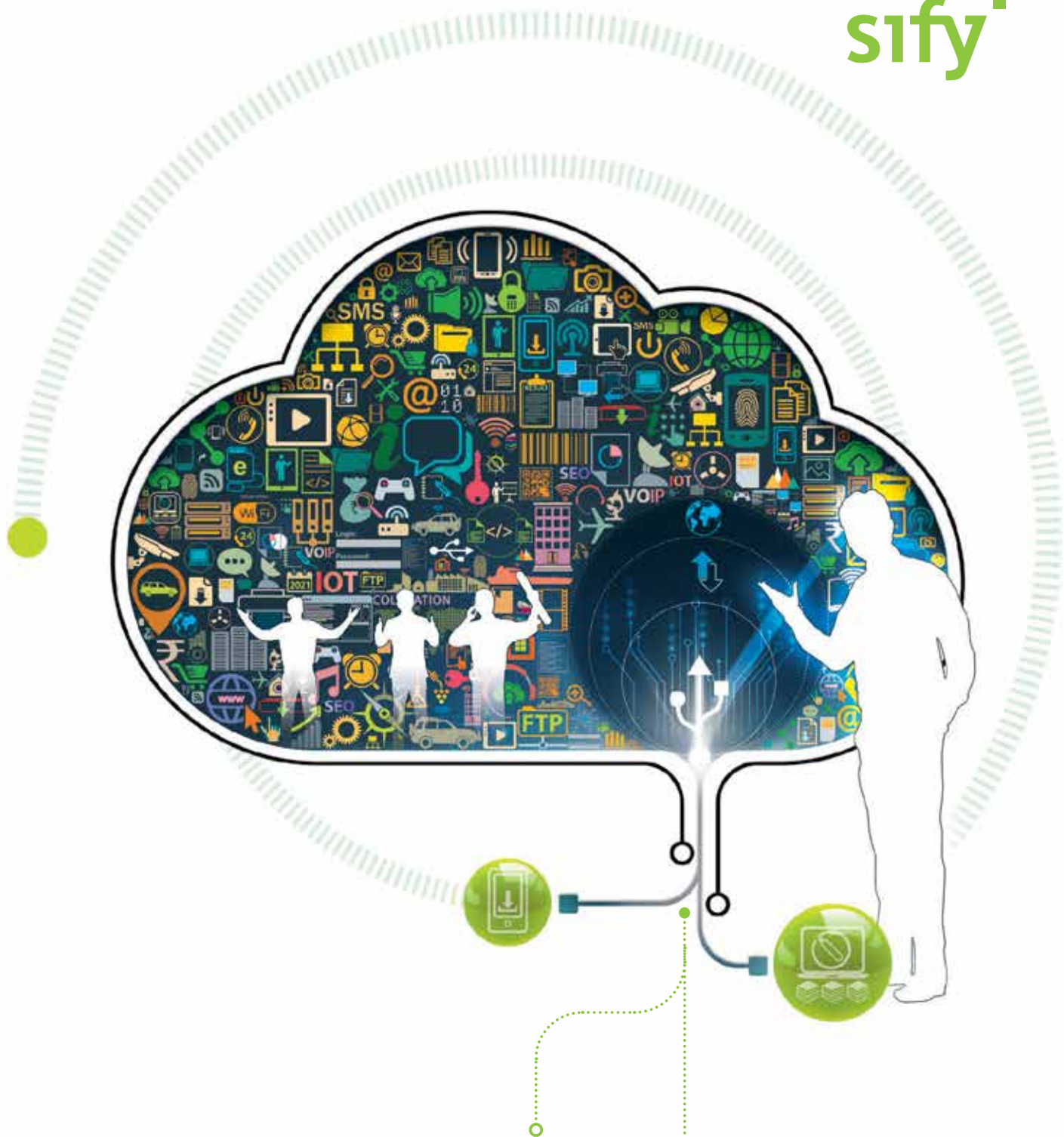


sify'



VIRTUAL IS
REAL

Sify Technologies Limited
ANNUAL REPORT 2020-21

Contents

Board of Directors	01
Directors' Report	02

STANDALONE FINANCIAL STATEMENTS

Auditors' Report	32
Financial Statements	40

CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report	104
Financial Statements	111



STATEMENT FROM THE CHAIRMAN



With the government laying more emphasis on self-reliance and data protection through localization, the demand for data center outsourcing market in India is expected to average 25% annual growth by 2023-24 to touch US\$ 5 billion.

Dear friends,
Data is the new Oil
Indeed. Data in the 21st century is what oil used to be in the 18th century: An immensely untapped valuable asset. As we move deeper into this age of digital economy, data gets more valuable than ever. In fact, data has become the key to the functioning of almost everything - from governments to small roadside stores. Without data, progress halts.

It's raining Internet around the world

Affordability and accessibility have made internet a productive tool for a major chunk of the global populace. It is believed that over 2.5 quintillion bytes of the data is created every day around the world, and this number is increasing by the day with the ever-increasing digital footprint.

In India, data generation is on a frenetic spurt

In the last five years, India's efforts to be a fully digital economy have resulted in better internet connectivity and infrastructure. Many robust developments such as the exponential growth of data, big data Analytics, e-commerce, digital wallets, artificial intelligence and the upcoming shift to 5G technology have been catalyzed by this digital drive. The average Indian would use about 12 GB data every month in 2019 - the highest consumption

globally - and this is expected to reach 25 GB (gigabytes) by 2025. This is being driven by affordable data connectivity services and the increase in rich media consumptions. With the government insisting that all data generated in India be stored locally, Data Centers will be the next big business opportunity.

Securing the treasure gets more critical than ever

As we entered 2021, we came to know of a massive heist and the media reports that security researchers have found that in a breach of servers of a reputed payment gateway, sensitive data of over 100 million credit and debit cards users have been leaked on





It is estimated that an investment of around \$10 billion is expected to happen in the data center space in the near future

the dark web. This, if used maliciously, could lead to a colossal loss for India in terms of trust and respect as well as for Indians in terms of financial frauds. This highlights clearly the growing need for data security in an increasingly digital India.

Data Centers turn the essential backbone

Data Centers have turned into one of the most essential components of the digital economy for their specialty in managing and preserving data in the safest way. To adapt to an exploding digital ecosystem, the demand for Data Centers is also spiraling across the country. The Covid-19 pandemic and the containment measures the authorities imposed made the business of Data

Centers even more critical as lives turned more and more dependent on the internet. Accordingly, the sector was granted the essential status for continuity of mission critical services under the IT/ITeS/Data Center Industry framework advised by the government, which in turn has also notched up the significance of the industry, making a louder blip on the global investment radar.

Moreover, with the government laying more emphasis on self-reliance and data protection through localization, the demand for data center outsourcing market in India is expected to average 25% annual growth by 2023-24 to touch US\$5 billion.

Sify: The custodian of the precious resource

At Sify, we are ready for this exponential growth. Continuous investment in cutting-edge technology enables us to align with the global security standards and remain relevant to our customers in an exceedingly dynamic sectoral ecosystem where we operate. I would like to draw your attention to a realization about the power of data. It is data that kept life moving when the onslaught of a virus brought most parts of the world to a halt. This gives us the realization about the potential the business of data holds and the prospect it has in store for the days to come.


Raju Vegesna
Chairman & Managing Director

A DAY IN DATA

THE EXPONENTIAL GROWTH OF DATA IS UNDISPUTED, BUT THE NUMBERS BEHIND THIS EXPLOSION - FUELLED BY **INTERNET-OF-THINGS** AND THE USE OF CONNECTED DEVICES - ARE HARD TO COMPREHEND, PARTICULARLY WHEN LOOKED AT IN THE CONTEXT OF ONE DAY

463_{EB}
of data will be
created everyday
by 2025 - IDC


500_m
Tweets are sent
every day -
TWITTER


4_{PB}
of data created by
Facebook, including
350m photos,
100m hours of video
watch time -
FACEBOOK RESEARCH

DEMYSTIFYING DATA UNITS

From the more 'bit' or 'megabyte', larger units of measurement are more frequently being used to explain the masses of data

UNIT	VALUE	SIZE
b bit	0 or 1	1/8 of byte
B byte	8 bits	1 byte
KB kilobyte	1,000 bytes	1,000 bytes
MB megabyte	1,000 ² bytes	1,000,000 bytes
GB gigabyte	1,000 ³ bytes	1,000,000,000 bytes
TB terabyte	1,000 ⁴ bytes	1,000,000,000,000 bytes
PB petabyte	1,000 ⁵ bytes	1,000,000,000,000,000 bytes
EB exabyte	1,000 ⁶ bytes	1,000,000,000,000,000,000 bytes
ZB zettabyte	1,000 ⁷ bytes	1,000,000,000,000,000,000,000 bytes
YB yottabyte	1,000 ⁸ bytes	1,000,000,000,000,000,000,000,000 bytes

294_{bn}
emails are sent -
RADICAL GROUP

320_{bn}
emails to be sent
each day by 2021

306_{bn}
emails to be sent
each day by 2020

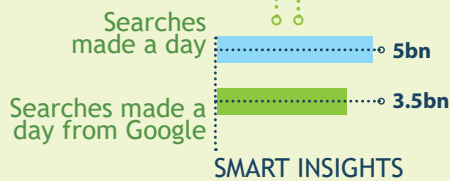
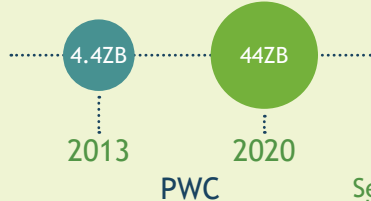

3.9_{bn}
people
use emails


4_{TB}
of data produced
by a connected
car - INTEL


65_{bn}
messages sent over
WhatsApp and two
billion minutes of
voice and video calls
made - FACEBOOK

95_m
photos and
videos are shared
on Instagram -
INSTAGRAM
BUSINESS

ACCUMULATED DIGITAL UNIVERSE OF DATA



28_{PB}
to be generated
from wearable
devices by 2020 -
STATISTA



CHANGE is the only constant in a digital world

In December 2019, when the world first woke up to the debilitating effects of the coronavirus, the question uppermost on everybody's mind was how could business survive in a world devoid of physical interface.

One year and several iterations later, business has not only picked up, but the scope and contours have completely changed. Perhaps what has not changed is the expectation from Technology to be a productivity enabler during testing times.

Early in March 2020 amidst the lockdown, realising that a complete breakdown of communications would be imminent if infrastructure was not kept up and running, the government announced that Network and Data Center services were being accorded 'Essential Services' status. This spurred a flurry of innovation around a resource-agnostic Network architecture to overcome the curtailment of physical movement. So, bandwidth became elastic, multi-paths were a given, redundancy

became standard and Dashboards became de-rigour.

Software applications were not too far behind. The momentum on patches and updates went into overdrive to protect public (read home internet access) points. The scope of intranet as we knew, was expanded to accommodate an explosive growth in WFH scenarios. Training and inductions went online.

The biggest beneficiary was the Cloud. Up from just being a parking lot of transactional data, it moved to being the most experimental platform for all services, accommodating a wide range of custom-built, outcome-driven solutions. This led to an exponential rise in the need for data center farms to accommodate the demand from the cloud. Along the way, Cloud also established itself as the most fertile to test a range of resource-agnostic solutions spread across Networks, Data Center, Security services, Big Data and Analytics etc.

Today, no RFP is complete without a scope for Cloud implementation.

The Covid pandemic has brought the untapped potential of hybrid cloud solutions into the spotlight. It is finally being recognised by Indian companies as they move away from legacy IT systems and adopt cloud solutions. More and more organizations in India are adopting the hybrid cloud model to adjust to the fast-evolving business needs triggered by the corona virus pandemic.

So much so that 63% enterprises in India said they have increased their investment in hybrid cloud, as compared to 46% globally, while 97% consider it the most suitable architecture compared to 87% globally, shows a report by Nutanix, a US-based cloud software and hyper-converged infrastructure (HCI) solutions provider.

Though cost saving remains a key driver when it comes to making decisions regarding the modernisation of the IT infrastructure, organizations



are beginning to give more importance to other factors such as better control over usage of IT resources, business continuity process, increased speed to meet business needs and better support for customers.

Sify, a change catalyst

So, how is Sify addressing this change.

Since inception, Sify has not only aligned with change but also been the catalyst of it. Our Cloud@Core strategy through which all our solutions and services will operate off a cloud iteration, positions us perfectly to capitalize on the promising opportunities to make a significant contribution to the new-generation Digital India. Our multi-cloud-flavored models, our hyperscale network services and transitioning skills and capabilities address client aspirations, making them digitally ready for any environment.

To strengthen our capability to cater to this cloud tsunami, we have undertaken a few important steps:

1) We are adding Data Center capacities including hyperscale, in key locations over the next 3-5 years.

2) AMS-IX, the world leading Internet Exchange, and Sify announced the expansion of their footprint of internet exchanges in India. We are committed to enhancing the quality of the Internet in India by increasing connectivity through public peering. We are expanding our partnership (which started with the launch of a neutral and independent Internet Exchange in Mumbai) by expanding to the digital hotspots of Kolkata, Noida, Hyderabad and Chennai, with the objective of enhancing the quality of network interconnections in these regions as well.

3) Along with existing AWS, AZURE and OCI, we added GCP to ensure now customers can leverage SIFY as Single Vendor to define and execute their Public Cloud strategy.

Our value proposition

The continuing Covid era has been a litmus test. Not just for Sify, but perhaps the entire IT world. Most

It is estimated that an investment of around US\$ 10 billion is expected to happen in the data center space in the near future.

well-entrenched IT majors were found out of favour, burdened by the legacy of process, perhaps apt in a physically enabled world but irrelevant for a world that was second guessing every upcoming IT variant. This uncertainty, while taxing for others, is a boon for Sify. Having the entire gamut of ICT services helps Sify dig deep into its portfolio and build a solution that is completely outcome-based, transformational and malleable enough to cater to an uncertain future. A cursory glance at the recent solutions will reveal a curious pattern; of no single pattern. Every solution being distinct from the previous and the next and importantly, outcome based and not template dictated.

That is the world that Sify is relevant in. A world where change is the only constant.

Kamal Nath
Chief Executive Officer

Sify has been featured in Gartner's Market Guide on Public Cloud Managed and Professional Services (MSPs) Providers in Asia/Pacific region. The detailed study acknowledges the Company for its competency, background and business focus in offering Public cloud services besides its broad spectrum of ICT services in the Asia Pacific region.



Sify's journey: 25 years of transformation



Sify's infrastructure comprising state-of-the-art DCs, the largest MPLS network, partnership with global technology majors, vast expertise in business transformation solutions modelled on the cloud, make it the first choice of startups, incoming Enterprises and even SME or large local Enterprises on the verge of a revamp. More than 10,000 businesses across multiple verticals have taken advantage of its unassailable trinity of Data Centers, Networks and Security services and conduct their business seamlessly from more than 1600 cities in India. Internationally, Sify has presence across North America, the United Kingdom and Singapore

Currently, the management has segregated its business operations into two verticals for focused attention and superior service delivery.

Network Centric services



1,600+

Towns and cities

49

Data Centers

Connected over a common data network infrastructure

Data Center centric IT services



10

Concurrently Maintainable Data Centers in Chennai, Mumbai, Delhi, Kolkata, Hyderabad and Bengaluru

Sify has partnered with some of the leading global service providers namely AWS, Microsoft, Oracle and SAP to firm up relations with its clients who desire to transcend the IT landscape in their country of origin.

10,000+

Customers

2,838

Team size

 **Nasdaq**
Listed of
Equity shares

FORTUNE
500
Featured in this
coveted list

2013-2017

CONVERGED ICT
SERVICES PROVIDER

Launch of private and
hybrid cloud services

2018-2020

cloud@core

Launch of complete
end-to-end digital ICT
services

2021...

digital@core

Launch of Digital
transformation services

Mission

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



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.”

Values

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

Sify Way:

Put
customers'
needs first



Be
accountable



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

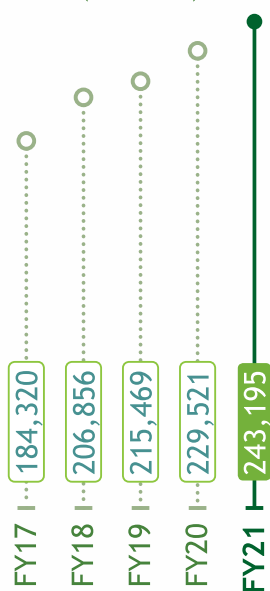


KEY PERFORMANCE INDICATORS

Gaining momentum

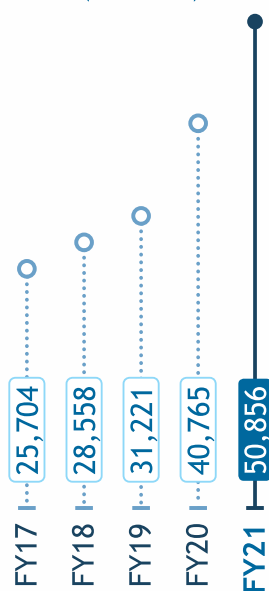
Sify uses financial Key Performance Indicators (KPIs) to measure performance and health of its business. KPIs reflect how the Company operates and are fundamental to how the Company track progress towards achieving its strategic objectives.

Revenue from Operations
(INR Lakh)



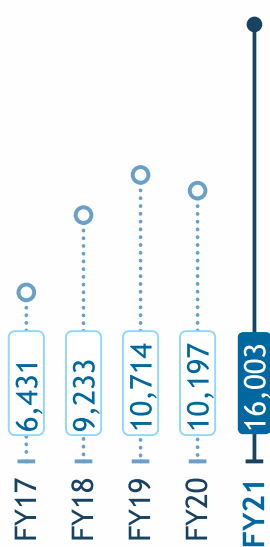
y-o-y growth (%): **6**

EBITDA
(INR Lakh)



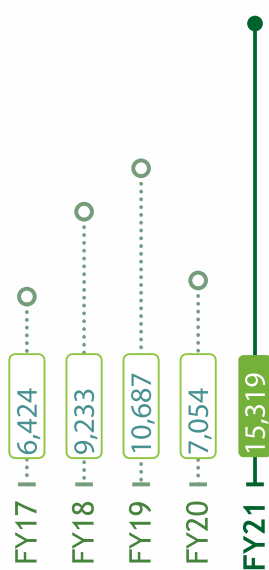
y-o-y growth (%): **25**

Profit before Tax
(INR Lakh)



y-o-y growth (%): **57**

Profit after Tax
(INR Lakh)

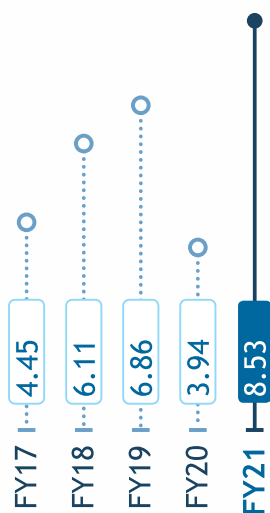


y-o-y growth (%): **117**



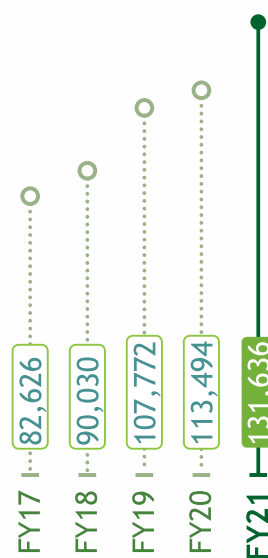


Earnings per share
(INR)



y-o-y growth (%): **117**

Shareholders Fund
(INR Lakh)



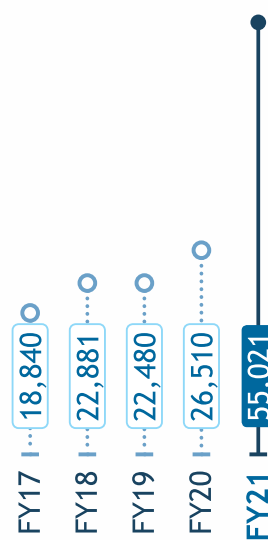
y-o-y growth (%): **16**

Term Debt
(INR Lakh)



y-o-y growth (%): **(4)**

Cash balance at the
year-end
(INR Lakh)



y-o-y growth (%): **108**

What stakeholders think about us

My compliments to you and your team for going out of your way and delivering this link to us at such a critical stage.

Abhijit Chakravarty
Vice President - Head, IT Infrastructure Services
Axis Bank

Dear Sify Team
Thanks for the proactive monitoring and actions for cloud infrastructure.

Krishnan Kumar
Max Life Insurance

Thanks to you and your team for the better support in this scenario. We appreciate you and your team for this effort, as of now link is stable and working fine. You may close this call.

Saurav Suman
Senior Engineer
Walmart India





■ The last few weeks have been quite challenging for all of us, managing different responsibilities, increased load, pressure and seeing things change around us at an unprecedented pace.

Amidst all of this we had our challenge of getting Virtual Desktops setup for employees, where we couldn't manage a laptop. It was great to observe that our key strategic partner stepped up to this challenge and helped us accomplish an end to end set up of AWS Virtual Desktops in just about a week's time.

Mayank Bhargava
CIO

Pramercia Life Insurance

■ I have been continuously watching your prompt and regular physical visits to NISCAIR Data Center in this hour of gross pandemic scenario. I, on behalf of NISCAIR, appreciate your commitment to the upkeep and running of our Data Center Services as well as M/s Sify Technologies professional approach towards their clients. My best wishes and advise on adopting safe measures against Covid-19 pandemic.

C. B. Singh
Head, Information Technology Division & Infrastructure Division
DC Administrator-NISCAIR Data Center



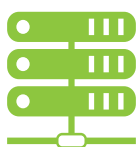
THE ICT SECTOR

ICT spending is projected to grow by over 10% to reach US\$ 91 billion in 2021

Enterprises' focus during the current pandemic to ensure future growth, innovation and resilience are helping to revive ICT spend in India with a strong positive outlook in 2021. According to a report released by the International Data Corporation (IDC), India's ICT spending is forecast to grow by over 10% to reach US\$ 91 billion in 2021 and increase further to reach US\$ 111 billion by 2024. Economic revival together with growing consumer

demand has fuelled this growth. The accelerated push towards the digital platform is owing to a change in focus of enterprises, be it their business model or to create digital products and services and deliver digital-first experience. Moreover, to make enterprises more competitive the government has taken various steps such as the recent production-led incentives (PLI), infrastructure

modernization to remove bottlenecks in the supply chain, Atmanirbhar Bharat, Make in India and others. To derive benefit from these policies, technology-led investment towards digital transformation is inevitable. The banking and telecom industry is expected to contribute the most to India's ICT spending in 2021, accounting for around 14% of the overall spending. The telecom industry is expected to increase its ICT spends by 9% in 2021.



THE DATA CENTER SPACE

India's Data Center market provides an opportunity of US\$ 4.9 billion investment by the year 2025

According to a report by JLL titled (re)Imagine Data Centers: Running India's digital economy, India's data center capacity is expected to grow from 375 MW (megawatt) in H1 2020 to 1,078 MW by 2025, presenting a US\$ 4.9 billion investment opportunity. The impact of data protection laws, increased shift from captive to co-location Data Centers and implementation of new technologies like 5G, edge computing and the internet of things (IoT) will drive sustained investor demand for this asset class over the next five years.

Other factors that are likely to contribute to the growth of the India data center market include:

- Impact of the COVID-19 Pandemic
- Increased Investments on Edge Data Centers
- Procurement of Renewable Energy in Data Centers
- Adoption of Hyperconverged & Converged Infrastructure Platforms

Growth in the sector will be further powered by co-location sites which, through lower upfront costs, heightened data security, uninterrupted

services and scalability, will, further, influence investors to re-imagine the potential of India's data center space.

The India market will witness significant investment from colocation service providers due to high demand from BFSI, logistics, transportation, e-commerce, and government agencies, fuelled by the outbreak of the COVID-19 pandemic. The 703 MW expected capacity additions translates to 9.3 million sq. ft of space, which will open up greenfield investments for real estate developers

and investors to fuel the future development of the sector.

Several global colocation and data center service providers have shown a tremendous inclination

toward the Indian data center market, which is likely to contribute to the market growth.



CLOUD AND MANAGED SERVICES

Moving to the Cloud

The COVID pandemic has driven up cloud adoption as working from home became a norm. In 2021, experts anticipate an increase in Enterprise spend in cloud technology to ensure the smooth and efficient running of businesses. This continued demand for cloud services will also accelerate data center construction projects; a fair share of which would be hyper-scale projects.

An NTT report on cloud technology says about 89 per

cent of Indian businesses agree that the pandemic has forced their business to rely on technology more than ever before. The report, which conducted research with 950 decision-makers in 13 Asia Pacific countries, including India, says hybrid cloud is now seen as critical to data-driven processes and real-time decisions, both now and in the future. India's small & medium businesses (SMBs) present a huge untapped opportunity. A recent NASSCOM study

indicates that while over 60% of the SMB survey's respondents have adopted cloud, nearly 50% are still at a nascent stage and only about 15% are advanced users. Given the pandemic, SMBs will also fast-track cloud adoption, with many skipping the proof-of-concept stage.

According to NASSCOM, cloud spending in India is estimated to grow at a CAGR of 30% to reach US\$ 7.1 billion in 2022.

CLOUD BECOMES ESSENTIAL

96.2%

Respondents agree the cloud is critical to meeting their immediate business

90%

Say technology is their lifeblood and Covid-19 has caused them to focus on it even more!

60.3%

Of organizations are already using or are in the process of piloting a hybrid cloud solution

THE COMPLEXITY OF SECURITY

95.7%

Struggle to keep up with compliance obligations

51.2%

Say managing data security is the number one barrier to adopting cloud

67.2%

Say security and compliance are critical

SOURCE: NTT 2021 HYBRID CLOUD REPORT COMPILED BY: SAMREEN AHMED



According to Gartner, worldwide public cloud services spending is estimated to grow at 18% annually to over US\$ 360 billion by 2022, from about US\$ 258 billion in 2020.

5G - the Game Changer



5G is poised to change the world and revolutionize the digital experiences for all of us.



The next-generation of wireless technology brings along a slew of benefits, including a greater transmission speed, increased website traffic, and faster download speeds. But, these are only the tip of the iceberg. There's one particular aspect of the 5G network that's going to bring about a world of difference - super-low latency (latency refers to a measure of delay - it calculates the total time taken by the data to reach its destination and back across the network)

If India is to keep pace and compete with leading developed economies of the world, quick adoption of 5G will have a key role to play. From smart cities, industrial automation, connected

devices, big data and cloud computing, 5G will truly be a game-changer.

A 5G future will help close the digital divide and promote digital inclusion for more people throughout the world, with its speed, low latency, and the ability to connect huge numbers of shared locations

To catalyse this interesting opportunity, US-based Cisco Systems, Inc., which has set aside US\$ 5 billion to fund projects for 5G services globally, will invest part of it in India to help telecom operators build crucial components of wireless networks comprising core, transport, mobility, and security solutions.

Software-as-a-service



◦ **SaaS refers to a cloud computing offering and a way of delivering applications over the Internet.**



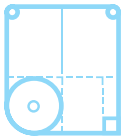
It provides an alternative to standard software installation in the business environment, where users can build the server, install the application, and configure it.

With India's emerging startup landscape and its rapid strides in digital adoption, the demand for SaaS products is seeing an upward graph. According to data from NASSCOM, as of FY2020, the country's SaaS revenue has reached US\$ 3.5 billion, with 75% sales coming from global markets. Another report from Bain & Co. noted that SaaS firms including Zoho, Freshworks, Druva, and Icertis have already garnered a US\$ 100 million annual recurring revenue

mark, with a healthy pipeline of companies well-placed to follow over the next 12 to 18 months.

