digital@core

Sify Digital Services Limited

Annual Report 2021-22

Contents

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Board of Directors

Sify Digital Services Limited

Raju Vegesna, Director

Vegesna Bala Saraswathi, Director

C R Rao, Director

Arun Seth, Independent Director

Statutory Auditor

Manohar Chowdhry & Associates
Chartered Accountants
Chennai

Internal Auditors

Yoganandh & Ram LLP
Chartered Accountants
Chennai

Secretarial Auditor

V Ramasubramanian
Chennai

Kamal Nath
Chief Executive Officer

S Ganesh
Chief Financial Officer

V Ramanujan
Company Secretary

Registered Office

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

Bankers

State Bank of India
HDFC Bank Limited
Yes Bank Limited
Kotak Mahindra Bank Limited
IDFC First Bank Limited

DIRECTORS' REPORT

Dear Members,

Your Directors hereby submits the report of the business and operations of your Company along with the audited financial statements, for the financial year ended March 31, 2022.

RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

₹ in lakhs

Particulars	2021-22	2020-21
Income from operations	75,699.00	61,316.00
Other Income	846.00	852
Profit Before Interest, Tax, Depreciation and Amortization (PBITDA)	4,819.00	4,577.50
Depreciation and Amortization	2,382.00	1,585.50
Interest Expense (Net)	1,902.00	1,467.00
Profit Before Tax	535.00	1,525.00
Profit After Tax	769.00	1,565.00

BUSINESS REVIEW

For a country long viewed as the fountainhead of applications and platform development for the West, application maturity and adoption by Indian Enterprises was rather slow in coming. Traditionally. domestic enterprises automated only market facing services like manufacturing and Sales and not necessarily shared services. With the advent of IT as productive tool, it presented Enterprises with a unique problem; to integrate all aspects of automation into a single dashboard for the management to view.

This presented itself with some intriguing scenarios; the convergence of Network and Data dependent services like Cloud and application services. On the one hand it presented Your Company an unique opportunity to put forth its converged set of ICT services while on the other offering this convergence at an economically viable price point.

The current offtake of Your Company's application and platform-based services, both home grown and industry grade points to an endorsement of the thinking that digital services have begun to carve a market of themselves.

In the current IT scenario, digital services are those that are dependent on and served off a common platform like a cloud and those than can be offered on a subscription basis. Enterprises are now warming up to outcome-based services that can be monetized when they solve a client's business problem.

TECHNOLOGY TRENDS

A recent report in Forbes listed these 5 big trends to watch out for in 2022.

1. **AI everywhere**

   AI has permeated the tools we use to carry out every day work – from the ubiquitous voice assistants to language translation and tools that allow us to extract structured data from pictures, whiteboard scribblings, and hand-written notes. It also powers much of the robotic process automation that has enabled workloads to be lightened in admin, logistics, accounting, and HR departments. This broad trend encompasses AI, the internet of things (IoT), and newly emerging super-fast networks like 5G, all of which are coming together to augment us with capabilities we didn't have just a few years ago. This highlights the fact that on a longer timescale than the one we are specifically looking at here, the most impactful trend of all will be convergence.

2. **Everything-as-a- service and the no-code revolution**

   Another increasingly powerful driver will be the ongoing democratization of data and technology. In recent years an entire industry has emerged which aims to put the skills and tools necessary for tech-led innovation in the hands of as large a proportion of society as possible, regardless of their expertise or experience. Cloud solutions for storage, network and processing mean costs, and risks of setting up expensive infrastructure in order to try out new ideas are heavily mitigated. No-code interfaces will become more popular as a lack of programming knowledge, or a detailed understanding of statistics and data structures, will cease to become a barrier to bringing a world-changing idea into reality.

3. **Digitization, datafication and virtualization**

   In 2022, we will become increasingly familiar with the concept of a "metaverse" – persistent digital worlds that exist in parallel with the physical world we live in. As the rate of digitization increases, these metaverses will model and simulate the real world with growing accuracy, allowing us to have more immersive, convincing, and ultimately valuable experiences within the digital realm. While many of us have experienced somewhat immersive virtual realities through headsets, a range of new devices coming to the market will soon greatly improve the experience offering tactile feedback and even smells.

4. **Transparency, governance and accountability**

   The idea of transparent and explainable AI has been growing in popularity over recent years, as it has become clear that there are segments of society that distrust it – clearly with good reason! Governments, too, clearly understand that there is a need for a regulatory framework, as evidenced by the existence of the EU's proposed Artificial Intelligence Act. The proposed act prohibits authorities from using AI to create social scoring systems, as well as from using facial recognition tools in public places.

5. **Sustainable energy solutions**

   The International Energy Agency (IEA) estimates that 40% more renewable energy was generated and used during 2020 compared to the previous year and forecasts that this growth with continue throughout 2022. Overall, the cost of generating renewable energy from various sources, including onshore and offshore wind, solar and tidal, fell by between seven and 16%. This will be a huge help for countries and businesses trying to hit emissions targets, such as becoming carbon neutral or even carbon negative.

OUTLOOK

- Revenue in the IT Services market is projected to reach US$16.44bn in 2022.
- The market's largest segment is IT Outsourcing with a projected market volume of US$6.74bn in 2022.
- Revenue is expected to show an annual growth rate (CAGR 2022-2027) of 11.29%, resulting in a market volume of US$28.07bn by 2027.
- The average Spend per Employee in the IT Services market is projected to reach US$32.02 in 2022.

