diluted earnings per share	18,06,43,177	**15,57,57,426**

*The Company has issued Associate Stock Options of which 1,10,56,100 (Previous year - 45,88,300) options are outstanding as at March 31, 2020. 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, 2020 are as follows:

Particulars	As at March 31, 2020		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	14	1,029
	GBP	1	101
Debtors	GBP	*	38
	USD	158	11,929
	SGD	-	-
	EUR	*	39
			12,006
Amounts payable in foreign currency on account of:			
Creditors	EUR	*	21
	CAD	*	*
	USD	94	7,061
	DHS	*	10
	SGD	1	27
			7,119
Foreign currency long term loan	USD	34	2,542
Foreign currency short term borrowings	USD	63	4,762

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

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

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
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	1,451	1,316
Service cost	293	260
Interest cost	101	96
Remeasurement (gain)/losses	(129)	(52)
Benefits paid	(148)	(169)
Projected benefit obligation at the end of the year	1,568	**1,451**
Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	255	325
Interest income	18	25
Employer contributions	200	99
Benefits paid	(148)	(169)
Return on plan assets, excluding amount recognised in net interest expense	(18)	(25)
Fair value of plan assets at the end of the year	307	**255**
Amount recognised in the Balance Sheet		
Present value of projected benefit obligation at the end of the year	1,568	1,451
Fair value of plan assets at the end of the year	(307)	(255)
Funded status amount of liability recognised in the Balance Sheet	1261	**1196**
Expense recognised in the Statement of Profit and Loss		
Service cost	293	260
Interest cost	101	96
Interest income	(18)	(25)
Net gratuity costs	376	331
Actual return on plan assets	-	-
Summary of actuarial assumptions		
Discount rate	5.60% p.a.	6.95% p.a.
Expected rate of return on plan assets	5.00% p.a.	7.00% p.a.
Salary escalation rate	0% for the first year and 5% thereafter	7.00% p.a.
Average future working life time	4.37 years	4.37 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 ₹ 1,533 to its gratuity fund during the year ending March 31, 2021

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

	As at March 31, 2020	As at March 31, 2019
The expected cash flows over the next few years are as follows:		
1 year	294	256
2 to 5 years	908	880
6 to 10 years	583	611
More than 10 years	303	371

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2020 and March 31, 2019, by asset category is as follows:

	March 31, 2020	March 31, 2019
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, 2020 and March 31, 2019 are as follows:

Remeasurement (gain) /loss arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	(120)	23
- experience variance	(9)	(75)
- return on plan assets, excluding amount recognised in net interest expense/income	22	25
	(107)	(27)

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, 2020		March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	1,639	1,495	1,522	1,386
(% change compared to base due to sensitivity)	4.8%	-4.4%	4.9%	-4.5%
Salary Growth rate (-/+ 1%)	1,495	1,637	1,387	1,519
(% change compared to base due to sensitivity)	-4.4%	4.7%	-4.4%	4.7%

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 ₹ 1,172 and ₹ 1,152 for the year ended March 31, 2020 and March 31, 2019 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.	Network-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. Applications Integration Services	Consists of application development and maintenance, application testing, information security, mobility solutions, eLearning, portals, tools, process and automation
	iv. Technology Integration Services	Consists of data centre build, network integration, end user computing and collaborative tools and solutions

* The word telecom was largely understood as providing telecommunication services to consumers and also mobility services. Since the company services were not relating to either consumer services or mobility services and that company services were limited to enterprise data network, and services on the data network that spawns multiple services around network, the said Telecom services will henceforth be referred for appropriate representation of the substance, as Network services and all businesses dependent on the Network infrastructure will be collectively referred to as Network Centric Services

Network-centric services: The Network 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 Group operates 10 Concurrently Maintainable Data Centers, of which five are located in Mumbai (Bombay), one each at Noida (Delhi), Chennai (Madras), Bengaluru, Kolkata and Hyderabad 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 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.

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

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

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

The company also offers value-added services to organizations such as website design, development, content management, digital certification services, Online assessment tools, search engine optimization, , including domain name management, secure socket layer (SSL) certificate for websites, and server space in required operating system and database. It provides messaging and collaboration services and solutions such as 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 Network services.

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

A significant part of the 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, 2020 is presented below:

Particulars	**Network-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	1,26,275	38,237	14,047	30,379	16,782	99,445	2,25,720
Operating expenses	(94,471)	(20,760)	(13,813)	(28,540)	(15,256)	(78,369)	(1,72,840)
Segment operating income / (loss)	31,804	17,477	234	1,839	1,526	21,076	52,880
Unallocable expenses							(12,028)
Operating income							40,852
Other income							1,037
Foreign exchange gain / (loss), net							(28)
Profit before interest, depreciation and tax							41,861
Interest income / (expenses), net							(8,707)
Depreciation, amortisation and impairment							(22,633)
Profit before tax							10,521
Income tax expense							3,113
Profit after taxes							7,408

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

Particulars	**Network-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 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 Network 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, 2020	1,78,088	47,632	2,25,720
Year ended March 31, 2019	1,68,795	37,170	2,05,965

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.

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, 2020 and March 31, 2019 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, 2020:

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Consultancy services received	-	-	-	3
Sitting fees paid	-	-	-	15
Salaries and other short term benefits*	-	-	-	415
Contributions to defined contribution plans*	-	-	-	17
Share based payment transactions*	-	-	-	91
Lease rentals paid**	12	-	67	-
Dividend paid	1,379	-	174	-
Advances given	-	1,286	30	-
Receipt of services	-	633	-	-
Rendering of services	-	2,964	-	-
Amount of outstanding balances				
Advance lease rentals and refundable deposits made**	-	-	56	-
Trade payable	-	978	-	-
Advances receivable	-	1,327	-	-
Trade receivable	-	1,373	-	-
Unearned income	-	201	-	-
Right of use Asset	-	218	-	-
Lease rentals payable**	-	-	8	-

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
Lease rentals paid**	12	-	45	-
Dividend paid	1,337	-	174	-
Advances given	-	10	-	-
Receipt of services	-	317	-	-
Rendering of services	-	2,057	-	-
Call money received on shares	9,000	-	-	
Amount of outstanding balances				

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

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Advance lease rentals and refundable deposits made**	-	-	26	-
Trade payable	-	710	-	-
Advances receivable	-	40	-	-
Trade receivable	-	896	-	-
Unearned income	-	218	-	-
Prepaid Expenses	-	243	-	-
Lease rentals payable**	-	-	6	-

**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. Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective June 1, 2019 on a rent of ₹ 5.56 per month and payment of additional refundable security deposit of ₹ 30. 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, 2020. 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 72,20,000. 3,35,000, 1,50,000, 5,25,000 and 1,84,300 options to employees during the year 2019-20, 2018-19, 2017-18, 2016-17 and 2015-16 respectively.

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

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
66,12,700	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
33,67,800	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, 2020	**March 31, 2019**
Outstanding at the beginning of the year	45,88,300	51,80,440
Granted during the year	72,20,000	3,35,000
Forfeited and expired during the year	(6,73,300)	(4,67,440)
Exercised during the year	(78,900)	(4,59,700)
Outstanding at the end of the year	1,10,56,100	**45,88,300**
Vested and exercisable at the end of the year	42,81,090	44,41,848
Weighted average exercise price in ₹	70.90	78.84
Remaining contractual period	0.80 - 4.84 years	0.80 - 5.84 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, 2020 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2020	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	57.66 - 146.23	1,10,56,100	70.90	0.80 - 4.84 years

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

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 22, 2019	Jul 24, 2019	Jul 24, 2019	Oct 19, 2019
Category	Category III	Category II	Category III	Category III
Current market price	106.21	99.34	99.34	101.09
Exercise price	95.59	89.41	89.41	90.98
Expected term	2-5 years	1-4 years	2-5 years	2-5 years
Volatility	31.84% to 65.95%	33.07% to 65.08%	33.07% to 65.08%	31.53% to 60.63%
Dividend yield	12%	12%	12%	12%
Discount rate	2%	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, 2020 and March 31, 2019 are given below:

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Forward/Option contracts (Sell)	USD	21	Nil
Forward/Option contracts (Buy)	USD	Nil	26
Net (gain) / loss on mark to market in respect of forward/option contracts outstanding	INR	(3)	46

The Company recognized a net loss on the forward contracts of ₹ 87 (Previous year : Net loss of ₹ 92) for the year ended March 31, 2020.

(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, 2020	As at March 31, 2019
Forward/Option contracts	(USD) (Sell)	(USD) (Buy)
Not later than one month	-	2
Later than one month and not later than three months	21	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, 2020.

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, 2020		As at March 31, 2019	
	Receivable (USD)	Payable (USD)	Receivable (USD)	Payable (USD)
Less than 1 year	*	*	1	1
One to two years	-	-	*	*
Two to three years	-	-	-	-
Three to four years	-	-	-	-
Four to five years	-	-	-	-
Total cash flows	0	0	**1**	**1**

* Amount below rounding off norm adopted by the Company

Total notional amount outstanding as on March 31, 2020 is USD 5 (Previous Year: USD 32)

The Company recognized a net loss on the interest rate swaps of ₹ 17 (includes mark to market gain of ₹ 4) during the year ended March 31, 2020 (Previous year : net loss on the interest rate swaps of ₹ 38 (includes mark to market gain of ₹ 12).

(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, 2020 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	96,928	-	-	96,928	96,928
Cash and cash equivalents	24,618	-	-	24,618	24,618
Other financial assets	5,084	-	-	5,084	5,084
Liabilities					
Borrowings from banks	59,855	-	-	59,855	59,855
Borrowings from others	21,171	-	-	21,171	21,171
Bank overdraft	12,357	-	-	12,357	12,357
Lease Liabilities	17,742	-	-	17,742	17,742
Trade payables	71,407	-	-	71,407	71,407
Other financial liabilities	12,658	-	-	12,658	12,658
Derivative financial instruments	-	4	-	4	4

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

(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, 2020 and March 31, 2019 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2020	As at March 31, 2019
Trade receivables	96,928	99,723
Cash and cash equivalents	24,618	20,282
Other financial assets	5,084	3,739
	1,26,630	1,23,744

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, 2020			Fair value as of March 31, 2019		
	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	-		3	-		46
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	-	-	-	-
Derivative financial liabilities - (Gain) / loss on outstanding interest rate swaps	-	-	1	-	-	5

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

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Financial assets at amortised cost		
Interest income on bank deposits	190	137
Interest income on other financial assets	150	191
Impairment on trade receivables	(4,750)	(5,300)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	4	12
(c) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(1,691)	(147)
Interest expenses on borrowings from banks, others and overdrafts	(7,643)	(6,171)

(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, 2020 and March 31, 2019 was as follows:

	As at March 31, 2020	As at March 31, 2019
Other investments	17	17
Trade receivables	96,928	99,723
Cash and cash equivalents	24,618	20,282
Other financial assets	5,084	3,739
	1,26,647	**1,23,761**

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	11,325	13,132
Past due 271 - 365 days	3,645	3,666
More than 365 days	16,224	12,110
	31,194	**28,908**

See note D (9) 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, 2020 amounts to ₹ 65,734 (March 31, 2019: ₹ 70,815) and impairment has not been recorded on the same.