The COVID-19 pandemic has significantly expedited enterprise cloud adoption as companies seek to keep going their business. An IDC survey published last November revealed that over 60 percent of the organizations in India plan to leverage cloud platforms for digital innovation as they re-strategise their IT spending plans as a result of the pandemic. The survey further divulged that the crisis enabled them to spend more on public cloud IaaS, PaaS solutions and SaaS.

*SOURCE: ANALYTICS INSIGHT, FEBRUARY 2021



STRATEGY

The blueprint

Sify has evolved its services lineage in anticipation of a meteoric rise in the demand for digital services. It builds and host applications for its customer along with the IT and network infrastructure they need. The Company not only provides data services to its clients, but also transforms their network landscape by adoption of cloud. In doing so, Sify strengthened its market promise of a converged ICT ecosystem

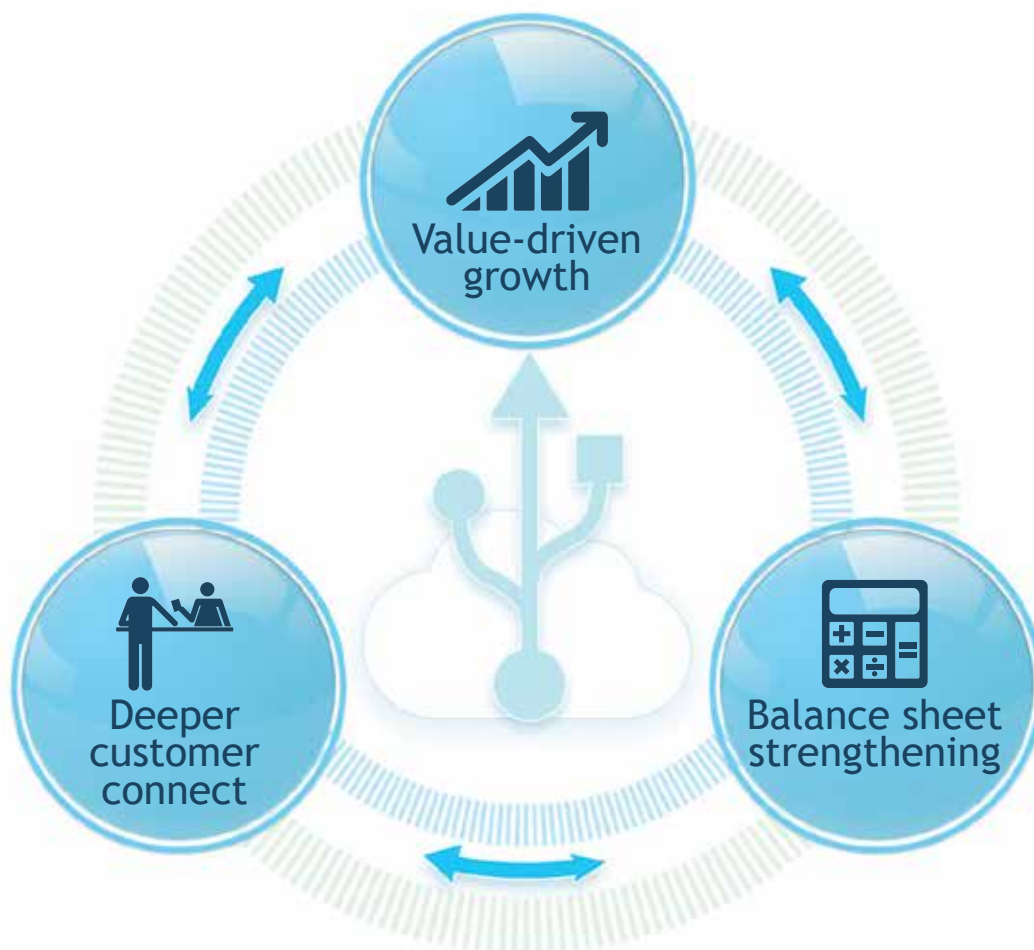
Data Center with integrated security services to meet the needs of businesses across verticals.

Sify has drawn a strategic blueprint which promises

while strengthening the

Company continues to work on this blueprint each year with

the aim of strengthening its position in its business space as a preferred brand for customers who want managed services (on-site or remote), addressing all the required models with a hosted Data Center plus Cloud.



STRATEGY 1



Strategic focus *Value-driven growth*



Focus on niche Cloud Solutions
Increase the number of long-term contracts for Data Management
Enhance the quality of internet in India



Initiatives in 2020-21

Added 15+ customers in the Cloud MS and Standalone MS
Entered into long-term contracts with a number of new customers across sectors

Augmented the Data Center capacity by 15 MW in multiple locations

Entered into a partnership with Google Cloud to Expand the Cloud and Managed Services Portfolio

Entered into an alliance with AMS-IX, the world leading Internet Exchange for improving internet quality

STRATEGY 2



Financial focus *Balance sheet strengthening*



generation
Reduce Debt
Increase capacity utilization



Initiatives in 2020-21

Cash

operations increased by 37% over the previous year

Repaid long term debt cumulating INR 23,050 Lakh

STRATEGY 3



Customer initiatives *Deeper customer connect*



Strengthening connect with existing customers
Tap newer customers in existing sectors and enter newer verticals with customised services



Initiatives in 2020-21

customer connect through multiple forums

Added customers across diverse business sectors in the Data Center centric IT services and Network Centric Services

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

Board of Directors

Sify Technologies Limited

Raju Vegesna, Chairman & Managing Director

Ananda Raju Vegesna, Executive Director

Vegesna Bala Saraswathi, Director

T H Chowdary, Independent Director

C B Mouli, Independent Director

C E S Azariah, Independent Director

Arun Seth, Independent Director

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

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

Standard Chartered Bank

IndusInd Bank Ltd

IDFC First Bank Ltd

Federal Bank Ltd

M P Vijay Kumar

Chief Financial Officer

V Ramanujan

Company Secretary

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, 2021.

1. FINANCIAL INFORMATION

₹ in lakhs

Details	Financial Highlights			
	Standalone		Consolidated	
	2020-21*	2019-20	2020-21	2019-20
Income from operations	1,09,417	225,720	2,43,195	2,29,521
Other Income	3,054	2,935	3,283	3,012
Profit Before Interest, Tax, Depreciation and Amortization (PBITDA)	22,453	40,261	51,020	40,081
Depreciation and Amortization	13,873	22,633	28,356	22,908
Interest Expense (Net)	1,581	7,107	6,661	6,976
Profit Before Tax	6,999	10,521	16,003	10,197
Profit After Tax	5,668	7,408	15,319	7,054

* Pursuant to the Shareholders Approval on September 14, 2020 and the execution of Business Transfer Agreement by the Company, the Data Center Business and Digital Services Business have been transferred to its Wholly-owned Subsidiaries during the year under review effective April 1, 2020.

Consequently, the Standalone Financial Results of the Company for the Year under review contains only Network Service Business for the period from April 1, 2020 to March 31, 2021 as against the Financial Results reported in the previous year which includes the Data Center Business and Digital Services Business, and hence the financial performance review is not comparable with previous year.

Standalone Financial Statements:

During the year under review, Your Company registered revenue from operations of ₹ 1,09,417 lakhs as against ₹ 225,720 lakhs in the previous year. The PBITDA for the year was ₹ 22,453 lakhs as compared to ₹ 40,261 lakhs in the previous year. The Profit after Tax for the year was ₹ 5,668 lakhs compared to ₹ 7,408 lakhs in the previous year.

Consolidated Financial Statements:

During the year under review, Your Company registered revenue from operations of ₹ 2,43,195 lakhs as against ₹ 2,29,521 lakhs in the previous year. The PBITDA for the year was ₹ 51,020 lakhs as compared to ₹ 40,081 lakhs in the previous year, a growth of 27%.

The Profit Before Tax for the year was ₹ 16,003 lakhs compared to ₹ 10,197 lakhs in the previous year. The Profit after Tax for the year was ₹ 15,319 lakhs compared to ₹ 7,054 lakhs in the previous year, a growth of 117%. Deferred Tax Asset of ₹ 603 Million has been recognized at the end of the year based on assessment of reasonable certainty of future taxable income in the individual entities of the group. In future, Tax expense comprising Current tax and Deferred tax would be in line with the effective tax rate.

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 are as follows:

Sify Technologies (Singapore) Pte. Ltd, Singapore

During the year under review, the Company reported revenue of ₹ 644 lakhs as compared to ₹ 1,022 lakhs in the previous year. The loss was ₹ 82 lakhs as compared to Loss of ₹ 15 lakhs in the previous year.

Sify Technologies North America Corporation, USA

During the year under review, the Company reported revenue of ₹ 6,198 lakhs as compared to ₹ 6,081 lakhs in the previous year. The Profit was ₹ 231 lakhs as compared to loss of ₹ 295 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, which acquired the Data Center Business from the Holding Company, has commenced and continued the operations during the year under review. The Company reported a revenue of ₹ 56,287 lakhs. The Profit was ₹ 7,890 lakhs during the year under review.

Sify Digital Services Limited

Sify Digital Services Limited, incorporated as a Wholly-owned Subsidiary on July 16, 2020, which acquired the Cloud and Managed Services, Application Integration Services and Technology Integration Services from the Holding Company, has commenced and continued the operations from the date of acquisition. From the date of incorporation, the Company reported a revenue of ₹ 61,316 lakhs and profit of ₹ 1,565 lakhs for the year under review.

Print House (India) Private Limited

Pursuant to the Corporate Insolvency Resolution Process, the Company has acquired M/s Print House (India) Private Limited (PHIPL), Mumbai and have replaced the erstwhile Management effective October 16, 2020 and a new Board was formed. Consequently, PHIPL has become a Wholly-owned Subsidiary of the Company. During the year, Your Company invested ₹ 10 crores in the Equity share Capital.

1.2. Dividend

Due to the unexpected outbreak and prolongation of Covid-19 pandemic and the consequent lockdown and reduced economic activities, compounded by uncertainty of timing of return to normalcy, your Directors consider it appropriate to conserve and plough back the resources within the Company to stay liquid and use prudently for operations and expansion. Hence, your Directors do not recommend any dividend for the Financial Year 2020-21.

1.3. Transfer to Reserves

The Company has not transferred any amount to the Reserves during the Financial Year, under review.

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	2020-21		2019-20	
		No of Options	No of Employees	No of Options	No of Employees
1.	Options granted	465,000	12	7,220,000	166
2.	Options vested	2,930,000	125	91,900	6
3.	Options exercised	3,014,822	122	78,900	3
4.	Total number of shares arising as a result of exercise of option	3,014,822	122	78,900	3
5.	Options lapsed	726,000	22	673,300	14
6.	Exercise price	Varies based on the date of allotment ranging from 57.66 to 152.56			70.90
7.	Variation of terms of options	Nil	Nil	Nil	Nil
8.	Money realized by exercise of options (in lakhs)	2,455	-	53	-
9.	Total number of options in force	7,780,278	189	11,056,100	217

Employee-wise details of options granted to:

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

During the year, Your Company has extended the exercise period of expiring Options as given below:

- Options expiring in the calendar year 2021 would be extended for another 24 months.
- Options expiring in the year calendar 2022 would be extended for another 12 months.

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, 2021 till the date of this Report.

1.8 Major Corporate Developments**i) Transfer of Business Undertakings to the Wholly Owned Subsidiaries**

Pursuant to the approval of the Shareholders at their meeting held on September 14, 2020, the Company has transferred its businesses viz., “Data Center Services and Digital Services” to the wholly owned subsidiary Companies as given below:

Name of the Company	Nature of Business Transferred
Sify Infinit Spaces Limited,	Data Center Services
Sify Digital Services Limited	Digital Services Business viz., Cloud and Managed Services, Applications Integration services and Technology Integration Services

- a) Business Transfer Agreement dated January 28, 2021 was executed with M/s Sify Infinit Spaces Limited (SISL), a Wholly-owned Subsidiary Company, for transfer of Data Centre Business for a consideration of ₹ 500 crores, which has become effective April 1, 2020.

For this purpose, SISL has issued and allotted 50,00,00,000 Equity Shares of ₹ 10/- aggregating to ₹ 500 crores towards consideration and it was fully subscribed by the Company.

- b) Business Transfer Agreement dated January 28, 2021 was executed with M/s Sify Digital Services Limited (SDSL), a Wholly-owned Subsidiary Company, for transfer of Digital Services Business for a consideration of ₹ 200 crores, which has become effective April 1, 2020.

For this purpose, SDSL has issued and allotted 20,00,00,000 Equity Shares of ₹ 10/- aggregating to ₹ 200 crores towards consideration and it was fully subscribed by the Company.

ii) Acquisition of new Entity

Pursuant to the Corporate Insolvency Resolution Process under Insolvency & Bankruptcy Code, 2016, the Company has acquired M/s Print House (India) Private Limited (PHIPL), Mumbai. The company took the management control of PHIPL effective October 16, 2020 as new Board was formed on that date. Consequently, PHIPL has become a Wholly-owned Subsidiary of the Company.

For this purpose, the Company has invested ₹ 10 crores in PHIPL and PHIPL has issued and allotted 1,00,00,000 Equity shares of ₹ 10/- each to the Company.

2. BUSINESS REVIEW**2.1 Business Strategy and Overview:**

With India in the grip of a second wave of the Covid surge, Enterprises who were shy of adopting transformation IT technologies have kicked their measures into overdrive. This has led to a complete relook at their legacy IT landscape and many of them have opted

for automation to tide over the men and material breakdown in their supply chains. The shift is more pronounced on the manufacturing side with a good number of them moving their IT business to focussed third party service providers like Your Company.

At the core of this shift is their insistence on the security of their Data bringing into focus allied sciences of Data Security, Big Data analysis and Machine computation. Parallely, this has pushed the envelope on robustness of a network to feed this data consistently, seamlessly and with a provision for elasticity.

Your company scores on both these points where the solution to such drastic shift is the integrated working of a Network and Data Center infrastructure topped with Managed services as the vertical demands calls for.

In order to fully capitalise on this demand, Your Company set up subsidiaries that are singularly focussed on providing services that fully monetizes the respective infrastructure. Under the parent-subsidiary architecture, STL will operate as the parent and will offer services related to Network connectivity, Sify Infinit Spaces Limited will collate and offer colocation spaces off the existing and upcoming Data Centers and Sify Digital Services Limited will offer all automated, digital transformation and IT services using either Your Company's Network or Data Center infrastructure.

2.2 Technology Trends:

Daniel Newman, Principal analyst of Futurum Research and CEO of BroadSuite Media Group writing for the Forbes group of magazines lists these 10 Digital Transformation trends in 2021.

Abridged below is an extract of the article.

1. 5G Will Finally Go Mainstream - For Real This Time!

Though initially the pandemic interrupted work on new 5G network deployments earlier this year, these efforts have resumed, and large markets like China are already on target to meet their deployment goals for 2020. It wasn't until remote work, videoconferencing and digital collaboration became core parts of our lives this year that the need for reliable connectivity and more bandwidth became a real, concrete benefit that the need was realized. As we collectively continue to work and manage school from our homes, the value of 5G will become increasingly mainstream in 2021.

2. CDP Explosion

We have seen an explosion of Customer Data Platforms (CDP) in the last few months – and with good reason. Fragmented data from multiple sources can be notoriously difficult to organize, which obviously isn't ideal for companies that rely on timely, well-curated data to operate optimally. CDPs help solve this problem by collecting data from all available sources, organizing it, tagging it, and making it usable for anyone who needs access to it. Now that business operations have become somewhat more fragmented, in part because of new work-from-home operational models, and also because of the continuing acceleration of data collection across an ever-expanding ecosystem of touchpoints, CDPs will become especially relevant in 2021.

3. Hybrid Cloud Declared the Winning Enterprise Architecture

From SaaS applications and on-prem solutions to a mix of public and private clouds, hybrid cloud strategies help organizations strike the right balance for their unique cloud infrastructure needs. The modernized approach to hybrid cloud is expanding from traditional IT to support industrial applications as well. Hybrid cloud would have been on the list for 2021 even without the pandemic, but if nothing else, the widespread, sudden disruptions caused by the coronavirus have highlighted the value of having as agile and adaptable a cloud infrastructure especially as we are seeing

companies around the world expedite investments in cloud to enable faster change in moments of uncertainty and disruption like we faced in 2020.

4. **Cybersecurity Gets a Jolt**

Despite never losing their importance philosophically, cyber security had fallen off my list of critical tech trends last year, but with the pandemic, cyber security has become very relevant again. With fewer employees working onsite on the same secure network, it is imperative that companies shore up their networks and upgrade their cyber security strategies and expand them to home networks and mobile work-from-home devices.

5. **Privacy and Confidential Computing Gains Momentum**

Another approach to shoring up cyber security, particularly when addressing communications and data privacy, is confidential computing. The idea of confidential computing is to encrypt the entire computing process, not just the data, creating additional layers of security around sensitive information.

6. **Headless Tech Disrupts Industries, Reshapes Commerce**

It sounds scary, but all “headless tech” means is that businesses are now able to separate their front-end presentation layer from their back-end data functionality to create custom shopping experiences. Research shows that 86% of businesses say their customer acquisition costs have increased in the last 24 months. This means two things: The first is that organizations need to maximize the ROI of their net new customer acquisition costs. The second is that it is more important than ever to also focus on customer development and retention.

7. **Work from Home Outlasts COVID-19**

We have seen significant growth in the deployment of WFH devices, which has led to growing PC sales as well as investment in new secure connectivity like SD-WAN at scale to offer improved connectivity to the office as well as flexibility that VPN isn't as well suited for. Now that companies have better equipped employees with tools and technology to be more productive despite physical distance, we will see remnants of this for the next few years at least, and maybe beyond as this trend already had momentum pre-2020.

8. **AI Democratized at Scale**

The coronavirus pandemic triggered an acceleration in the democratization of AI and data. Virtually overnight, companies, governments, and other agencies found themselves needing to work together to create a faster solution to stop the spread of the virus. Data, AI, and machine learning were the tools that they naturally turned to. The work that was begun in 2020 will continue into 2021 and will likely expand to a breadth of pressing opportunities that these types of groups are now uniquely equipped to tackle, like solving global and market problems faster, better, and at scale.

9. **Device Form Factors Become Interesting Again**

Instead of carrying several devices, users are increasingly interested in hybrid devices like the Microsoft Surface Duo and the Samsung Galaxy Fold 2 that can double as phones or as tablets, and can fold and unfold depending on their needs. 2021 will see the return of folding smart phones, only these will be able to provide the same high quality and connectivity as non-folding phones. Aside from folding and multi-screen devices, we are also going to see the always connected PC gain more momentum. These lightweight, powerful notebooks are equipped with full connectivity via 5G and/or LTE.

10. Quantum Moves to Mainstream

There has been unprecedented growth in this field. Quantum computing has been at the forefront of pandemic efforts to manage the spread of the disease, as well as the development of therapeutics and possible vaccines. We will likely see more use cases in other industries as people realize the power that quantum computing has to offer: the ability to easily query, monitor, analyze, and act on data at scale, from any source at any time.

2.3 Outlook

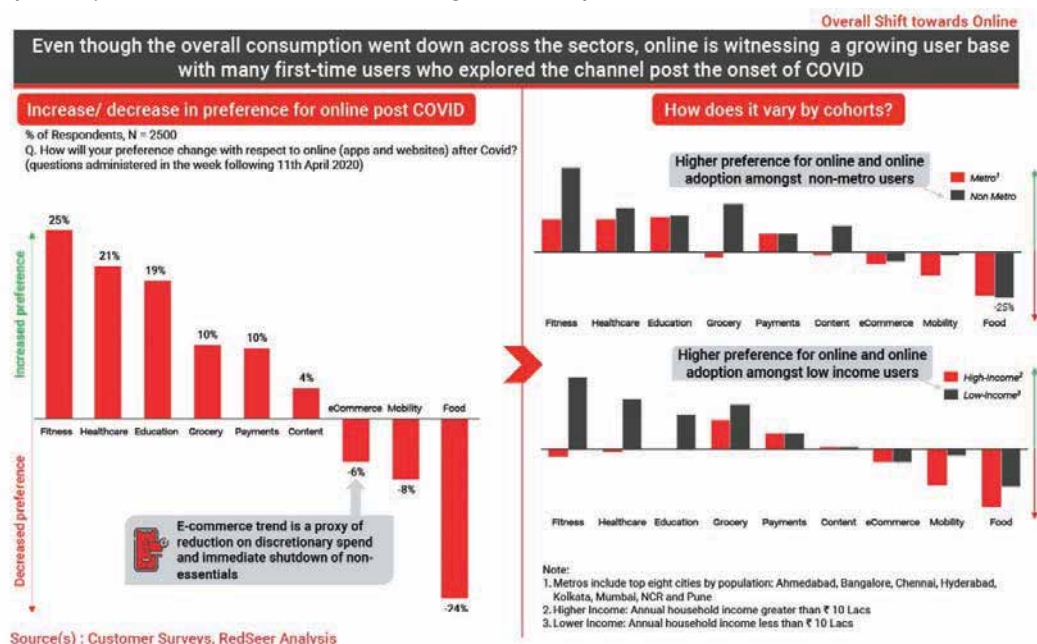
Data Network services

The \$ 70 Bn India Internet economy was growing at 30% CAGR in pre-covid world. India Internet was one of the most attractive markets globally, expected to deliver 30+% CAGR over a 6 year time horizon. With strong growth seen by eCommerce, foodtech and myriad of other product and service based sectors the sector was projected to reach USD 160 Bn in GMV by 2022.

However, one of the strictest lockdown in the world had strong implications for India internet, which dropped in GMV by ~90% in April 2020. Foodtech was also another sector massively hit by crisis as orders fell by 75%.

However, eGrocery category saw a steep demand rise in the lockdown period as consumers shifted online in droves. Yet, fulfilled orders were only a fraction of the total as delivery executive and supply constraints played spoilsport. Online content was another net beneficiary as consumers increased time spent on shortform videos especially during the lockdown period.

Digital emerged as the way forward with a sudden surge in the adoption across all platform especially across mobile wallets and digital retail platforms.



Bandwidth consumption spikes

During lockdown period due to the COVID-19 pandemic, India witnessed northwards of 11GB data consumption per user per month, a 30 percent spike in usage, pushing data consumption two to three years into the future, a new survey by EY said on Monday.

The radical shifts in consumption are here to stay. The new normal rides on increased optimism towards a more digital way of life, says survey report, which witnessed the participation of over 2,800 consumers.

Five factors are helping consumers make the leap to high-bandwidth consumption

1. The availability of high-speed broadband services availability at more geographical points
2. The second is evolving consumption patterns 90 percent of respondents spending more time on digital activities such as content streaming, e-learning, infotainment and social media.
3. The third factor is online education or e-learning gaining steam in contemporary India as e-learning emerged as the third most-performed digital activity in the past weeks.
4. The next factor is the cashless ecosystem and the initiatives taken to move towards a cashless economy. The report found nearly 38 percent of respondents started using digital payments for the first time.
5. omnichannel online customer journeys is also driving adoption of a virtual life as new-age consumer expects speed, agility, and self-service, virtually. Omnichannel is the new channel when it comes to managing customer journeys.

Data Centers

According to a report in the Mordor Intelligence, the India data center market is expected to grow at a CAGR of 8 % over the forecast period 2021 to 2026. The rapid adoption of cloud-based business operations has encouraged businesses to acquire data management capacities to handle huge volumes of data that are being generated. Increased proliferation of online shopping due to the availability of user-friendly interfaces, high-speed internet, and smart devices such as smartphones, tablets, laptops, etc. is expected to drive the market in the future.

The growing cloud computing in India, increasing internet penetration, government regulations for data generated in the country, and increasing investment by foreign players are some of the major factors driving the demand for data centers in the country. The digital expansion of end-user industries in the country and initiatives by state governments to attract the construction of data centers in their states for economic growth will offer a massive opportunity to the studied market vendors over the forecast period.

With more than 669 million Internet users presently and forecast to be USD 5 trillion economy by 2025, India is estimated to generate massive data at explosive rates in the coming years. The mass adoption of smartphones, and smart devices by end-users, adoption of cloud computing, big data, AI, etc. by Indian enterprises, an increasing number of interconnected devices due to IoT is further supporting this growth.

Cloud Services

Prior to the pandemic, India was at an early stage of cloud adoption when compared to more developed countries. The pandemic and the lockdown accelerated this rate as enterprises had to move critical business applications to cloud so employees could work remotely.

Spending on public cloud services in India is expected to grow 29.4% to \$4.1 billion in 2021 from \$3.1 billion in 2020, according to a forecast by Gartner Inc, a US-based research and advisory company. Cloud application services (SaaS) is expected to be the biggest segment yet again with estimated spending of \$1.3 billion in 2021, while cloud system infrastructure services (IaaS) is likely to see the highest growth at 44.6% with an estimated spending of \$1.1 billion. According to Gartner, spending on Cloud Management and Security Services is expected to grow 31.2% in 2021 with an estimated spending of \$362 million. The overall IT spending in India is projected to grow at 6% year-on-year to \$81.9 billion in 2021, according to another Gartner report

According to a recent report published by @NasscomR - “SMB Cloud Adoption in India-Towards a Cloud First Nation” also reiterates this trend even for small & medium businesses

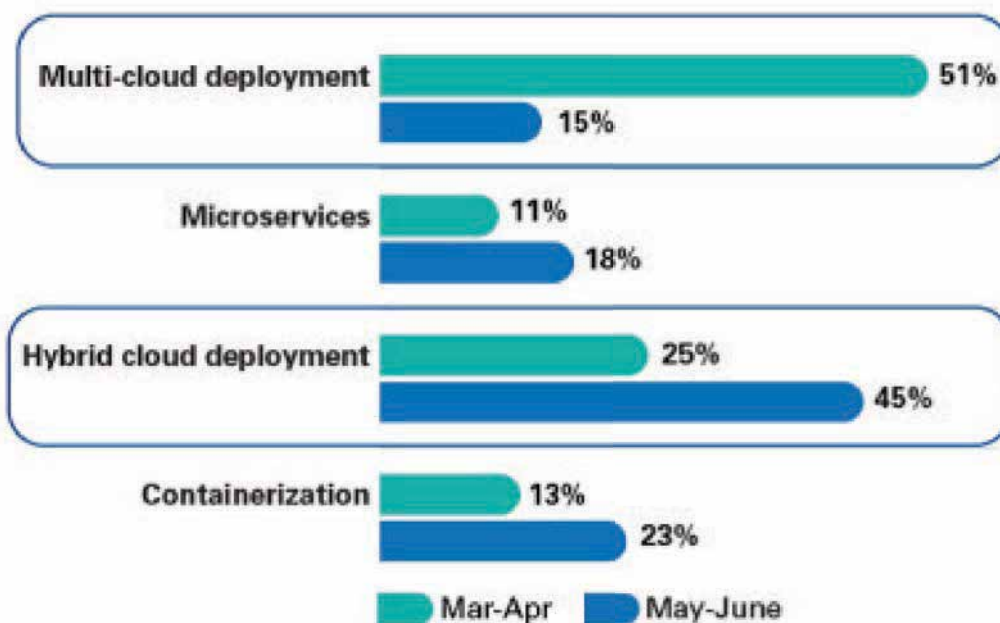
The public cloud market in India is expected to be about ₹ 630 billion (\$ 9-10 billion) by FY2025 with SMB share of ~30%.

Also, IDC expects that an increasing share of enterprise and digital applications will be developed on the cloud-native technologies, further boosting the shift towards cloud.



Within cloud strategies, hybrid cloud takes the lead over having a dedicated public cloud presence. Major enterprises are planning to adopt this architectural cloud approach in the future to reduce risk of service disruption.