India's technology services industry can achieve $300-350 billion in annual revenue by 2025 if it can exploit the fast-emerging business potential in cloud, artificial intelligence (AI), cybersecurity and other emerging technologies, according to a report by industry body Nasscom and global consulting firm McKinsey .

The report said domestic tech services could accelerate growth by 2-4% over the next five years as industries worldwide continue to see rapid adoption of digitalization to make a faster recovery from the covid-induced disruptions.

According to the report titled 'Future of Technology Services – Winning in this decade', reaching the milestone will need closer collaboration among all stakeholders—private sector, academia and the government.

Valued at roughly $1 trillion, tech services is among the biggest contributors to economic growth globally, especially in India where the industry currently generates about 27% of the nation's exports and employs about 4.4 million people.

Transfer to Reserves

The Company has not transferred any amount to the Reserves during the period under review.

Dividend

The Board of Directors of your company after considering the relevant circumstances has decided that it would be prudent not to recommend any dividend for the year under review.

Change in nature of business:

Your Company has been operating only in the business of providing application and platform-based services. There is no change in nature of the business during the year under review.

Events Subsequent to the Date of Financial Statements

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

Particulars of Loans, Guarantees and Investments

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2012 forms part of the Notes to the Financial Statements provided in the annual Report.

Capital and Debt Structure

During the under review, your Company has not increased its authorized capital. The authorised, issued, subscribed and paid-up capital of your Company as the end of the financial year is as follows:

Particulars	Amount (in ₹)
Authorised Share Capital	
21,00,00,000 Equity shares of ₹ 10/- Each	210,00,00,000
TOTAL	210,00,00,000
Issued, Subscribed and Paid-up Share Capital	
20,00,10,000 Equity shares of ₹ 10/- Each	200,01,00,000
TOTAL	200,01,00,000

Other allotments

Your Company has not issued any Equity Shares with Differential Rights, Sweat Equity Shares, warrants, debentures nor did it Buy back any Shares during the financial year under review.

Employee Stock Option:

Consequent to the Business transfer agreement M/s Sify Technologies Limited, the Holding Company has transferred its Digital Services Business along with the employees to your company.

The Employee Stock Option allotted to the employees who were transferred from the Holding company were allowed to hold their options in the Holding Company.

Investor Education and Protection Fund (IEPF)

Your Company does not have any unclaimed amount as stipulated under Section 125 of the Companies Act, 2013 to be transferred to IEPF.

Directors and Key Managerial Personnel

a) Directors:

The following are the list of Directors as on date of the Report.

1. Mr Vegesna Ananta Koti Raju - Director
2. Ms Vegesna Bala Saraswathi - Director
3. Mr C R Rao - Director
4. Mr Arun Seth - Independent Director

b) Retirement by rotation of Director

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

c) Independent Directors & Committee

Your Company, being a Wholly owned subsidiary of M/s. Sify Technologies Limited, the provisions of Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 relating to appointment of Independent Directors and formation of Committees is not applicable.

In order to achieve better Corporate Governance M/s. Sify Technologies Limited, the holding company has appointed Mr Arun Seth as an Independent Director of the Company effective from March 28, 2022. As Mr Arun Seth was appointed as an additional director, he holds office only upto the ensuing AGM, his appointment is proposed by the Board for regularization by the members at the ensuing AGM.

d) Key Managerial Personnel

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

1. Mr. Kamal Nath - Chief Executive Officer
2. Mr S Ganesh - Chief Financial Officer
3. Mr V Ramanujan - Company Secretary

Statement of Performance Evaluation by the Board

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

Board Meetings

During the period under review, the Board of Directors of your Company met 8 times. The dates of meetings are May 7, 2021, May 14, 2021, July 30, 2021, October 28, 2021, December 15, 2021, December 29, 2021, January 24, 2022 and March 28, 2022.

Attendance of Directors:

Name of the Director	Category of Director	No. of Meetings held	No. of Meetings attended
Raju Vegesna	Director	8	8
Vegesna Bala Saraswathi	Director	8	8
C R Rao	Director	8	8
Arun Seth	Independent Director	1	1

Details of Remuneration to Directors

Your Company being an Unlisted Public Limited Company, Section 197(12) and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable. Hence the disclosure is not furnished.

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.

Adequacy of Internal Financial Controls

Your Company has adopted policies and procedures to evaluate the effectiveness of the company's internal control over financial reporting. The requirements / principles laid out by COSO are in place. The Internal Financial Controls have been documented, embedded and digitized in the business processes. Internal controls are regularly tested for design, implementation and operating effectiveness.

Auditors

a. Statutory Auditors:

Name and Address

M/s Manohar Chowdhry & Associates, Chartered Accountants (FRN: 001997S) 27, Subramaniam Street, Abhiramapuram, Chennai - 600 018.

In terms of Section 139 of the Companies Act, 2013, the members had appointed them as Statutory Auditors of the Company for a term of five years at the First Annual General Meeting held on August 16, 2021 to hold office from the conclusion of that Annual General Meeting until the conclusion of Annual General Meeting to be held in the year 2026 at a remuneration recommended by the Board of Directors.

b. Secretarial Auditor:

Name and address:

Mr V Ramasubramanian, Practising Company Secretary (CoP 11325), Flat A-7, Third Floor, Poes Pride, No. 103, Poes Road, Teynampet, Chennai – 600 018

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr V Ramasubramanian was appointed as the Secretarial Auditor of the Company by the Board of Directors of Companies at their meeting held on May 07, 2021 to conduct the Secretarial Audit for the financial year ended March 31, 2022.