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, 2020

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	59,855	66,115	35,337	22,149	8,629	-
Borrowings from others	21,171	23,704	13,418	10,057	230	-
Bank overdraft	12,357	12,357	12,357	-	-	-
Lease Liabilities	17,742	29,902	4,875	6,107	4,082	14,838
Trade payables	71,407	71,407	71,407	-	-	-
Other financial liabilities	12,658	12,658	12,658	-	-	-
	1,95,190	2,16,143	1,50,052	38,313	12,941	14,838

As at March 31, 2019

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 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**	**0**

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.

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

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, 2020 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	14	158	(94)	(97)	(19)
GBP	1	*	-	-	-
EUR	-	*	*	-	-
SGD	-	-	(1)	-	-
DHS	-	-	*	-	*

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	-	-	*	-	*

A 10% strengthening of the rupee against the respective currencies as at March 31, 2020 and March 31, 2019 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 as done in 2019.

	Other comprehensive income	Profit/(loss)
March 31, 2020	-	238
March 31, 2019	-	401

A 10% weakening of the rupee against the above currencies as at March 31, 2020 and March 31, 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk:

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

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

Profile

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

	Carrying amount	
	March 31, 2020	March 31, 2019
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	4,073	3,135
Financial liabilities		
- Borrowings from banks	3,087	639
- Borrowings from others	22,219	24,412
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	56,768	41,531
- Bank overdrafts	12,357	15,532

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 2019.

	Equity	Profit or (loss)
March 31, 2020	-	(562)
March 31, 2019	-	(449)

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

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, 2020 is ₹ 1,13,733 (Previous Year: ₹ 1,07,937).

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

		As at March 31, 2020	As at March 31, 2019
Debt		94,431	83,083
Less: cash and bank balances		(24,618)	(20,282)
Net debt	A	**69,813**	**62,801**
Equity	B	**1,13,733**	**1,07,937**
Net debt to Equity ratio	A/B	**61%**	**58%**

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

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

43. LEGAL PROCEEDINGS

a) Proceedings before Department of Telecommunications

(i) License fees

DoT had issued separate licenses to Sify Technologies Ltd (Sify) for providing Internet, National Long Distance & International Long Distance services.. The license fee was payable to the DoT on the Adjusted Gross Revenue (AGR) as per the terms of each license. Sify has been regularly paying license fee on the revenue arising out of services as per the license conditions.

DoT has raised demands on service providers providing Internet, NLD, ILD services etc. demanding license fee on the revenue made by the service providers from other business income such as Data Centre, Cloud, application services, power, Gas, etc. DoT contended that all the income of the company irrespective of the business was required to be considered as part of 'income' for the purpose of calculation of the license fee. The Internet Service Providers through its association ISPAI challenged DoT's demand by way of separate petitions. The company filed a Writ Petition before Hon'ble Madras High Court challenging the demand made by DoT on the Income accruing from other business units which is still pending. Meanwhile TDSAT passed a separate order in favour of Access Telecom service providers & Internet Service Providers.

DoT subsequently challenged the order of TDSAT passed in favour of Access Telecom Service Providers before Hon'ble Supreme Court of India. The Hon'ble Supreme Court by its order dated 24.10.2019 set aside the order of the TDSAT & held that Access Telecom Service Providers should pay the license fee as per its license conditions.

DoT attempted to apply the judgement of the Hon'ble Supreme Court on the Service Providers providing ISP, NLD, ILD services. These Service providers which had different license conditions and having revenue from other business units approached the Hon'ble Supreme Court stating that Hon'ble Supreme Court judgement dated 24.10.2019 on the access Telecom Service Providers is not applicable to other services providers as license conditions were different from the Access Telecom Service Providers. The Hon'ble Supreme Court chose not to hear the petitions and directed the other service providers to approach the appropriate forum. The Company which had approached Hon'ble 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 obtained stay of the demands. The Hon'ble Court restrained DoT from recovering the license fee in respect of non- telecom activities and the case is pending for hearing. The Company believes that it has adequate legal defenses against the demand raised by DoT 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. ISPAI, association representing the internet service providers including the company issued a letter to DoT stating that the Hon'ble Supreme Court judgement dated 24.10.2019 is not applicable to Internet Service Providers and the license conditions are different. The Company which had received notices for earlier years from DoT claiming Licence fee on the total Income (including income from Non Licensed activities) has already responded to these notices stating that licence fees are not payable on income from non-licensed activities. The Company believes that it has adequate legal defenses against these notices and that the ultimate outcome of these actions may not have a material adverse effect on the Company's financial position and result of operations." DoT in its written submission made before the Hon'ble Supreme Court had clearly mentioned that non telecom revenue would stand excluded from the purview of the gross revenue. In 2017, the Hon'ble Tripura High Court held that Service Providers are not liable to pay license fee on the income accruing from other businesses.

(ii) The present license for ISP under Unified License issued by DOT on June 2, 2014 provides for payment of License 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 License 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. However TDSAT by its order dated 18.10.2019 held that license fee is not chargeable on the Internet Service Providers.

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, 2020, 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 ₹ 883 (March 31, 2019: ₹ 916)] on the Company's financial position and results of operations.

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

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.

d) During the year, Directorate General of Goods and Services Tax Intelligence (DGGI) did an inspection based on the analysis of service tax returns filed by the company in the past. The company has been categorising services relating to e-Learning and Infrastructure Management Services provided to foreign customers billed in convertible foreign currency under OIDAR services while filing its half-yearly service tax return. However, based on the Place of Provision of Services Rules then applicable under the Finance Act, 1994, Service Tax has to be paid for OIDAR services provided to foreign customers even if the conditions for qualifying as export of services are met. Hence, the DGGI contended that Service Tax should be paid on the services classified as OIDAR services in the returns. The total contended during the period April 2014 to November 2016 of Service Tax was ₹ 1,618 and the Interest & Penalty as applicable. The company believes that the services relating to e-learning and infrastructure management services will not fall under OIDAR services and also the activities covered under E-learning and IMS does not meet the conditions for taxation under the provisions applicable as OIDAR and hence there is no liability. However, during the investigation, the Company has paid ₹ 646 under protest to continue the proceeding with the relevant adjudicating authorities. Thereafter, the DGGI has issued Show Cause Notice and the company has replied on the same. The matter is pending with the Adjudicating Authority. The company believes that no provision is required to be made against this demand.

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

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

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.

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 Honorable High Court of Madras approved the merger vide its order dated February 12, 2015. The scheme was sanctioned by the Honorable 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.

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

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

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, 2020.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	March 31, 2020	March 31, 2019
Trade Receivables	96,928	99,723
Contract Assets – Unbilled Revenue	-	-
Contract liabilities – Deferred Income		
Current contract liabilities	14,268	13,136
Non current contract liabilities	9,818	9,812
Total Contract liabilities – Deferred Income	24,086	**22,948**

The following table provides the movement in contract liabilities (Deferred Income) for the year ended March 31, 2020

Particulars	Amount
Balance as of April 1, 2019	22,948
Less: Revenue recognized during the year	1,51,495
Add: Invoiced during the year but revenue not recognised	1,52,633
Balance as of March 31, 2020	**24,086**

Contract Cost and Amortisation

Costs to fulfil customer contracts are deferred and amortized over the contract period. For the year ended March 31, 2020 the Company has capitalised ₹1,306 and amortised ₹ 1,416 There was no impairment loss in relation to the capitalised cost.

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

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.

In measuring Contract assets the current economic conditions prevailing on the date of approval of financial statements due to global health pandemic COVID 19 has been considered. The actual impact could be different.

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, 2020 and March 31, 2019 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, 2020 (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, 2020	March 31, 2019
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.	-	-

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 RajuVegesna, 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. During the previous year ended March 31, 2019, the Company has called-up and received a sum of ₹ 10 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 ₹ 172 towards CSR in compliance of this requirement. A sum of ₹ 172 has been spent during the current year towards CSR activities as per details given below.

Amount (₹)

Organisation	2019-20	2018-19
VIRRD Trust, Dwarakha Tirumala	150	120
M/s Thiruvahindrapuram Veda Vidya Trust	-	2
Government ITI Bhimavaram IMC Society	-	5
Kaviraja Sahitya Viharamu	-	5
ML Jaisimha Cricket 365 Academy	-	5
M/s Sri Saraswathi Vidya Peetham	5	-
Voluntary Health Services Hospital, Taramani	17	-
Special Children Sports Meet	-	*
Total	**172**	**137**

* Amount below the rounding off norm adopted by the Company

52. BID PRICE DEFICIENCY NOTICE RECEIVED FROM NASDAQ

On April 23, 2020, Sify Technologies Limited (the "Company") received a letter from the Listing Qualifications Department of the Nasdaq Stock Market ("Nasdaq") indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days, the Company did not meet the minimum bid price of $1.00 per share required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2).

The letter also indicated that the Company will be provided with a compliance period of 180 calendar days in which to regain compliance pursuant to Nasdaq Listing Rule 5810(c)(3)(A).

Given the extraordinary market conditions, Nasdaq has determined to toll the compliance periods for the bid price and market value of publicly held shares ("MVPHS") requirements (collectively, the "Price-based Requirements") through June 30, 2020. In that regard, on April 16, 2020, Nasdaq filed an immediately effective rule change with the Securities and Exchange Commission. As a result, the compliance periods for the Price-based Requirements will be reinstated on July 1, 2020. This translates as 180 calendar days provided to Sify to expire on December 28, 2020.

The letter further provided that if, at any time during this tolling period or the 180-day period, the closing bid price of the Company's common stock is at least $1.00 for a minimum of ten consecutive business days, Nasdaq will provide the Company with written confirmation that it has achieved compliance with the minimum bid price requirement.

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
May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

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Consolidated Financial Statements
for the year ended March 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Sify Technologies Limited

Report on the Audit of 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, 2020, 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, 2020, 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, 2020 is ₹ 99,020 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2020 is ₹ 4,797 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 evaluating management 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 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, 2020.