Most important cloud investment



Sample: 300 executives (May-June 2020, Phase II sample) and 600 executives (March-April 2020, Phase I sample) across Global 2000 enterprises. Source: HFS Research in conjunction with KPMG International.

2.4 The key highlights for the year 2020-21

- Continued investments in building wired network in metro cities, network now covers more than 1600 towns and cities in India and offers more than 100,000 Enterprise end points.
- Total commissioned capacity stands at 72 MW IT power.
- Gartner acknowledges Sify as a prominent Public Cloud Managed and Professional Services Providers in the Asia Pacific Region
- Partnered with Google Cloud to expand its Cloud and Managed Services portfolio

Covid Impact and Company readiness

Covid Impact

According to a report by CNBC Markets, the impact of the pandemic on communication and connectivity has been felt within the ecosystem surrounding the internet and communications technology, increasing demand and highlighting the need to leverage tools and innovative strategies to survive and thrive. As a ripple effect of the pandemic, significant increases in data consumption have been observed globally as entire populations shift to working and being educated from home due to social distancing. U.K. internet service providers have seen double-digit increases in traffic amidst the coronavirus lockdown with global streaming services such as Netflix and Disney+ cutting bandwidth usage to prevent network congestion.

The educational sector has accelerated use of distance learning by necessity and home networks not designed for use cases such as simultaneous video conference calls are being tested, having to support heavy use for commerce, education and entertainment. New e-commerce customers, the elderly and those who prefer in-store shopping, have taken to online retail services given the restriction of movement and may not migrate back to old patterns once the crisis is over. With the elimination of public gatherings and most sports leagues suspended, online entertainment options have seen rapid increase in demand. In addition, the streaming of conferences has increased both demand and frequency of live streaming.

In effect, COVID-19 has accelerated the adoption of connectivity tools and forced networks to adjust to a new set of individual and enterprise user requirements.

Company readiness

Your Company's Network Operations Command center became the defacto eyes on the Network for clients. With real time feedback, clients were able to adjust for network congestion and seamlessly reroute their traffic between remote WFH location of their associates, the offices and their data center. Given the rush towards rich media tools to accommodate unified communications, Your Company ensured enough elasticity to accommodate for spurt in demands. The new WFH demanded that Your Company's network worked seamlessly across third party public and private network.

Your Company's suite of Managed services has seen a steady endorsement from Enterprises operating in the Indian market. The diversity that the market presents has been a proving ground for several of the path-breaking managed services that Your Company has implemented for its clients. This endorsement has come in handy in pitching and preying several offshore businesses especially in the North American region. That, coupled with the ability to services these Enterprises from offshore, using a combination of geography-agnostic network solutions and the presence across trans-continental PoPs is leading to gradual interest in proof-of-concepts for several multinationals based out of North America and Europe.

Your Company is not new to servicing the IT needs of foreign multinationals. Global realignments in later years meant that they choose to partner with a common global IT service provider. Overtime, and later to some of the most disruptive outcome based engagements in the market, the market is ripe for your company to pitch its services to these North American and European candidates.

Your Company's pitch for these businesses is the promise of cost-effective solutions that are connected through partner networks and applications platforms and remote managed from the shores of India.

Your Company is also scouting for technology partners that can add value and proven services in order to penetrate the North American market. This two way partnership will allow for offering the same services to multinationals entering India if such an opportunity arises.

2.5 Awards

Your Directors are pleased to place on record that Your Company was recognized for the following during the Financial Year 2020-21:

	Top 500 of Fortune India Ranking 2020
	VMware Cloud Provider Awards 2020: Managed Service Provider
	The Economic Times Iconic Brands 2020 Hybrid Multi Cloud
	Recognition in Market Guide for Public Cloud Managed and Professional Services Providers APAC 2020
	Brandon Hall Group Excellence in Technology Awards: 2x Silver Sify eLearning
	Global HR Excellence Awards: Talent management Practices & Excellence in Learning & Development
	Sify recognized in IDC Data Center Market Trends Report 2020

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 the Board, Audit, Compensation and Nominating Committees.

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

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

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

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

3.2 Directors' responsibility statement

Your Directors state:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for that period;
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that they had prepared the annual accounts on a going concern basis;
- v) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

3.3 Board Meetings

As on March 31, 2021, the Company has seven Directors out of whom four are Independent Directors.

During the year, the Board of Directors of Your Company met four times. The dates of Meetings are May 5, 2020, July 28, 2020, October 23, 2020, and January 28, 2021.

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

Attendance of Directors:

Name of the Director	Category of Director	No. of Meetings held	No. of Meetings attended
Raju Vegesna	Chairman & Managing Director	4	4
Ananda Raju Vegesna	Executive Director	4	3
Vegesna Bala Saraswathi	Director	4	2
T H Chowdary	Independent Director	4	4
C B Mouli	Independent Director	4	4
C E S Azariah	Independent Director	4	4
Arun Seth	Independent Director	4	4

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

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

ii. Declaration by Independent Directors

The Company has received necessary Declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 confirming that they continue to 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)(iia) of the Companies (Accounts) Rules, 2014, there were no Independent Directors appointed during the year ended March 31, 2021

iii. **Registration in the Databank of Independent Directors**

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 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 Financial Expert.

During the year, the committee met five times. The dates of Meetings are May 5, 2020, July 27, 2020, July 28, 2020, October 23, 2020, and January 28, 2021.

Attendance of Directors:

Name of the Director	No. of Meetings held	No. of Meetings attended
C B Mouli	5	5
C E S Azariah	5	5
Arun Seth	5	5

ii. **Compensation Committee / Nomination & Remuneration Committee**

The Compensation Committee / Nomination & 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.

During the year, the committee met four times. The dates of Meetings are May 5, 2020, July 28, 2020, October 23, 2020, and January 28, 2021.

Attendance of Directors:

Name of the Director	No. of Meetings held	No. of Meetings attended
T H Chowdary	4	4
C B Mouli	4	4
C E S Azariah	4	4

iii. **Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee consists of Mr Raju Vegesna, Mr Ananda Raju Vegesna and Mr C E S Azariah as Members. Mr Raju Vegesna is the Chairman of the Committee.

iv. **Nominating Committee**

The Nominating Committee constituted under the SEC Regulations consists of 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, based on the procedures (through questionnaires, One to One Meetings and discussion with all the stakeholders), have evaluated its performance and that of its Committees and Individual Directors.

The performance evaluation criteria for Directors are 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 charter has been displayed on the Company's website at www.sifytechnologies.com.

3.9 Risk Management

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

Business risks are identified based on incident analysis and the environment in which the Company operates and the focus on Risk Management continues to be high. The periodic assessment of business risk environment is carried out to identify significant risks to the achievement of business objectives of the Company. Key risks are reported and evaluated at appropriate forums and levels within the Company. The Risk Committee of the Company is responsible for assisting the Audit Committee with a full status of the risk assessment and management of the risks. Audit Committee and the Board also obtain periodical updates on identified risks, depending upon the nature, quantum and likely impact on the business.

3.10 Vigil Mechanism

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

- i. receiving, retaining and treating complaints received;
- ii. confidential, anonymous submission by Employees / Directors, of complaints regarding questionable accounting or auditing matters, conduct which results in a violation of law by Company or in a substantial mismanagement of Company resources;
- iii. reporting genuine concerns by the Employees and Directors;
- iv. adequate safeguards against victimization of persons who use vigil mechanism.

3.11 NASDAQ Listing

Your Company has complied with all the Listing Rules as specified and achieved a completion of 21 continuous years of listing on the prestigious NASDAQ Stock market.

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 2020-21 are listed below:

Subsidiary Companies:

Sify Technologies (Singapore) Pte. Limited	Amount in ₹ Lakhs
Advances given	Nil
Receipt of Services	655
Purchase of goods	Nil
Rendering of Services	89
Sale of Property, Plant & Equipment	Nil
Trade Receivables	160
Trade Payables	762
Sify Technologies North America Corporation	Amount in ₹ Lakhs
Advances given	Nil
Receipt of services	Nil
Rendering of Services	Nil
Advances repaid	Nil
Trade Receivables	Nil
Sify Data and Managed Services Limited	Amount in ₹ Lakhs
Advances given	189
Rendering of services	16
Investment made in Shares	Nil
Advances Receivables	1,511
Sify Infinit Spaces Limited	Amount in ₹ Lakhs
Receipt of services	303
Services rendered	1,972
Lease rentals received	1,379
Lease rental deposit	345
Advances repaid	20
Investment made in Shares (pursuant to BTA)	50,000
Advances given on account of BTA	2,300
Revenue transferred on account of BTA	8,345
Revenue transferred on account of BTA	8,245
Lease rental and refundable deposit receivable	345
Amount payable on account of BTA	13,308
Trade payable	303
Trade receivable	1,379

Sify Digital Services Limited	Amount in ₹ Lakhs
Receipt of services	2,257
Rendering of services	2,833
Investment made in Shares (pursuant to BTA)	20,001
Advances given on account of BTA	5,500
Revenue transferred on account of BTA	20,105
Revenue transferred on account of BTA	10,862
Amount payable on account of BTA	20,478
Trade payable	2,255
Print House (India) Private Limited	Amount in ₹ Lakhs
Rendering of services	101
Investment made	1,000
Advances repaid by subsidiaries	5,000
Advances given to subsidiaries	5,110

Holding Company

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

Enterprise over which KMP have significant influence

Raju Vegesna Developers Private Limited	Amount in ₹ Lakhs
Lease rental paid	5
Radhika Vegesna	
Lease rental paid	67

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 entered 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 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 Annual Return in Form MGT-7 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, 2021 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 your Internal Financial Control was effective as of March 31, 2021.

4.2 Auditors**i. Report**

The Report issued by M/s ASA & Associates LLP, Chartered Accountants, the Statutory Auditors, 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, any instance of fraud committed against the Company by its Officers or Employees.

ii. Change of Statutory Auditors

M/s ASA & Associates LLP, Chartered Accountants (Firm's Registration No. 009571N) were appointed as the Statutory Auditors of the Company for two-consecutive terms of Five years each till the conclusion of the Twenty Fifth Annual General Meeting (AGM) of the Company scheduled to be held before September 2021 and hence, would retire at the conclusion of the ensuing 25th AGM. Second proviso to Section 139(2) of the Companies Act, 2013 provides for the appointment of a new Auditor when the existing Auditor's Firm has completed two consecutive term of five years each. Accordingly, as per the said requirements of the Act, M/s Manohar Chowdhary & Associates Chartered

Accountants, Chennai (Firm Regn. No. 001997S) is proposed to be appointed as the Statutory Auditors of the Company, for a period of 5 years, commencing from the conclusion of 25th AGM till the conclusion of the 30th AGM to be held in the year 2026.

M/s Manohar Chowdhary & Associates, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

iii. 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, Practicing Company Secretary, Flat 3B, No.5, Second Main Road, Kannappa Nagar, Thiruvannamiyur, Chennai 600 041.

b. Report

The Report of the Secretarial Auditor in Form MR-3 for the Financial Year ended March 31, 2021 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 the Secretarial Auditor of the Company for the Financial Year 2021-22.

iv. 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 2020-21 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 the Cost Auditor, for the Financial Year 2021-22.

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) as 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 2020-21, the Company had spent ₹ 204 lakhs towards CSR Projects as detailed herein below:

Particulars	Amount in ₹. Lakhs	Amount in ₹. Lakhs
Amount required to be spent towards CSR		204
Amount Spent		
Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust (VIRRD), Dwarakha Tirumala	190	
Voluntary Health Services, Taramani.	14	

1. **Contribution to VIRRD Trust: the Company has contributed ₹ 190.00 Lakhs towards Doctors' and Staffs' quarters and other patient amenities.**
2. **Voluntary Health Services, Trust: The Company has contributed ₹ 14.00 Lakhs for purchase of cardiology related equipments.**

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. The Company has conducted management and supervisory development programs as well as put in place succession plan and long term career growth plans and also invested in upskilling its employees to meet the demands of the fast-changing technology landscape by conducting training through Sify Myacademy. The training hours went up multifold in the current year. The Company continues to provide conducive work environment and opportunities for development of its employees. The number of employees as on March 31, 2021 was considered 2,838.

5.3 Conservation of Energy and Technology Absorption

Conservation of Energy:

Data Centres are energy intensive and Sify has been working continuously to ensure that the Company operate in the most energy efficient manner. Across all the Data Centres in India have implemented comprehensive energy conservation and efficiency programs through Energy usage optimization which eradicates energy hot spots through 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, 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: ₹ 25,213 lakhs

Foreign Exchange Outgo: ₹ 40,175 lakhs

7. ACKNOWLEDGEMENT

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

For and on behalf of the Board

Chennai
May 14, 2021

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Independent 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, 2021	USD	73.5047	341	19	1,790	1,431	-	644	(84)	1	(82)	Nil	100%
2	Sify Technologies North America Corporation	March 31, 2021	USD	73.5047	5	3,012	6,056	3,040	2,105	6,198	219	12	231	Nil	100%
3	Sify Data and Managed Services Limited (Note 1)	March 31, 2021	INR	-	480	(390)	3,703	3,613	-	-	(293)	-	(293)	Nil	100%
4	Sify Infinit Spaces Limited	March 31, 2021	INR	-	50,500	7,860	1,34,321	75,961	17	56,287	7,246	644	7,890	Nil	100%
5	Sify Digital Services Limited (Note 2)	March 31, 2021	INR	-	20,001	1,677	78,657	56,979	-	61,316	1,525	40	1,565	Nil	100%
6	Print House (India) Private Limited	March 31, 2021	INR	-	1,660	(2,937)	4,514	5,791	43	145	2,974	-	2,974	Nil	100%

Note:

- The company has not commenced its operations as of March 31, 2021.
- The financial performance has been provided for the period from July 16, 2020 to March 31, 2021 (i.e., from the date of incorporation)

Part B: Associates and Joint Ventures - Not Applicable

For and on behalf of the Board of Directors

C B Mouli
Director

Ananda Raju Vegesna
Executive Director

V Ramanujan
Company Secretary

Raju Vegesna
Chairman and Managing Director

M P Vijay Kumar
Chief Financial Officer

Chennai
May 14, 2021

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) as on 31st March 2021

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. (i). Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship
M/s Raju Vegesna Infotech and Industries Private Limited (RVIPL) Mr Raju Vegesna, Managing Director and Mr Ananda Raju Vegesna, Executive Director of the Company are also the Directors of RVIPL.
 - (b) Nature of contracts/arrangements / transactions
Plot No 106, 11th Cross, 8th Main Road, Malleswaram, Bangalore 560 003, admeasuring about 2 acres of land with a constructed premise were taken on Rent.
 - (c) Duration of the contracts/arrangements/transactions
Renewal for a further period of 3 years from 1.2.2021 to 31.1.2024
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
Rent (per month): ₹ 1,14,067/-
 - (e) Date(s) of approval by the Board, if any: January 28, 2021
 - (f) Amount paid as advances, if any: Nil.
2. (ii). Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship
M/s Raju Vegesna Developers Private Limited (RVDPL). Mr Ananda Raju Vegesna, Executive Director of the Company is also a Director of RV Developers.
 - (b) Nature of contracts/arrangements / transactions
No.4/59, 1st Road, Angati Flats, Luz Avenue, Mylapore, Chennai 600 004, a furnished apartment were taken on Rent.
 - (c) Duration of the contracts/arrangements/transactions
Renewal for a further period of 3 years from 1.2.2021 to 31.1.2024
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
Rent (per month) : ₹ 45,626/-
 - (e) Date(s) of approval by the Board, if any: January 28, 2021
 - (f) Amount paid as advances, if any: Nil.

Chennai
May 14, 2021

Raju Vegesna
Chairman and Managing Director

Ananda Raju Vegesna
Executive Director

C B Mouli
Independent Director

Form No MR-3

Secretarial Audit Report

For the Financial Year ended 31st March 2021

[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

M/s 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 (CIN: U72200TN1995PLC050809) (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 2021 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 2021 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:
The Company has complied with the applicable provisions of the Depositories Act, 1996 to the extent of issue of Equity Shares in dematerialized form to the Employees under Employees Stock Option Plan 2014 which were eventually credited to the Employees Demat Account in US and sold in the NASDAQ Capital Market where the Company's Equity Shares are listed as American Depository Shares.
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). During the year under review, there were 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 Financial Year 2019-20 online with RBI on 31.12.2020 and Annual Return on Foreign Liabilities and Assets for the Financial Year 2019-20 online with RBI on 13.8.2020.
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 or Debt Securities 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 the compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS) SS-1 for Board Meetings and SS-2 for General Meetings issued by The Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the Financial Year under review.

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 proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. During the year, there were no changes in the composition of the Board of Directors of the Company.

Pursuant to the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors, the shareholders have reappointed Mr Ananda Raju Vegesna, as the Executive Director of the Company for a further period of Five Years effective June 22, 2020 without any remuneration from the Company.

The reappointment is in compliance with the provisions of Section 196 and all other applicable provisions, if any, of the Companies Act, 2013 read with Part I of Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (ii) Constituted Nomination and Remuneration Committee of the Board of Directors and has formulated "Nomination and Remuneration Policy" in terms of the provisions of Section 178 of the Companies Act, 2013 and the Rules made thereunder;
- (iii) Constituted the Audit Committee of the Board of Directors in terms of the provisions Section 177 of the Companies Act, 2013;
- (iv) Constituted the Corporate Social Responsibility Committee (CSR) to formulate and recommend to the Board a Corporate Social Responsibility Policy, prepare and recommend the list of CSR Projects / Programs, which the company plans to undertake in compliance with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the year under review, the Company was required to spend ₹ 204 lakhs and spent the entire amount for the projects recommended by the CSR Committee and approved by the Board of Directors in compliance with the provisions of the Act.

- (v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of the provisions of Section 149 read with Schedule IV of the Companies Act, 2013.
- vi) 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.

- vii) 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 audit period:

- (i) The Company has completed the following major Corporate Actions:
- Business Transfer Agreement dated 28.01.2021 was executed with M/s Sify Infinit Spaces Limited (SISL), a Wholly-owned Subsidiary Company, for transfer of Data Centre Business for a consideration of ₹ 500 crores, which has become effective 01.04.2020.
For this purpose, SISL has issued and allotted 50,00,00,000 Equity Shares of ₹ 10/- to the Company towards consideration.
 - Business Transfer Agreement dated 28.1.2021 was executed with M/s Sify Digital Services Limited (SDSL), a Wholly-owned Subsidiary Company, for transfer of Cloud and Managed Services, Applications Integration Services and Technology Integration Services for a consideration of ₹ 200 crores, which has become effective 01.04.2020.
For this purpose, SDSL has issued and allotted 20,00,00,000 Equity Shares of ₹ 10/- to the Company towards consideration.
 - Pursuant to the Corporate Insolvency Resolution Process, the Company has acquired M/s Print House (India) Private Limited (PHIPL), Mumbai and have replaced the erstwhile Management as a new board was formed effective October 16, 2020. Consequently, PHIPL has become a Wholly-owned Subsidiary of the Company.
 - The Company has invested ₹ 10 crores in M/s Print House (India) Private Limited (PHIPL) and PHIPL has issued and allotted 1,00,00,000 Equity shares of ₹ 10/- each to the Company.
The above Corporate Actions were implemented in compliance with the provisions of the Companies Act, 2013 and the Rules made thereunder.
- (ii) There were no instances of Public / Right / Preferential Issue of Shares / Debentures / Sweat Equity etc.
However, the Company has issued and allotted 30,14,822 Equity Shares under the Employees Stock Option Plan 2014 and the Company has filed the necessary Forms with the MCA.
- (iii) There were no instances of Redemption / Buy-back of securities.
- (iv) 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:
- 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 Fourth Annual General Meeting held on 14.9.2020.
 - 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 Fourth Annual General Meeting held on 14.9.2020.
- (v) During the period under review, the Company has not entered into any Foreign Technical Collaboration Agreement.

Chennai
3rd May 2021

V Ramasubramanian
Company Secretary
ACS No: 5890
COP No: 11325
UDIN: A005890C000229432

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.]

1. Brief Outline on CSR Policy of the Company:
 - 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

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings held during 2020-21	Number of Meetings attended during 2020-21
1.	Raju Vegesna, Chairman & Managing Director	Chairman	2	2
2.	Ananda Raju Vegesna, Executive Director	Member	2	2
3.	C E S Azariah, Independent Director	Member	2	2

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

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

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Nil

6. Average Net Profit of the Company as per Section 135(5):

Financial Year	Net Profit before exceptional items in ₹ Crores
2019-20	105.44
2018-19	109.73
2017-18	89.56
Total	304.73

Average Net Profit = ₹ 102 crores

7. A) 2% of average net profit of the Company as per Section 135(5): ₹ 204 lakhs
 B) Surplus arising out of the CSR projects or programmes or activities of the Previous Financial Years: **Nil**
 C) Amount required to be set off for the Financial Year, if any: **Nil**
 D) Total CSR obligation for the Financial Year (7A+7B-7C): ₹ 204 lakhs

8. A) CSR amount spent or unspent for the Financial Year.

CSR Amount Spent for the Financial Year in ₹	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the fund	Amount.	Date of Transfer
2,04,00,000	Not Applicable				

- B) Details of CSR Amount spent against **ongoing Projects** for the Financial Year:
Not Applicable

- C) CSR Amount spent against other than ongoing Projects for the Financial Year:
 Amount spent as on March 31, 2021:

Particulars	Amount in ₹
Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust (VIRRD), Dwarakha Tirumala	1,90,00,000
Voluntary Health Services, Chennai (Trust)	14,00,000
Total (A)	2,04,00,000

The details are given as annexure.

- D) Amount spent in Administrative Overheads: **Nil**
 E) Amount spent on impact Assessment, if applicable: **Not Applicable**
 F) Total amount spent for the Financial Year (8B+8C+8D+8E): ₹ 2,04,00,000/-
 G) Excess amount for set off if any: **Nil**
9. a) Details of Unspent CSR amount for the preceding three Financial Years: **Nil**
 b) Details of CSR amount spent in the financial year for ongoing projects of the preceding Financial Year(s): **Not Applicable**
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **Not Applicable**
 a) Date of creation or acquisition of the capital asset(s)
 b) Amount of CSR spent for creation or acquisition of capital asset.
 c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
 d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. Specify the reason, if the Company has failed to spend 2% of the average net profit as per Section 135(5).

Not Applicable

Raju Vegesna
 Chairman

Ananda Raju Vegesna
 Member

C E S Azariah
 Member

S. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local Area	Location of the Project	Amount spent for the project in ₹	Mode of Implementation - Direct or Indirect	Mode of implementation through implementing agency.*
1.	NA	Item 1 of the schedule promoting health care	Andhra Pradesh	Dwarakha Tirumala	1,90,00,000	Direct	Direct Contribution to Sri Venkateswara Institute of Research and Rehabilitation for the Disabled Trust, Dwarakha Tirumala
2.	NA	Item 1 of the schedule promoting health care	Chennai	Taramani	14,00,000	Direct	Direct contribution by the Company to M/s Voluntary Health Services, Chennai.

Chennai
May 14, 2021

Raju Vegesna
Chairman

Ananda Raju Vegesna
Member

C E S Azariah
Member

Standalone Financial Statements
for the year ended March 31, 2021

INDEPENDENT AUDITORS' REPORT**To the Members of Sify Technologies Limited****Report on the Audit of the Standalone Financial Statements****Opinion**

We have audited the accompanying standalone financial statements of Sify Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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, 2021, 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, 2021 is ₹ 42,634 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2021 is ₹ 3,600 lakhs (including bad debts written off ₹ 3,233 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, 2021

Business Reorganisation:**Why Significant**

As set out in note 51 of financial statement, the Company has completed transfer of all assets and liabilities related to Data centre services business and Digital services business with effect from April 1, 2020 via Business Transfer agreement signed dated January 28, 2021. The Board has approved the execution of business transfer agreements with its wholly owned subsidiaries Sify Infit Spaces Limited [SISL] and Sify Digital Services Limited [SDSL]. The agreement when executed shall be effective April 1, 2020 and shall be carried out at book values.

Business transfer involves risk of

- Appropriate transfer of transactions recorded during April 1, 2020 to March 31, 2021 in the books of Sify Technology Limited to SDSL and SISL.
- Accuracy of data migration in the system and change management process during the period of migration

Matters discussed with those charged with governance [TCWG]:-

Discussion with TCWG focused on:-

- a) Basis of transfer of assets, liabilities, revenue and expenses across the Companies
- b) Process followed in IT system during the period of migration and during the year

How our audit addressed the matter

- We evaluated and tested the Company's processes followed for transfer of balances and transactions across the Companies.
- We evaluated the management view point and estimates used to determine the allocation of common cost across the Companies.
- We have evaluated the change management process adopted by the Company and data available with the company to ensure the changes are authorised and there is no impact on the financial statement of the Company.

Other Matters

Further, due to the second wave of spreading of COVID -19 across India, the State Government of Tamil Nadu announced a lockdown in the months of April 2021 and May 2021, which was extended with various restrictions across the India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, certain portions of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 23 (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

Place: Chennai

Membership No: 028738

Date : May 14, 2021

UDIN: 21028738AAAABO1919

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 2021, 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 program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- 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.
- There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, sales tax/ Value Added Tax (VAT) / Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable
- 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, 2021 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)	Apr08-May08	13	CESTAT, Chennai
Finance Act, 1994 (Service tax)	Jul12-Mar13	84	
	Apr13-Mar14	106	
	Apr15-Mar16	3	
	Apr14-Mar15	75	
	Apr11-Mar12	24	
	Apr10-Mar11	75	
	Apr10-Mar11	22	
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	2,444	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	2018-19	5,953	Pending filing with 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. Term loan availed for the purpose of business of Data Centre and Digital services have been used for the purpose for which they were obtained but the loan has been transferred to Sify Infinit Spaces Limited and Sify Digital Services Limited via business transfer arrangement dated January 28, 2021. The Company is in the process of finalization of agreements with bankers to transfer the term loans and borrowing limits to the respective Companies.