The Secretarial Audit Report in Form MR-3 is annexed herewith as **Annexure-A.**

Details of Subsidiary/ Joint Ventures / Associate Companies and Performance thereof:

Your company does not have any Subsidiary / Joint Ventures / Associate Companies. Hence reporting under this clause does not arise.

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.

Particulars of Contracts or Arrangements with Related Parties:

Your Company has not entered into any contracts or arrangements with related parties referred in Section 188(1) of the Companies Act, 2013. Hence, disclosure in Form AOC-2 is not applicable.

Corporate Social Responsibility

The CSR Policy of the Company and the details about the initiatives taken by the Company on CSR during the year as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been disclosed in **Annexure - B** to this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Outgo

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

i. Conservation of Energy & Technology Absorption

The Company has been taking various steps to reduce the excessive consumption of energy.

There was no technology absorption during the year under review.

ii. Foreign Exchange Earnings and Outgo

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

Foreign Exchange Inflow: ₹ 910 lakhs

Foreign Exchange Outgo: ₹ 2,077 lakhs

Risk Management

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

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

Vigil Mechanism

In compliance with the procedure laid down under the Whistleblower Policy / Vigil mechanism as required under the Companies Act, 2013, 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.

Disclosure of Orders passed by the Regulators or Courts or Tribunals:

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

Maintenance of Cost Records:

The Central Government has not prescribed the maintenance of Cost Records under Section 148(1) of the Companies Act, 2013 for the Company.

Inter-Company Transactions

Particulars of transactions entered between the Group Companies during the Financial Year 2021-22 are listed below:

Sify Technologies (Singapore) Pte. Limited	**Amount in ₹ Lakhs**
Advances given	-
Receipt of Services	166
Purchase of goods	-
Rendering of Services	-
Sale of Property, Plant & Equipment	-
Trade Receivables	-
Trade Payables	73
Sify Technologies North America Corporation	**Amount in ₹ Lakhs**
Advances given	-
Receipt of services	-
Rendering of Services	3,962
Advances repaid	-
Trade Receivables	2,785

Sify Infinit Spaces Limited	Amount in ₹ Lakhs
Receipt of services	574
Services rendered	-
Lease rentals received	288
Lease rental deposit	-
Advances repaid	-
Investment made in Shares (pursuant to BTA)	-
Interest Received	-
Advances given on account of BTA	-
Revenue transferred on account of BTA	-
Revenue transferred on account of BTA	-
Lease rental and refundable deposit receivable	-
Revenue Transfer	-
Expenses transfer	-
Loans given	-
Investment in CCD's	-
Amount payable	136.70
Trade payable	-
Trade receivable	-
Sify Technologies Limited	**Amount in ₹ Lakhs**
Receipt of services	2,205
Rendering of services	-
Investment made in Shares (pursuant to BTA)	-
Advances given on account of BTA	-
Revenue transferred	31,512
Expenses transferred	36,556
Amount payable	3,583
Trade payable	-
Print House (India) Private Limited	**Amount in ₹ Lakhs**
Interest on Loan Received	
Loan given	967
Advances Receivable	-
Advances given to subsidiaries	-

Secretarial Standards

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

Annual Return

The Ministry of Corporate Affairs vide their notification dated 05.03.2021, had omitted the requirement of furnishing Annual Return in Form MGT-9.

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.

Acknowledgement

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

For and on behalf of the Board

Chennai	***Raju Vegesna***	***C R Rao***
April 18, 2022	Director	Director

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief Outline on CSR Policy of the Company:

   i. Sify Digital Services Limited (SDSL) 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

   The Board of Directors at their meeting held on July 30, 2021 had constituted the Corporate Social Responsibility Committee with the following members:

   i. Mr C R Rao - Chairman

   ii. Mr Raju Vegesna - Member

   The Committee had met once during the year on July 30, 2021 to adopt the CSR policy of the Company and laid down the annual action plan to be complied by the Company for spending its CSR amount.

   Further on April 18, 2022 the Committee has been reconstituted by including Mr Arun Seth, Independent Director as a Member of the Committee.

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:

   Not Applicable

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 ₹ In Lakhs
2020-21	2,073
2019-20	-
2018-19	-
Total	2,073

   Average Net Profit = ₹ 2,073 Lakhs

7. a) 2% of average net profit of the Company as per Section 135(5): ₹ 41.46 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): ₹ 41.46 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
41,50,000	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, 2022:

Particulars	Amount in ₹
Voluntary Health Services, Chennai (Trust)	5,00,000
Raju Vegesna Foundation	36,50,000
Total (A)	41,50,000

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): ₹ 41,50,000/-

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

April 18, 2022	***C R Rao*** Chairman	***Raju Vegesna*** *Member*

S. No.	Name of the project	Item from the list of activities in schedule VII to the Act	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	Local Area - Chennai	Taramani	5,00,000	Direct	Direct contribution by the Company to M/s Voluntary Health Services, Chennai.
2.	NA	Item 2 of the schedule - livelihood enhancement projects.	Outside the City - Visakhapatnam	NA	36,50,000	Direct	Direct contribution to M/s Raju Vegesna Foundation