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 scepticism 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 ₹ 1,600.87 lakhs as at March 31, 2020, total revenues of ₹ 1252.24 lakhs and net cash flows (decrease in cash and cash equivalents) amounting to ₹ 66.79 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 loss of ₹ 15.27 lakhs for the year ended March 31, 2020, 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 account 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, 2020 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, 2020 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:

iv. The consolidated financial statements has disclosed the impact of pending litigations on its financial position in its consolidated financial statements - Refer Note 23 (a) (Contingent liabilities) and Note 42 (legal proceedings) to the financial statements;

v. Provision has been made in the consolidated 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 separate financial statements; and

vi. 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
UDIN: 20028738AAAAAR8665

Place: Chennai
Date : May 5, 2020

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, 2020

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 2020, we have audited the internal financial controls over financial reporting of Sify Technologies Limited ("the Company/the Holding Company"). The audit of the internal financial controls over financial reporting is applicable only to the Holding Company.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

D K Giridharan
Partner
Membership No: 028738
UDIN: 20028738AAAAAR8665

Place: Chennai
Date : May 5, 2020

Consolidated Balance Sheet as at March 31, 2020

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

	Note No. (D)	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	1,09,052	68,487
(b) Right-of-use Assets	3	38,697	-
(c) Capital work in progress		9,055	17,967
(d) Intangible assets	2	6,620	5,589
(e) Financial assets			
(i) Investments	4	2,120	1,946
(ii) Trade receivables	5	564	551
(iii) Other financial assets	6	2,939	3,288
(f) Deferred Tax assets	31	993	2,360
(g) Other non-current assets	7	6,049	28,450
		1,76,089	**1,28,638**
(2) Current assets			
(a) Inventories	8	13,021	17,153
(b) Financial assets			
(i) Trade receivables	9	96,314	99,975
(ii) Cash and cash equivalents	10	26,510	22,095
(iii) Other financial assets	11	1,329	781
(c) Other current assets	12	29,177	30,766
		1,66,351	**1,70,770**
Total Assets		3,42,440	2,99,408
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	18,051	18,043
(b) Other Equity	14	95,443	89,729
		1,13,494	**1,07,772**
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings & Lease liabilities	15	52,112	33,555
(ii) Other financial liabilities	16	334	1,724
(b) Provisions	17	1,774	1,708
(c) Other non-current liabilities	18	9,818	10,224
		64,038	**47,211**
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	34,944	27,971
(ii) Trade payables	20		
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		71,780	67,909
(iii) Other financial liabilities	21	36,914	28,180
(b) Other current liabilities	22	21,110	20,209
(c) Provisions	17	160	156
(d) Current tax liabilities		-	-
		1,64,908	**1,44,425**
Total Equity and Liabilities		3,42,440	**2,99,408**

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
May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

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

	Note No. (D)	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	24	2,29,521	2,15,469
Other income	25	3,012	2,635
Total income		2,32,533	**2,18,104**
EXPENSES			
Cost of services rendered	26 A	97,521	97,625
Purchase of stock-in-trade	26 B	28,242	38,856
Changes in inventories	26 C	4,132	(10,695)
Employee benefits expense	27	31,697	28,444
Finance costs	28	10,540	7,284
Depreciation and amortisation expense	1,2&3	22,908	15,339
Other expenses	29	27,296	30,537
Total expenses		2,22,336	**2,07,390**
Profit before tax		10,197	**10,714**
Tax expense	31		
Current Tax		3,457	2,387
Deferred Tax		(314)	(2,360)
Profit after tax		7,054	**10,687**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/asset	35	108	27
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		282	183
Total other comprehensive income		390	**210**
Total comprehensive income for the Period		7,444	**10,897**
Earnings per equity share (₹ 10 paid up)	33		
Basic		3.94	6.92
Diluted		3.90	6.86

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
May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

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

A. Equity Share Capital

	For the year ended	
	March 31, 2020	March 31, 2019
Balance at the beginning of the year	18,043	15,184
Change in Equity Share Capital during the year	8	2,859
Balance at the end of the year	**18,051**	**18,043**

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	
<u>2018-19</u>							
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**
Transaction costs related to equity				-			
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**

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	
2019-20							
Balance as at April 1, 2019* - (A)	**1,96,150**	**671**	**(1,08,238)**	**687**	**324**	**135**	**89,729**
Profit for the year			7,054				**7,054**
Other comprehensive income					282	108	**390**
Total comprehensive income for the year ended March 31, 2020 - (B)			**7,054**		**282**	**108**	**7,444**
Employee stock compensation cost for the year				464			**464**
Transferred from stock options outstanding account	13	54	-	(67)			**-**
Additions to securities premium on issue of shares on exercise of ASOP	45	-	-	-			**45**
Transaction costs related to equity				-			**-**
Dividend paid (Including dividend distribution tax) for 2018-19 approved by shareholders in annual general meeting held on July 5, 2019	-	-	(2,239)	-			**(2,239)**
Balance as at March 31, 2020 - (C)	1,96,208	725	(1,03,423)	1,084	606	243	95,443
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)]	52,283	725	40,502	1,084	606	243	95,443

*Balance at 1.4.2018 and 1.4.2019 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).

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

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May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2020

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

		For the Year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax		10,197	10,714
Adjustments for :			
Depreciation and amortisation expense		22,908	15,339
Finance expenses (considered separately)		10,540	7,284
Allowance for doubtful debts		4,797	5,363
Employee stock compensation expense		464	48
Deposits/Advances no longer payable written back		440	-
Amortisation of lease prepayments		-	221
Unrealised foreign exchange fluctuation loss/(gain), net		83	641
Interest income (considered separately)		(1,939)	(463)
(Profit) /loss on sale of Property, Plant and Equipment (net)		102	(72)
Operating profit / (loss) before working capital changes		47,592	**39,075**
(Increase)/decrease in trade receivables - current		(376)	(17,410)
(Increase)/decrease in non current trade receivables		(13)	(226)
(Increase)/decrease in inventories		4,132	(10,695)
(Increase)/decrease in other financial assets - current		(621)	(217)
(Increase)/decrease in other financial assets - non current		632	555
(Increase)/decrease in other non current assets		(892)	(1,894)
(Increase)/decrease in other current assets		(5,925)	(4,081)
Increase/(decrease) in trade payables		3,560	10,842
Increase/(decrease) in other non current financial liabilities		64	(347)
Increase/(decrease) in other non current liabilities		(406)	2,165
Increase/(decrease) in other financial liabilities -current		(797)	379
Increase/(decrease) in other current liabilities		863	1,646
Increase/(decrease) in provisions - non current		(42)	260
Increase/(decrease) in provisions - current		4	9
Cash generated from operations		47,775	**20,061**
Tax (paid)/refund received		3,031	(5,671)
Net cash generated from operating activities	(A)	50,806	**14,390**
Cash flow from investing activities			
Purchase of Property, Plant and Equipment		(44,027)	(39,691)
Investments in corporate debt securities		-	(383)
Amount paid for acquisition of right of use assets		(980)	-
Sale proceeds of Property, Plant and Equipment		112	73
Interest income received		1,641	261
Net cash used in investing activities	(B)	(43,254)	**(39,740)**
Cash flow from financing activities			
Proceeds from long-term borrowings		28,321	38,729
Repayment of long-term borrowings		(23,364)	(15,959)
Increase/(decrease) in short-term borrowings		9,931	7,676
Repayment of lease liabilities		(2,195)	-
Proceeds from issue of share capital		53	9,356
Dividend paid		(1,855)	(1,807)
Dividend distribution tax paid		(384)	(371)
Interest paid		(10,470)	(7,080)
Net cash generated used in financing activities	(C)	37	**30,544**
Effect of exchange differences on translation of cash and cash equivalents	(D)	1	**61**
Net increase/(decrease) in cash and cash equivalents during the year	(A) + (B) + (C) + (D)	7,590	**5,255**
Cash and cash equivalents at the beginning of the year		6,563	**1,308**
Cash and cash equivalents at the end of the year# [Refer Note D (10)]		14,153	**6,563**
# Cash and cash equivalents subject to lien [Refer Note D (10)]		3,326	2,745

Non-Cash financing and investing activities
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

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
May 5, 2020

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 Network-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 its ADRs are 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 relevant rules of Companies (Indian Accounting Standards) Rules 2015 and relevant amendments issued thereafter to the extent applicable, pronouncements of regulatory bodies applicable to the Group and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set-out in note C (22). Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

1. Statement of Compliance

The Consolidated Financial Statements comprising Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of changes in Equity, Consolidated Cash Flow Statement, together with notes for the year ended March 31, 2020 prepared in accordance with Ind AS, have been duly approved by the Board of Directors at its meeting held on May 5, 2020.

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 Right of Use Asset.

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

3A. 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) Ind AS 116 - Leases

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of Initial application. Comparatives as at and for the year ended March 31, 2019

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

have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019

On transition, the adoption of the new standard resulted in recognition of "Right of Use" asset of ₹ 40,022 and a lease liability of ₹17,869. The effect of this adoption is insignificant on the operating profit, net profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9.5% p.a.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The company recognised depreciation on "Right of Use" assets of ₹4,687 and interest from lease liabilities of ₹1,718 during the period

Detailed information given in Right of Use Assets Note. Please refer to Note D(3)

The difference between the lease obligation disclosed as of March 31, 2019 under Ind AS 17 (Refer Note 23 of the 2019 Annual Report) and the value of the lease liabilities as of April 1, 2019 is primarily on account of practical expedients exercised for low value assets and short term leases, inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116

b) Ind AS 12 - Income Taxes

Appendix C on Uncertainty over Income tax treatments is effective from April 1, 2019. Appendix C to Income Taxes clarifies the accounting for uncertainties in income taxes. The appendix is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of this appendix did not have any material impact on the consolidated financial statement of the company

Additionally, there were amendment to Ind AS 12. The amendments clarify that an entity shall recognize the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind AS 12 did not have any impact on consolidated financial statements of the Company

c) Ind AS 19 - Employee Benefits

Amendments to Ind AS 19, 'Employee Benefits' we issued, in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on consolidated financial statements of the Company.

3B. New and amended Standards not yet effective and not adopted by the Company

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020

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.

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

5. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgements, 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)]
- Estimate of Lease term and measurement of Right of Use Assets and Lease Liabilities [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 and computation of deferred taxes [Note C(18)]
- Expected Credit losses on Financial Assets [Note C(3)]
- Impairment testing [Note C(11)]

<u>Estimation uncertainty relating to global health pandemic on COVID-19</u>

Recoverability of receivables, contract assests and contract costs, carrying amount of Property, Plant and Equipment and certain investments have all been assessed based on the information available within the company and external sources such as credit reports and economic forecasts. The company has performed impairment testing and assessed that the carrying amount of these assets will be recovered. The impact of global health pandemic may be different from the date of approval of Financial Statements.