(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

Place: Chennai

Membership No: 028738

Date: May 14, 2021

UDIN: 21028738AAAAABO1919

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, 2021

We have audited the internal financial controls over financial reporting of Sify Technologies Limited ("the Company") as of March 31, 2021 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 authorizations 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, 2021, 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

Place: Chennai

Membership No: 028738

Date : May 14, 2021

UDIN: 21028738AAAABO1919

Balance Sheet as at March 31, 2021

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

	Note No. (D)	As at March 31, 2021	As at March 31, 2020
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	44,656	1,08,977
(b) Right-of-use Assets	3	21,576	34,886
(c) Capital work in progress		390	8,652
(d) Intangible assets	2	5,306	6,620
(e) Financial assets			
(i) Investments	4	77,530	6,436
(ii) Trade receivables	5	-	564
(iii) Other financial assets	6	1,418	2,437
(f) Deferred Tax assets	31	2,483	993
(g) Other non-current assets	7	1,707	6,049
		<u>1,55,066</u>	<u>1,75,614</u>
(2) Current assets			
(a) Inventories	8	129	13,021
(b) Financial assets			
(i) Trade receivables	9	42,634	96,364
(ii) Cash and cash equivalents	10	49,638	24,618
(iii) Other financial assets	11	1,560	2,647
(c) Other current assets	12	14,735	28,999
		<u>1,08,696</u>	<u>1,65,649</u>
Total Assets		<u><u>2,63,762</u></u>	<u><u>3,41,263</u></u>
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	18,352	18,051
(b) Other Equity	14	1,03,935	95,682
		<u>1,22,287</u>	<u>1,13,733</u>
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings & Lease liabilities	15	11,348	51,519
(ii) Other financial liabilities	16	449	334
(b) Provisions	17	778	1,774
(c) Other non-current liabilities	18	8,974	9,818
		<u>21,549</u>	<u>63,445</u>
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	21,501	34,944
(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		40,251	71,411
(iii) Other financial liabilities	21	43,481	36,986
(b) Other current liabilities	22	14,610	20,584
(c) Provisions	17	83	160
		<u>1,19,926</u>	<u>1,64,085</u>
Total Equity and Liabilities		<u><u>2,63,762</u></u>	<u><u>3,41,263</u></u>

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

D K Giridharan

Partner

Membership No.: 028738

Chennai

May 14, 2021

Raju Vegesna

Chairman and Managing Director

M P Vijay Kumar

Chief Financial Officer

For and on behalf of the Board of Directors

Ananda Raju Vegesna

Executive Director

V Ramanujan

Company Secretary

C B Mouli

Director

Statement of Profit and Loss for the year ended March 31, 2021

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

	Note No. (D)	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations	24	1,09,417	2,25,720
Other income	25	3,054	2,935
Total income		1,12,471	2,28,655
Expenses			
Cost of services rendered	26 A	66,361	96,627
Purchase of stock-in-trade	26 B	148	28,242
Changes in inventories	26 C	(129)	4,132
Employee benefits expense	27	8,495	29,117
Finance costs	28	3,183	10,503
Depreciation and amortisation expense	1,2 and 3	13,873	22,633
Other expenses	29	13,541	26,880
Total expenses		1,05,472	2,18,134
Profit before tax		6,999	10,521
Tax expense	31		
Current Tax		(3,484)	(3,427)
Deferred Tax		2,153	314
Profit after tax		5,668	7,408
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/asset	36	30	107
Total other comprehensive income		30	107
Total comprehensive income for the Year		5,698	7,515
Earnings per equity share (₹ 10 paid up)			
Basic	34	3.16	4.13
Diluted		3.13	4.10

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

D K Giridharan

Partner

Membership No.: 028738

Chennai

May 14, 2021

Raju Vegesna

Chairman and Managing Director

M P Vijay Kumar

Chief Financial Officer

For and on behalf of the Board of Directors

Ananda Raju Vegesna

Executive Director

V Ramanujan

Company Secretary

C B Mouli

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

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

A. Equity Share Capital

	For the year ended	
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	18,051	18,043
Change in Equity Share Capital during the year	301	8
Balance at the end of the year	18,352	18,051

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	
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

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

B. Other Equity (Continued)

	Reserves and surplus			Other Components of Equity		Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Remeasurements of net defined benefit liability/asset	
2020-21						
Balance as at April 1, 2020*	1,96,208	725	(1,02,577)	1,084	242	95,682
Profit for the year	-	-	5,668	-	-	5,668
Other comprehensive income	-	-	-	-	30	30
Total comprehensive income for the year 2020-21 - (B)	-	-	5,668	-	30	5,698
Employee stock compensation cost for the year	-	-	-	276	-	276
Employee stock compensation cost for the year relating to subsidiaries	-	-	-	125	-	125
Transferred from stock options outstanding account	548	17	-	(565)	-	-
Additions to securities premium on issue of shares on exercise of ASOP	2,154	-	-	-	-	2,154
Balance as at March 31, 2021 - (C)	1,98,910	742	(96,909)	920	272	1,03,935
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)]	54,985	742	47,016	920	272	1,03,935

*Balance at 1.4.2019 and 1.4.2020 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).

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

D K Giridharan
Partner

Membership No.: 028738

Chennai
May 14, 2021

Raju Vegesna
Chairman and Managing Director

M P Vijay Kumar
Chief Financial Officer

Ananda Raju Vegesna
Executive Director

V Ramanujan
Company Secretary

C B Mouli
Director

For and on behalf of the Board of Directors

Cash Flow Statement for the year ended March 31, 2021

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	6,999	10,521
Adjustments for :		
Depreciation and amortisation expense	13,873	22,633
Finance expenses (considered separately)	3,183	10,503
Allowance for doubtful debts	3,600	4,750
Employee stock compensation expense	276	464
Deposits/Advances no longer payable written back	-	440
Provision for doubtful advances	504	-
Unrealised foreign exchange fluctuation loss/(gain), net	(23)	83
Interest income (considered separately)	(1,211)	(1,796)
(Profit) /loss on sale of Property, Plant and Equipment (net)	(14)	102
Operating profit / (loss) before working capital changes	27,187	47,700
(Increase)/decrease in trade receivables - current	(9,179)	(1,182)
(Increase)/decrease in non current trade receivables	-	(13)
(Increase)/decrease in inventories	(129)	4,132
(Increase)/decrease in other financial assets - current	75	(621)
(Increase)/decrease in other financial assets - non current	(288)	635
(Increase)/decrease in other non current assets	(196)	(43)
(Increase)/decrease in other current assets	4,804	(6,096)
Increase/(decrease) in trade payables	1,190	3,964
Increase/(decrease) in other non current financial liabilities	295	64
Increase/(decrease) in other non current liabilities	(417)	6
Increase/(decrease) in other financial liabilities - current	27,203	(938)
Increase/(decrease) in other current liabilities	1,139	601
Increase/(decrease) in provisions - non current	28	173
Increase/(decrease) in provisions - current	3	4
Cash generated from operations	51,715	48,386
Tax (paid)/refund received	1,415	3,045
Net cash generated from operating activities (A)	53,130	51,431
Cash flow from investing activities		
Investment in subsidiary	(1,110)	-
Purchase of Property, Plant and Equipment	(7,728)	(43,618)
Amount paid for acquisition of right of use assets	(3,632)	(981)
Sale proceeds of Property, Plant and Equipment	14	115
Advance to subsidiaries	(184)	(1,287)
Interest income received	1,133	1,636
Net cash used in investing activities (B)	(11,507)	(44,135)

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

		For the year ended March 31, 2021	For the year ended March 31, 2021
Cash flow from financing activities			
Proceeds from long-term borrowings		2,895	28,321
Repayment of long-term borrowings		(3,360)	(23,363)
Increase/(decrease) in short-term borrowings		5,957	9,931
Repayment of lease liabilities		(2,202)	(2,059)
Proceeds from issue of share capital		2,455	53
Dividend paid		-	(1,855)
Dividend distribution tax paid		-	(381)
Interest paid		(3,275)	(10,433)
Net cash used in financing activities	(C)	2,470	214
Effect of exchange differences on translation of cash and cash equivalents	(D)	(34)	1
Net increase/(decrease) in cash and cash equivalents during the year	(A) + (B) + (C) + (D)	44,059	7,511
Cash and cash equivalents at the beginning of the year		12,261	4,750
Cash and cash equivalents transferred to subsidiaries through BTA		(7,424)	-
Cash and cash equivalents at the end of the year#		48,896	12,261
[Refer Note D (10)]			
# Cash and cash equivalents subject to lien [Refer Note D (10)]		3,767	3,326
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

As per our report of even date attached.

for ASA & Associates LLP

Chartered Accountants

Firm Registration No.: 009571N/N500006

D K Giridharan

Partner

Membership No.: 028738

Chennai

May 14, 2021

Raju Vegesna

Chairman and Managing Director

M P Vijay Kumar

Chief Financial Officer

For and on behalf of the Board of Directors

Ananda Raju Vegesna

Executive Director

V Ramanujan

Company Secretary

C B Mouli

Director

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

A. COMPANY OVERVIEW

Sify Technologies Limited ('Sify' or 'the Company') is a Company domiciled in India. The address of the Company's registered office is 2nd Floor, Tidel Park, 4, Rajiv Gandhi Salai, Taramani, Chennai - 600113, India. The Company offers converged ICT solutions comprising Network-centric services, Data Center-centric IT services which includes Data Center services, Cloud and Managed services, Applications Integration services and Technology Integration services. During the year under review, the Company has transferred its Data Center business to its wholly owned subsidiary Sify Infinit Space Limited and Digital services business (Cloud and Managed services, Applications Integration services and Technology Integration services) to its wholly owned subsidiary Sify Digital Services Limited respectively effective from April 01, 2020 vide Business Transfer Agreement dated January 28, 2021. 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 certain financial instruments which are measured on fair value basis and Cash Flow Statement. GAAP comprises Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies 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, 2021 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on May 14, 2021.

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. Issued and effective

Ind AS 103 - Business Combination

Additional guidance on identifying business combination and definition of business have been inserted. These guidances include optional test to identify concentration of fair value, explanation on elements of business requiring assessment whether an acquired process is substantive. When the fair value is concentrated towards a single asset, the acquisition shall be accounted as an asset acquisition. Also, the amendment provides that for an acquisition to be considered as business, the assessment of input and processes would depend on stage of the entity being acquired and hence it is important to assess whether the acquired process is substantive to be qualified as business. In other cases, the acquisition shall be accounted as an asset acquisition.

During the year, the Company has acquired 100% interest in "Print House (India) Private Limited

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

- PHIPL” through Insolvency and Bankruptcy Code (IBC) vide order of National Company Law Tribunal (NCLT). The acquisition was tested with the additional guidance mentioned above and since concentration of fair value was in Land and Buildings, the acquisition has been accounted as “Asset Acquisition” and not “Business Combination”.

Ind AS 109 - Financial Instruments

Amendments relating to uncertainty arising from interest rate benchmark reform and temporary exceptions from applying hedging requirements are given. These do not apply to the Company.

Ind AS 116 - Covid-19 related rent concessions

When there is no substantive change in the terms and conditions of the lease agreement except for concessions on rent payments due to covid-19, such concession shall not be treated as Lease Modification and disclosures required as per Ind AS 116 and Ind AS 8 need not be given. The Company has utilised this relaxation for the leases where concessions were provided.

3B. Issued and not effective

On March 24, 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements,

compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of consolidated financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

The Code on Social Security, 2020 relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact of the Code and the associated rules when it comes into effect and will record any related impact in the period the Code becomes effective.

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

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

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(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 of uncertainty relating to global health pandemic of COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these standalone financial statements including the recoverability of carrying amounts of financial and non financial assets. The Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts in the light of conditions prevailing due to pandemic, and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

C. SIGNIFICANT 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 except for trade receivables which are recognised at transaction price. 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 are added to the fair value on initial recognition. 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.

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

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 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 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 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 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

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

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'.

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

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

Subsequent costs

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

Depreciation

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment considering residual value to be zero. Depreciation on contract-specific assets are charged co-terminus over the contract period. Management's estimated useful lives for the year ended March 31, 2021 and March 31, 2020 were as follows:

	Estimated 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 transceivers	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

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

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, 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 unserved 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

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

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

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

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 other than options granted to employees of Subsidiary company which is accounted as intercompany receivable, 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 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.

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 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

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

usage (eg: metered call units of voice traffic terminated on the Company's network).

(b) Data Center Services (DC):

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

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

The Company has transferred the revenue streams related to DC-Centric IT Services to its subsidiaries retrospectively from April 1, 2020 vide business transfer agreement dated January 28, 2021. Customer contract novation might require the customer to be billed from the original contracting entity, in which case, revenue would be transferred to the respective subsidiary companies with the Company acting as an agent on behalf of the subsidiaries and accordingly revenue is not recognised by the Company.

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,

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

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 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. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

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

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

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 behaviour), expected dividends, and the risk free interest rate (based on government bonds).

20. Dividend distribution to Equity shareholders

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

21. Current/ non-current classification

An asset is classified as current if:

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

- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelve months after the reporting period; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;
- (d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

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

D. Notes to Accounts

1. Property, Plant and Equipment

The following table presents the changes in property, plant and equipment during the year ended March 31, 2021

Particulars	ORIGINAL COST				DEPRECIATION					NET BOOK VALUE	
	As at April 1, 2020	Transfer of Assets to Subsidiaries through BTA	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2021	As at April 1, 2020	Transfer of Assets to Subsidiaries through BTA	For the year	Deletions/ Adjustments during the year	As at March 31, 2021	As at March 31, 2020
Owned assets											
Freehold Land	1,472	-	-	-	1,472	-	-	-	-	1,472	1,472
Buildings	43,979	(23,043)	1,570	-	22,506	7,120	(1,607)	893	-	16,100	36,859
(As at April 1 2014)	(9,239)	4,334	-	-	(4,905)	(2,536)	1,945		-	(591)	(6,703)
Plant and equipment	1,50,718	(62,600)	5,036	99	93,055	98,199	(33,838)	5,641	99	69,903	52,519
(As at April 1 2014)	(65,419)	18,373		(93)	(46,953)	(44,733)	18,336		(93)	(26,304)	(20,686)
Furniture and fittings	1,534	(403)	-	3	1,128	1,518	(391)	2	3	1,126	16
(As at April 1 2014)	(1,363)	355	-	(3)	(1,005)	(1,354)	355		(3)	(996)	(9)
Office equipment	10,468	(8,503)	19	3	1,981	5,560	(4,069)	60	3	1,548	4,908
(As at April 1 2014)	(2,314)	1,180	-	(3)	(1,131)	(1,819)	1,180	-	(3)	(636)	(495)
Leasehold improvements	23,661	(16,855)	125	2	6,929	10,458	(7,907)	883	2	3,432	13,203
(As at April 1 2014)	(4,871)	2,904	-	-	(1,967)	(3,916)	2,904		-	(1,012)	(955)
Motor vehicles	72	-	-	-	72	72	-	-	-	72	-
	2,31,904	(1,11,404)	6,750	107	1,27,143	1,22,927	(47,812)	7,479	107	82,487	1,08,977
(As at April 1 2014)	(83,206)	27,146	-	(99)	(55,961)	(54,358)	24,720		(99)	(29,539)	(28,848)

(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, 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	-	1,282	-	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	-	2,240	-	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
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	-	-	-	-	-
	2,00,023	(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)	(58,691)	3,713	-	(620)	(54,358)	(28,848)	(39,080)

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

2. Intangible assets

The following table presents the changes in intangible assets during the year ended March 31, 2021

Particulars	ORIGINAL COST					AMORTISATION					NET BOOK VALUE	
	As at April 1, 2020	Transfer of Assets to Subsidiaries through BTA	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2021	As at April 1, 2020	Transfer of Assets to Subsidiaries through BTA	For the year	Deletions/ Adjustments during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Undersea cable capacity	7,364	-	-	-	7,364	4,382	-	745	-	5,127	2,237	2,982
(As at April 1 2014)	(5,533)	-	-	-	(5,533)	(922)	-	-	-	(922)	(4,611)	(4,611)
System software	12,310	(2,979)	1,743	-	11,074	9,024	(2,096)	1,397	-	8,325	2,749	3,286
(As at April 1 2014)	(4,589)	723	-	-	(3,866)	(4,044)	723	-	-	(3,321)	(545)	(545)
License fees	780	-	-	-	780	428	-	32	-	460	320	352
(As at April 1 2014)	(500)	-	-	-	(500)	(238)	-	-	-	(238)	(262)	(262)
Customer related intangibles	1,824	(1,169)	-	-	655	1,824	(1,169)	-	-	655	-	-
(As at April 1 2014)	(1,824)	1,169	-	-	(655)	(1,824)	1,169	-	-	(655)	-	-
	22,278	(4,148)	1,743	-	19,873	15,658	(3,265)	2,174	-	14,567	5,306	6,620
(As at April 1 2014)	(12,446)	1,892	-	-	(10,554)	(7,028)	1,892	-	-	(5,136)	(5,418)	(5,418)

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, 2019	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
(As at April 1 2014)	(12,446)	-	-	-	(12,446)	(7,028)	-	-	-	(7,028)	(5,418)	(5,418)

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

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

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, 2021:

Particulars	Category of ROU asset				
	Land	Building	P&M	IRU	Total
Balance as of April 1, 2020	10,823	15,772	2,896	5,395	34,886
Less: ROU Assets Transferred to Subsidiaries through BTA	(7,971)	(7,895)	(753)		(16,619)
Additions	-	3,898	2,895	736	7,529
Deletions	-	-	-	-	-
Depreciation	(37)	(2,516)	(833)	(834)	(4,220)
Translation difference	-	-	-	-	-
Balance as of March 31, 2021	2,815	9,259	4,205	5,297	21,576

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	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, 2021	10,823	15,772	2,896	5,395	34,886

Lease Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	3,781	3,634
Non-current lease liabilities	10,314	14,108
Total	14,095	17,742

The movement in lease liabilities during the Year ended March 31, 2021 and March 31, 2020 are given below

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	17,742	18,099
Transfer through BTA	(7,874)	-
Additions during the year	6,430	1,701
Finance cost accrued during the year	1,105	1,691
Payment of lease liabilities during the year	(3,308)	(3,749)
Balance at the end of the year	14,095	17,742

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

The table below provides details regarding the contractual maturities of lease liabilities on an discounted basis

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	2,932	3,473
One to five years	6,168	5,530
More than five years	3,251	6,425
Total	12,351	15,428

Amounts recognised in profit or loss for the year ended March 31, 2021 and March 31, 2020 are given below

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on lease liabilities	1,105	1,691
Expenses relating to leases of low-value assets, including short-term leases of low value assets	1,057	1,972

	As at March 31, 2021	As at March 31, 2020
--	-------------------------	-------------------------

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, 2020 : 2,000) equity shares of S \$1 each fully paid up]

1 1

[5,00,000 (March 31, 2020 : 5,00,000) equity shares of ₹ 67.98 (USD 1) each fully paid up]

340 340

Sify Technologies North America Corporation

[100 (March 31, 2020: 100) Common stock of ₹ 0.006155 (USD 0.0001) each fully paid up]

* *

Sify Technologies North America Corporation

[8,00,00,000 (March 31, 2020: 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, 2020: 50,00,000) Equity Shares of ₹ 10 each fully paid up]

500 500

Sify Digital Services Limited

[20,00,10,000 (March 31, 2020: Nil) Equity Shares of ₹ 10 each fully paid up] (Refer note (b) below)

20,001 -

Sify Infinit Spaces Limited

[50,50,00,000 (March 31, 2020: 50,00,000) Equity Shares of ₹ 10 each fully paid up] (Refer note (b) below)

50,500 500

Print House (India) Private Limited

[1,00,00,000 (March 31, 2020: Nil) Equity Shares of ₹ 10 each fully paid up] (Refer note (d) below)

1,000 -

Total equity instruments

(A) 75,420 4,419

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

		As at March 31, 2021	As at March 31, 2020
Investment in preference shares			
Investments in subsidiaries - unquoted (carried at cost)			
Sify Data and Managed Services Limited	(B)	2,000	2,000
[2,00,00,000 (March 31, 2020: 2,00,00,000) 7% Non-Cumulative Convertible Preference Shares of ₹ 10 each fully paid up]			
Investment in Others			
Print House (India) Private Limited (Refer note (d) below)	(C)	110	-
	(A) + (B) + (C)	77,530	6,419
Investment in equity of others - unquoted (Refer note below)			
Investment in Vashi Railway Station Commercial Complex Limited			
[Nil (March 31, 2020: 15,000) equity shares of ₹ 10 each fully paid up] (Refer note (c) below)			
		-	2
Investment in Sarayu Clean Gen Pvt Ltd			
[Nil (March 31, 2020: 1,56,000) equity shares of ₹10 each fully paid up] (Refer note (c) below)			
		-	15
	(D)	-	17
	(A) + (B) + (C) + (D)	77,530	6,436
Aggregate cost of unquoted investments		77,530	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.
- Pursuant to BTA, the Company has transferred its Data Center business to its wholly owned subsidiary Sify Infinit Spaces Limited and Digital services business (Cloud and Managed services, Applications Integration services and Technology Integration services) to its wholly owned subsidiary Sify Digital Services Limited respectively and received the equity shares equivalent to the value of Net of Assets and Liabilities transferred to the companies.
- Pursuant to BTA, the Investments in Vashi Railway Station Commercial Complex Limited ₹ 2 and Investments in Sarayu Clean Gen Pvt Ltd ₹15 has been transferred to its wholly owned subsidiary Sify Infinit Spaces Limited
- Also refer note D (45) relating to investments in Print House (India) Private Limited.

5. TRADE RECEIVABLES - NON-CURRENT

Long term trade receivables (Unsecured, considered good)	-	564
	-	564

6. OTHER FINANCIAL ASSETS - NON-CURRENT

Security deposits	1,418	2,437
	1,418	2,437

7. OTHER NON-CURRENT ASSETS

Capital advances	658	2,703
Others:		
Prepaid expenses	750	2,964
Deferred Contract cost *	299	382
	1,707	6,049

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

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

	As at March 31, 2021	As at March 31, 2020
8. INVENTORIES		
Trade inventories	129	13,021
	<u>129</u>	<u>13,021</u>
9. TRADE RECEIVABLES		
Trade receivables considered good - Secured	-	-
Trade receivables Unsecured		
Considered good [Refer note (a) below]	42,634	96,364
Considered doubtful	1,836	2,527
Total	<u>44,470</u>	<u>98,891</u>
Loss Allowance [Refer note (b) below]	<u>(1,836)</u>	<u>(2,527)</u>
Net Trade receivables	<u>42,634</u>	<u>96,364</u>

(a) This amount include receivables relating to services rendered to subsidiary companies ₹ 1,539 and also includes transfer of receivable amounting to ₹ 14,605 receivable towards customer contracts novation pursuant to BTA, which is in progress as on March 31, 2021 from holding company to fellow subsidiary. Pending confirmation from customers, the invoices have been booked in holding company and subsequently transferred to the respective subsidiaries as on March 31, 2021. Also refer note D (38).

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	2,527	2,606
Less: Transfer of Loss Allowance to subsidiary through BTA	(1,058)	-
Add: Additional provision during the year	3,600	4,750
Less: Bad debts written off	(3,233)	(4,829)
Balance at the end of the year	<u>1,836</u>	<u>2,527</u>

10. CASH AND CASH EQUIVALENTS

	As at March 31, 2021	As at March 31, 2020
(a) Balance with banks		
(i) in current accounts	20,468	20,471
(ii) deposits	25,153	747
(b) Other bank balances		
(i) Bank deposits [Refer note below]	3,767	3,326
(ii) Unpaid dividend account	*	*
(c) Cheques on hand	244	69
(d) Cash on hand	6	5
	<u>49,638</u>	<u>24,618</u>

*Amount below rounding off norm adopted by the Company

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

	As at March 31, 2021	As at March 31, 2020
Note		
Balances in deposit accounts subject to lien in favour of banks for obtaining bank guarantees /letter of credits	3,767	3,326
Cash and cash equivalents for the purpose of Cash Flow Statement:		
Cash and cash equivalents as above	49,638	24,618
Less: Bank overdraft used for cash management purposes [Refer note 19 (d)]	(742)	(12,357)
	<u>48,896</u>	<u>12,261</u>

11. OTHER FINANCIAL ASSETS

Amounts receivable from subsidiaries (Refer note below)	1,511	1,327
Security deposits	-	632
Interest accrued on advances and deposits	49	66
Other Receivables	-	622
	<u>1,560</u>	<u>2,647</u>

Note: Includes ₹1,511 Receivable from Sify Data and Managed Services Limited, wholly owned subsidiary of the company (Previous year ₹ 1,306) and ₹ Nil receivable from Sify Infinit Spaces Limited, wholly owned subsidiary of the company (previous year ₹ 20)

12. OTHER CURRENT ASSETS**Advances other than capital advances:**

Balances with GST, service tax and sales tax authorities	2,783	9,335
Prepaid expenses	2,218	5,371
Advance tax and tax deducted at source (Net of Provision for Tax ₹ 7,204 Previous year: ₹ 4,383)	7,487	11,723
Deferred contract costs [Refer note (a) below]	461	638
Other advances	1,786	1,932
(A)	<u>14,735</u>	<u>28,999</u>
Unsecured, considered doubtful		
Advances other than capital advances	857	842
Less: Provision for doubtful advances [Refer note (b) below]	(857)	(842)
(B)	<u>-</u>	<u>-</u>
(A)+(B)	<u>14,735</u>	<u>28,999</u>

(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, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	842	1,219
Add: Additional provision during the year	415	-
Less: Advance written off / adjustments	(400)	(377)
Balance at the end of the year	<u>857</u>	<u>842</u>

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

	As at March 31, 2021	As at March 31, 2020
13. EQUITY SHARE CAPITAL		
Authorized		
20,40,00,000 (March 31, 2020: 20,40,00,000) equity shares of ₹ 10 each	20,400	20,400
Issued		
18,22,38,069 (March 31, 2020: 17,92,23,247) equity shares of ₹ 10 each	18,224	17,923
Subscribed and fully paid		
18,22,38,069 (March 31, 2020: 17,92,23,247) equity shares of ₹10 each fully paid up	18,224	17,923
	18,224	17,923
Forfeited shares		
Amount originally paid up on 1,28,23,202 (March 31, 2020: 1,28,23,202) equity shares	128	128
	18,352	18,051

- (a) The equity shares are the only class of share capital having a par value of ₹10 per share. Of the above, 4,27,07,417 (Previous year : 3,96,92,595) 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.
- (d) Of the total outstanding shares, 12,50,00,000 shares (March 31, 2020: 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, 2021	As at March 31, 2020
	Number of shares paid- up	Number of shares paid- up
Number of shares outstanding at the beginning of the year	17,92,23,247	17,91,44,347
Add: Shares issued on exercise of ASOP	30,14,822	78,900
Number of shares outstanding at the end of the year	18,22,38,069	18,051

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

	As at March 31, 2021	As at March 31, 2020
	Number of Shares held	Number of Shares held
Ramanand Core Investment Company Private Limited@	12,50,00,000	12,50,00,000
Infinity Satcom Universal Private Limited	1,45,30,000	1,45,30,000
Infinity Capital Ventures, LP	1,39,02,860	1,39,02,860
	68.59%	69.75%
	7.97%	8.11%
	7.63%	7.76%

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

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

	As at March 31, 2021	As at March 31, 2020
14. OTHER EQUITY		
14.1 Reserves and surplus		
Securities premium		
Balance at the beginning of the year	1,96,208	1,96,150
Add: Transfer from stock option outstanding account in respect of options exercised during the year	548	13
Add: Amounts received in respect of options exercised during the year	2,154	45
(A)	<u>1,98,910</u>	<u>1,96,208</u>
General reserve		
Balance at the beginning of the year	725	671
Add: transferred from stock options outstanding account	17	54
(B)	<u>742</u>	<u>725</u>
Retained earnings		
Balance at the beginning of the year	41,348	36,176
Impact of change in accounting policy	-	-
Adjusted Opening balance	41,348	36,176
Adjustments:		
Add: Profit for the year	5,668	7,408
Less: Appropriations		
Dividend paid {₹ Nil per share (PY: ₹ 1.2 per share)}	-	(1,855)
Dividend distribution tax paid	-	(381)
(C)	<u>47,016</u>	<u>41,348</u>
(D) = (A)+(B)+(C)	<u>2,46,668</u>	<u>2,38,281</u>
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)	<u>1,02,743</u>	<u>94,356</u>
14.2 Other components of Equity		
Stock option outstanding account		
Balance at the beginning of the year	1,084	687
Add: Employee stock compensation cost for the year	276	464
Add: Employee stock compensation cost for the year relating to subsidiaries	125	-
Less: Transfer to securities premium in respect of options exercised during the year	(548)	(13)
Less: Transfer to general reserve in respect of grants lapsed during the year	(17)	(54)
(F)	<u>920</u>	<u>1,084</u>
Remeasurement of net defined benefit liability/asset		
Balance at the beginning of the year	242	135
Add: Additions during the year	30	107
(G)	<u>272</u>	<u>242</u>
(E)+(F)+(G)	<u>1,03,935</u>	<u>95,682</u>

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

	As at March 31, 2021	As at March 31, 2020
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**15.1. Term Loans****Secured**

From banks [Refer Note (a) to (c) below]	719	22,061
--	-----	--------

Unsecured

From banks [Refer Note (d)]	162	5,854
-----------------------------	-----	-------

From others [Refer Note (e) to (f) below]	153	9,496
---	-----	-------

(A)	1,034	37,411
-----	-------	--------

15.2. Lease Liabilities

Long term maturities of finance lease obligations [Refer Note (g) to (i)]	1,843	549
---	-------	-----

Other Lease Liabilities - Non Current	8,471	13,559
---------------------------------------	-------	--------

(B)	10,314	14,108
-----	--------	--------

(A) + (B)	11,348	51,519
-----------	--------	--------

- Of total balance ₹ 1,619 including current maturities an amount of ₹ 1,327 is primarily secured by Hyderabad Building and collaterally by the properties at Tidel, vileparle and Vashi 6th Floor and ₹ 292 is secured by pari passu charge on current assets and also pari passu charge on unencumbered movable fixed assets and collaterally by the property at Vashi 5th Floor. Pursuant to BTA, ₹ 12,282 (Previous Year: ₹ 6,742) which is primarily secured by charge on movable fixed assets funded by term loan and also secured by project receivables, ₹ 9,655 (Previous Year: ₹ 11,134) including current maturities which is primarily secured against the specific project receivables and ₹ 3,520 (Previous Year: ₹ 2,871) which is secured by moveable fixed assets funded out of term loan has been transferred to wholly owned subsidiary Sify Infinit Spaces Limited. The charge creation and documentation with regard to securities is under progress and hence these facilities are also in the name of Sify Technologies Limited.
- Pursuant to BTA, loans amounting to ₹ 3,315 (Previous Year: ₹ 4,334) 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 and by project receivables, an amount of ₹ 1,116 (Previous Year: ₹ 4,164) primarily secured by Hyderabad property and collaterally secured by the properties at Tidel, vileparle and Vashi 5th Floor, these loans are transferred to wholly owned subsidiary Sify Infinit Spaces Limited. The charge creation and documentation with regard to securities in the subsidiary companies is under progress and is currently in the name of Sify Technologies Limited.