Hyderabad
April 18, 2022

C R Rao
Chairman

Raju Vegesna
Member

Form No MR-3

Secretarial Audit Report

For the Financial Year ended 31st March 2022

[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 Digital Services 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 Digital Services Limited (CIN: U72900TN2020PLC136420) (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 2022 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 2022 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder.
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder:

   As the Company's Equity Shares are not listed in any Stock Exchanges in India, the provisions of the SCRA and the Rules made thereunder is not applicable to the Company.
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
4. During the year under review, there were no FDI into the Company or the Company has made any ODI or ECB and hence the provisions of Foreign Exchange Management Act (FEMA), 1999 and the Rules and Regulations made thereunder are not applicable to the Company.
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and the various Regulations enacted under the said Act are not applicable to the Company as the Company's Equity Shares are not listed in any Stock Exchanges in India.
6. The Company has complied with the following applicable Laws:
   a) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.
   b) The Employees State Insurance Act, 1948.
   c) The Maternity Benefit Act, 1961.
   d) The Payment of Bonus Act, 1965.
   e) The Payment of Gratuity Act, 1972.

   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.

(ii) As the Company's shares are not listed in any Stock Exchange in India, the compliance under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the amendments thereto is not applicable.

From the verification of records and as per the information and explanation furnished to me, during the period under audit, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I have not examined the compliance by the Company with applicable Financial Laws, viz. Direct and Indirect Tax Acts, since the same have been subject to review by the Statutory Auditors and other designated Professionals.

I further report that:

i) The Board of Directors of the Company is duly constituted with proper balance of Independent Director and Woman Director.

During the year, Mr Arun Seth, was appointed as an Additional Director (Independent) of the Company, who shall hold office upto the date of the next Annual General Meeting.

(ii) Constitution of Nomination and Remuneration Committee of the Board of Directors is not applicable to the Company as required under the provisions of Section 178 of the Companies Act, 2013 and the Rules made thereunder;

(iii) Constitution of Audit Committee of the Board of Directors is not applicable to the Company as required under the provisions of Section 177 of the Companies Act, 2013 and the Rules made thereunder;

(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 ₹41.50 Lakhs and the Company has 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 Meetings, it was observed that there was no dissenting note made by any of the Director.

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) There were no instances of Public / Right / Preferential Issue of Shares / Debentures / Sweat Equity etc.

(ii) There were no instances of Redemption / Buy-back of securities.

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

a) The Company has created security both on the Movable and Immovable Properties of the Company for the various borrowings made, which were within the limits approved by the shareholders by Special Resolution at the Extraordinary General Meeting held on January 29, 2021.

b) The Company has borrowed funds from Banks and Non-Banking Financial Companies, which were within the limits approved by the shareholders by Special Resolution at the Extraordinary General Meeting held on January 29, 2021.

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

V Ramasubramanian
Company Secretary
ACS No: 5890
COP No: 11325
UDIN: A005890D000093010

Chennai
13th April 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Sify Digital Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Sify Digital Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 then ended, and notes to the financial statements, including 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, 2022, the profit and total comprehensive income, the 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 ethical 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.

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.

S No.	Key Audit Matter	Auditor's Response
1	**Valuation of Trade Receivables:** 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, 2022 is INR 38,905 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2022 is INR 1,936 lakhs (including bad debts written off INR 1,290 lakhs).	Principal Audit Procedures Performed: In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • 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, the subsequent collections of trade receivables, the past payment and credit history of the customer, disputes (if any) with customers and based on discussion with the Company's management (information and explanation provided by them) and evidences collected, we understood and evaluated the reason for delay in realisation of the receivables and possibility of realisation of the aged receivables.

S No.	Key Audit Matter	Auditor's Response
		• 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, 2022.

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.

Responsibilities of Management and Those Charged with Governance 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those 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.

Other Matters

The comparative financial information of the Company for the year ended March 31, 2021 included in these standalone financial statements, were audited by M/s. ASA & Associates LLP, Chartered Accountants, the predecessor auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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".

   g. With respect to the matter 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 according to the information and explanations given to us, the Company has neither paid nor provided remuneration in the books and accordingly the question of exceeding the limits laid down under Section 197 read with Schedule V to the Act doesn't arise.

   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 standalone financial statements - Refer Note 22 (Contingent liabilities) to the standalone 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 Note 36 (a) (Derivative Financial instruments) attached to the Standalone financial statements;

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

      iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No: 001997S

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 22237830AIUUFR4874

Place: Hyderabad
Date : April 18, 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 in 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended March 31, 2022, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(i) (a) (B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner of 3 years 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.

(i) (c) According to the information and explanations provided to us, there is no immovable property held by the Company and accordingly, reporting on clause 3(i)(c) of the Order is not applicable to the Company.

(i) (d) According to the information and explanations provided to us, the Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022 and accordingly, reporting on clause 3(i)(d) of the Order is not applicable to the Company.