The company has assessed the external environment, short term and long term liquidity position, company's mitigative actions regarding material uncertainties related to global health pandemic on COVID-19 and the company expects these uncertainties do not cast significant doubt upon the ability of the company to coninue as going concern.

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 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) 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,

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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 purchases taxes, after deducting trade discounts and rebates 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 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. Depreciation on contract-specific assets are charged co-terminus over the contract period. Management's estimated useful lives for the year ended March 31, 2020 and March 31, 2019 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	5
Motor vehicles	3	8

The management believes that the useful lives as given above best represent the period over which management expects to use these assets.

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

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

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

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

7. Intangible assets

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

Subsequent expenditure:

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

Amortization of intangible assets with finite useful lives:

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

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

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

8. Leases

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the

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purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

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.

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

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 Network-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 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) Network Services*

Revenue from Network services includes Data network services and Voice services. Network 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 Network 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 recognize 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 recognize service revenue as the related services are performed.

In the case of fixed price contract, the group recognise 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.

* The word telecom was largely understood as providing telecommunication services to consumers and also mobility services. Since the company services were not relating to either consumer services or mobility services and that company services were limited to enterprise data network, and services on the data network that spawns multiple services around network, the said Telecom services will henceforth be referred for appropriate representation of the substance, as Network services and all businesses dependent on the Network infrastructure will be collectively referred to as Network Centric Services

(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 recognize 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 allocate the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. Standalone 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 maximise 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 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 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 assess 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 group allocate transaction price to each performance obligation based on standalone transaction price. The determination of standalone 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 an 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

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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

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is determined by reference to similar lease agreements.

(v) Share-based payment transactions

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

21. Dividend distribution to equity shareholders

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

22. Current/ non-current classification

An asset is classified as current if:

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

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

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

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

All other assets are classified as non-current.

A liability is classified as current if:

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

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

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

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

All other liabilities are classified as non-current.

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

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, 2020

Particulars	ORIGINAL COST					DEPRECIATION					NET BOOK VALUE	
	As at April 1, 2019	Adjustment on adoption of Ind AS 116	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2020	As at April 1, 2019	Adjustment on adoption of Ind AS 116	For the year	Deletions/ Adjustments during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Owned assets												
Freehold Land	-		1,472		1,472	-				-	1,472	-
Buildings	**21,488**		22,492		43,980	**6,153**		966		7,119	36,861	15,335
(As at April 1 2014)	*(15,218)*				*(15,218)*	*(2,738)*				*(2,738)*	*(12,480)*	*(12,480)*
Plant and equipment	**1,29,765**		22,009	958	1,50,816	**87,657**		11,331	744	98,244	52,572	42,108
(As at April 1 2014)	*(66,648)*			*(619)*	*(66,029)*	*(45,423)*			*(619)*	*(44,804)*	*(21,225)*	*(21,225)*
Furniture and fittings	**1,600**		3	1	1,602	**1,561**		9	1	1,569	33	39
(As at April 1 2014)	*(1,405)*			*(1)*	*(1,404)*	*(1,362)*			*(1)*	*(1,361)*	*(43)*	*(43)*
Office equipment	**6,777**		3,702		10,479	**4,283**		1,283	-	5,566	4,913	2,494
(As at April 1 2014)	*(2,314)*				*(2,314)*	*(1,819)*				*(1,819)*	*(495)*	*(495)*
Leasehold improvements	**12,169**		11,507		23,676	**8,233**		2,242		10,475	13,201	3,936
(As at April 1 2014)	*(4,871)*				*(4,871)*	*(3,916)*				*(3,916)*	*(955)*	*(955)*
Motor vehicles	**72**				72	**60**		12		72	-	12
(As at April 1 2014)	-				-	-				-	-	-
Assets acquired under lease												
Building	**2,911**	**(2,911)**			-	**1,286**	**(1,286)**			-	-	1,625
(As at April 1 2014)	*(2,911)*	**2,911**			-	*(771)*	**771**			-	-	*(2,140)*
Plant and machinery	**25,387**	**(25,387)**			-	**22,449**	**(22,449)**			-	-	2,938
(As at April 1 2014)	*(11,005)*	**11,005**			-	*(2,913)*	**2,913**			-	-	*(8,092)*
Motor vehicles	**29**	**(29)**			-	**29**	**(29)**			-	-	-
(As at April 1 2014)	*(29)*	**29**			-	*(29)*	**29**			-	-	-
	2,00,198	**(28,327)**	**61,185**	**959**	2,32,097	**1,31,711**	**(23,764)**	**15,843**	**745**	1,23,045	1,09,052	**68,487**
(As at April 1 2014)	*(1,04,401)*	*13,945*	-	*(620)*	*(89,836)*	*(58,971)*		-	*(620)*	*(54,638)*	*(35,198)*	*(45,430)*

(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, 2019

Particulars	ORIGINAL COST					DEPRECIATION					NET BOOK VALUE	
	As at April 1, 2018	Adjust-ment on adoption of Ind AS 116	Additions during the year	Deletions/ Adjust-ments during the year	As at March 31, 2019	As at April 1, 2018	Adjust-ment on adoption of Ind AS 116	For the year	Deletions/ Adjust-ments 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)*

Notes

(a) Refer note D (15) and D (19) for security given for borrowings.

(b) Refer note D (23)(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, 2020

Particulars	ORIGINAL COST					AMORTISATION					NET BOOK VALUE	
	As at April 1, 2019	Adjustment on adoption of Ind AS 116	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2020	As at April 1, 2019	Adjustment on adoption of Ind AS 116	For the year	Deletions/ Adjustments during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Undersea cable capacity	6,843		520		7,363	3,674		709		4,383	2,980	3,169
(As at April 1 2014)	*(5,533)*				*(5,533)*	*(922)*				*(922)*	*(4,611)*	*(4,611)*
System software	9,473		2,839		12,312	7,392		1,632		9,024	3,288	2,081
(As at April 1 2014)	*(4,589)*				*(4,589)*	*(4,044)*				*(4,044)*	*(545)*	*(545)*
License fees	730		50		780	391		37		428	352	339
(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)*	-	-
	18,870		**3,409**	**-**	**22,279**	**13,281**		**2,378**	**-**	**15,659**	**6,620**	**5,589**
(As at April 1 2014)	**(12,446)**		**-**	**-**	**(12,446)**	**(7,028)**		**-**	**-**	**(7,028)**	**(5,418)**	**(5,418)**

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	Adjustment on adoption of Ind AS 116	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2019	As at April 1, 2018	Adjustment on adoption of Ind AS 116	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)**

Notes

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

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

3. RIGHT OF USE ASSETS AND LIABILITIES

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	Category of ROU asset				
	Land	Building	P&M	IRU	Total
Balance as of April 1, 2019	**13,216**	**17,257**	**2,941**	**6,608**	**40,022**
Additions	875	2,035	777	24	3,711
Deletions	-	-	-	-	-
Depreciation	(179)	(2,847)	(823)	(838)	(4,687)
Elimination - Intercompany	-	-	-	(419)	(419)
Translation difference	-	33	-	37	70
Balance as of March 31, 2020	**13,912**	**16,478**	**2,895**	**5,412**	**38,697**

Particulars	Amount
Current lease liabilities	3,561
Non-current lease liabilities	14,701
Total	**18,262**

The following is the movement in lease liabilities during the Year ended March 31, 2020

Particulars	Amount
Balance as of April 1, 2019	17,869
Additions	2,553
Finance cost accrued during the period	1,718
Deletions	-
Payment of lease liabilities	(3,914)
Translation difference	36
Balance as of March 31, 2020	**18,262**

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis

Particulars	Amount
Less than one year	3,375
One to five years	6,148
More than five years	6,425
Total	**15,948**

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

	As at March 31, 2020	As at March 31, 2019
4. 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, 2019: 15,000) equity shares of ₹ 10 each fully paid up]	2	2
Investment in Sarayu Clean Gen Pvt Ltd [1,56,000 (March 31, 2019: 1,56,000) equity shares of ₹10 each fully paid up]	15	15
Investment in unquoted debt securities [Refer note (b) below]		
Investment in Attala Systems Corporation #	2,103	1,929
	2,120	**1,946**
Aggregate cost of unquoted investments	2,120	1,946

Unsecured convertible promissory note of $27.89 with Attala Systems Corporation, of which $ 7.5 (₹ 565), $ 3.75(₹ 283), $3.75 (₹ 283), $ 5.00 (₹ 377), $ 2.14 (₹ 161) and $ 5.75 (₹ 434). Actual maturity of the above investments was on 17th October 2019, 4th January 2020 , 4th April 2020 , 30th October 2020, 1st January 2021 and 27th November 2021 respectively. The same has been amended on 15th October 2019 and the maturity date has been extended to 30th October 2021 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, 2020	As at March 31, 2019
5. TRADE RECEIVABLES - NON-CURRENT		
Long term trade receivables (Unsecured, considered good)	564	551
	564	**551**
6. OTHER FINANCIAL ASSETS - NON-CURRENT		
Security deposits	2,656	2,741
Interest accrued on investments	283	162
Bank deposits*	-	385
	2,939	**3,288**

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

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

	As at March 31, 2020	As at March 31, 2019
7. OTHER NON-CURRENT ASSETS		
Capital advances	2,703	8,227
Others:		
Prepaid expenses	2,964	6,638
Lease prepayments	-	13,279
Deferred Contract costs	382	306
	6,049	**28,450**
8. INVENTORIES		
Trade inventories	13,021	17,153
	13,021	**17,153**
9. TRADE RECEIVABLES		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	99,020	1,02,700
Total	99,020	1,02,700
Loss Allowance *	(2,706)	(2,725)
Total Trade receivables	96,314	**99,975**

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	2,725	2,092
Add: Additional allowance during the year	4,797	5,363
Less: Bad debts written off	(4,816)	(4,730)
Balance at the end of the year	2,706	**2,725**

	As at March 31, 2020	As at March 31, 2019
10. CASH AND CASH EQUIVALENTS		
(a) Balance with banks		
(i) in current accounts	20,953	17,552
(ii) deposits	2,157	1,332
(b) Other bank balances		
(i) Bank deposits [Refer note below]	3,326	2,745
(ii) Unpaid dividend account	*	*
(c) Cheques on hand	69	461
(d) Cash on hand	5	5
	26,510	**22,095**