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

	As at March 31, 2021	As at March 31, 2020
c. The term loans bear interest rate ranging from 6.80% to 9.6% 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 0.89% to 3.35% for Buyers Credit and 9.00% to 9.6% for Term Loan (INR) in lieu of Buyers Credit		
e. These loans are primarily taken from NBFCs. Pursuant to BTA, loans amounting to ₹ 294 and ₹ 16,734 including current maturities has been transferred to wholly owned subsidiaries Sify Infnit Spaces Limited and Sify Digital Services Limited respectively.		
f. The loans bear interest rate ranging from 8.6% to 9.9% (Previous Year: 8.59% to 10.85%) 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 9% to 10.50% (Previous Year: 10.20% to 10.70%) 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.		
<u>The current maturities of borrowings are as under:</u>		
<i>Secured</i>		
Term loan from banks	900	7,181
Current maturities of finance lease obligations	557	499
<i>Unsecured</i>		
Term loan from banks	5,644	2,172
Loan from others	167	11,675
Current portion of lease obligation	3,224	3,135
	10,492	24,662
16. OTHER FINANCIAL LIABILITIES - NON-CURRENT		
Security deposits	231	154
Other liabilities	218	180
	449	334
17. PROVISIONS		
Provisions for employee benefits - current		
Compensated absences	83	160
(A)	83	160
Provisions for employee benefits - non-current		
Gratuity	531	1,261
Compensated absences	247	513
(B)	778	1,774
(A) + (B)	861	1,934
18. OTHER NON-CURRENT LIABILITIES		
Contract liability (Unearned income)*	8,974	9,818
	8,974	9,818

*includes Unearned income from Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary ₹ 185 [including current portion of ₹ 12 disclosed in note D (22)] (Previous year ₹ 188)

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

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

	As at March 31, 2021	As at March 31, 2020
19. BORROWINGS (SHORT-TERM)		
Loans repayable on demand from banks - Secured [Refer notes (a) to (d) below]		
Working capital facilities	19,042	31,857
Buyers' credit from banks	386	2,359
Loans repayable on demand from banks - Unsecured		
Buyers' credit from banks	2,073	728
	21,501	34,944
(a) The above facilities amounting to ₹ 19,428 (Previous Year : ₹ 34,216), 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. Pursuant to BTA, exposure to the extent of ₹ 4,443 and ₹ 8,252 has been transferred to wholly owned subsidiaries Sify Infinit Spaces Limited and Sify Digital Services Limited respectively. The charge creation and documentation with regard to securities in the subsidiary companies is under progress. Documentation pending for transfer of Charge to the respective subsidiary companies, security charge of ₹ 32,123 is in the name of Sify Technologies Limited		
(b) In addition to the above, out of these loans repayable on demand from banks,		
(i) exposure amounting to ₹ 14,230 (Previous Year : ₹ 25,106) is secured collaterally by way of pari-passu charge on the unencumbered movable fixed assets of the Company, both present and future. Pursuant to BTA, exposure to the extent of ₹ 3,230 and ₹ 5,999 has been transferred to wholly owned subsidiaries Sify Infinit Spaces Limited and Sify Digital Services Limited respectively. The charge creation and documentation with regard to securities in the subsidiary companies is under progress. Pending documentation for transfer of Charge to the respective subsidiary companies, security charge of ₹ 23,459 is in the name of Sify Technologies Limited		
(ii) exposure amounting to ₹ 9,007 (Previous Year : ₹ 15,300) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai, Vashi 6 th floor, Vile Parle at Mumbai and Hyderabad Property. Pursuant to BTA, exposure to the extent of ₹ 2,102 and ₹ 3,903 has been transferred to wholly owned subsidiaries Sify Infinit Spaces Limited and Sify Digital Services Limited respectively. The charge creation and documentation with regard to securities in the subsidiary companies is under progress. Pending documentation for transfer of Charge to the respective subsidiary companies, security charge of ₹ 15,012 is in the name of Sify Technologies Limited		
(iii) exposure amounting to ₹ 5,198 (Previous Year : ₹ 9,838) is collaterally secured by equitable mortgage over the land and building at Noida and also covered by WDV of specific movable fixed assets funded out of their Term loan (since closed) at Noida DC, Uttar Pradesh. Pursuant to BTA, exposure to the extent of ₹ 1,213 and ₹ 2,253 has been transferred to wholly owned subsidiaries Sify Infinit Spaces Limited and Sify Digital Services Limited respectively. The charge creation and documentation with regard to securities in the subsidiary companies is under progress. Pending documentation for transfer of Charge to the respective subsidiary companies, security charge of ₹ 8,664 is in the name of Sify Technologies Limited		
(iv) the exposure amounting to ₹ 4,044 (Previous Year : ₹ 6,569) is collaterally secured by equitable mortgage over the Vashi 5 th floor property at Mumbai. Pursuant to BTA, exposure to the extent of ₹ 854 and ₹ 1,585 has been transferred to wholly owned subsidiaries Sify Infinit Spaces Limited and Sify Digital Services Limited respectively. The charge creation and documentation with regard to securities in the subsidiary companies is under progress. Pending documentation for transfer of Charge to the respective subsidiary companies, security charge of ₹ 6,483 is in the name of Sify Technologies Limited		
(c) These working capital facilities bear interest ranging from 5.4% p.a. to 9.45% p.a. [Previous year: 7.9% p.a. to 10.7% p.a.] and these facilities are subject to renewal annually.		
(d) Working capital facilities comprises the following:		
Bank overdraft	742	12,357
Other working capital facilities	18,300	19,500
	19,042	31,857

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

	As at March 31, 2021	As at March 31, 2020
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	36,287	65,015
Other payables	3,964	6,396
	40,251	71,411

* Includes :

- (a) This amount include payables relating to services received from subsidiary companies ₹ 3,320. This amount also includes ₹ 10,514 transferred to subsidiary companies on account of amount payable towards vendor contracts novation pursuant to BTA, which is in progress as on March 31, 2021. Pending confirmation from vendors, the invoices have been booked in parent company and subsequently transferred as on March 31, 2021. Also refer note D (38).
- (b) There are no dues payable to micro, small and medium enterprises as on March 31, 2021 (Previous year - Nil) - Refer note 49

21. OTHER FINANCIAL LIABILITIES

Capital creditors	2,558	9,242
Current maturities of long term debt**	6,544	9,353
Current maturities of other loans**	167	11,675
Current maturities of finance lease obligations**	557	499
Other Lease liabilities current	3,224	3,135
Interest accrued	73	454
Deposits from customers	330	565
Amounts payable to subsidiaries (Refer note below)	29,352	-
Other payables	676	2,063
Unpaid dividends	*	*
	43,481	36,986

Note: Includes ₹8,843 Payable to Sify Infinit Spaces Limited and ₹ 20,508 payable to Sify Digital Services Limited, wholly owned subsidiaries of the company on account of transfer of assets/liabilities, transfer of revenue and expenses, customer receipts received and vendor payments made by or for the subsidiaries pertaining to the services rendered by and for the company. Also refer note D (38).

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

**Also refer note D(15)

22. OTHER CURRENT LIABILITIES

Advances received from customers	1,524	4,069
Statutory payables	2,334	831
Contract liability (Unearned income)*	9,606	14,268
Other payables	1,146	1,416
	14,610	20,584

*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 - ₹ Nil).
- (ii) Contingencies due to certain Service Tax claims as at March 31, 2021 amounted to ₹ 4,162 (Previous Year: ₹ 4,349).
- (iii) Contingencies due to certain Sales Tax claims as at March 31, 2021 amounted to ₹ 94 (Previous Year: ₹ 94).

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

	As at March 31, 2021	As at March 31, 2020
--	-------------------------	-------------------------

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

(b) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for	14,654	61,408
--	--------	--------

(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, 2021, the company is holding 53 (Previous year : 58) licenses with a corresponding export obligation of ₹ 44,047 (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.

24. REVENUE FROM OPERATIONS

	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Sale of Services:		
- Domestic	72,758	1,59,910
- Export	34,712	47,632
Sale of Products:		
- Domestic	1,947	18,178
	<u>1,09,417</u>	<u>2,25,720</u>
Revenue attributable to Unified license [Refer Note D (43)(a)]	1,09,417	1,20,834
Revenue not attributable to Unified license	-	1,04,886
	<u>1,09,417</u>	<u>2,25,720</u>

Note :1 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	13,656
One to three years	6,781
Three years or more	3,103

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

	For the Year ended March 31, 2021	For the Year ended March 31, 2020
25. OTHER INCOME		
Interest income		
From banks	186	190
Others*	1,025	1,606
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	14	-
Deposits/advances no longer payable, written back	-	440
Rental income	1,590	212
Miscellaneous income	239	487
	<u>3,054</u>	<u>2,935</u>
*Interest from others includes interest income from Income tax refund ₹ 895 (Previous year : ₹ 1,456)		
26. COST OF GOODS SOLD AND SERVICES RENDERED		
A. Cost of services rendered		
Networking costs	53,723	61,352
Other direct costs	12,638	19,326
Power expenses	-	15,949
	<u>66,361</u>	<u>96,627</u>
B. Purchases of Stock in Trade	148	28,242
C. Changes in inventories - Stock in Trade		
Opening inventory	13,021	17,153
Transfer of Opening Inventory to subsidiaries through BTA	(13,021)	-
Less: closing inventory	(129)	(13,021)
	<u>(129)</u>	<u>4,132</u>
	<u>66,380</u>	<u>1,29,001</u>
27. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	7,567	26,764
Contribution to provident and other funds	539	1,545
Staff welfare expenses	113	344
Share-based payments to employees [Note D (39)]	276	464
	<u>8,495</u>	<u>29,117</u>
28. FINANCE COSTS		
Interest	1,767	7,297
Other finance costs	328	1,173
Interest on lease liability	1,088	1,691
Exchange differences regarded as an adjustment to borrowing costs	-	342
	<u>3,183</u>	<u>10,503</u>

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

	For the Year ended March 31, 2021	For the Year ended March 31, 2020
29. OTHER EXPENSES		
Commission expenses	364	629
Communication expenses	108	197
Rent	1,057	1,972
Rates and taxes	128	198
Travelling expenses	153	1,607
Power and fuel expenses	919	1,549
Legal and professional	792	1,456
Payment to auditors		
- Statutory audit fees	18	34
- Other services	35	33
Repairs and maintenance expenses		
- Plant and machinery	582	2,159
- Buildings	694	1,151
- Others	1,255	4,030
Insurance	73	521
Outsourced manpower costs	1,998	3,381
Advertisement, selling and marketing expenses	345	616
Loss on foreign exchange fluctuation (net)	41	28
Loss on sale of property, plant and equipment (Net)	-	102
Contribution towards corporate social responsibility [Refer note D(50)]	204	172
Allowance for bad and doubtful debts (including bad debts written off ₹ 3,233; Previous year: ₹4,829)	3,600	4,750
Miscellaneous expenses	1,175	2,295
	13,541	26,880

(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, 2021**(i) Long term borrowings ***

Particulars	As at April 01, 2020	Transfer to subsidiaries through BTA	Proceeds	Repayment	Non cash movement			As at March 31, 2021
					Assets acquired on lease	Foreign exchange movement	Fair value changes	
Term loans from Bank	37,268	(26,682)	-	(3,161)	-	-	-	7,425
Term loans from Others	21,171	(20,677)	-	(201)	-	-	27	320
Finance lease obligations	1,048	(794)	2,895	(387)	-	-	(362)	2,400
Total	59,487	(48,153)	2,895	(3,749)	-	-	(335)	10,145

*including current maturities

(ii) Short term borrowings

Particulars	As at April 01, 2020	Transfer to subsidiaries through BTA	Cash flow	Foreign exchange movement	As at March 31, 2021
Working capital facilities excluding overdraft*	19,500	(7,668)	6,468	-	18,300
Other short term borrowing	3,087	-	(511)	(117)	2,459
Total	22,587	(7,668)	5,957	(117)	20,759

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

Reconciliation of liabilities from financing activities for the year ended March 31, 2020**(i) Long term borrowings ***

Particulars	As at April 01, 2019	Proceeds	Repayment	Non cash movement			As at March 31, 2020
				Assets acquired on lease	Foreign exchange movement	Fair value changes	
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	Cash flow	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)]

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

	As at March 31, 2021	As at March 31, 2020
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		
Deferred tax assets on temporary deductible differences		
Property, Plant and Equipment	2,644	1,812
Leases under Ind AS 116	282	330
Provision for employee benefits	38	-
Accounts receivable	462	-
Provision for Doubtful Advances	126	-
	<u>3,552</u>	<u>2,142</u>
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(1,069)	(1,812)
	<u>(1,069)</u>	<u>(1,812)</u>
Unused tax credits		
MAT credit entitlement	-	663
Net deferred tax asset recognised in Balance Sheet	<u>2,483</u>	<u>993</u>

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 MAT credit has been fully utilised during the current year against current tax liability.

Movement in temporary differences during current and previous year

	Provision for employee benefits	Accounts receivable	Provision for Doubtful Advances	Property, Plant and Equipment	Intangible assets	Finance lease obligations	Leases under Ind AS 116	MAT Credit entitlement
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,812</u>	<u>(1,812)</u>	<u>-</u>	<u>330</u>	<u>663</u>
Recognised in income statement	38	462	126	832	743	-	(48)	(663)
Recognised in Equity	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	<u>38</u>	<u>462</u>	<u>126</u>	<u>2,644</u>	<u>(1,069)</u>	<u>-</u>	<u>282</u>	<u>-</u>

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

	As at March 31, 2021	As at March 31, 2020
Unrecognised deferred tax asset		
Deductible temporary differences	138	5,925
Unrecognised tax losses		
- Unabsorbed depreciation	-	-
Unrecognised deferred tax asset	138	5,925

Based on the reassessment of future taxable income pursuant to re-organisation of business by transferring certain businesses to subsidiaries, there is reasonable certainty that there will be sufficient taxable income in the future to offset the reversals of deferred tax assets recognised.

Income tax expense recognized in profit or loss

	For the year ended March 31 2021	For the year ended March 31 2020
Current tax expense/ (reversal)	3,484	3,427
Deferred tax expense / (asset)	(2,153)	(314)
	1,331	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	6,999	10,521
Enacted tax rates in India	34.94%	34.94%
Expected tax expense/(benefit)	2,446	3,676
<i>Effect of :</i>		
Recognition of previously unrecognised deferred tax asset on temporary differences	(138)	767
Recognition of temporary differences	(726)	(330)
Effect of expenses that are not deductible in determining taxable profit	31	
Effect of rate difference in opening and closing deferred tax	(282)	
Recognition of previously unrecognized tax losses		(1,000)
	1,331	3,113

32. EXPENDITURE IN FOREIGN CURRENCY

(i) Expenditure (on accrual basis)

Royalty	26	70
Legal and professional charges	442	482
Networking costs	17,933	22,992
Other direct costs	136	685
Personnel expenses	1,028	884
Travelling expenses	*	41
Advertising, selling and marketing expenses	53	44
Others	818	346
	20,436	25,544

* Amount below 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 2021	For the year ended March 31 2020
(ii) Dividend paid to non-residents		
The dividend for ADS holders is remitted to Indian Custodian in Indian rupees. The Custodian is the registered member on record for all the shares in the form of ADS. The Custodian remits dividend to the ADS holders by converting the same in foreign currencies.		
No of shareholders	9,340	10,032
Number of shares held	4,27,07,417	3,96,13,695
Amount of dividend paid	Nil	476
Year to which dividend relates	NA	2018-19

33. PAYMENTS TO DIRECTORS (OTHER THAN MANAGING DIRECTOR AND EXECUTIVE DIRECTOR)

Sitting fees	13	15
Consultancy fees	3	3

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

	As at March 31, 2021	As at March 31, 2020
(a) Weighted average number of shares - Basic		
Issued fully paid up ordinary shares as on April 1,	17,92,23,247	17,91,44,347
Effect of shares issued on exercise of stock options	3,10,289	35,938
Effect of partly paid shares (Refer note below)	-	-
Weighted average number of equity shares outstanding	17,95,33,536	17,91,80,285
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	17,95,33,536	17,91,80,285
Dilutive impact of associated stock options*	16,82,469	14,62,892
Weighted average number of equity shares for diluted earnings per share	18,12,16,005	18,06,43,177

*The Company has issued Associate Stock Options of which 77,80,278 (Previous year - 1,10,56,100) options are outstanding as at March 31, 2021. 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, 2021 are as follows:

Particulars	As at March 31, 2021		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	2	118
	GBP	1	110
	EUR	*	*
Trade Receivables	GBP	-	-
	USD	198	14,521
	SGD	-	-
	EUR	1	48
			14,569
Amounts payable in foreign currency on account of:			
Trade Payables	EUR	*	41
	CAD	-	-
	USD	159	11,689
	DHS	*	5
	GBP	*	*
	HKD	1	6
	CHF	-	-
	AUD	*	8
			11,749
Foreign currency long term loan	USD	29	2,117
Foreign currency short term borrowings	USD	33	2,459

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

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
Trade Receivables	GBP	*	38
	USD	158	11,929
	EUR	*	39
			12,006
Amounts payable in foreign currency on account of:			
Trade Payables	EUR	*	21
	CAD	*	*
	USD	94	7,061
	DHS	*	10
	GBP	*	*
	SGD	1	27
	HKD	*	*
	CHF	*	*
			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

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

	For the year ended March 31 2021	For the year ended March 31 2020
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	1,568	1,451
Service cost	133	293
Interest cost	47	101
Remeasurement (gain)/losses	(49)	(129)
Benefits paid	(38)	(148)
Acquisition Adjustment on account of BTA	(719)	-
Projected benefit obligation at the end of the year	942	1,568
Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	307	255
Interest income	17	18
Employer contributions	212	200
Benefits paid	(107)	(148)
Return on plan assets, excluding amount recognised in net interest expense	(20)	(18)
Fair value of plan assets at the end of the year	409	307
Amount recognised in the Balance Sheet		
Present value of projected benefit obligation at the end of the year	942	1,568
Fair value of plan assets at the end of the year	(409)	(307)
Funded status amount of liability recognised in the Balance Sheet	533	1,261
Expense recognised in the Statement of Profit and Loss		
Service cost	133	293
Interest cost	47	101
Interest income	(17)	(18)
Net gratuity costs	163	376
Actual return on plan assets	(3)	-

Summary of actuarial assumptions

Discount rate	5.70% p.a.	5.60% p.a.
Expected rate of return on plan assets	5.00% p.a.	5.00% p.a.
Salary escalation rate	0% for the first year and 5% thereafter	0% for the first year and 5% thereafter
Average future working life time	4.32 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 ₹ 655 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, 2021	As at March 31, 2020
The expected cash flows over the next few years are as follows:		
1 year	188	294
2 to 5 years	561	908
6 to 10 years	336	583
More than 10 years	155	303

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2021 and March 31, 2020, by asset category is as follows:

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, 2021 and March 31, 2020 are as follows:

Remeasurement (gain) /loss arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	(48)	(120)
- experience variance	(1)	(9)
- return on plan assets, excluding amount recognised in net interest expense/income	20	22
	(29)	(107)

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, 2021		March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	981	898	1,639	1,495
(% change compared to base due to sensitivity)	4.6%	(4.2%)	4.8%	(4.4%)
Salary Growth rate (-/+ 1%)	899	979	1,495	1,637
(% change compared to base due to sensitivity)	(4.1%)	4.4%	(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 ₹ 376 and ₹ 1,172 for the year ended March 31, 2021 and March 31, 2020 respectively.

The company is in the process of transferring employees to its subsidiary companies pursuant to BTA. Currently the employees are on deputation from the Parent Company to its subsidiaries and hence the contribution to the plan was transferred to subsidiaries companies as on March 31, 2021.

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

37. SEGMENT REPORTING

The Company publishes this financial statement along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

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, 2021 and March 31, 2020 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%
	Sify Digital Services Limited	India	100%
	Print House (India) Private Limited	India	100%

(b) Related party transactions and balances

Following is a summary of related party transactions for the year ended March 31, 2021:

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Consultancy services received	-	-	-	3
Sitting fees paid	-	-	-	13
Salaries and other short term benefits*	-	-	-	411
Contributions to defined contribution plans*	-	-	-	16
Share based payment transactions*	-	-	-	112
Lease rentals paid**	12	-	72	-
Lease rentals received***	-	1,379	-	-
Lease rental Deposit***	-	345	-	-
Advances given	-	189	-	-
Receipt of services	-	3,215	-	-
Rendering of services	-	5,011	-	-
Investment made on account of BTA#	-	70,001	-	-
Investment made in PHIPL##	-	1,110	-	-

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

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Advances repaid by subsidiaries	-	20	-	-
Advances given on account of BTA#	-	7,800	-	-
Revenue transferred on account of BTA#	-	28,450	-	-
Expenses transferred on account of BTA#	-	19,107	-	-
Amount of outstanding balances				
Advance lease rentals and refundable deposits made**	-	-	56	-
Refundable deposits receivable (lease)***	-	345	-	-
Amounts payable to Subsidiaries on account of BTA#	-	33,786	-	-
Trade payable	-	3,320	-	-
Advances receivable	-	1,511	-	-
Trade receivable	-	1,539	-	-
Unearned income	-	185	-	-
Right of use Asset	-	397	-	-
Lease rentals payable**	1	-	7	-

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	-	1,287	30	-
Receipt of services	-	633	-	-
Purchase of goods	-	-	-	-
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	-

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

Additional information - Subsidiary wise breakup

Particulars	SDSL	SISL	SDMS	Sify NA@	Sify SGP	Printhouse
Receipt of services	2,257	303	-	-	655	-
Rendering of services	2,833	1,972	16	-	89	101
Lease rentals received***	-	1,379	-	-	-	-
Lease rental Deposit***	-	345	-	-	-	-
Investment made on account of BTA#	20,001	50,000	-	-	-	-
Investment made in PHIPL##	-	-	-	-	-	1,000
Advances repaid by subsidiaries	-	20	-	-	-	5,000
Advances given to subsidiaries	-	-	189	-	-	5,110
Advances given on account of BTA#	5,500	2,300	-	-	-	-
Revenue transferred on account of BTA#	20,105	8,345	-	-	-	-
Expenses transferred on account of BTA#	10,862	8,245	-	-	-	-
Outstanding Balances						
lease rentals and refundable deposits receivable***	-	345	-	-	-	-
Amounts payable to Subsidiaries on account of BTA#	20,478	13,308	-	-	-	-
Trade payable	2,255	303	-	-	762	-
Advances receivable	-	-	1,511	-	-	-
Trade receivable	-	1,379	-	-	160	-
Net Receivable / (Payable)	(22,733)	(11,887)	1,511	-	(602)	-
Unearned income	-	-	-	-	185	-
Right of use Asset	-	-	-	-	397	-

#Pursuant to BTA which is effective from February 1, 2021 with appointed date of April 1, 2020, the transactions that were recorded in the parent company and the balances as on January 31, 2021 pertaining the businesses that were transferred have been transferred to the subsidiary companies respectively. The customer and vendor contracts novation is in progress as on March 31, 2021. Pending confirmation from customers and vendors, the invoices have been booked in parent company and subsequently transferred to subsidiary companies as on March 31, 2021.

Pursuant to agreement for shared services between entities, the billing from parent entity to the subsidiary entities and vice versa is part of the services rendered and services received.

@ Sify NA revenue and receivables are on account of services rendered from Sify Digital Services Limited, hence the revenue and receivable has been transferred to SDSL

**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. Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective February 1, 2021 on a rent of ₹ 1.14 per month.

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. Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective February 1, 2021 on a rent of ₹ 0.46 per month.

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

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 - Chief Executive Officer, Mr. M P Vijay Kumar - Chief Financial Officer and Mr. C R Rao - Chief Operating Officer.

***During the year 2020-21, the Company had entered into a lease agreement with Sify Infinit Spaces Limited, the Subsidiary Company, to lease the premises at Chennai, Noida and Hyderabad owned by the company for a period of ten years effective April 1, 2020 on a rent of ₹ 7.20 (Rupees Seven lakhs Twenty Thousand), ₹ 57.37 (Rupees Fifty Seven Lakhs Thirty Seven Thousand) & ₹ 50.32 (Rupees Fifty Lakhs Thirty two thousand) respectively per month with an escalation of 3% on the last paid rent after the end of every year and refundable security deposit equal to the rent of three months on all the said properties.

##Refer Note D (45)

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, 2021. 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 465,000, 72,20,000, 3,35,000, 1,50,000, 5,25,000 and 1,84,300 options to employees during the year 2020-21, 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	3/5 th of the options vest at the end of one year from the date of grant. The remaining 2/5 th 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	2/5 th of the options vest at the end of one year from the date of grant. The remaining 3/5 th vests at the end of every half year during second, third and fourth years in 6 equal instalments
38,32,800	Category III	2/5 th of the options vest at the end of two years from the date of grant. The remaining 3/5 th vests at the end of every half year during third, fourth and fifth years in 6 equal instalments.

The exercise period of ASOP's issued during the years 2015 and 2016 which have already vested as on March 31, 2021, has been extended by 2 and 1 more year respectively from the actual exercise period provided at the time of issue. The summary of modification is as follows:

No of options (Live as on March 31, 2021)	Original Exercise period	Revised Exercise period
15,67,278	19-Jan-21	19-Jan-23
15,900	23-Apr-21	23-Apr-23
5,000	19-Oct-22	19-Oct-23

(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, 2021	March 31, 2020
Outstanding at the beginning of the year	1,10,56,100	45,88,300
Granted during the year	4,65,000	72,20,000
Forfeited and expired during the year	(7,26,000)	(6,73,300)
Exercised during the year	(30,14,822)	(78,900)
Outstanding at the end of the year	77,80,278	1,10,56,100
Vested and exercisable at the end of the year	65,82,070	42,81,090
Weighted average exercise price in ₹	86.13	70.90
Remaining contractual period	0.55 - 4.83 years	0.80 - 4.84 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.