(i) (e) According to the information and explanations provided to us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(ii) (b) As disclosed in note 18 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks and / or financial institutions during the year on the basis of security of current assets of the Company. During the year ending March 31, 2022, the Company was in the process of finalization of agreements with banks / financial institutions to transfer the term loans and working capital limits from Sify Technologies Limited ('Holding Company') to the Company consequent to the demerger effected vide the Business Transfer Agreement dated January 28, 2021. According to the information and explanations provided to us, for the quarter ending June 2021 and September 2021, a combined statement was filed by the Holding Company including the balances of the Company. Based on our examination of the records of the Company, the quarterly returns / statements filed by the Company for the quarter ending December 2021 with such banks and financial institutions are in agreement with the books of account of the Company. The returns for the quarter ending March 2022 were not filed by the Company at the time of finalising the audit.

(iii) (a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(iii) (b) During the year, the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(iii) (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(iii) (d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(iii) (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) According to the information and explanations provided to us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Hence, the requirement to report on clause 3(v) of the Order is not applicable.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products / services of the Company. Hence, the requirement to report on clause 3(vi) of the Order is not applicable.

(vii) a) According to the information and explanations given to us and based on the examination of the records of the Company,

- undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in the remittance of income-tax (tax deducted at source under section 194Q) due for the months of July 2021 and August 2021 amounting to INR 0.40 lakhs; and
- no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) According to the information and explanations given to us and based on the examination of the records of the Company, there are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.

(viii) According to the information and explanations provided to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) According to the information and explanations provided to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix) (b) According to the information and explanations provided to us, the Company has not been declared wilful defaulter by any bank or financial institution or any other lender.

(ix) (c) According to the information and explanations provided to us and based on our examination of the records of the Company, term loans were applied for the purpose for which the loans were obtained.

(ix) (d) According to the information and explanations provided to us and based on an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(ix) (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(ix) (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x) (b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit. Hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(xi) (b) No report under section 143(12) of the Act has been filed in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.

(xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations provided to us and based on the examination of the records of the Company, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.

(xiv) (a) According to the information and explanations provided to us and based on our examination of the records of the Company, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) In our opinion and according to the information and explanations provided to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a), (b) and (c) of the Order is not applicable to the Company.

There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) The previous statutory auditors of the Company have resigned during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.

(xix) On the basis of the financial ratios disclosed in Note 44 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII to the Act, in compliance with second proviso to section 135(5) of the Act. This matter has been disclosed in Note 38 to the financial statements.

(xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance with the provision to section 135(6) of the Act. This matter has been disclosed in Note 38 to the financial statements.

(xxi) The Company does not have any subsidiaries, joint venture or associates. Accordingly, preparation of consolidated financial statements is not applicable and reporting under clause 3(xxi) of the Order is also not applicable.

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No: 001997S

K S Y Suryanandh
Partner

Place: Hyderabad Membership No: 237830
Date : April 18, 2022 UDIN: 22237830AIUUFR4874

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in the Independent Auditor's Report of even date to the members of Sify Digital Services Limited on the standalone financial statements for the year ended March 31, 2022

We have audited the internal financial controls over financial reporting of Sify Digital Services Limited ("the Company") as of March 31, 2022 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, 2022, 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 **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No: 001997S

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 22237830AIUUFR4874

Place: Hyderabad
Date : April 18, 2022

Balance Sheet as at March 31, 2022

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

	Note No. (D)	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	4,104	4,210
(b) Right-of-use Assets	3	771	656
(c) Capital work in progress		-	-
(d) Intangible assets	2	1,355	1,383
(e) Financial assets			
(i) Trade receivables	4	20	271
(ii) Other financial assets	5	2	100
(f) Deferred Tax assets	30	1,048	597
(g) Other non-current assets	6	1,515	1,884
		8,815	9,101
(2) Current assets			
(a) Inventories	7	24,006	13,753
(b) Financial assets			
(i) Trade receivables	8	38,885	28,569
(ii) Cash and bank balances	9	12,127	614
(iii) Other financial assets	10	1,035	22,603
(c) Other current assets	11	6,095	4,017
		82,148	69,556
Total Assets		90,963	78,657
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	20,001	20,001
(b) Other Equity	13	2,378	1,677
		22,379	21,678
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities	14		
(i) Borrowings	3	7,203	7,823
(ii) Lease liabilities	15	139	251
(iii) Other financial liabilities	16	52	113
(b) Provisions	17	663	1,040
(c) Other non-current liabilities	11	194	322
		8,251	9,549
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	17,169	17,163
(ii) Lease liabilities	3	286	229
(iii) Trade payables	19		
Total outstanding dues to micro enterprises and small enterprises		48	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		19,786	24,102
(iv) Other financial liabilities	20	1,171	767
(b) Other current liabilities	21	21,790	5,082
(c) Provisions	16	83	87
		60,333	47,430
Total Equity and Liabilities		90,963	78,657

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 **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

For and on behalf of the Board of Directors

K S Y Suryanandh
Partner
Membership No.: 237830

C R Rao
Director

Raju Vegesna
Director

Hyderabad
April 18, 2022

S Ganesh
Chief Financial Officer

V Ramanujan
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2022

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

	Note No. (D)	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations	23	75,699	61,316
Other income	24	846	852
Total income		76,545	62,168
Expenses			
Cost of services rendered	25 A	25,280	18,628
Purchase of stock-in-trade	25 B	28,896	19,571
Changes in inventories	**25 C**	(10,253)	1,639
Employee benefits expense	**26**	21,102	12,358
Finance costs	27	2,395	1,753
Depreciation and amortisation expense	1,2 and 3	2,382	1,585
Other expenses	28	6,208	5,109
Total expenses		76,010	**60,643**
Profit before tax		535	**1,525**
Tax expense			
Current Tax		(217)	(557)
Deferred Tax	30	451	597
Profit after tax		769	**1,565**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/asset		(68)	**36**
Total other comprehensive income		(68)	36
Total comprehensive income for the year		701	1,601
Earnings per equity share (₹ 10 paid up)	31		
Basic		0.38	0.78
Diluted		0.38	0.78