*amount is below rounding off norm adopted by the Group

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

		As at March 31, 2020	As at March 31, 2019
Note			
Balances in deposit accounts subject to lien in favour of banks for obtaining bank guarantees /letter of credits		3,326	2,745
Cash and cash equivalents for the purpose of Cash Flow Statement:			
Cash and cash equivalents as above		26,510	22,095
Less: Bank overdraft used for cash management purposes [Refer note 19 (d)]		(12,357)	(15,532)
		14,153	**6,563**

11. OTHER FINANCIAL ASSETS

		As at March 31, 2020	As at March 31, 2019
Security deposits		632	721
Interest accrued on advances and deposits		75	60
Other receivable		622	0
		1,329	**781**

12. OTHER CURRENT ASSETS

		As at March 31, 2020	As at March 31, 2019
Advances other than capital advances:			
Balances with GST, service tax and sales tax authorities		9,335	6,620
Prepaid expenses		5,375	3,785
Advance tax and tax deducted at source		11,716	16,493
Contract Assets (Unbilled revenue)		161	336
Deferred Contract costs		638	824
Lease prepayments		-	221
Other advances		1,952	2,487
	(A)	29,177	**30,766**
Unsecured, considered doubtful			
Advances other than capital advances		842	1,219
Less: Provision for doubtful advances (Refer note (a) below)		(842)	(1,219)
	(B)	-	-
	(A) +(B)	29,177	**30,766**

	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) The activity in allowance for doubtful advances are given below:		
Balance at the beginning of the year	1,219	**994**
Add: Additional provision during the year	-	225
Less: Advance written off / adjustments	(377)	-
Balance at the end of the year	842	**1,219**

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

	As at March 31, 2020	As at March 31, 2019
13. EQUITY SHARE CAPITAL		
Authorized		
20,40,00,000 (March 31, 2019: 20,40,00,000) equity shares of ₹10 each	20,400	20,400
Issued		
17,92,23,247 (March 31, 2019: 17,91,44,347) equity shares of ₹10 each	17,923	17,915
Subscribed and fully paid		
17,92,23,247 (March 31, 2019: 17,91,44,347) equity shares of ₹10 each fully paid up	17,923	17,915
	17,923	17,915
Forfeited shares		
Amount originally paid up on 1,28,23,202 equity shares	128	128
	18,051	**18,043**

(a) The equity shares are the only class of share capital having a par value of ₹10 per share. Of the above, 3,96,92,595 (Previous year : 3,96,13,695) 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 previous year ended March 31, 2019, these shares are fully paid to the extent of ₹10. Also refer note D (48).

(d) Of the total outstanding shares,12,50,00,000 shares (March 31, 2019: 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.

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

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount paid-up	Number of shares	Amount paid-up
Number of shares outstanding at the beginning of the year	17,91,44,347	18,043	17,86,84,647	15,184
Add:Shares issued on exercise of ASOP	78,900	8	4,59,700	46
Add:Call money received	-	-	-	2,813
Number of shares outstanding at the end of the year	17,92,23,247	18,051	**17,91,44,347**	**18,043**

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

	As at March 31, 2020		As at March 31, 2019	
	Number of Shares held	% holding	Number of Shares held	% holding
Ramanand Core Investment Company Private Limited @	12,50,00,000	69.75%	12,50,00,000	69.78%
Infinity Satcom Universal Private Limited	1,45,30,000	8.11%	1,45,30,000	8.11%
Infinity Capital Ventures, LP	1,39,02,860	7.76%	1,39,02,860	7.76%

@These shares are fully paid-up to the extent of ₹10 per share

Also refer note D (48)

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

		As at March 31, 2020	As at March 31, 2019
14. OTHER EQUITY			
14.1 Reserves and surplus			
Securities premium			
Securities premium account balance		1,96,150	1,89,569
Add: Transfer from Stock option outstanding account in respect of options exercised during the year		13	84
Add: additions during the year		45	6,497
	(A)	1,96,208	1,96,150
General reserve			
Balance at the beginning of the year		671	633
Add: Transferred from stock options outstanding account		54	38
	(B)	725	671
Retained earnings			
Opening balance		35,687	27,560
Impact of change in accounting policy		-	(382)
Adjusted Opening balance		35,687	27,178
Adjustments:			
Add: Profit for the year		7,054	10,687
Less: Appropriations			
Dividend paid {₹ 1.2 per share (PY: ₹ 1.2 per share)}		(1,855)	(1,807)
Dividend distribution tax paid		(384)	(371)
	(C)	40,502	35,687
	(D) = (A)+(B)+(C)	2,37,435	2,32,508
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)	93,510	88,583
14.2 Other components of Equity			
Stock option outstanding account			
Opening Balance		687	761
Add: Employee stock compensation cost for the year		464	48
Less: Transfer to securities premium in respect of options exercised during the year		(13)	(84)
Less: Transfer to general reserve in respect of grants lapsed during the year		(54)	(38)
	(F)	1,084	687
Exchange differences on translation of foreign operations			
Balance at the beginning of the year		324	141
Add: Additions during the year		282	183
	(G)	606	324
Remeasurement of net defined benefit liability/asset			
Opening Balance		135	108
Add: Additions during the year		108	27
	(H)	243	135
	(E)+(F)+(G)+(H)	95,443	89,729

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

	As at March 31, 2020	As at March 31, 2019

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.

15. BORROWINGS

	As at March 31, 2020	As at March 31, 2019
15.1. Term Loans		
Secured		
From banks [Refer Note (a) to (c) below]	22,061	14,080
Unsecured		
From banks [Refer Note (d)]	5,854	6,015
From others [Refer Note (e) to (f)]	9,496	13,190
(A)	**37,411**	**33,285**
15.2. Lease Liabilities		
Long term maturities of finance lease obligations [Refer Note (g) to (i)]	549	270
Other Lease Liabilities - Non Current	14,152	-
(B)	**14,701**	**270**
(A) + (B)	**52,112**	**33,555**

a. Of total balance of ₹18,110 including current maturities (Previous Year:₹ 13,869) an amount of ₹ Nil (Previous Year: ₹ 375) 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 ₹ 20,661 (Previous year :₹ 9,719) including current maturities is primarily secured against the specific project receivables of the company.

b. An amount of ₹ Nil (Previous Year: ₹ 1,166) 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 ₹ 371 (Previous Year: ₹ 1,022) is primarily secured by plant and machinery at 4th floor of Rabale Tower I and ₹ 1,250 (Previous Year: ₹ 1,964) 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 ₹ 4,334 (Previous Year: ₹ 3,926) is primariliy secured by moveable fixed assets at Rabale Tower II Data center (1st & 2nd floor) funded by Term Loan

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

	As at March 31, 2020	As at March 31, 2019

and collaterally secured by property at Vashi (fifth floor) in Mumbai. An amount of ₹ 4,164 (Previous Year: ₹ 5,415) 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 19(b)(ii)). An amount of ₹ 2742 (Previous Year : ₹ Nil) is primarily secured by moveable fixed assets funded out of Term Loan. An amount of ₹ 1030 (Previous Year : ₹ Nil) is primarily secured by moveable fixed assets funded out of Term Loan. An amount of ₹ 1421 (Previous Year : ₹ Nil) is primarily secured by moveable fixed assets funded out of Term Loan.

c. The term loans bear interest rate ranging from 3.50% to 5.30% plus 6 months LIBOR in the case of Foreign currency term loans and 8.80% to 10.25% for others (Previous Year: 9.00% to 10.50%) 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% to 5.75% for Buyers' Credit and 9.00% to 9.75% 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 10.85% (Previous Year: 8.59% 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 10.70% (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.

The current maturities of borrowings are as under:

		As at March 31, 2020	As at March 31, 2019
Secured			
Term loan from banks		7,181	5,580
Loan from others		-	-
Current maturities of finance lease obligations		499	699
Unsecured			
Term loan from banks		2,172	4,056
Loan from others		11,675	11,222
		21,527	**21,557**

16. OTHER FINANCIAL LIABILITIES - NON-CURRENT

		As at March 31, 2020	As at March 31, 2019
Security deposits		154	110
Other liabilities		180	1,614
		334	**1,724**

17. PROVISIONS

		As at March 31, 2020	As at March 31, 2019
Provisions for employee benefits - current			
Compensated absences		160	156
	(A)	**160**	**156**
Provisions for employee benefits - non-current			
Gratuity		1,261	1,196
Compensated absences		513	512
	(B)	**1,774**	**1708**
	(A) + (B)	**1,934**	**1,864**

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

	As at March 31, 2020	As at March 31, 2019
18. OTHER NON-CURRENT LIABILITIES		
Contract Liability (Unearned income)	9,818	10,224
	9,818	**10,224**
19. BORROWINGS (SHORT-TERM)		
Loans repayable on demand from banks - Secured [Refer notes (a) to (d) below]		
Working capital facilities	31,857	27,332
Buyers' credit from banks	2,359	639
Loans repayable on demand from banks – Unsecured		
Short term loan	-	-
Buyers' credit from banks	728	-
	34,944	**27,971**

(a) The above facilities amounting to ₹ 34,216 (Previous Year : ₹ 27,971), bank guarantees and non fund limits availed by the Group are primarily secured by way of pari-passu first charge on the entire current assets of the Group to all working capital bankers under consortium.

(b) In addition to the above, out of these loans repayable on demand from banks,

(i) exposure amounting to ₹ 25,106 (Previous Year : ₹ 20,214) is secured collaterally by way of pari-passu charge on the unencumbered movable fixed assets of the Group, both present and future.

(ii) exposure amounting to ₹ 15,300 (Previous Year : ₹ 13,426) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai and Vashi 6^{th} floor, Vile Parle at Mumbai.

(iii) exposure amounting to ₹ 9,838 (Previous Year : ₹ 7,758) is collaterally secured by equitable mortgage over the land and building and specific movable fixed assets at Noida, Uttar Pradesh.

(iv) the exposure amounting to ₹ 6,569 (Previous Year : ₹ 4,439) is collaterally secured by equitable mortgage over the Vashi 5^{th} floor property at Mumbai.

(c) These working capital facilities bear interest ranging from 7.9% p.a. to 10.7% p.a. [Previous year: 4.15% to 10.75% p.a.] and these facilities are subject to renewal annually.