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2021 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2021	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	57.66 - 152.56	77,80,278	86.13	0.55 - 4.83 years

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

(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	May 5, 2020	Jan 28, 2021
Category	Category III	Category III
Current market price	75.65	169.52
Exercise price	68.08	152.56
Expected term	2-5 years	2-5 years
Volatility	52.08% to 90.94%	66.40% to 135.87%
Dividend yield	12%	12%
Discount rate	1%	1%

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, 2021 and March 31, 2020 are given below:

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Forward/Option contracts (Sell)	USD	Nil	21
Forward/Option contracts (Buy)	USD	Nil	Nil
Net (gain) / loss on mark to market in respect of forward/option contracts outstanding	INR	Nil	(3)

The Company recognized a net loss on the forward contracts of ₹ 14 (Previous year : Net loss of ₹ 87) for the year ended March 31, 2021.

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, 2021	As at March 31, 2020
Forward/Option contracts	(USD)	(USD) (Sell)
Not later than one month	-	-
Later than one month and not later than three months	-	21
Later than three months and not later than six months	-	-
Later than six months and not later than one year	-	-

ii. 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.

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

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

	As at March 31, 2021		As at March 31, 2020	
	Receivable (USD)	Payable (USD)	Receivable (USD)	Payable (USD)
Less than 1 year	-	-	*	*
Total cash flows	-	-	*	*

* Amount below rounding off norm adopted by the Company

Total notional amount outstanding as on March 31, 2021 is USD Nil (Previous Year: USD 5). During the year the underlying loan is closed.

The Company recognized a net loss on the interest rate swaps of ₹ 1 (includes mark to market gain of ₹ Nil (since loan closed) during the year ended March 31, 2021 (Previous year : net loss on the interest rate swaps of ₹ 17 (includes mark to market gain of ₹ 4).

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2021 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	-	-	-	-	-
Trade receivables	42,634	-	-	42,634	42,634
Cash and cash equivalents	49,638	-	-	49,638	49,638
Other financial assets	2,978	-	-	2,978	2,978
Liabilities					
Borrowings from banks	28,184	-	-	28,184	28,184
Borrowings from others	320	-	-	320	320
Bank overdraft	742	-	-	742	742
Lease Liabilities	14,095	-	-	14,095	14,095
Trade payables	40,251	-	-	40,251	40,251
Other financial liabilities	33,438	-	-	33,438	33,438

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

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

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
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

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2021 and March 31, 2020 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2021	As at March 31, 2020
Trade receivables	42,634	96,928
Cash and cash equivalents	49,638	24,618
Other financial assets	2,978	5,084
	<u>95,250</u>	<u>1,26,630</u>

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, 2021			Fair value as of March 31, 2020		
	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
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	-	-	-	-
Derivative financial liabilities - (Gain) / loss on outstanding interest rate swaps	-	-	-	-	-	1

- 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

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

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

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Financial assets at amortised cost		
Interest income on bank deposits	186	190
Interest income on other financial assets	130	150
Impairment on trade receivables	(3,600)	(4,750)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net (gains)/losses on fair valuation of derivative financial instruments	-	4
(c) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(1,088)	(1,691)
Interest expenses on borrowings from banks, others and overdrafts	(1,767)	(7,643)

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.

(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, 2021 and March 31, 2020 was as follows:

	As at March 31, 2021	As at March 31, 2020
Other investments	-	17
Trade receivables	42,634	96,928
Cash and cash equivalents	49,638	24,618
Other financial assets	2,978	5,084
	<u>95,250</u>	<u>1,26,647</u>

Financial assets

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, is given below:

Period (in days)	As at March 31, 2021	As at March 31, 2020
Less than 180 days	36,287	65,734
181 - 270 days	4,446	11,325
271 - 365 days	1,025	3,645
More than 365 days	876	16,224
	<u>42,634</u>	<u>96,928</u>

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, other assets, other receivables and finance lease receivables are neither past due nor impaired.

Pursuant to BTA, debtors relating to Data Centre business has been transferred to wholly owned subsidiary Sify Infinit Spaces Limited and trade receivables relating to Cloud & Managed Services, Technology Integration Services & Application Integration Services has been transferred to wholly owned subsidiary Sify Digital Services Limited

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, 2021					
	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	28,184	28,762	27,853	909	-	-
Borrowings from others	320	336	174	162	-	-
Bank overdraft	742	742	742	-	-	-
Lease Liabilities	14,095	26,094	3,829	5,578	3,281	13,407
Trade payables	40,251	40,251	40,251	-	-	-
Other financial liabilities	33,438	33,438	33,438	-	-	-
	<u>1,17,030</u>	<u>1,29,623</u>	<u>1,06,287</u>	<u>6,649</u>	<u>3,281</u>	<u>13,407</u>

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

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

Market risk:

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

Currency risk:

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

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

The Company's exposure to foreign currency risk as at March 31, 2021 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	2	198	(159)	(62)	(21)
GBP	1	-	*	-	1
EUR	*	1	*	-	*
SGD	-	-	-	-	-
DHS	-	-	*	-	*
HKD	-	-	(1)	-	(1)
AUD	-	-	*	-	*

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	*	-	-	1
EUR	-	*	*	-	*
SGD	-	-	(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, 2021 and March 31, 2020 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 2020.

	Other comprehensive income	Profit/(loss)
March 31, 2021	-	152
March 31, 2020	-	238

A 10% weakening of the rupee against the above currencies as at March 31, 2021 and March 31, 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk:

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

Profile

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

	Carrying amount	
	March 31, 2021	March 31, 2020
Fixed rate instruments		
<i>Financial assets</i>		
- Fixed deposits with banks	28,920	4,073
<i>Financial liabilities</i>		
- Borrowings from banks	2,459	3,087
- Borrowings from others	2,720	22,219
Variable rate instruments		
<i>Financial liabilities</i>		
- Borrowings from banks	25,725	56,768
- Bank overdrafts	742	12,357

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 2020.

	Equity	Profit or (loss)
March 31, 2021	-	(136)
March 31, 2020	-	(562)

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)

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, 2021 is ₹ 1,22,287 (Previous Year: ₹ 1,13,733).

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, 2021	As at March 31, 2020
Debt		31,646	94,431
Less: cash and bank balances		(49,638)	(24,618)
Net debt	A	(17,992)	69,813
Equity	B	1,22,287	1,13,733
Net debt to Equity ratio	A/B	0%	61%

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

43. LEGAL PROCEEDINGS**a) Proceedings before Department of Telecommunications****(i) License fees**

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 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 and the demands have been stayed by the Court. The case is pending for final hearing.

The Service providers which had different license conditions for ISP, NLD & ILD 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 observed that if the license conditions of Other Service Providers including ISP, NLD & ILD are different from the license conditions of the Mobile Access Providers, then the other service providers should adjudicate the license fee issue before the appropriate forum. Meanwhile DoT withdrew the demands against Public Sector Undertaking on account of different license conditions.

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.

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

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 set aside the demand made by the DoT and passed the order in favour of the ISP. DoT has challenged the Order of the TDSAT and the appeal is pending before Supreme Court. 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, 2021, 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 ₹ 1,133 (March 31, 2020: ₹ 883)] on the Company's financial position and results of operations.
- c) The Company has received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to ₹ 64 on special allowances paid to employees. The company has filed a writ petition before High court of Madras and obtained the stay of demand. In Feb 2019, the Supreme Court held, in a similar case, that Special allowances paid by the employer to its employee will be included in the scope of basic wages and subject to provident fund contribution. However, the Supreme Court has not fixed the effective date of order.
- d) During the financial year 2019-20, 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

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

the “Profit and Loss Statement as on the Appointed Date was ₹ 27,661 representing the losses carried forward by the Company and the two subsidiaries (the Transferor Companies). The details of loss incurred/profit earned by the Transferee Company over the last five years prior to the scheme are given below:

Year ended	Amount (₹)
Profit/(Loss) for the year ending	
31.3.2008	(2,155)
31.3.2009	(17,666)
31.3.2010	3,603
31.3.2011	(5,423)
31.3.2012	(2,400)
31.3.2013	4,258
Total	(19,783)
Accumulated loss of subsidiaries as on March 31, 2013:	
Sify Software Limited	(7,874)
Hermit Projects Private Limited	(4)
Total accumulated loss as on March 31, 2013	(27,661)

Hence, the debit balance in the “Profit and Loss Statement” as on the Appointed Date to an extent of ₹ 27,661 representing the accumulated losses of the Company and the Subsidiaries as on April 1, 2013 is adjusted against the sum of ₹69,004 standing to the credit of Securities Premium Account of the Company on the said date. On such adjustment, the Securities Premium Account of the Company shall stand reduced collectively by a sum of ₹ 27, 661, leaving a credit balance of ₹ 41,343.

45. ACQUISITION OF PRINT HOUSE (INDIA) PRIVATE LIMITED

During the year, the company has acquired Print (‘PHIPL’) through Corporate Insolvency Resolution Process. The company emerged as successful Resolution Applicant (RA) vide Hon’ble National Company Law Tribunal (‘NCLT’) order dated June 23, 2020. Pursuant to the Resolution Plan submitted, the management of affairs of the company vested with Monitoring Committee consisting of Resolution Professional and the Financial Creditor of PHIPL. The company took over the management of affairs of PHIPL after dissolution of Monitoring Committee on October 16, 2020 as per the Resolution Plan. The existing share capital of PHIPL would be reduced to Nil. Fresh capital has been issued to the company. The company has implemented the Resolution Plan in terms of settlement of financial creditors, operational creditors, absorbing of employees as appropriate to the continuance of proposed business and reviving the operations of the company by converting the facility into world class data centers as per the order of Hon’ble NCLT and the orders dismissing appeals by both Hon’ble NCLT and Hon’ble National Company Law Appellate Tribunal (‘NCLAT’).

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, 2021. 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

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

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, 2021		March 31, 2020	
Trade Receivables		42,634		96,928
Contract Assets - Unbilled Revenue		-		-
Contract liabilities - Deferred Income				
Current contract liabilities	9,606		14,268	
Non current contract liabilities	8,974		9,818	
Total Contract liabilities - Deferred Income		18,580		24,086

The following table provides the movement in contract liabilities (Deferred Income) for the year ended March 31, 2021

Particulars	Amount
Balance as of April 1, 2020	24,086
Less: Transfer through BTA	5,399
Less: Revenue recognized during the year	89,061
Add: Invoiced during the year but revenue not recognised	88,954
Balance as of March 31, 2021	18,580

Contract Cost and Amortisation

Costs to fulfil customer contracts are deferred and amortized over the contract period. For the year ended March 31, 2021 the Company has capitalised ₹ 561 and amortised ₹ 821. 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.

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, 2021 and March 31, 2020 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, 2021 (Previous year - Nil). The Company 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, 2021	As at March 31, 2020
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. 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 ₹ 204 towards CSR in compliance of this requirement. A sum of ₹ 204 has been spent during the current year towards CSR activities as per details given below.

	Amount (₹)	
Organisation	2020-21	2019-20
VIRRD Trust, Dwarakha Tirumala	190	150
M/s Sri Saraswathi Vidya Peetham	-	5
Voluntary Health Services Hospital, Taramani	14	17
Special Children Sports Meet	-	*
Total	204	172

* Amount below the rounding off norm adopted by the Company

51. BUSINESS TRANSFER

During the year, pursuant to reorganization plan approved by the company, the Data Center business and Digital Services business has been transferred to wholly owned subsidiaries viz., Sify Infinit Spaces Limited and Sify Digital Services Limited effective from February 1, 2021 with the appointed date being April 1, 2020. All the assets and liabilities pertaining to the above mentioned businesses has been transferred from the appointed date of April 1, 2020. The consideration is settled by way of issue of equity shares at par.

Below is the summary of assets and liabilities transferred as on April 1, 2020

	Data Center Business	Digital Services Business
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	62,083	3,634
(b) Right-of-use Assets	15,822	753
(c) Capital work in progress	8,652	-
(d) Intangible assets	134	750

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

	Data Center Business	Digital Services Business
(e) Financial assets		
(i) Investments	17	-
(ii) Trade receivables	-	564
(iii) Other financial assets	1,168	168
(f) Deferred Tax assets	-	-
(g) Other non-current assets	4,112	2,261
	91,988	8,130
(2) Current assets		
(a) Inventories	-	13,021
(b) Financial assets		
(i) Trade receivables	13,183	45,619
(ii) Cash and cash equivalents	4,501	7,782
(iii) Other financial assets	854	130
(c) Other current assets	605	4,620
	19,143	71,172
Total Assets	1,11,131	79,302
LIABILITIES		
(1) Non - current liabilities		
(a) Financial liabilities		
(i) Borrowings & Lease liabilities	27,152	9,375
(ii) Other financial liabilities	-	180
(b) Provisions	82	912
(c) Other non-current liabilities	-	427
	27,234	10,894
(2) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	4,064	8,463
(ii) Trade payables	-	-
Total outstanding dues to micro enterprises and small enterprises	-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises	9,998	21,961
(iii) Other financial liabilities	18,234	12,392
(b) Other current liabilities	1,596	5,517
(c) Provisions	5	75
	33,897	48,408
Total Liabilities	61,131	59,302
Excess of Assets over Liabilities	50,000	20,000
Represented by		
Shareholder's Funds		
Equity Share Capital	50,000	20,000

The consideration for transfer of said business was settled through issue of 50,00,00,000 equity shares and 20,00,00,000 equity shares of ₹ 10 each at par, as fully paid-up by Sify Infinit Spaces Limited and Sify Digital Services Limited respectively.

Pursuant to the above business transfer, the income and expenditure from April 1, 2020 is accounted in the respective companies. The following is the summary of profit and loss for the year ended March 31, 2020 relating to the businesses that are transferred to subsidiaries.

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

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

	Data Center Business	Digital Services Business
Revenue from operations	38,237	66,575
Other income	73	284
Total income	38,310	66,859
Expenses		
Cost of services rendered	16,080	4,851
Purchase of stock-in-trade	117	27,988
Changes in inventories	-	4,132
Employee benefits expense	1,794	17,613
Finance costs	3,686	2,495
Depreciation and amortisation expense	9,025	1,837
Other expenses	4,881	6,319
Total Expenses	35,583	65,235
Profit before tax	2,727	1,624

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 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.

The Company’s ADR price has been trading above \$1.00 since July 30, 2020 and NASDAQ vide its letter dated August 13, 2020, has communicated that the Company has regained compliance with the Listing Rule 5550(a)(2) and closed the matter.

On January 11, 2021, the share price of the company had increased to USD 3.65. Due to sudden increase, the Company has received an email from NASDAQ enquiring about sudden increase in price.

The company replied that “it is not aware of the reasons behind this activity on stock prices and has not committed any corporate event. Further, the company informed that, it continues as in past to get opportunities and expression of interest for partnership for its various businesses and in case, the company concludes any partnership, it will keep market informed as per due process.”

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

D K Giridharan
Partner
Membership No.: 028738

Chennai
May 14, 2021

Raju Vegesna
Chairman and Managing Director

M P Vijay Kumar
Chief Financial Officer

For and on behalf of the Board of Directors

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

V Ramanujan
Company Secretary

Consolidated Financial Statements for the year ended March 31, 2021

INDEPENDENT AUDITORS' 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, 2021, 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, 2021, 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, 2021 is INR 85,472 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2021 is INR 7,555 lakhs (including bad debts written off INR 5,996 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 management's 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, 2021.

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

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

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

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

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

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group

are responsible for maintenance of the adequate accounting records for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error,

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

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

the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ INR 8,501.34 lakhs as at March 31, 2021, total revenues of INR 968.62 lakhs and net cash flows (increase in cash and cash equivalents) amounting to INR 1,485.18 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 INR 368.38 lakhs for the year ended March 31, 2021, 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 subsections (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.

Further, due to the second wave of spreading of COVID -19 across India, the State Government of Tamil Nadu announced a lockdown in the months of April 2021 and May 2021, which was extended with various restrictions across the India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, certain portions of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

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.

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, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group Companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: in our opinion and to the best of our

information and according to the explanations given to us, there are no managerial remuneration payable to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

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

- ii. 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

- 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

Place: Chennai

Membership No: 028738

Date : May 14, 2021 UDIN : 21028738AAAABP7260

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, 2021

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 2021, we have audited the internal financial controls over financial reporting of Sify Technologies Limited ("the Company/the Holding Company") and its subsidiaries namely Sify Infinit Spaces Limited, Sify Digital Services Limited, and Sify Data and Managed Services Limited. This report does not include Print House (India) Private Limited as it is audited by other auditor.

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 expenditure of the Company are being made only in accordance with authorizations 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 and its subsidiaries namely Sify Infinit Spaces Limited, Sify Digital Services Limited, and Sify Data and

Managed Services Limited 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, 2021, 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

Place: Chennai

Membership No: 028738

Date : May 14, 2021 UDIN : 21028738AAAAABP7260

Consolidated Balance Sheet as at March 31, 2021

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

	Note No. (D)	As at March 31, 2021	As at March 31, 2020
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	1,20,261	1,09,052
(b) Right-of-use Assets	3	45,448	38,697
(c) Capital work in progress		4,799	9,055
(d) Intangible assets	2	6,769	6,620
(e) Financial assets			
(i) Investments	4	2,122	2,120
(ii) Trade receivables	5	271	564
(iii) Other financial assets	6	4,039	2,939
(f) Deferred Tax assets	31	6,365	993
(g) Other non-current assets	7	4,454	6,049
		1,94,528	1,76,089
(2) Current assets			
(a) Inventories	8	14,147	13,021
(b) Financial assets			
(i) Trade receivables	9	85,201	96,314
(ii) Cash and cash equivalents	10	55,021	26,510
(iii) Other financial assets	11	125	1,329
(c) Other current assets	12	17,584	29,177
		1,72,078	1,66,351
Total Assets		3,66,606	3,42,440
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	18,352	18,051
(b) Other Equity	14	1,13,284	95,443
		1,31,636	1,13,494
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings & Lease liabilities	15	53,932	52,112
(ii) Other financial liabilities	16	400	334
(b) Provisions	17	1,924	1,774
(c) Other non-current liabilities	18	9,296	9,818
		65,552	64,038
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	34,195	34,944
(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		70,737	71,780
(iii) Other financial liabilities	21	42,274	36,914
(b) Other current liabilities	22	22,034	21,110
(c) Provisions	17	178	160
		1,69,418	1,64,908
Total Equity and Liabilities		3,66,606	3,42,440

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

D K Giridharan

Partner

Membership No.: 028738

Chennai

May 14, 2021

Raju Vegesna

Chairman and Managing Director

M P Vijay Kumar

Chief Financial Officer

For and on behalf of the Board of Directors

Ananda Raju Vegesna

Executive Director

V Ramanujan

Company Secretary

C B Mouli

Director

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

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

	Note No. (D)	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations	24	2,43,195	2,29,521
Other income	25	3,283	3,012
Total income		2,46,478	2,32,533
Expenses			
Cost of services rendered	26 A	1,09,211	97,521
Purchase of stock-in-trade	26 B	25,451	28,242
Changes in inventories	26 C	(1,126)	4,132
Employee benefits expense	27	30,612	31,697
Finance costs	28	9,627	10,540
Depreciation and amortisation expense	1,2 and 3	28,356	22,908
Other expenses	29	28,344	27,296
Total expenses		2,30,475	2,22,336
Profit before tax		16,003	10,197
Tax expense	31		
Current Tax		6,719	3,457
Deferred Tax		(6,035)	(314)
Profit after tax		15,319	7,054
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/asset	35	52	108
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		(84)	282
Total other comprehensive income		(32)	390
Total comprehensive income for the year		15,287	7,444
Earnings per equity share (₹ 10 paid up)			
Basic	33	8.53	3.94
Diluted		8.45	3.90

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

D K Giridharan

Partner

Membership No.: 028738

Chennai

May 14, 2021

Raju Vegesna

Chairman and Managing Director

M P Vijay Kumar

Chief Financial Officer

For and on behalf of the Board of Directors

Ananda Raju Vegesna

Executive Director

V Ramanujan

Company Secretary

C B Mouli

Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**A. Equity Share Capital**

	For the year ended	
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	18,051	18,043
Change in Equity Share Capital during the year	301	8
Balance at the end of the year	18,352	18,051

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	
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
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

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	
2020-21							
Balance as at April 1, 2020* - (A)	1,96,208	725	(1,03,423)	1,084	606	243	95,443
Profit for the year	-	-	15,319	-	-	-	15,319
Other comprehensive income	-	-	-	-	(84)	52	(32)
Total comprehensive income for the year ended March 31, 2021 - (B)	-	-	15,319	-	(84)	52	15,287
Employee stock compensation cost for the year	-	-	-	401	-	-	401
Transferred from stock options outstanding account	548	17	-	(565)	-	-	-
Additions to securities premium on issue of shares on exercise of ASOP	2,153	-	-	-	-	-	2,153
Balance as at March 31, 2021 - (C)	1,98,909	742	(88,104)	920	522	295	1,13,284
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)]	54,984	742	55,821	920	522	295	1,13,284

*Balance at 1.4.2019 and 1.4.2020 of Securities Premium and Retained Earnings are before adjustment of Accumulated Losses with Securities Premium as detailed in Note D (43) (a) and D (43) (b).

Significant accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Consolidated Statement of Changes in Equity

As per our report of even date attached.
for **ASA & Associates LLP**
Chartered Accountants
Firm Registration No.: 009571N/N500006

D K Giridharan
Partner
Membership No.: 028738

Chennai
May 14, 2021

Raju Vegesna
Chairman and Managing Director

M P Vijay Kumar
Chief Financial Officer

Ananda Raju Vegesna
Executive Director

V Ramanujan
Company Secretary

C B Mouli
Director

For and on behalf of the Board of Directors

Consolidated Cash Flow Statement for the year ended March 31, 2021

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	16,003	10,197
Adjustments for :		
Depreciation and amortisation expense	28,356	22,908
Finance expenses (considered separately)	9,627	10,540
Allowance for doubtful debts	7,555	4,797
Employee stock compensation expense	401	464
Deposits/Advances no longer payable written back	-	440
Provision for expenses no longer required written back		
Unrealised foreign exchange fluctuation loss/(gain), net	75	83
Interest income (considered separately)	(1,723)	(1,939)
(Profit) /loss on sale of Property, Plant and Equipment (net)	(14)	102
Operating profit / (loss) before working capital changes	60,280	47,592
(Increase)/decrease in trade receivables - current	3,048	(376)
(Increase)/decrease in non current trade receivables	293	(13)
(Increase)/decrease in inventories	(1,126)	4,132
(Increase)/decrease in other financial assets - current	1,252	(621)
(Increase)/decrease in other financial assets - non current	(841)	632
(Increase)/decrease in other non current assets	330	(892)
(Increase)/decrease in other current assets	6,598	(5,925)
Increase/(decrease) in trade payables	(697)	3,560
Increase/(decrease) in other non current financial liabilities	66	64
Increase/(decrease) in other non current liabilities	(522)	(406)
Increase/(decrease) in other financial liabilities -current	915	(797)
Increase/(decrease) in other current liabilities	924	863
Increase/(decrease) in provisions - non current	202	(42)
Increase/(decrease) in provisions - current	18	4
Cash generated from operations	70,741	47,775
Tax (paid)/refund received	(1,071)	3,031
Net cash generated from operating activities (A)	69,670	50,806
Cash flow from investing activities		
Purchase of Property, Plant and Equipment	(29,627)	(44,027)
Investments in corporate debt securities	(55)	-
Amount paid for acquisition of right of use assets	(7,934)	(980)
Sale proceeds of Property, Plant and Equipment	14	112
Interest income received	1,415	1,641
Net cash used in investing activities (B)	(36,187)	(43,254)

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

		For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from financing activities			
Proceeds from long-term borrowings		30,285	28,321
Repayment of long-term borrowings		(25,123)	(23,364)
Increase/(decrease) in short-term borrowings		10,489	9,931
Repayment of lease liabilities		(2,262)	(2,195)
Proceeds from issue of share capital		2,454	53
Dividend paid		-	(1,855)
Dividend distribution tax paid		-	(384)
Interest paid		(9,660)	(10,470)
Net cash generated used in financing activities	(C)	6,183	37
Effect of exchange differences on translation of cash and cash equivalents	(D)	(34)	1
Net increase/(decrease) in cash and cash equivalents during the year	(A)+(B)+(C)+(D)	39,632	7,590
Cash and cash equivalents at the beginning of the year		14,153	6,563
Cash and cash equivalents at the end of the year#		53,785	14,153
[Refer Note D (10)]			
# Cash and cash equivalents subject to lien		4,010	3,326
[Refer Note D (10)]			

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

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

The accompanying notes referred to above form an integral part of the Consolidated Cash Flow Statement

As per our report of even date attached.

for ASA & Associates LLP

Chartered Accountants

Firm Registration No.: 009571N/N500006

D K Girdharan

Partner

Membership No.: 028738

Chennai

May 14, 2021

Raju Vegesna

Chairman and Managing Director

M P Vijay Kumar

Chief Financial Officer

For and on behalf of the Board of Directors

Ananda Raju Vegesna

Executive Director

V Ramanujan

Company Secretary

C B Mouli

Director

(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, Sify Infnit Spaces Limited, Sify Digital Services Limited and Print House (India) Private 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 Digital Services which includes Data Center services, Cloud and Managed services, Applications Integration services and Technology Integration services. During the year under review, the Company has transferred its Data Center business to its wholly owned subsidiary Sify Infnit Spaces Limited and Digital Services business (Cloud and Managed services, Applications Integration services and Technology Integration services) to its wholly owned subsidiary Sify Digital Services Limited respectively effective from April 01, 2020 vide Business Transfer Agreement dated January 28, 2021. 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 certain financial instruments which are measured on fair value basis and Cash Flow Statement. GAAP comprises Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies 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, 2021 prepared in accordance with Ind AS, have been duly approved by the Board of Directors at its meeting held on May 14, 2021.

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. Issued and effective****Ind AS 103 - Business Combination**

Additional guidance on identifying business combination and definition of business have been inserted. These guidances include optional test to identify concentration of fair value, explanation on elements of business requiring assessment whether an acquired process is substantive. When the fair value is concentrated towards a single asset, the acquisition shall be accounted as an asset acquisition. Also, the amendment provides that for an acquisition to be considered as business, the assessment of input and processes

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

would depend on stage of the entity being acquired and hence it is important to assess whether the acquired process is substantive to be qualified as business. In other cases, the acquisition shall be accounted as an asset acquisition.

The group has acquired 100% interests in a company "Print House (India) Private Limited - PHIPL" through Insolvency and Bankruptcy Code (IBC) vide order of National Company Law Tribunal (NCLT) during the current year. The acquisition was tested with the additional guidance mentioned above and since concentration of fair value was in Land and Buildings, the acquisition has been accounted as "Asset Acquisition" and not Business Combination

Ind AS 109 - Financial Instruments

Amendments relating to uncertainty arising from interest rate benchmark reform and temporary exceptions from applying hedging requirements are given. These do not apply to the Group.

Ind AS 116 - Covid-19 related rent concessions

When there is no substantive change in the terms and conditions of the lease agreement except for concessions on rent payments due to covid-19, such concession shall not be treated as Lease Modification and disclosures required as per Ind AS 116 and Ind AS 8 need not be given.

The entity has utilised this relaxation for the leases where concessions were provided.

3B. Issued and not effective

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

The Code on Social Security, 2020 relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact of the Code and the associated rules when it comes into effect and will record any related impact in the period the Code becomes effective.