The financial information for the year ended March 31, 2022 are not entirely comparable, since the previous period financial result was reported since July 16, 2020 (i.e., date of incorporation)

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 **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

For and on behalf of the Board of Directors

K S Y Suryanandh
Partner
Membership No.: 237830

C R Rao
Director

Raju Vegesna
Director

Hyderabad
April 18, 2022

S Ganesh
Chief Financial Officer

V Ramanujan
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

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

A. Equity Share Capital

	For the year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	20,001	-
Change in Equity Share Capital during the year	-	20,001
Balance at the end of the year	20,001	**20,001**

B. Other Equity

	Reserves and surplus	Other Components of Equity	Total
	Retained earnings	Remeasurements of net defined benefit liability/asset	
2020-21			
Balance as at the Date of Incorporation - (A)			
Profit for the period (from April 01 2020 to July 15, 2020 i.e., till the date of incorporation)	76		76
Profit for the period (from July 16, 2020 till March 31, 2021)	1,565		1,565
Other comprehensive income		36	36
Total comprehensive income for the year 2020-21 - (B)	1,641	36	1,677
Balance as at March 31, 2021 - [(C) = (A)+(B)]	1,641	36	1,677
2021-22			
Balance as at April 01, 2021 - (A)	1,641	36	1,677
Profit for the year	769		769
Other comprehensive income		(68)	(68)
Total comprehensive income for the year 2021-22 - (B)	2,410	(32)	2,378
Balance as at March 31, 2022 - [(C) = (A)+(B)]	2,410	(32)	2,378

The financial information for the year ended March 31, 2022 are not entirely comparable, since the previous period financial result was reported since July 16, 2020 (i.e., date of incorporation) During FY 2020-21, the Company acquired IT services business from its holding company Sify Technologies Limited vide Business Transfer Agreement dated January 28, 2021 which is effective from April 01, 2020. The Statement of Profit and Loss for the period April 01, 2020 to July 15, 2020 (till the incorporation date of the Company) is shown separately in Note D (40) and profits from the operations is separately added to the reserves.

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 **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 18, 2022

For and on behalf of the Board of Directors

C R Rao
Director

Raju Vegesna
Director

S Ganesh
Chief Financial Officer

V Ramanujan
Company Secretary

Cash Flow Statement for the year ended March 31, 2022

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

		For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax		535	1,525
Adjustments for :			
Depreciation and amortisation expense		2,382	1,585
Finance expenses (considered separately)		2,395	1,753
Allowance for doubtful debts		1,936	2,500
Provision for doubtful advances		81	139
Unrealised foreign exchange fluctuation loss/(gain), net		(20)	5
Interest income (considered separately)		(222)	(232)
Operating profit / (loss) before working capital changes		7,087	7,275
(Increase)/decrease in trade receivables - current		(12,223)	9,192
(Increase)/decrease in non current trade receivables		251	276
(Increase)/decrease in inventories		(10,253)	1,639
(Increase)/decrease in other financial assets - current		21,538	(20,836)
(Increase)/decrease in other financial assets - non current		147	130
(Increase)/decrease in other non current assets		369	544
(Increase)/decrease in other current assets		(1,231)	2,680
Increase/(decrease) in trade payables		(4,277)	3,869
Increase/(decrease) in other non current financial liabilities		(61)	(57)
Increase/(decrease) in other non current liabilities		(128)	(82)
Increase/(decrease) in other financial liabilities - current		56	(171)
Increase/(decrease) in other current liabilities		16,708	(2,454)
Increase/(decrease) in provisions - non current		(445)	101
Increase/(decrease) in provisions - current		(6)	8
Cash generated from operations		17,532	2,114
Tax (paid)/refund received		(1,064)	(1,226)
Net cash generated from operating activities	(A)	16,468	888
Cash flow from investing activities			
Purchase of Property, Plant and Equipment		(1,541)	(2,175)
Amount paid for acquisition of right of use assets		(250)	-
(Increase)/decrease in other bank balances		(31)	-
Interest income received		122	199
Net cash used in investing activities	(B)	1,700	(1,976)
Cash flow from financing activities			
Proceeds from long-term borrowings		7,343	6,841
Repayment of long-term borrowings		(9,685)	(10,338)
Increase/(decrease) in short-term borrowings		(1,330)	2,652
Repayment of lease liabilities		(296)	(184)
Interest paid		(2,454)	(2,091)
Net cash used in financing activities	(C)	(6,422)	(3,120)
Effect of exchange differences on translation of cash and cash equivalents	(D)	-	-
Net increase/(decrease) in cash and bank balances during the period / year	(A)+(B)+(C)+(D)	8,346	(4,208)
Cash and bank balances at the beginning of the period / year		292	4,500
Cash and bank balances at the end of the period / year [Refer Note D (9)]#		8,638	292