(d) Working capital facilities comprises the following:

Bank overdraft	12,357	15,532
Other working capital facilities	19,500	11,800
	31,857	**27,332**
20. 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	65,384	62,797
Other payables	6,396	5,112
	71,780	**67,909**

* There are no dues payable to micro, small and medium enterprises as on March 31, 2020 (Previous year - Nil) - Refer note 47

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

	As at March 31, 2020	As at March 31, 2019
21. OTHER FINANCIAL LIABILITIES		
Capital creditors	9,242	3,109
Current maturities of long term debt**	9,353	9,636
Current maturities of other loans**	11,675	11,222
Current maturities of finance lease obligations**	499	699
Other Lease liabilities current	3,062	0
Interest accrued but not due on borrowings	454	524
Deposits from customers	565	1155
Other payables	2,064	1,835
Unpaid dividends	*	*
	36,914	28,180

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

**Also refer note D(15)

22. OTHER CURRENT LIABILITIES		
Advances received from customers	4,134	4,634
Statutory payables	831	1,085
Contract liability (Unearned income)	14,729	13,338
Other payables	1,416	1,152
	21,110	20,209

23. 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 ₹ Nil (Previous Year - ₹ 80).

(ii) Contingencies due to certain Service Tax claims as at March 31, 2020 amounted to ₹ 4,349 (Previous Year: ₹ 4,430).

(iii) Contingencies due to certain Sales Tax claims as at March 31, 2020 amounted to ₹94 (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	61,408	31,577

(c) Other commitments

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

As of March 31, 2020, the company is holding 58 (Previous year : 58) licenses with a corresponding export obligation of ₹ 48,511 (Previous year : ₹ 48,511). 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.

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
24. REVENUE FROM OPERATIONS		
Sale of Services *	2,11,258	1,96,402
Sale of Products	18,263	19,067
	2,29,521	**2,15,469**
Revenue attributable to Unified license [Refer Note D (42)(a)]	1,20,834	1,05,168
Revenue not attributable to Unified license	1,08,687	1,10,301
	2,29,521	**2,15,469**

*includes lease income amounting to ₹ Nil for current year (Previous year- ₹ 200)

Note :1. Revenue disaggregation as per business segment and geography has been included in segment information (See Note 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	11,949
One to three years	4,928
Three years or more	1,255

	For the year ended March 31, 2020	For the year ended March 31, 2019
25. OTHER INCOME		
Interest income		
From banks	321	260
Others*	1,618	202
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	-	72
Deposits/advances no longer payable, written back	440	-
Rental income	212	965
Miscellaneous income	421	1136
	3,012	**2,635**

*Interest from others includes interest income from Income tax refund ₹ 1,456 (Previous year : ₹ 78)

	For the year ended March 31, 2020	For the year ended March 31, 2019
26. COST OF GOODS SOLD AND SERVICES RENDERED		
A. Cost of services rendered		
Networking costs	61,780	56,295
Other direct costs	19,792	27,841
Power expenses	15,949	13,489
	97,521	**97,625**
B. Purchases of Stock in trade	28,242	38,856
C. Changes in inventories - Stock in Trade		
Opening inventory	17,153	6,458
Less: Closing inventory	(13,021)	(17,153)
	4,132	**(10,695)**
	1,29,895	**1,25,786**

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
27. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	29,211	26,558
Contribution to provident and other funds*	1,651	1,573
Staff welfare expenses	371	265
Share-based payments to employees [Note D (38)]	464	48
	31,697	**28,444**

*Also refer note D (35)

	For the year ended March 31, 2020	For the year ended March 31, 2019
28. FINANCE COSTS		
Interest	7,297	5,904
Other borrowing costs (including letters of credit and bill discounting charges)	1,183	978
Interest on lease liability	1,718	-
Exchange differences regarded as an adjustment to borrowing costs	342	402
	10,540	**7,284**
29. OTHER EXPENSES		
Commission expenses	629	544
Communication expenses	214	283
Rent	1,976	5,496
Rates and taxes	249	849
Travelling expenses	1,768	1,597
Power and fuel expenses	1,551	1,489
Legal and professional	1,242	1,213
Payment to auditors		
- Statutory audit fees	38	35
- Other services	33	28
Repairs and maintenance expenses		
- Plant and machinery	2,156	1,623
- Buildings	1,152	511
- Others	4,035	3,680
Insurance	767	602
Outsourced manpower costs	3,381	4,047
Advertisement, selling and marketing expenses	670	1,097
Loss on foreign exchange fluctuation (net)	30	519
Loss on sale of property, plant and equipment (Net)	102	-
Contribution towards Corporate Social Responsibility [Refer note D(49)]	172	137
Allowance for bad and doubtful debts	4,797	5,363
Miscellaneous expenses	2,334	1,424
	27,296	**30,537**

(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, 2020

(i) Long term borrowings *

				Non cash movement			
Particulars	**As at April 01, 2019**	**Availment**	**Repayment**	**Assets acquired on lease**	**Foreign exchange movement**	**Fair value changes**	As at March 31, 2020
Term loans from Bank	29,731	17,587	(10,258)		208	-	37,268
Term loans from Others	24,412	9,957	(13,106)	-	-	(92)	21,171
Finance lease obligations	969	777	(698)	-	-	-	1,048
Total	55,112	28,321	(24,062)	-	208	(92)	59,487

*including current maturities

(ii) Short term borrowings

Particulars	**As at April 01, 2019**	**Net Availment**	**Foreign exchange movement**	As at March 31, 2020
Working capital facilities excluding overdraft*	11,800	7,700		19,500
Other short term borrowing	639	2,231	217	3,087
Total	**12,439**	**9,931**	**217**	22,587

* Bank overdrafts are used for cash management purposes [Refer Note D (10)]

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**	**Availment**	**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**	**Net Availment**	**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 (10)]

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

	As at March 31, 2020	As at March 31, 2019

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, 2020	As at March 31, 2019
Recognised deferred tax assets/liabilities		
Deferred tax assets on temporary deductible difference		
Property, plant and equipment	1,812	2,723
Lease liability/Right of Use Assets	330	-
	2,142	**2,723**
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(1,812)	(1,467)
Finance lease obligations	-	(1,256)
	(1,812)	**(2,723)**
Unused tax credits		
Mat Credit Entitlement	663	2,360
Net deferred tax asset (liability) recognised in Balance Sheet	993	**2,360**

The Company has recognised deferred tax assets araising 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.

Movement in temporary differences during current and previous year

	Property, Plant and Equipment	Intangible assets	Finance lease obligations	Leases under Ind AS 116	MAT Credit entitlement
Balance as at March 31, 2018	2,935	(1,470)	(1,465)		
Recognised in income statement	(212)	3	209		2,360
Recognised in Equity	-	-	-		
Balance as at March 31, 2019	**2,723**	**(1,467)**	**(1,256)**		**2,360**
Recognised in income statement	(911)	(345)	1,256	330	(1,697)
Recognised in Equity	-	-	-	-	-
Balance as at March 31, 2020	**1,812**	**(1,812)**		**330**	**663**

Unrecognised deferred tax asset

	As at March 31, 2020	As at March 31, 2019
Deductible temporary differences	5,930	5,183
Unrecognised tax losses		
- unabsorbed depreciation	-	1,041
- business loss	71	137
Unrecognised deferred tax asset	6,001	6,361

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Income tax expense recognized in profit or loss		
Current tax expense/ (reversal)	3,457	2,387
Deferred tax expense	(314)	(2,360)
	3,143	**27**
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	10,197	10,714
Enacted tax rates in India	34.94%	34.94%
Computed expected tax expense/(benefit)	3,563	3,744
Effect of :		
Share based payment expenses not deductible for tax purposes	-	4
Unrecognised deferred tax asset on temporary differences	846	484
Difference on account of differential tax rates in different jurisdictions	71	(19)
Recognition of temporary differences	(331)	-
Expenses/income not taxable	-	
Recognition of previously unrecognized tax losses	(1,006)	(4,186)
	3,143	**27**

32. PAYMENTS TO DIRECTORS

(other than managing director and executive director)

Sitting fees	15	13
Consultancy fees	3	3

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Weighted average number of shares - Basic		
Issued fully paid up ordinary shares as on April 1,	17,91,44,347	5,36,84,647
Effect of shares issued on exercise of stock options	35,938	2,26,075
Effect of partly paid shares (Refer note below)	-	10,04,19,521
Weighted average number of equity shares outstanding	17,91,80,285	**15,43,30,243**

Note: During the year 2010-11, 12,50,00,000 ordinary shares were issued to the existing promoter group on a private placement basis. Refer note D(48).

(b) Weighted average number of shares - Diluted		
Weighted average number of equity shares outstanding	17,91,80,285	15,43,30,243
Dilutive impact of associated stock options*	14,62,892	14,27,183
Weighted average number of equity shares for diluted earnings per share	18,06,43,177	**15,57,57,426**

*The Company has issued Associate Stock Options of which 1,10,56,100 (Previous year - 45,88,300) options are outstanding as at March 31, 2020. 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, 2020 are as follows:

Particulars	As at March 31, 2020		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	32	2,392
	GBP	1	101
Debtors	GBP	*	38
	USD	164	12392
	CHF	-	-
	EUR	*	39
			12,469
Amounts payable in foreign currency on account of:			
Creditors	EUR	1	21
	CAD	-	*
	USD	102	7,709
	DHS	*	10
	GBP	*	*
	HKD	*	*
	CHF	-	-
	SGD	1	27
			7,767
Foreign currency long term loan	USD	34	2,542
Foreign currency short term borrowings	USD	63	4,762

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

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

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
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	1,451	1,316
Service cost	289	260
Interest cost	101	96
Remeasurement (gain)/losses	(129)	(52)
Benefits paid	(148)	(169)
Projected benefit obligation at the end of the year	1,564	**1,451**
Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	255	325
Interest income	18	25
Employer contributions	200	99
Benefits paid	(148)	(169)
Return on plan assets, excluding amount recognised in net interest expense	(21)	(25)
Fair value of plan assets at the end of the year	304	255
Amount recognised in the Consolidated Balance Sheet		
Present value of projected benefit obligation at the end of the year	1,564	1,451
Fair value of plan assets at the end of the year	(304)	(255)
Funded status amount of liability recognised in the Balance Sheet	1,260	**1,196**
Expense recognised in the Consolidated Statement of Profit and Loss		
Service cost	18	260
Interest cost	200	96
Interest income	304	(25)
Net gratuity costs	522	331
Actual return on plan assets	(325)	-
Summary of actuarial assumptions		
Discount rate	5.60% p.a.	6.95% p.a.
Expected rate of return on plan assets	5.00% p.a.	7.00% p.a.
Salary escalation rate	0% for the first year and 5% thereafter	7.00% p.a.
Average future working life time	4.37 years	4.37 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 ₹ 1,533 to its gratuity fund during the year ending March 31, 2021.