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, Sify Digital Services Limited, Print House (India) Private 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 judgements

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

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

- Valuation of financial instruments [Note C(3)]
- Useful lives of property, plant and equipment [Note C(5)]
- Useful lives of intangible assets [Note C(7)]
- 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)]

Estimation uncertainty relating to global health pandemic of 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 of COVID-19 and on that basis of assessment the company expects these uncertainties do not cast significant doubt upon the ability of the company to continue 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

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

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 except for trade receivables which are recognised at transaction price. 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 are added to the fair value on initial recognition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement:

(i) Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows

that are solely payments of principal and interest on the principal amount 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.

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

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, 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

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

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 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 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 considering residual value to be zero. Depreciation on contract-specific assets are charged co-terminus over the contract period. Management's estimated useful lives for the year ended March 31, 2021 and March 31, 2020 were as follows:

	Estimated 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 transceivers	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.

6. Business combinations

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

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

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

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 class 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 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

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

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

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

the Group. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting any unrecognized past service cost and the fair value of any plan assets.

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

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

(c) Short term benefit:

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

(d) Compensated absences:

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

carried out by an independent actuary at the balance sheet date.

13. Share-based payment transactions

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

14. Provisions

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

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

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

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 backbone 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.

(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.

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

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.

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

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. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

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:

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

- (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 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 only when it is expected to be distributed in foreseeable future based on the management's intention.

19. Earnings per share

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

of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes share options granted to employees. To the extent that partly paid shares are not entitled to participate in dividends during the period, they are treated as the equivalent of warrants or options in the calculation of diluted earnings per share.

20. Fair value measurement

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

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

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

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

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

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

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

Level 3 - unobservable inputs for the asset or liability.

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

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

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

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

(i) Investments in equity and debt securities

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

(ii) Trade and other receivables

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

(iii) Derivatives

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

(iv) Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present

value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(v) Share-based payment transactions

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

21. Dividend distribution to equity shareholders

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

22. Current/ non-current classification

An asset is classified as current if:

- (a) it is expected to be realised or sold or consumed in the Group's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelve months after the reporting period; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;
- (d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

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

D. Notes to Accounts**1. Property, Plant and Equipment**

The following table presents the changes in property, plant and equipment during the year ended March 31, 2021

Particulars	ORIGINAL COST			DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2020	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2021	As at April 1, 2020	For the year	Deletions/ Adjustments during the year	As at March 31, 2021	As at March 31, 2020
Owned assets									
Freehold Land	1,472	-	-	1,472	-	-	-	1,472	1,472
Buildings	43,980	3,719	-	47,699	7,119	1,809	-	38,771	36,861
(As at April 1 2014)	(15,218)	-	-	(15,218)	(2,738)	-	-	(12,480)	(12,480)
Plant and equipment	1,50,816	18,299	114	1,69,001	98,244	12,803	114	58,068	52,572
(As at April 1 2014)	(66,029)	-	(101)	(65,928)	(44,804)	-	(101)	(21,225)	(21,225)
Furniture and fittings	1,602	6	5	1,603	1,569	8	5	31	33
(As at April 1 2014)	(1,404)	-	(1)	(1,403)	(1,361)	-	(1)	(43)	(43)
Office equipment	10,479	2,406	3	12,882	5,566	1,603	3	5,716	4,913
(As at April 1 2014)	(2,314)	-	(3)	(2,311)	(1,819)	-	(3)	(495)	(495)
Leasehold improvements	23,676	6,991	2	30,665	10,475	3,989	2	16,203	13,201
(As at April 1 2014)	(4,871)	-	(2)	(4,869)	(3,916)	-	(2)	(955)	(955)
Motor vehicles	72	-	-	72	72	-	-	-	-
(As at April 1 2014)	-	-	-	-	-	-	-	-	-
	2,32,097	31,421	124	2,63,394	1,23,045	20,212	124	1,20,261	1,09,052
(As at April 1 2014)	(89,836)	-	(107)	(89,729)	(54,638)	-	(107)	(35,198)	(35,198)

(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, 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, 2019
Owned assets											
Freehold Land	-	-	1,472	-	1,472	-	-	-	-	1,472	-
Buildings	21,488	-	22,492	-	43,980	6,153	-	966	-	36,861	15,335
(As at April 1 2014)	(15,218)	-	-	-	(15,218)	(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	42,108
(As at April 1 2014)	(66,648)	-	-	(619)	(66,029)	(45,423)	-	-	(619)	(44,804)	(21,225)
Furniture and fittings	1,600	-	3	1	1,602	1,561	-	9	1	1,569	39
(As at April 1 2014)	(1,405)	-	-	(1)	(1,404)	(1,362)	-	-	(1)	(1,361)	(43)
Office equipment	6,777	-	3,702	-	10,479	4,283	-	1,283	-	5,566	2,494
(As at April 1 2014)	(2,314)	-	-	-	(2,314)	(1,819)	-	-	-	(1,819)	(495)
Leasehold improvements	12,169	-	11,507	-	23,676	8,233	-	2,242	-	10,475	3,936
(As at April 1 2014)	(4,871)	-	-	-	(4,871)	(3,916)	-	-	-	(3,916)	(955)
Motor vehicles	72	-	-	-	72	60	-	12	-	72	12
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	68,487
(As at April 1 2014)	(1,04,401)	13,945	-	(620)	(89,836)	(58,971)	3,713	-	(620)	(35,198)	(45,430)

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)

Particulars	ORIGINAL COST			AMORTISATION			NET BOOK VALUE	
	As at April 1, 2020	Additions during the year	Deletions/ Adjustments during the year	As at April 1, 2020	For the year	Deletions/ Adjustments during the year	As at March 31, 2021	As at March 31, 2020
Undersea cable capacity	7,363	-	-	4,383	745	-	2,235	2,980
(As at April 1 2014)	(5,533)	-	-	(922)	-	-	(4,611)	(4,611)
System software	12,312	3,074	-	9,024	2,148	-	4,214	3,288
(As at April 1 2014)	(4,589)	-	-	(4,044)	-	-	(545)	(545)
License fees	780	-	-	428	32	-	320	352
(As at April 1 2014)	(500)	-	-	(238)	-	-	(262)	(262)
Customer related intangibles	1,824	-	-	1,824	-	-	-	-
(As at April 1 2014)	(1,824)	-	-	(1,824)	-	-	-	-
	22,279	3,074	-	15,659	2,925	-	6,769	6,620
(As at April 1 2014)	(12,446)	-	-	(7,028)	-	-	(5,418)	(5,418)

The following table presents the changes in property, plant and equipment 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, 2019
Undersea cable capacity	6,843	-	520	-	7,363	3,674	-	709	-	2,980	3,169
(As at April 1 2014)	(5,533)	-	-	-	(5,533)	(922)	-	-	-	(4,611)	(4,611)
System software	9,473	-	2,839	-	12,312	7,392	-	1,632	-	3,288	2,081
(As at April 1 2014)	(4,589)	-	-	-	(4,589)	(4,044)	-	-	-	(4,044)	(545)
License fees	730	-	50	-	780	391	-	37	-	352	339
(As at April 1 2014)	(500)	-	-	-	(500)	(238)	-	-	-	(262)	(262)
Customer related intangibles	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	5,589
(As at April 1 2014)	(12,446)	-	-	-	(12,446)	(7,028)	-	-	-	(7,028)	(5,418)

Note: 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, 2021:

Particulars	Category of ROU asset				
	Land	Building	P&M	IRU	Total
Balance as of April 1, 2020	13,912	16,478	2,895	5,412	38,697
Additions	4,422	3,897	2,895	810	12,023
Deletions	-	(48)	-	-	(48)
Depreciation	(207)	(3,151)	(930)	(931)	(5,219)
Translation difference	-	(16)	-	10	(6)
Balance as of March 31, 2021	18,127	17,160	4,860	5,301	45,448

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	6,189	39,603
Additions	875	2,035	777	24	3,711
Deletions	-	-	-	-	-
Depreciation	(179)	(2,847)	(823)	(838)	(4,687)
Translation difference	-	33	-	37	70
Balance as of March 31, 2020	13,912	16,478	2,895	5,412	38,697

Lease Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	4,520	3,561
Non-current lease liabilities	17,506	14,701
Total	22,026	18,262

The movement in lease liabilities during the Year ended March 31, 2021 and March 31, 2020 are given below

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	18,262	17,869
Additions	6,392	2,553
Finance cost accrued during the period	1,800	1,718
Deletions	(48)	-
Payment of lease liabilities	(4,365)	(3,914)
Translation difference	(15)	36
Balance at the end of the year	22,026	18,262

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

The table below provides details regarding the contractual maturities of lease liabilities on an discounted basis

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	3,834	3,375
One to five years	8,707	6,148
More than five years	6,765	6,425
Total	19,306	15,948

	As at March 31, 2021	As at March 31, 2020
4. INVESTMENTS - NON-CURRENT		
Investment in equity of others - unquoted [Refer note (a) below]		
Investment in Vashi Railway Station Commercial Complex Limited [15,000 (March 31, 2020: 15,000) equity shares of ₹ 10 each fully paid up]	2	2
Investment in Sarayu Clean Gen Pvt Ltd [1,56,000 (March 31, 2020: 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 #	2,050	2,103
Investment in The Gizmo App company	55	-
	<u>2,122</u>	<u>2,120</u>
Aggregate cost of unquoted investments	2,122	2,120
# Unsecured convertible promissory note of \$27.89 with Attala Systems Corporation, of which \$ 7.5 (₹ 551), \$ 3.75 (₹ 276), \$ 3.75 (₹ 276), \$ 5.00 (₹ 368), \$ 2.14 (₹ 157) and \$ 5.75 (₹ 422) matures on 17 th October 2019, 4 th January 2020, 4 th April 2020, 30 th October 2020, 1 st January 2021 and 27 th November 2021 respectively. The note bears interest at a rate of five percent (5%). On 15 th October 2019, the note has been amended to extend the maturity date to 30 th 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.		
5. TRADE RECEIVABLES - NON-CURRENT		
Long term trade receivables (Unsecured, considered good)	271	564
	<u>271</u>	<u>564</u>
6. OTHER FINANCIAL ASSETS - NON-CURRENT		
Security deposits	3,660	2,656
Interest accrued on investments	379	283
	<u>4,039</u>	<u>2,939</u>
7. OTHER NON-CURRENT ASSETS		
Capital advances	1,438	2,703
Others:		
Prepaid expenses	2,717	382
Deferred Contract costs	299	382
	<u>4,454</u>	<u>6,049</u>

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

	As at March 31, 2021	As at March 31, 2020
8. INVENTORIES		
Trade inventories	14,147	13,021
	<u>14,147</u>	<u>13,021</u>
9. TRADE RECEIVABLES		
Trade receivables considered good - Secured	-	-
Trade receivables - Unsecured		
Considered good	85,201	96,314
Considered doubtful	4,265	2,706
Total	<u>89,466</u>	<u>99,020</u>
Loss Allowance *	<u>(4,265)</u>	<u>(2,706)</u>
Net Trade receivables	<u>85,201</u>	<u>96,314</u>

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	2,706	2,725
Add: Additional allowance during the year	7,555	4,797
Less: Bad debts written off	(5,996)	(4,816)
Balance at the end of the year	<u>4,265</u>	<u>2,706</u>

10. CASH AND CASH EQUIVALENTS

	As at March 31, 2021	As at March 31, 2020
(a) Balance with banks		
(i) in current accounts	22,881	20,953
(ii) deposits	26,483	2,157
(b) Other bank balances		
(i) Bank deposits [Refer note below]	4,010	3,326
(ii) Unpaid dividend account	*	*
(c) Cheques on hand	275	69
(d) Cash on hand	1372	5
	<u>55,021</u>	<u>26,510</u>

*amount is below rounding off norm adopted by the Group

Note

Balances in deposit accounts subject to lien in favour of banks for obtaining bank guarantees /letter of credits	<u>4,010</u>	<u>3,326</u>
--	--------------	--------------

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

Cash and cash equivalents as above	55,021	26,510
Less: Bank overdraft used for cash management purposes [Refer note 19 (d)]	<u>(1,236)</u>	<u>(12,357)</u>
	<u>53,785</u>	<u>14,153</u>

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

	As at March 31, 2021	As at March 31, 2020
11. OTHER FINANCIAL ASSETS		
Security deposits	1	632
Interest accrued on advances and deposits	124	75
Other receivable	-	622
	<u>125</u>	<u>1,329</u>
12. OTHER CURRENT ASSETS		
Advances other than capital advances:		
Balances with GST, service tax and sales tax authorities	2,723	9,335
Prepaid expenses	5,156	5,375
Advance tax and tax deducted at source (Net of Provision for Tax ₹ 10,455 Previous year: ₹ 4,408)	6,721	11,716
Contract Assets (Unbilled revenue)	75	161
Deferred Contract costs	461	638
Other advances	2,448	1,952
(A)	<u>17,584</u>	<u>29,177</u>
Unsecured, considered doubtful		
Advances other than capital advances	1,017	842
Less: Provision for doubtful advances [Refer note (a) below]	(1,017)	(842)
(B)	<u>-</u>	<u>-</u>
(A)+(B)	<u>17,584</u>	<u>29,177</u>
(a) The activity in allowance for doubtful advances are given below:		
Balance at the beginning of the year	842	1,219
Add: Additional provision during the year	575	-
Less: Advance written off / adjustments	(400)	(377)
Balance at the end of the year	<u>1,017</u>	<u>842</u>
13. EQUITY SHARE CAPITAL		
Authorized		
20,40,00,000 (March 31, 2020: 20,40,00,000) equity shares of ₹ 10 each	20,400	20,400
Issued		
18,22,38,069 (March 31, 2020: 17,92,23,247) equity shares of ₹ 10 each	18,224	17,923
Subscribed and fully paid		
18,22,38,069 (March 31, 2020: 17,92,23,247) equity shares of ₹ 10 each fully paid up	18,224	17,923
Forfeited shares		
Amount originally paid up on 1,28,23,202 (March 31, 2020: 1,28,23,202) equity shares	128	128
	<u>18,352</u>	<u>18,051</u>

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

- | | As at
March 31, 2021 | As at
March 31, 2020 |
|--|-------------------------|-------------------------|
| (a) The equity shares are the only class of share capital having a par value of ₹ 10 per share. Of the above, 4,27,07,417 (Previous year : 3,96,92,595) 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. | | |
| (d) Of the total outstanding shares, 12,50,00,000 shares (March 31, 2020: 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, 2021		As at March 31, 2020	
	Number of shares	Amount paid-up	Number of shares	Amount paid-up
Number of shares outstanding at the beginning of the year	17,92,23,247	18,051	17,91,44,347	18,043
Add: Shares issued on exercise of ASOP	30,14,822	301	78,900	8
Number of shares outstanding at the end of the year	18,22,38,069	18,352	17,92,23,247	18,051

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

	As at March 31, 2021		As at March 31, 2020	
	Number of Shares held	% holding	Number of Shares held	% holding
Ramanand Core Investment Company Private Limited@	12,50,00,000	68.59%	12,50,00,000	69.75%
Infinity Satcom Universal Private Limited	1,45,30,000	7.97%	1,45,30,000	8.11%
Infinity Capital Ventures, LP	1,39,02,860	7.63%	1,39,02,860	7.76%

@ These shares are fully paid-up to the extent of ₹ 10 per share (March 31, 2020: ₹ 10 per share)
Also refer note D (48)

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

	As at March 31, 2021	As at March 31, 2020
14. OTHER EQUITY		
14.1 Reserves and surplus		
Securities premium		
Securities premium account balance	1,96,208	1,96,208
Add: Transfer from Stock option outstanding account in respect of options exercised during the year	548	13
Add: Amounts received in respect of options exercised during the year	2,153	45
(A)	<u>1,98,909</u>	<u>1,96,208</u>
General reserve		
Balance at the beginning of the year	725	671
Add: Transferred from stock options outstanding account	17	54
(B)	<u>742</u>	<u>725</u>
Retained earnings		
Opening balance	40,502	35,687
Impact of change in accounting policy	-	-
Adjusted Opening balance	40,502	35,687
Adjustments:		
Add: Profit for the year	15,319	7,054
Less: Appropriations		
Dividend paid {₹ Nil per share (PY: ₹ 1.2 per share)}	-	(1,855)
Dividend distribution tax paid	-	(384)
(C)	<u>55,821</u>	<u>40,502</u>
(D) = (A)+(B)+(C)	<u>2,55,472</u>	<u>2,37,435</u>
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)	<u>1,11,547</u>	<u>93,510</u>
14.2 Other components of Equity		
Stock option outstanding account		
Opening Balance	1,084	687
Add: Employee stock compensation cost for the year	401	464
Less: Transfer to securities premium in respect of options exercised during the year	(548)	(13)
Less: Transfer to general reserve in respect of grants lapsed during the year	(17)	(54)
(F)	<u>920</u>	<u>1,084</u>
Exchange differences on translation of foreign operations		
Balance at the beginning of the year	606	324
Add: Additions during the year	(84)	282
(G)	<u>522</u>	<u>606</u>
Remeasurement of net defined benefit liability/asset		
Opening Balance	243	135
Add: Additions during the year	52	108
(H)	<u>295</u>	<u>243</u>
(E)+(F)+(G)+(H)	<u>1,13,284</u>	<u>95,443</u>

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

	As at March 31, 2021	As at March 31, 2020
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 which 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**15.1. Term Loans****Secured**

From banks [Refer Note (a) to (d) below]	23,288	22,061
--	--------	--------

Unsecured

From banks [Refer Note (e)]	162	5,854
-----------------------------	-----	-------

From others [Refer Note (f) to (g) & (k)]	7,976	9,496
---	-------	-------

From Related party [Refer Note (k)]	5,000	-
-------------------------------------	-------	---

(A)	36,426	37,411
-----	--------	--------

15.2. Lease Liabilities

Long term maturities of finance lease obligations [Refer Note (h) to (i)]	2,094	549
---	-------	-----

Other Lease Liabilities - Non Current	15,412	14,152
---------------------------------------	--------	--------

(B)	17,506	14,701
-----	--------	--------

(A) + (B)	53,932	52,112
-----------	--------	--------

- Of total balance ₹ 13,753 including current maturities (Previous Year: ₹ 6,742) is primarily secured by charge on movable fixed assets funded by term loan and also secured by project receivables. An amount of ₹ 9,655 (Previous year : ₹ 11,134) including current maturities is secured against the specific project receivables and an amount of ₹ 3,520 (Previous year : ₹ 2,871) including current maturities is secured by moveable fixed assets funded out of Term Loan.
- ₹ 3,606 (Previous Year: ₹ 4,334) 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 and project receivables. An amount of ₹ 2,443 (Previous Year: ₹ 4,164) primarily secured by Hyderabad property and collaterally by the properties at Tidel, vileparle and Vashi 6th Floor as mentioned in note 19(b)(ii)).

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

- c. During the year under review, the company has entered into External Commercial Borrowing (ECB) facility agreement for an amount of \$50 and drawn down \$20 out of the sanctioned loan. The Company has also entered into agreement for currency swap (from USD to INR) to fully hedge foreign currency exposure towards principal repayment and interest rate swap from floating to fixed.
- d. The term loans bear interest rate ranging 6.80% to 9.6% 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
- e. 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 0.89% to 3.35% for Buyers Credit and 9.00% to 9.6% for Term Loan (INR) in lieu of Buyers Credit
- f. These loans are primarily taken from NBFCs.
- g. The loans bear interest rate ranging from 8.6% to 9.9% (Previous Year: 8.59% to 10.85%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.
- h. These loans are primarily taken from NBFCs and are secured by lease of relevant assets.
- i. These bear interest rate ranging from 9% to 10.50% (Previous Year: 10.20% to 10.70%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.
- j. The current maturities of the above borrowings, carrying the aforesaid security and repayment terms are grouped under other financial liabilities.
- k. The above borrowings also includes ₹ 5,000 towards Cumulative Non Convertible Redeemable Preference Shares issued from Print House (India) Private Limited to Ramanand Developers Private Limited with the tenure of 20 years from the date of allotment which will carry a preferential dividend of 9% per annum, payable till redemption.

	As at March 31, 2021	As at March 31, 2020
The current maturities of borrowings are as under:		
Secured		
Term loan from banks	9,690	7,181
Current maturities of finance lease obligations	786	499
Unsecured		
Term loan from banks	5,644	2,172
Loan from others	9,373	11,675
Current portion of lease obligation	3,734	3,062
	<u>29,227</u>	<u>24,589</u>
16. OTHER FINANCIAL LIABILITIES - NON-CURRENT		
Security deposits	69	154
Other liabilities	331	180
	<u>400</u>	<u>334</u>
17. PROVISIONS		
Provisions for employee benefits - current		
Compensated absences	178	160
(A)	<u>178</u>	<u>160</u>
Provisions for employee benefits - non-current		
Gratuity	1,365	1,261
Compensated absences	559	513
(B)	<u>1,924</u>	<u>1,774</u>
(A) + (B)	<u>2,102</u>	<u>1,934</u>

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

	As at March 31, 2021	As at March 31, 2020
18. OTHER NON-CURRENT LIABILITIES		
Contract Liability (Unearned income)	9,296	9,818
	<u>9,296</u>	<u>9,818</u>
19. BORROWINGS (SHORT-TERM)		
Loans repayable on demand from banks - Secured [Refer notes (a) to (d) below]		
Working capital facilities	31,736	31,857
Buyers' credit from banks	386	2,359
Loans repayable on demand from banks - Unsecured		
Buyers' credit from banks	2,073	728
	<u>34,195</u>	<u>34,944</u>
(a) The above facilities amounting to ₹ 32,122 (Previous Year : ₹ 34,216), 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.		
(b) In addition to the above, out of these loans repayable on demand from banks,		
(i) exposure amounting to ₹ 23,459 (Previous Year : ₹ 25,106) 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 ₹ 15,012 (Previous Year : ₹ 15,300) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai, Vashi 6 th floor, Vile Parle at Mumbai and Hyderabad Property.		
(iii) the exposure amounting to ₹ 6,483 (Previous Year : ₹ 6,569) is collaterally secured by equitable mortgage over the Vashi 5 th floor property at Mumbai.		
(iv) exposure amounting to ₹ 8,664 (Previous Year : ₹ 9,838) is collaterally secured by equitable mortgage over the land and building at Noida and also covered by WDV of specific movable fixed assets funded out of their Term loan (since closed) at Noida DC, Uttar Pradesh.		
(c) These working capital facilities bear interest ranging from 5.4% p.a. to 9.45% p.a. [Previous year: 7.9% p.a. to 10.7% p.a.] and these facilities are subject to renewal annually.		
(d) Working capital facilities comprises the following:		
Bank overdraft	1,236	12,357
Other working capital facilities	30,500	19,500
	<u>31,736</u>	<u>31,857</u>
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	66,555	65,384
Other payables	4,182	6,396
	<u>70,737</u>	<u>71,780</u>

* There are no dues payable to micro, small and medium enterprises as on March 31, 2021 (Previous year - Nil) - Refer note 47

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

	As at March 31, 2021	As at March 31, 2020
21. OTHER FINANCIAL LIABILITIES		
Capital creditors	8,617	9,242
Current maturities of long term debt**	15,334	9,353
Current maturities of other loans**	9,373	11,675
Current maturities of finance lease obligations**	786	499
Other Lease liabilities current	3,734	3,062
Interest accrued but not due on borrowings	422	454
Deposits from customers	729	565
Other payables	3,198	2,064
Derivative financial liabilities	81	-
Unpaid dividends	*	*
	<u>42,274</u>	<u>36,914</u>

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

**Also refer note D(15)

22. OTHER CURRENT LIABILITIES		
Advances received from customers	3,765	4,134
Statutory payables	3,138	831
Contract liability (Unearned income)	13,777	14,729
Other payables	1,354	1,416
	<u>22,034</u>	<u>21,110</u>

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 - ₹ Nil).
- (ii) Contingencies due to certain Service Tax claims as at March 31, 2021 amounted to ₹ 4,162 (Previous Year: ₹ 4,349).
- (iii) Contingencies due to certain Sales Tax claims as at March 31, 2021 amounted to ₹ 94 (Previous Year: ₹ 94).

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	<u>27,626</u>	<u>61,408</u>
--	---------------	---------------

(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.

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

As of March 31, 2021, the company is holding 53 (Previous year : 58) licenses with a corresponding export obligation of ₹ 44,047 (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.

Note: (a) Refer note D (42) in respect of contingencies arising on legal proceedings.