Cash and bank balances subject to lien [Refer Note D (9B)]
Non-Cash financing and investing activities
Disclosure of changes in liabilities arising from financing activities [Refer Note D (29)]

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

As per our report of even date attached.

for **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

For and on behalf of the Board of Directors

K S Y Suryanandh
Partner
Membership No.: 237830

C R Rao
Director

Raju Vegesna
Director

Hyderabad
April 18, 2022

S Ganesh
Chief Financial Officer

V Ramanujan
Company Secretary

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

A. COMPANY OVERVIEW

Sify Digital Services 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 IT services which includes Cloud and Managed services, Applications Integration services and Technology Integration services. The Company was incorporated on July 16, 2020. During the Financial year 2020-21, the Company acquired IT services business from its holding company Sify Technologies Limited vide Business Transfer Agreement dated January 28, 2021 which is effective from April 01, 2020.

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 as amended from time to time, 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 period from April 01, 2021 to March 31, 2022 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on April 18, 2022.

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. Standards issued and not effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 - Reference to Conceptual Framework :

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

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

Ind AS 16 – Proceeds before intended use :

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract :

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021):

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021):

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

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 Company will evaluate the same to give effect to them as required by law.

4. Functional and Presentation Currency

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

5. Use of estimates and judgements

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

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

- Valuation of financial instruments [Note C(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 due 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 this financial statement 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 this 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.

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

e) Other financial liabilities

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

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

Financial liabilities held for trading are measured at FVTPL.

Derecognition of financial liabilities:

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

c. Derivative financial instruments

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

d. Offsetting of financial assets and financial liabilities

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

e. Reclassification of financial assets

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

3. SHARE CAPITAL

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

4. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchases taxes, after deducting trade discounts and rebates and includes expenditure directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

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

Subsequent costs

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

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 the 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, 2022 and March 31, 2021 were as follows:

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

Particulars	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 year is as follows:

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

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

7. LEASES

The Company as a lessee:

The Company's lease asset class primarily consists 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 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

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

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 HDFC life insurance Company Limited. The company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting any unrecognized past service cost and the fair value of any plan assets.

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

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

(c) Short term benefits

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

(d) Compensated absences

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

12. SHARE-BASED PAYMENT TRANSACTIONS

The employees of the Company are entitled to participate in Employee Stock Option Plan (ESOP) where the employees are issued options to purchase shares of the Holding Company subject to vesting period. Accordingly, the fair value of option on the Grant date is amortised over the vesting period with a corresponding liability recognised against the Holding Company, which will issue shares on exercise.

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 IT services which includes Cloud and Managed services, Applications Integration services and Technology Integration services.

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

(a) Cloud and Managed Services:

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

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

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

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

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

(b) Technology Integration Services:

Revenue from Technology Integration Services include system integration Services, revenue from construction of Data Centers, network services, security solutions and to a lesser extent, revenue from sale of hardware and software.

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

(c) Applications Integration Services:

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

Revenue from Applications Integration Services is recognised over a period of time. The progress is measured based on the amount of time/effort spent on a project. Revenue in relation to 'time' is measured as the agreed rate per unit of time multiplied by the units of time expended. The element of revenue related to materials is measured in accordance with the terms of the contract.

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

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

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

Multiple deliverable arrangements

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

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

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

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

Contract Cost

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

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

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

Significant judgements on applying Ind AS 115

The Company contracts with customer include promises or arrangements to transfer multiple goods or services to a customer. The Company assess whether such arrangements in the contract has distinct goods or services (performance obligation). Identification of distinct performance

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obligation involves judgment to determine ability of customer to benefit independently from other promises in the contract.

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

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

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

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

15. FINANCE INCOME

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

16. FINANCE EXPENSE

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

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

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

17. INCOME TAXES

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

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. To the extent that partly paid shares are not entitled to participate in dividends during the period, they are treated as the equivalent of warrants or options in the calculation of diluted earnings per share.

19. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

directly or indirectly.

Level 3 - unobservable inputs for the asset or liability

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

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

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

(i) Investments in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting date.

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

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 (issued by holding company) 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 lease twelve months after the reporting period.

All other liabilities are classified as non-current.

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

D. Notes to Accounts

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

1. Property, Plant and Equipment

The following table presents the changes in property, plant and equipment during the year ended March 31, 2022

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2021	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2022	As at April 1, 2021	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Owned assets										
Plant and equipment	11,112	1,098	-	12,210	7,120	1,236	-	8,356	3,854	3,992
Furniture and fittings	17	-	-	17	17	-	-	17	-	-
Office equipment	722	156	-	878	504	124	-	628	250	218
Leasehold improvements	403	-	-	403	403	-	-	403	-	-
	12,254	**1,254**	**-**	**13,508**	**8,044**	**1,360**	**-**	**9,404**	**4,104**	**4,210**

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
	Addition through BTA	Additions during the year (April, 2020 to March, 2021)	Deletions/ Adjustments during the year	As at March 31, 2021	Additions through BTA	For the year (April, 2020 to March, 2021)	Deletions/ Adjustments during the year	As at March 31, 2021	As at March 31, 2021
Owned assets									
Plant and equipment	9,248	1,866	2	11,112	5,878	1,244	2	7,120	3,992
Furniture and fittings	17	-	-	17	17	-	-	17	-
Office equipment	684	38	-	722	396	108	-	504	218
Leasehold improvements	403	-	-	403	403	-	-	403	-
	10,352	1,904	2	12,254	6,694	1,352	2	8,044	4,210