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

	As at March 31, 2020	As at March 31, 2019
The expected cash flows over the next few years are as follows:		
1 year	294	256
2 to 5 years	908	880
6 to 10 years	583	611
More than 10 years	303	371

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2020 and March 31, 2019, by asset category is as follows:

	March 31, 2020	March 31, 2019
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, 2020 and March 31, 2019 are as follows:

Remeasurement (gain) /loss arising from		
- change in demographic assumptions	(0)	-
- change in financial assumptions	(120)	23
- experience variance	(9)	(75)
- return on plan assets, excluding amount recognised in net interest expense/income	21	25
	(108)	**(27)**

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, 2020		March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	1,639	1,495	1,522	1,386
(% change compared to base due to sensitivity)	4.8%	-4.4%	4.9%	-4.5%
Salary Growth rate (-/+ 1%)	1,495	1,637	1,387	1,519
(% change compared to base due to sensitivity)	-4.4%	4.7%	-4.4%	4.7%

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 ₹ 1,179 and ₹ 1,155 for the year ended March 31, 2020 and March 31, 2019 respectively. The Group has contributed to 401(K) plan on behalf of eligible employees amounting to ₹ 99 (March 31, 2019: 87) during the year ended March 31, 2020.

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

36. SEGMENT REPORTING

The Company's operating segments are as follows:

a. Network-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. Applications Integration Services	Consists of application development and maintenance, application testing, information security, mobility solutions, eLearning, portals, tools, process and automation
iv. Technology Integration Services	Consists of data centre build, network integration, end user computing and collaborative tools and solutions

* The word telecom was largely understood as providing telecommunication services to consumers and also mobility services. Since the company services were not relating to either consumer services or mobility services and that company services were limited to enterprise data network, and services on the data network that spawns multiple services around network, the said Telecom services will henceforth be referred for appropriate representation of the substance, as Network services and all businesses dependent on the Network infrastructure will be collectively referred to as Network Centric Services

Network-centric services: The Network 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 10 Concurrently Maintainable Data Centers, of which five are located in Mumbai (Bombay), one each at Noida (Delhi), Chennai (Madras), Bengaluru, Kolkata and Hyderabad 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.

(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 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 Network 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.

The Group's operating segment information for the year ended March 31, 2020 is presented below:

Particulars	**Network-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	1,26,770	38,237	15,943	30,379	18,192	1,02,751	2,29,521
Operating expenses	(94,939)	(20,760)	(15,504)	(28,542)	(16,436)	(81,242)	(176,181)
Segment operating income / (loss)	31,831	17,477	439	1,837	1,756	21,509	53,340
Unallocable expenses							(12,575)
Operating income							40,765
Other income							971
Foreign exchange gain / (loss), net							(30)
Profit / (loss) before interest, depreciation and tax							41,706
Interest income / (expenses), net							(8,601)
Depreciation, amortisation and impairment							(22,908)

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

Particulars	Network-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)	
Profit before tax							10,197
Income tax (expense)/recovery							(3,143)
Profit after taxes							7,054

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

Particulars	Network-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 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 Network service segment. Accordingly, the segment information has been presented.

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, 2020	1,78,088	51,433	2,29,521
Year ended March 31, 2019	1,68,795	46,674	2,15,469

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.

37. 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 Group has had transaction during the period ended March 31, 2020 and March 31, 2019 are as follows:

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

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%

(b) Related party transactions and balances

Following is a summary of related party transactions for the year ended March 31, 2020:

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	3
Sitting fees paid	-	-	15
Salaries and other short term benefits*	-	-	415
Contributions to defined contribution plans*	-	-	17
Share based payment transactions*	-	-	91
Lease rentals paid**	12	67	-
Dividend paid	1,379	174	-
Advances given	-	30	-
Amount of outstanding balances			
Advance lease rentals and refundable deposits made**	-	56	-
Lease rentals payable**	-	8	-

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**	**-**

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

**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.

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. Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective June 1, 2019 on a rent of ₹ 5.56 per month and payment of additional refundable security deposit of ₹ 30. 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, 2020. 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 72,20,000. 3,35,000, 1,50,000, 5,25,000 and 1,84,300 options to employees during the year 2019-20, 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
66,12,700	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.
33,67,800	Category III	2/5th of the options vest at the end of two years from the date of grant. The remaining 3/5th vests at the end of every half year during third, fourth and fifth years in 6 equal instalments.

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

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

No. of options granted, exercised and forfeited	**For the year ended**	
	March 31, 2020	**March 31, 2019**
Outstanding at the beginning of the year	45,88,300	51,80,440
Granted during the year	72,20,000	3,35,000
Forfeited and expired during the year	(6,73,300)	(4,67,440)
Exercised during the year	(78,900)	(4,59,700)
Outstanding at the end of the year	1,10,56,100	**45,88,300**
Vested and exercisable at the end of the year	42,81,090	44,41,848
Weighted average exercise price in ₹	70.90	78.84
Remaining contractual period	0.80 - 4.84 years	0.80 - 5.84 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 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, 2020 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2020	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	57.66 - 146.23	1,10,56,100	70.90	0.80 - 4.84 years

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

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

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

Assumptions

Grant date	Apr 22, 2019	Jul 24, 2019	Jul 24, 2019	Oct 19, 2019
Category	Category III	Category II	Category III	Category III
Current market price	106.21	99.34	99.34	101.09
Exercise price	95.59	89.41	89.41	90.98
Expected term	2-5 years	1-4 years	2-5 years	2-5 years
Volatility	31.84% to 65.95%	33.07% to 65.08%	33.07% to 65.08%	31.53% to 60.63%
Dividend yield	12%	12%	12%	12%
Discount rate	2%	2%	2%	2%

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, 2020 and March 31, 2019 are given below:

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Forward/Option contracts (Sell)	USD	21	Nil
Forward/Option contracts (Buy)	USD	Nil	26
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	(3)	46

The Company recognized a net loss on the forward contracts of ₹ 87 (Previous year : Net loss of ₹ 92) for the year ended March 31, 2020.

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, 2020	As at March 31, 2019
Forward/Option contracts (Buy)	(USD) (Sell)	(USD) (Buy)
Not later than one month	-	2
Later than one month and not later than three months	21	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, 2020.

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

iii. **Interest rate swap:**

The Group has entered into Interest Rate Swaps in order to hedge the cash flows arising out of the Interest payments of the underlying USD term loan . The period of the swap contract is co terminus with the period of the underlying term loan. As per the terms of the arrangement, the Group shall pay fixed rate of interest (ranging from 6.3% to 6.5%) and receive variable rate of interest equal to LIBOR + fixed rate (ranging from LIBOR + 3.5% to LIBOR + 4.5%) on notional amount. The swap arrangement is marked to market at the end of every period and losses are recognised in the Statement of Profit and Loss.

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, 2020		As at March 31, 2019	
	Receivable (USD)	Payable (USD)	Receivable (USD)	Payable (USD)
Less than 1 year	*	*	1	1
One to two years	-	-	*	*
Two to three years	-	-	-	-
Three to four years	-	-	-	-
Four to five years	-	-	-	-
Total cash flows	0	0	**1**	**1**

* Amount below rounding off norm adopted by the Group

Total notional amount outstanding as on March 31, 2020 is USD 5 (Previous Year: USD 32)

The Group recognized a net loss on the interest rate swaps of ₹ 17 (includes mark to market gain of ₹ 4) during the year ended March 31, 2020 (Previous year : net loss on the interest rate swaps of ₹ 38 (includes mark to market gain of ₹ 12).

b. **Financial instruments by category**

The carrying value and fair value of financial instruments by each category as at March 31, 2020 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	2103	-	17	2,120	2,120
Trade receivables	96,878	-	-	96,878	96,878
Cash and cash equivalents	26,510	-	-	26,510	26,510
Other financial assets	4,268	-	-	4,268	4,268
Liabilities					
Borrowings from banks	59,855	-	-	59,855	59,855
Borrowings from others	21,171	-	-	21,171	21,171
Bank overdraft	12,357	-	-	12,357	12,357
Lease Liabilities	18,262	-	-	18,262	18,262
Trade payables	71,776	-	-	71,776	71,776
Other financial liabilities	12,659	-	-	12,659	12,659
Derivative financial instruments	-	4	-	4	4

(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, 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

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2020 and March 31, 2019 that the Group has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2020	As at March 31, 2019
Trade receivables	95,234	98,827
Cash and cash equivalents	25,084	20,282
Other financial assets	4,462	3,739
	1,24,780	**1,22,848**

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, 2020			Fair value as of March 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets - gain on outstanding option/forward contracts	-	-	-	-	-	-
Liabilities						
Derivative financial liabilities - loss on outstanding option/forward contracts	-	-	3	-	-	46
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	-	-	-	-
Derivative financial liabilities - loss on outstanding interest rate swaps	-	-	1	-	-	5

(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

	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Financial assets at amortised cost		
Interest income on bank deposits	321	260
Interest income on other financial assets	162	202
Impairment on trade receivables	(4,797)	(5,363)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	4	12
(c) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(1,718)	(147)
Interest expenses on borrowings from banks, others and overdrafts	(7,643)	(6,171)

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. The expected credit loss over life time of the asset is after consideration of current economic conditions prevailing on the date of approval of financial statements taking into account impact of global health pandemic COVID 19. The actual impact could be different.

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)

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, 2020 and March 31, 2019 was as follows:

	As at March 31, 2020	As at March 31, 2019
Trade investments	2,120	1,946
Trade receivables	96,878	1,00,526
Cash and cash equivalents	26,510	22,095
Other financial assets	4,268	4,069
	1,29,776	**1,28,636**

Financial assets that are past due but not impaired

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

Period (in days)	March 31, 2020	**March 31, 2019**
Past due 181 - 270 days	11,352	13,291
Past due 271 - 365 days	3,165	3,666
More than 365 days	16,181	12,151
	30,698	**29,108**

See note D (9) 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, 2020 amounts to ₹ 65,690 (March 31, 2019: ₹ 71,418) and impairment has not been recorded on the same.

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:

As at March 31, 2020

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	59,855	66,115	35,337	22,149	8,629	-
Borrowings from others	21,171	23,705	13,418	10,057	230	-
Bank overdraft	12,357	12,357	12,357	-	-	-
Lease Liabilities	18,262	29,672	4,645	6,107	4,082	14,838
Trade payables	71,776	71,776	71,776	-	-	-
Other financial liabilities	12,659	12,659	12,659	-	-	-
	1,96,080	2,16,283	1,50,192	38,313	12,941	14,838

(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	> 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**	**-**

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.