	For the Year ended March 31, 2021	For the Year ended March 31, 2020
24. REVENUE FROM OPERATIONS		
Sale of Services	2,20,357	2,11,258
Sale of Products	22,838	18,263
	<u>2,43,195</u>	<u>2,29,521</u>
Revenue attributable to Unified license [Refer Note D (42)(a)]	1,09,417	1,20,834
Revenue not attributable to Unified license	1,33,778	1,08,687
	<u>2,43,195</u>	<u>2,29,521</u>

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	13,656
One to three years	6,781
Three years or more	3,103

25. OTHER INCOME

Interest income

From banks	561	321
Others*	1,162	1,618

Other non-operating income

Profit on sale of property, plant and equipment (Net)	14	-
Deposits/advances no longer payable, written back	-	440
Rental income	211	212
Miscellaneous income	1,335	421
	<u>3,283</u>	<u>3,012</u>

*Interest from others includes interest income from Income tax refund ₹ 895 (Previous year : ₹ 1,456)

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

	For the Year ended March 31, 2021	For the Year ended March 31, 2020
26. COST OF GOODS SOLD AND SERVICES RENDERED		
A. Cost of services rendered		
Networking costs	53,847	61,780
Other direct costs	33,798	19,792
Power expenses	21,566	15,949
	<u>1,09,211</u>	<u>97,521</u>
B. Purchases of Stock in Trade	25,451	28,242
C. Changes in inventories - Stock in Trade		
Opening inventory	13,021	17,153
Less: closing inventory	(14,147)	(13,021)
	<u>(1,126)</u>	<u>4,132</u>
	<u>1,33,536</u>	<u>1,29,895</u>
27. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	28,272	29,211
Contribution to provident and other funds*	1,638	1,651
Staff welfare expenses	301	371
Share-based payments to employees [Note D (38)]	401	464
	<u>30,612</u>	<u>31,697</u>
*Also refer note D (35)		
28. FINANCE COSTS		
Interest	7,222	7,297
Other borrowing costs (including letters of credit and bill discounting charges)	622	1,183
Interest on lease liability	1,783	1,718
Exchange differences regarded as an adjustment to borrowing costs	-	342
	<u>9,627</u>	<u>10,540</u>

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

	For the Year ended March 31, 2021	For the Year ended March 31, 2020
29. OTHER EXPENSES		
Commission expenses	364	629
Communication expenses	184	214
Rent	1,810	1,976
Rates and taxes	934	249
Travelling expenses	279	1,768
Power and fuel expenses	1,259	1,551
Legal and professional	1,429	1,242
Payment to auditors		
- Statutory audit fees	46	38
- Other services	35	33
Repairs and maintenance expenses		
- Plant and machinery	2,069	2,156
- Buildings	1,055	1,152
- Others	4,576	4,035
Insurance	402	767
Outsourced manpower costs	2,856	3,381
Advertisement, selling and marketing expenses	349	670
Loss on foreign exchange fluctuation (net)	153	30
Loss on sale of property, plant and equipment (Net)	-	102
Contribution towards Corporate Social Responsibility [Refer note D(49)]	204	172
Allowance for bad and doubtful debts (including bad debts written off ₹ 5,996; Previous year: ₹ 4,816)	7,555	4,797
Miscellaneous expenses	2,785	2,334
	28,344	27,296

30. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2021**(i) Long term borrowings ***

Particulars	As at April 01, 2020	Proceeds	Repayment	Assets acquired on lease	Non cash movement		
					Foreign exchange movement	Fair value changes	As at March 31, 2021
Term loans from Bank	37,268	12,445	(10,929)	-	-	-	38,784
Term loans from Others	21,171	14,946	(13,850)	-	-	82	22,349
Finance lease obligations	1,048	2,894	(662)	-	-	(400)	2,880
Total	59,487	30,285	(25,441)	-	-	(318)	64,013

*including current maturities

(ii) Short term borrowings

Particulars	As at April 01, 2020	Cash flow	Foreign exchange movement	As at March 31, 2021
Working capital facilities excluding overdraft*	19,500	11,000		30,500
Other short term borrowing	3,087	(511)	(117)	2,459
Total	22,587	10,489	(117)	32,959

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

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

Reconciliation of liabilities from financing activities for the year ended March 31, 2020**(i) Long term borrowings ***

Particulars	As at April 01, 2019	Proceeds	Repayment	Non cash movement			As at March 31, 2020
				Assets acquired on lease	Foreign exchange movement	Fair value changes	
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	Cash flow	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)]

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, 2021	As at March 31, 2020
Deferred tax assets on temporary deductible differences		
Property, Plant and Equipment	5,975	1,812
Leases under Ind AS 116	618	330
Provision for employee benefits	89	-
Accounts receivable	991	-
Provision for Doubtful Advances	126	-
	<u>7,799</u>	<u>2,142</u>
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(1,434)	(1,812)
	<u>(1,434)</u>	<u>(1,812)</u>
Unused tax credits		
MAT credit entitlement	-	663
Net deferred tax asset recognised in Balance Sheet	<u>6,365</u>	<u>993</u>

The Company has recognised deferred tax assets arising on temporary deductible difference only to the extent of deferred tax liabilities arising on taxable temporary differences during the year. In assessing the realizability of deferred tax assets, management considers whether some portion or all of deferred tax assets will not be realized. The ultimate realization of deferred tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of

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

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

	Provision for employee benefits	Accounts receivable	Provision for Doubtful Advances	Property, Plant and Equipment	Intangible assets	Finance lease obligations	Leases under Ind AS 116	MAT Credit entitlement
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)
Balance as at March 31, 2020	-	-	-	1,812	(1,812)	-	330	663
Recognised in income statement	89	991	126	4,163	378	-	288	(663)
Balance as at March 31, 2021	89	991	126	5,975	(1,434)	-	618	-

Unrecognised deferred tax asset

	As at March 31, 2021	As at March 31, 2020
Deductible temporary differences	-	5,930
Unrecognised tax losses		
- business loss	-	71
Unrecognised deferred tax asset	-	6,001

Income tax expense recognized in profit or loss

	For the year ended March 31 2021	For the year ended March 31 2020
Current tax expense/ (reversal)	6,719	3,457
Deferred tax liability / (asset)	(6,035)	(314)
	684	3,143

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	16,003	10,197
Enacted tax rates in India	34.94%	34.94%
Computed expected tax expense/(benefit)	5,592	3,563

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

	For the year ended March 31 2021	For the year ended March 31 2020
<i>Effect of :</i>		
Recognition of previously unrecognised deferred tax asset on temporary differences	(2,676)	846
Difference on account of differential tax rates in different jurisdictions	(16)	71
Difference on account of differential tax rates in different companies	(870)	
Effect of expenses that are not deductible in determining taxable profit	31	-
Recognition of current year temporary differences	(1,295)	(331)
Unrecognised temporary differences	35	
Utilisation of previously unrecognised temporary differences	21	
Effect of rate difference in opening and closing deferred tax	(282)	-
Others	144	
Recognition of previously unrecognized tax losses	-	(1,006)
	<u>684</u>	<u>3,143</u>
32. PAYMENTS TO DIRECTORS (OTHER THAN MANAGING DIRECTOR AND EXECUTIVE DIRECTOR)		
Sitting fees	14	15
Consultancy fees	<u>3</u>	<u>3</u>
33. RECONCILIATION OF EQUITY SHARES IN COMPUTING WEIGHTED AVERAGE NUMBER OF EQUITY SHARES		
(a) Weighted average number of shares - Basic		
Issued fully paid up ordinary shares as on April 1,	17,92,23,247	17,91,44,347
Effect of shares issued on exercise of stock options	<u>3,10,289</u>	<u>35,938</u>
Weighted average number of equity shares outstanding	<u>17,95,33,536</u>	<u>17,91,80,285</u>
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	17,95,33,536	17,91,80,285
Dilutive impact of associated stock options*	<u>16,82,469</u>	<u>14,62,892</u>
Weighted average number of equity shares for diluted earnings per share	<u>18,12,16,005</u>	<u>18,06,43,177</u>

*The Company has issued Associate Stock Options of which 77,80,278 (Previous year - 1,10,56,100) options are outstanding as at March 31, 2021. 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, 2021 are as follows:

Particulars	Year ended March 31, 2021		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	31	2,256
	GBP	1	110
	EUR	*	*
Trade Receivables	GBP	*	28
	USD	286	21,058
	EUR	1	54
			21,140
Amounts payable in foreign currency on account of:			
Trade Payables	EUR	*	41
	USD	251	18,424
	DHS	*	6
	GBP	*	*
	HKD	*	6
	AUD	*	8
			18,485
ECB & Buyer's credit	USD	82	6,046

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

The details of foreign currency exposure as at March 31, 2020 are as follows:

Particulars	Year ended 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
Trade Receivables	GBP	*	38
	USD	164	12,392
	EUR	*	39
			12,469
Amounts payable in foreign currency on account of:			
Trade Payables	EUR	1	21
	USD	102	7,709
	DHS	*	10
	GBP	*	*
	HKD	*	*
	SGD	1	27
			7,767
Foreign currency 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

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

	For the year ended March 31 2021	For the year ended March 31 2020
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	1,564	1,451
Service cost	299	289
Interest cost	88	101
Remeasurement (gain)/losses	(72)	(129)
Benefits paid	(107)	(148)
Projected benefit obligation at the end of the year	1,772	1,564
Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	304	255
Interest income	17	18
Employer contributions	212	200
Benefits paid	(107)	(148)
Return on plan assets, excluding amount recognised in net interest expense	(20)	(21)
Fair value of plan assets at the end of the year	406	304
Amount recognised in the Consolidated Balance Sheet		
Present value of projected benefit obligation at the end of the year	1,772	1,564
Fair value of plan assets at the end of the year	(406)	(304)
Funded status amount of liability recognised in the Balance Sheet	1,366	1,260
Expense recognised in the Consolidated Statement of Profit and Loss		
Service cost	299	289
Interest cost	88	101
Interest income	(17)	(18)
Net gratuity costs	370	372
Actual return on plan assets	(3)	(3)

Summary of actuarial assumptions

Discount rate	5.70% p.a.	5.60% p.a.
Expected rate of return on plan assets	5.00% p.a.	5.00% p.a.
Salary escalation rate	0% for the first year and 5% thereafter	0% for the first year and 5% thereafter
Average future working life time	4.32 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 ₹ 655 to its gratuity fund during the year ending March 31, 2021

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

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

Year	As at	
	March 31, 2021	March 31, 2020
1 year	335	294
2 to 5 years	1,051	908
6 to 10 years	652	583
More than 10 years	325	303

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2021 and March 31, 2020, by asset category is as follows:

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, 2021 and March 31, 2020 are as follows:

Remeasurement (gain) /loss arising from

- change in demographic assumptions	-	-
- change in financial assumptions	(93)	(120)
- experience variance	22	(9)
- return on plan assets, excluding amount recognised in net interest expense/income	20	21
	(51)	(108)

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, 2021		March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	1,855	1,694	1,639	1,495
(% change compared to base due to sensitivity)	4.6%	(4.2%)	4.8%	(4.4%)
Salary Growth rate (-/+ 1%)	1,695	1,852	1,495	1,637
(% change compared to base due to sensitivity)	(4.1%)	4.4%	(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 ₹ 1,144 and ₹ 1,179 for the year ended March 31, 2021 and March 31, 2020 respectively. The Group has contributed to 401(K) plan on behalf of eligible employees amounting to ₹ 124 (March 31, 2020: 99) during the year ended March 31, 2021.

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

36. SEGMENT REPORTING

The Group'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

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.

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

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

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, 2021 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	1,17,602	55,409	19,470	36,104	14,610	1,25,593	2,43,195
Operating expenses	(83,178)	(28,468)	(16,502)	(34,452)	(17,444)	(96,866)	(1,80,044)
Segment operating income / (loss)	34,424	26,941	2,968	1,652	(2,834)	28,727	63,151
Unallocable expenses							(12,295)
Operating income							50,856
Other income							1,560
Foreign exchange gain / (loss), net							(153)
Profit / (loss) before interest, depreciation and tax							52,263
Interest income / (expenses), net							(7,904)
Depreciation, amortisation and impairment							(28,356)
Profit before tax							16,003
Income tax (expense)/recovery							(684)
Profit after taxes							15,319

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

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)	(1,76,181)
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)
Profit before tax							10,197
Income tax (expense)/recovery							(3,143)
Profit after taxes							7,054

* Pursuant to re-organisation of business that was consummated with execution of Business Transfer Agreements (BTA) on January 28, 2021 with appointed date as April 01, 2020 transferring Data Center Business to Sify Infinit Spaces Limited and Digital Services Business to Sify Digital Services Limited, the segment will undergo a change from FY 2021-22.

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, 2021	2,02,928	40,267	2,43,195
Year ended March 31, 2020	1,78,088	51,433	2,29,521

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 year ended March 31, 2021 and March 31, 2020 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	-

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

Particulars	Related Parties	Country of Incorporation	% of ownership interest
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%
	Sify Digital Services Limited	India	100%
	Print House (India) Private Limited	India	100%

(b) Related party transactions and balances

Following is a summary of related party transactions for the year ended March 31, 2021:

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	3
Sitting fees paid	-	-	14
Salaries and other short term benefits*	-	-	411
Contributions to defined contribution plans*	-	-	16
Share based payment transactions*	-	-	112
Lease rentals paid**	12	72	-
Dividend paid	-	-	-
Preference shares issued#	-	5,000	-
Advances given	-	-	-
Amount of outstanding balances			
Advance lease rentals and refundable deposits made**	-	56	-
Lease rentals payable**	1	7	

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	-

(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 Group, 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) 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. Subsequently on account of expiry of the said agreement, the Group entered into a fresh agreement for a period of three years effective February 1, 2021 on a rent of ₹ 1.14 (Rupees One Lakh Fourteen Thousand Only) per month.

During the year 2011-12, the Group had also entered into a lease agreement with M/s Raju Vegesna Developers Private Limited, a Group in which Mr Ananda Raju Vegesna, Executive Director of the Group and Mr Raju Vegesna, Chairman and Managing director of the Group 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) 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. Subsequently on account of expiry of the said agreement, the Group entered into a fresh agreement for a period of three years effective February 1, 2021 on a rent of ₹ 0.46 (Rupees Forty Six Thousand) per month.

During the year 2010-11, the Group had entered into a lease agreement with Ms Radhika Vegesna, daughter of Mr Anand Raju Vegesna, Executive Director of the Group, to lease the premises owned by her for a period of three years effective June 1, 2010 on a rent of ₹ 3 (Rupees Three Lakhs) 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 Group entered into a fresh agreement for a period of three years effective June 1, 2019 on a rent of ₹ 5.56 (Rupees Five Lakhs Fifty Six Thousand) 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 - Chief Executive Officer (Sify Technologies Limited), Mr. M P Vijay Kumar - Chief Financial Officer and Mr. C R Rao - Chief Operating Officer.

₹ 5,000 towards Cumulative non convertible Redeemable preference shares issued from Print House (India) Private Limited to Ramanand Developers Private Limited with the tenure of 20 years from the date of allotment which will carry a preferential dividend of 9% per annum, payable till redemption

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, 2021. 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 4,65,000, 72,20,000, 3,35,000, 1,50,000, 5,25,000 and 1,84,300 options to employees during the year 2020-21, 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	3/5 th of the options vest at the end of one year from the date of grant. The remaining 2/5 th 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	2/5 th of the options vest at the end of one year from the date of grant. The remaining 3/5 th vests at the end of every half year during second, third and fourth years in 6 equal instalments.
38,32,800	Category III	2/5 th of the options vest at the end of two years from the date of grant. The remaining 3/5 th 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 exercise period of ASOP's issued during the years 2015 and 2016 which have already vested as on March 31, 2021, has been extended by 2 and 1 more year respectively from the actual exercise period provided at the time of issue. The summary of modification is as follows:

No of options (Live as on March 31, 2021)	Original Exercise period	Revised Exercise period
15,67,278	19-Jan-21	19-Jan-23
15,900	23-Apr-21	23-Apr-21
5,000	19-Oct-22	19-Oct-22

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, 2021	March 31, 2020
Outstanding at the beginning of the year	1,10,56,100	45,88,300
Granted during the year	4,65,000	72,20,000
Forfeited and expired during the year	(7,26,000)	(6,73,300)
Exercised during the year	(30,14,822)	(78,900)
Outstanding at the end of the year	77,80,278	1,10,56,100
Vested and exercisable at the end of the year	65,82,070	42,81,090
Weighted average exercise price in ₹	86.13	70.90
Remaining contractual period	0.55 - 4.83 years	0.80 - 4.84 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, 2021 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2021	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	57.66 - 152.56	77,80,278	86.13	0.55 - 4.83 years

(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

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	May 5, 2020	Jan 28, 2021
Category	Category III	Category III
Current market price	75.65	169.52
Exercise price	68.08	152.56
Expected term	2-5 years	2-5 years
Volatility	52.08% to 90.94%	66.40% to 135.87%
Dividend yield	12%	12%
Discount rate	1%	1%

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, 2021 and March 31, 2020 are given below:

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Forward/Option contracts (Sell)	USD	Nil	21
Forward/Option contracts (Buy)	USD	Nil	Nil
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	Nil	(3)

The Company recognized a net loss on the forward contracts of ₹ 14 (Previous year : Net loss of ₹ 87) for the year ended March 31, 2021.

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: There was no outstanding Forward Option contracts for the year ended March 31, 2021.

	As at March 31, 2021	As at March 31, 2020
Forward/Option contracts	(USD)	(USD) (Sell)
Not later than one month	-	-
Later than one month and not later than three months	-	21
Later than three months and not later than six months	-	-
Later than six months and not later than one year	-	-

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

ii. Cross Currency Swap:

The Group has entered into Cross Currency Swaps in order to hedge the cash flows arising out of the Principal and Interest payments of the underlying External Commercial Borrowing (ECB) denominated in USD. The period of the swap contracts is co terminus with the period of the underlying ECB. As per the terms of the arrangement, the Company shall pay INR fixed and receive fixed USD 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 outstanding balances as on March 31, 2021 is as follows.

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses/ (gain)
Tranche 1	1,470	USD 20	-
Tranche 2 (Undrawn)	2,205	USD 30	-
Total	3,675	USD 50	-

The maturity of these contracts extends till five years and six months. The table below summarizes the cash flows (principal) 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, 2021		As at March 31, 2020	
	Payable (USD)	Receivable (INR)	Payable (USD)	Receivable (INR)
Less than 1 year	5	368	-	-
One to two years	10	735	-	-
Two to three years	10	735	-	-
Three to four years	10	735	-	-
Four to five years	10	735	-	-
More than five years	5	368	-	-
Total cash flows	50	3,676	-	-

The Group recognized a net loss on the cross currency swaps of ₹ Nil [Previous year : ₹ Nil for the year ended March 31, 2021].

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 ECB. The period of the swap contract is co terminus with the period of the underlying ECB. As per the terms of the arrangement, the Company shall pay fixed rate of interest (8.9%) and receive variable rate of interest equal to LIBOR + 2.5% 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 and six months. 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, 2021		As at March 31, 2020	
	Payable (USD)	Receivable (INR)	Payable (USD)	Receivable (INR)
Less than 1 year	1	323	*	*
One to two years	1	270	-	-
Two to three years	1	205	-	-
Three to four years	1	139	-	-
Four to five years	*	74	-	-
More than five years	*	12	-	-
Total cash flows	4	1,023	*	*

* Amount below rounding off norm adopted by the Group

Total notional amount outstanding as on March 31, 2021 is USD 20 (Previous Year: USD 5)

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

The Group recognized a net mark to market loss on the interest rate swaps of ₹ 81 during the year ended March 31, 2021 (Previous year : net loss on the interest rate swaps of ₹ 17 (includes mark to market gain of ₹ 4)).

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2021 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	2,105	-	17	2,122	2,122
Trade receivables	85,472	-	-	85,472	85,472
Cash and cash equivalents	55,021	-	-	55,021	55,021
Other financial assets	4,164	-	-	4,164	4,164
Liabilities					
Borrowings from banks	71,743	-	-	71,743	71,743
Borrowings from others	22,349	-	-	22,349	22,349
Bank overdraft	1,236	-	-	1,236	1,236
Lease Liabilities	22,026	-	-	22,026	22,026
Trade payables	70,737	-	-	70,737	70,737
Other financial liabilities	13,366	-	-	13,366	13,366
Derivative financial instruments	-	81	-	81	81

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)

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2021 and March 31, 2020 that the Group has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	March 31, 2021	March 31, 2020
Trade receivables	83,730	95,234
Cash and cash equivalents	51,475	25,084
Other financial assets	3,687	4,462
	<u>1,38,892</u>	<u>1,24,780</u>

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, 2021			Fair value as of March 31, 2020		
	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
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	-	-	-	-
Derivative financial liabilities - loss on outstanding interest rate swaps	-	-	81	-	-	1

- 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, 2021	For the year ended March 31, 2020
(a) Financial assets at amortised cost		
Interest income on bank deposits	561	321
Interest income on other financial assets	267	162
Impairment on trade receivables	(7,555)	(4,797)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net (gains)/losses on fair valuation of derivative financial instruments	81	4
(c) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(1,783)	(1,718)
Interest expenses on borrowings from banks, others and overdrafts	<u>(7,141)</u>	<u>(7,643)</u>

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

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.

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, 2021 and March 31, 2020 was as follows:

	As at March 31, 2021	As at March 31, 2020
Trade investments	2,122	2,120
Trade receivables	85,472	96,878
Cash and cash equivalents	55,021	26,510
Other financial assets	4,164	4,268
	<u>1,46,779</u>	<u>1,29,776</u>

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

Financial assets

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, is given below:

Period (in days)	As at March 31, 2021	As at March 31, 2020
Less than 181 days	65,774	65,690
181 - 270 days	9,811	11,352
271 - 365 days	3,176	3,165
More than 365 days	6,711	16,181
	<u>85,472</u>	<u>96,388</u>

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, other assets, other receivables and finance lease receivables are neither past due nor impaired.

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, 2021

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	71,743	77,907	51,396	19,479	7,032	-
Borrowings from others	22,349	23,926	10,321	7,267	1,337	5,000
Bank overdraft	1,236	1,236	1,236	-	-	-
Lease Liabilities	22,026	41,129	5,397	8,465	5,642	21,626
Trade payables	70,737	70,737	70,737	-	-	-
Other financial liabilities	13,366	13,366	13,366	-	-	-
	<u>2,01,457</u>	<u>2,28,301</u>	<u>1,52,453</u>	<u>35,211</u>	<u>14,011</u>	<u>26,626</u>

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	-	-	-
	<u>1,96,080</u>	<u>2,16,283</u>	<u>1,50,192</u>	<u>38,313</u>	<u>12,941</u>	<u>14,838</u>

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

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, 2021 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	31	286	(251)	(82)	(16)
GBP	1	*	*	-	1
EUR	*	1	*	-	1
HKD	-	-	*	-	-
SGD	-	-	-	-	-
AUD	-	-	*	-	*
DHS	-	-	*	-	*

* Amount below rounding off norm adopted by the Group

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	-	-	*	-	*

* Amount below rounding off norm adopted by the Group.

A 10% strengthening of the rupee against the respective currencies as at March 31, 2021 and March 31, 2020 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 2020.

	Other comprehensive income	Profit/(loss)
March 31, 2021	-	101
March 31, 2020	-	120

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

A 10% weakening of the rupee against the above currencies as at March 31, 2021 and March 31, 2020 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, 2021	March 31, 2020
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	30,493	5,483
- Investment in debt securities	2,105	2,103
Financial liabilities		
- Borrowings from banks	2,459	3,087
- Borrowings from others	25,229	22,219
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	69,284	56,768
- Bank overdrafts	1,236	12,357

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 2021.

	Equity	Profit or (loss)
March 31, 2021	-	(438)
March 31, 2020	-	(562)

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

41. CAPITAL MANAGEMENT

The Group's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Group's capital management is to maximise shareholders value. The Group manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Group does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2021 is ₹ 131,636 (Previous Year: ₹ 113,494).

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

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, 2021	As at March 31, 2020
Debt		98,208	94,431
Less: cash and bank balances		(55,021)	(26,510)
Net debt	A	43,187	67,921
Equity	B	1,31,636	1,13,494
Net debt to Equity ratio	A/B	33%	60%

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 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 and the demands have been stayed by the Court. The case is pending for final hearing.

The Service providers which had different license conditions for ISP, NLD & ILD 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 observed that if the license conditions of Other Service Providers including ISP, NLD & ILD are different from the license conditions of the Mobile Access Providers, then the other service providers should adjudicate the license fee issue before the appropriate forum. Meanwhile DoT withdrew the demands against Public Sector Undertaking on account of different license conditions. 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. ISPAL, 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.

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

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 set aside the demand made by the DoT and passed the order in favour of the ISP. DoT has challenged the Order of the TDSAT and the appeal is pending before Supreme Court. 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, 2021, 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 ₹ 1,133 (March 31, 2020: ₹ 883)] on the Company's financial position and results of operations.
- c) The Company has received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to ₹ 64 on special allowances paid to employees. The company has filed a writ petition before High court of Madras and obtained the stay of demand. In Feb 2019, the Supreme Court held, in a similar case, that Special allowances paid by the employer to its employee will be included in the scope of basic wages and subject to provident fund contribution. However, the Supreme Court has not fixed the effective date of order.
- d) During the FY 2019-20, 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.

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:

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

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, 2021. 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.

46. CONTRACT BALANCES

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

Particulars	March 31, 2021		March 31, 2020	
Trade Receivables		85,472		96,878
Contract Assets - Unbilled Revenue		75		161
Contract liabilities - Deferred Income				
Current contract liabilities	13,777		14,729	
Non current contract liabilities	9,296		9,818	
Total Contract liabilities - Deferred Income		23,073		24,547

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

The following table provides the movement in contract assets (unbilled revenue) for the year ended March 31, 2021

Particulars	Amount (₹)
Balance as of April 1, 2020	161
Add: Revenue recognized during the year	268
Less: Invoiced during the year	349
Add: Translation gain or (loss)	(5)
Balance as of March 31, 2021	75

The following table provides the movement in contract liabilities (Deferred Income) for the year ended March 31, 2021

Particulars	Amount (₹)
Balance as of April 1, 2020	24,547
Less: Revenue recognized during the year	1,81,822
Add: Invoiced during the year but revenue not recognised	1,80,554
Add: Translation gain or (loss)	(20)
Balance as of March 31, 2021	23,259

Contract Cost and Amortisation

Costs to fulfil customer contracts are deferred and amortized over the contract period. For the year ended March 31, 2021 the Company has capitalised ₹ 561 and amortised ₹ 821. 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, 2021 and March 31, 2020 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, 2021 (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, 2021	March 31, 2020
a. the principal amount and the interest due thereon remaining unpaid at the end of accounting year	-	-
b. the amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d. the amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
e. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

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 ₹ 204 towards CSR in compliance of this requirement. A sum of ₹ 204 has been spent during the current year towards CSR activities as per details given below.

	Amount (₹)	
Organisation	2020-21	2019-20
VIRRD Trust, Dwarakha Tirumala	190	150
M/s Sri Saraswathi Vidya Peetham	-	5
Voluntary Health Services Hospital, Taramani	14	17
Special Children Sports Meet	-	*
Total	204	172

* Amount below rounding off norm adopted by the Group

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.

The Company's ADR price has been trading above \$1.00 since July 30, 2020 and NASDAQ vide its letter dated August 13, 2020, has communicated that the Company has regained compliance with the Listing Rule 5550(a)(2) and closed the matter.

On January 11, 2021, the share price of the company had increased to USD 3.65. Due to sudden increase, the Company has received an email from NASDAQ enquiring about sudden increase in price.

The company replied that "it is not aware of the reasons behind this activity on stock prices and has not committed any corporate event. Further, the company informed that, it continues as in past to get opportunities and expression of interest for partnership for its various businesses and in case, the company concludes any partnership, it will keep market informed as per due process".

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

51. ACQUISITION OF PRINT HOUSE (INDIA) PRIVATE LIMITED

During the year, the company has acquired 100% equity stake in Print House (India) Private Limited through Corporate Insolvency Resolution Process. The company emerged as successful Resolution Applicant (RA) vide Hon'ble National Company Law Tribunal (NCLT) order dated June 23, 2020. Pursuant to the Resolution Plan submitted, the management of affairs of the company vested with Monitoring Committee consisting of Resolution Professional and the Financial Creditor of PHIPL. The company took over the management of affairs of PHIPL after dissolution of Monitoring Committee on October 16, 2020 as per the Resolution Plan. The existing share capital of PHIPL would be reduced to NIL. Fresh capital has been issued to the company. The company has implemented the Resolution Plan in terms of settlement of financial creditors, operational creditors, absorbing of employees as appropriate to the continuance of proposed business and reviving the operations of the company by converting the facility into world class data centers as per the order of Hon'ble NCLT and the orders dismissing appeals by both Hon'ble NCLT and Hon'ble NCLAT.

This investment is accounted as acquisition of an asset as per paragraph B7C of Ind AS 103 Business Combination. Consequently the pre-acquisition profits are adjusted against the consideration and the value of the assets acquired. Transactions post acquisition are consolidated in accordance with Ind AS 110, Consolidated Financial Statements. The acquisition date accounting resulted in recognition of following:

Particulars	Amount
Financial Creditors	4,250
Operational Creditors	-
Statutory Payables	690
Rental deposits	193
Other Payables	110
Total Liabilities Settled	5,243
Buildings	1,094
Right of use asset - Land	4,149
Total Assets Taken Over	5,243

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

Name of the entity	For the year ended March 31, 2021							
	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	93%	1,22,835	41%	6,294	(93%)	30	41%	6,324
Indian Subsidiaries								
Sify Data and Managed Services Limited	0%	(410)	(2%)	(293)	0%	-	(2%)	(293)
Sify Infinit Spaces Limited	6%	7,860	52%	7,890	43%	(14)	52%	7,876
Sify Digital Services Limited	1%	1,677	10%	1,565	(113%)	36	10%	1,601
Print House (India) Private Limited #	0%	(286)	(2%)	(286)	0%	-	(2%)	(286)

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

Name of the entity	For the year ended March 31, 2021							
	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
Foreign subsidiaries								
Sify Technologies (Singapore) Pte Limited	0%	19	(1%)	(82)	33%	(11)	(1%)	(93)
Sify Technologies North America Corporation	0%	(61)	2%	231	230%	(74)	1%	158

Refer Note 51, Accordingly the post acquisition profits and Net Assets consolidated are presented above.

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

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

D K Giridharan
Partner
Membership No.: 028738

Chennai
May 14, 2021

Raju Vegesna
Chairman and Managing Director

M P Vijay Kumar
Chief Financial Officer

For and on behalf of the Board of Directors

Ananda Raju Vegesna
Executive Director

C B Mouli
Director

V Ramanujan
Company Secretary

NOTES

Lined area for notes, consisting of multiple horizontal lines.

NOTES

Handwriting practice lines consisting of 28 horizontal dotted lines.



Sify Technologies Limited

II Floor TIDEL Park
No 4 Rajiv Gandhi Salai Taramani
Chennai 600 113
India

P: +91 44 2254 0770-77

F: +91 44 2254 0771

www.sifytechnologies.com/investors
investor.relations@sifycorp.com

CONNECT | +91 98310 16081