The Group's exposure to foreign currency risk as at March 31, 2020 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loan	Net Balance Sheet exposure
USD	32	164	(102)	(97)	(3)
GBP	1	*	-	-	1
EUR	-	*	(1)	-	(1)
SGD	-	-	(1)	-	(1)
DHS	-	-	*	-	*

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 loan	Net Balance Sheet exposure
USD	28	127	(77)	(114)	(36)
EUR	-	*	(1)	-	1
DHS	-	-	*	-	*

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

A 10% strengthening of the rupee against the respective currencies as at March 31, 2020 and March 31, 2019 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 2019.

	Other comprehensive income	Profit/(loss)
March 31, 2020	-	120
March 31, 2019	-	255

A 10% weakening of the rupee against the above currencies as at March 31, 2020 and March 31, 2019 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, 2020	March 31, 2019
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	5,483	4,462
- Investment in debt securities	2,103	1,929
Financial liabilities		
- Borrowings from banks	3,087	639
- Borrowings from others	22,219	24,412
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	56,768	41,531
- Bank overdrafts	12,357	15,532

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 2020.

	Equity	Profit or (loss)
March 31, 2020	-	(562)
March 31, 2019	-	(449)

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

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

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, 2020 is ₹ 113,494 (Previous Year: ₹ 107,772).

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, 2020	As at March 31, 2019
Debt		94,431	**83,083**
Less: cash and bank balances		(26,510)	**(22,095)**
Net debt	**A**	67,921	**60,988**
Equity	**B**	1,13,494	**1,07,772**
Net debt to Equity ratio	**A/B**	60%	**57%**

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

DoT had issued separate licenses to Sify Technologies Ltd (Sify) for providing Internet, National Long Distance & International Long Distance services.. The license fee was payable to the DoT on the Adjusted Gross Revenue (AGR) as per the terms of each license. Sify has been regularly paying license fee on the revenue arising out of services as per the license conditions.

DoT has raised demands on service providers providing Internet, NLD, ILD services etc. demanding license fee on the revenue made by the service providers from other business income such as Data Centre, Cloud, application services, power, Gas, etc. DoT contended that all the income of the company irrespective of the business was required to be considered as part of 'income' for the purpose of calculation of the license fee. The Internet Service Providers through its association ISPAI challenged DoT's demand by way of separate petitions. The company filed a Writ Petition before Hon'ble Madras High Court challenging the demand made by DoT on the Income accruing from other business units which is still pending. Meanwhile TDSAT passed a separate order in favour of Access Telecom service providers & Internet Service Providers.

DoT subsequently challenged the order of TDSAT passed in favour of Access Telecom Service Providers before Hon'ble Supreme Court of India. The Hon'ble Supreme Court by its order dated 24.10.2019 set aside the order of the TDSAT & held that Access Telecom Service Providers should pay the license fee as per its license conditions. DoT attempted to apply the judgement of the Hon'ble Supreme Court on the Service Providers providing ISP, NLD, ILD services. These Service providers which had different license conditions and having revenue from other business units approached the Hon'ble Supreme Court stating that Hon'ble Supreme Court judgement dated 24.10.2019 on the access Telecom Service Providers is not applicable to other services providers as license conditions were different from the Access Telecom Service Providers. The Hon'ble Supreme Court chose not to hear the petitions and directed the other service providers to approach the appropriate forum. The Company which had approached Hon'ble 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 obtained stay of the demands. The

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Hon'ble Court restrained DoT from recovering the license fee in respect of non- telecom activities and the case is pending for hearing. The Company believes that it has adequate legal defenses against the demand raised by DoT 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. ISPAI, association representing the internet service providers including the company issued a letter to DoT stating that the Hon'ble Supreme Court judgement dated 24.10.2019 is not applicable to Internet Service Providers and the license conditions are different. The Company which had received notices for earlier years from DoT claiming Licence fee on the total Income (including income from Non Licensed activities) has already responded to these notices stating that licence fees are not payable on income from non-licensed activities. The Company believes that it has adequate legal defenses against these notices and that the ultimate outcome of these actions may not have a material adverse effect on the Company's financial position and result of operations." DoT in its written submission made before the Hon'ble Supreme Court had clearly mentioned that non telecom revenue would stand excluded from the purview of the gross revenue . In 2017, the Hon'ble Tripura High Court held that Service Providers are not liable to pay license fee on the income accruing from other businesses.

(ii) The present license for ISP under Unified License issued by DOT on June 2, 2014 provides for payment of License 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 License 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. However TDSAT by its order dated 18.10.2019 held that license fee is not chargeable on the Internet Service Providers.

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, 2020, 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 ₹ 883 (March 31, 2019: ₹ 916)] on the Group's financial position and results of operations.

c) The Group 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 Group 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.

d) During the year, Directorate General of Goods and Services Tax Intelligence (DGGI) did an inspection based on the analysis of service tax returns filed by the Group in the past. The Group has been categorising services relating to e-Learning and Infrastructure Management Services provided to foreign customers billed in convertible foreign currency under OIDAR services while filing its half-yearly service tax return. However, based on the Place of Provision of Services Rules then applicable under the Finance Act, 1994, Service Tax has to be paid for OIDAR services provided to foreign customers even if the conditions for qualifying as export of services are met. Hence, the DGGI contended that Service Tax should be paid on the services classified as OIDAR services in the returns. The total contended during the period April 2014 to November 2016 of Service Tax was ₹ 1,618 and the Interest & Penalty as applicable. The Group believes that the services relating to e-learning and infrastructure management services will not fall under OIDAR services and also the activities covered under E-learning and IMS does not meet the conditions for taxation under the provisions applicable as OIDAR and hence there is no liability. However, during the investigation, the Group has paid ₹ 646 under protest to continue the proceeding with the relevant adjudicating authorities. Thereafter, the DGGI has issued Show Cause Notice and the Group has replied on the same. The matter is pending with the Adjudicating Authority. The Group believes that no provision is required to be made against this demand.

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

43. ADJUSTMENT TO THE SECURITIES PREMIUM ACCOUNT

a) Pursuant to the approval of the shareholders of the Group 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, 2020. 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.

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

46. CONTRACT BALANCES

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

Particulars	March 31, 2020	March 31, 2019
Trade Receivables	96,878	1,00,526
Contract Assets – Unbilled Revenue	161	336
Contract liabilities – Deferred Income		
Current contract liabilities	14,729	13,338
Non current contract liabilities	9,818	10,224
Total Contract liabilities – Deferred Income	24,547	23,562

The following table provides the movement in contract assets (unbilled revenue) for the year ended March 31, 2020

Particulars	Amount
Balance as of April 1, 2019	336
Add: Revenue recognized during the year	435
Less: Invoiced during the year	620
Add: Translation gain or (loss)	10
Balance as of March 31, 2020	161

The following table provides the movement in contract liabilities (Deferred Income) for the year ended March 31, 2020

Particulars	Amount
Balance as of April 1, 2019	23,562
Less: Revenue recognized during the year	1,52,234
Add: Invoiced during the year but revenue not recognised	1,53,103
Add: Translation gain or (loss)	116
Balance as of March 31, 2020	**24,547**

Contract Cost and Amortisation

Costs to fulfil customer contracts are deferred and amortized over the contract period. For the year ended March 31, 2020 the Company has capitalised ₹ 1,306 and amortised ₹ 1,416 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.

In measuring Contract assets the current economic conditions prevailing on the date of approval of financial statements due to global health pandemic COVID 19 has been considered. The actual impact could be different.

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, 2020 and March 31, 2019 has been made in the financial statements based on information received and available with the Group. As the records available with the company, there are no dues payable to micro, small and medium enterprises as on March 31, 2020 (Previous year - Nil). The Group has not received any claim for interest from any supplier as at the balance sheet date.

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

Particulars		As at	
		March 31, 2020	March 31, 2019
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.

During the previous year ended March 31, 2019, the Company has called-up and received a sum of ₹ 10 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 ₹ 172 towards CSR in compliance of this requirement. A sum of ₹ 172 has been spent during the current year towards CSR activities as per details given below.

Amount (₹)

Organisation	2019-20	2018-19
VIRRD Trust, Dwarakha Tirumala	150	120
M/s Thiruvahindrapuram Veda Vidya Trust	-	2
Government ITI Bhimavaram IMC Society	-	5
Kaviraja Sahitya Viharamu	-	5
ML Jaisimha Cricket 365 Academy	-	5
M/s Sri Saraswathi Vidya Peetham	5	-
Voluntary Health Services Hospital, Taramani	17	-
Special Children Sports Meet	-	*
Total	172	**137**

* Amount below rounding off norm adopted by the Group

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

50. BID PRICE DEFICIENCY NOTICE RECEIVED FROM NASDAQ

On April 23, 2020, Sify Technologies Limited (the "Company") received a letter from the Listing Qualifications Department of the Nasdaq Stock Market ("Nasdaq") indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days, the Company did not meet the minimum bid price of $1.00 per share required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2).

The letter also indicated that the Group will be provided with a compliance period of 180 calendar days in which to regain compliance pursuant to Nasdaq Listing Rule 5810(c)(3)(A).

Given the extraordinary market conditions, Nasdaq has determined to toll the compliance periods for the bid price and market value of publicly held shares ("MVPHS") requirements (collectively, the "Price-based Requirements") through June 30, 2020. In that regard, on April 16, 2020, Nasdaq filed an immediately effective rule change with the Securities and Exchange Commission. As a result, the compliance periods for the Price-based Requirements will be reinstated on July 1, 2020. This translates as 180 calendar days provided to Sify to expire on December 28, 2020.

The letter further provided that if, at any time during this tolling period or the 180-day period, the closing bid price of the Company's common stock is at least $1.00 for a minimum of ten consecutive business days, Nasdaq will provide the Company with written confirmation that it has achieved compliance with the minimum bid price requirement.

51. ADDITIONAL DISCLOSURE AS PER PART III OF SCHEDULE III TO COMPANIES ACT 2013

Name of the entity	For the year ended March 31, 2020							
	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%	1,13,733	105%	7,408	27%	107	101%	7,515
Indian Subsidiaries								
Sify Data and Managed Services Limited	*	(117)	-1%	(45)	-	-	*	(45)
Sify Infinit Spaces Limited	*	(16)	*	1	-	-	*	1
Foreign subsidiaries								
Sify Technologies (Singapore) Pte Limited	*	112	*	(15)	10%	39	0%	24
Sify Technologies North America Corporation	*	(218)	-4%	(295)	63%	244	-1%	(51)

* Below rounding off norm adopted by the Group

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

Name of the entity	For the year ended March 31, 2019							
	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

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
May 5, 2020

M P Vijay Kumar
Chief Financial Officer

V Ramanujan
Company Secretary

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