Note

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

2. Intangible assets

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

The following table presents the changes in intangible assets during the year ended March 31, 2022

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2021	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2022	As at April 1, 2021	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
System software	3,551	859		4,410	2,168	888	-	3,055	1,355	1,383
Customer related intangibles	1,168			1,168	1,168	-	-	1,168	-	-
	4,719	**859**	**-**	**5,578**	**3,336**	**888**	**-**	**4,223**	**1,355**	**1,383**

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

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE
	Addition through BTA	Additions during the year (April, 2020 to March, 2021)	Deletions/ Adjustments during the year	As at March 31, 2021	Addition through BTA	For the year (April, 2020 to March, 2021)	Deletions/ Adjustments during the year	As at March 31, 2021	As at March 31, 2021
System software	2,237	1,314	-	3,551	1,488	680	-	2,168	1,383
Customer related intangibles	1,168	-	-	1,168	1,168	-	-	1,168	-
	3,405	1,314	-	4,719	2,656	680	-	3,336	1,383

(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 year ended March 31, 2022:

Particulars	ROU asset
Opening Balance	656
Additions	249
Deletions	-
Depreciation	(134)
Balance as of March 31, 2022	771

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:

Particulars	ROU asset
Opening Balance	-
Additions through BTA (Net of Accumulated Depreciation)	753
Additions	-
Deletions	-
Depreciation	(97)
Balance as of March 31, 2021	**656**

Lease Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	286	229
Non-current lease liabilities	139	251
Total	425	480

The movement in lease liabilities during the years ended March 31, 2022 and March 31, 2021 are given below

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	480	-
Acquired through BTA	-	706
Additions during the year	249	-
Finance cost accrued during the year	-	49
Deletions	-	-
Fair value adjustment	(7)	-
Payment of lease liabilities	(297)	(275)
Balance at the end of the year	425	480

a. These are primarily taken from NBFCs and are secured by lease of relevant assets.
b. These are repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.
c. Refer note D(37) for the contractual maturities of lease liabilities

Amounts recognised in profit or loss are given below:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease liabilities	-	-
Expenses relating to leases of low-value assets, including short-term leases of low value assets	348	226

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

	As at March 31, 2022	As at March 31, 2021
4. TRADE RECEIVABLES - NON-CURRENT		
Long term trade receivables		
(Unsecured, considered good)	20	271
	20	271
5. OTHER FINANCIAL ASSETS - NON-CURRENT		
Security deposits (Net of doubtful allowance ₹ 30 (Previous year ₹ Nil)	2	100
	2	**100**
6. OTHER NON-CURRENT ASSETS		
Prepaid expenses	1,515	1,884
	1,515	**1,884**
7. INVENTORIES		
Trade inventories	24,006	13,753
	24,006	**13,753**
8. TRADE RECEIVABLES		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	41,137	30,175
Trade Receivables - credit impaired	-	-
Total	41,137	**30,175**
Loss Allowance [Refer note below]	(2,252)	(1,606)
Net Trade receivables	38,885	28,569

(a) This amount include receivables relating to services rendered to holding company Nil (previous year ₹ 2,255) and Nil (previous year ₹ 1,292) to fellow subsidiary. This amount also includes receivable towards customer contracts novation pursuant to BTAwhich is in progress and other customer receivables as on March 31, 2022 transferred from holding company ₹ 16,622 (previous year ₹ 6,390) and transferred from fellow subsidiary Nil (previous year ₹ 322). Pending confirmation from customers, the invoices have been booked in parent company / fellow subsidiary and subsequently transferred as on March 31, 2021. Also refer note D (35)

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

	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	1,606	-
Balance transferred through BTA	-	1,058
Add: Additional provision during the year	1,936	3,300
Less: Bad debts written off	(1,290)	(2,752)
Balance at the end of the year	2,252	**1,606**

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

The following table presents the aging of the Trade Receivables for the year ended March 31, 2022

Particulars	Not due	< 6 Months	6 Months - 1 Year	1 - 2 Years	2-3 Years	> 3 Years	Total
Trade receivables - Undisputed							
Considered good	14,258	8,921	4,099	5,538	1,616	1,743	36,174
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
	14,258	**8,921**	**4,099**	**5,538**	**1,616**	**1,743**	**36,174**
Provision for bad and doubtful debts							2,252
Trade receivable - Unbilled							4,963
Total	**14,258**	**8,921**	**4,099**	**5,538**	**1,616**	**1,743**	**38,885**

The following table presents the aging of the Trade Receivables for the year ended March 31, 2021

Particulars	Not due	< 6 Months	6 Months - 1 Year	1 - 2 Years	2-3 Years	> 3 Years	Total
Trade receivables - Undisputed							
Considered good	8,063	12,957	2,721	2,845	734	1,278	28,599
Which have significant increase in credit risk		-	-	-	-	-	-
Credit impaired		-	-	-	-	-	-
	8,063	**12,957**	**2,721**	**2,845**	**734**	**1,278**	**28,599**
Provision for bad and doubtful debts							**1,606**
Trade receivable - Unbilled							**1,576**
Total	**8,063**	**12,957**	**2,721**	**2,845**	**734**	**1,278**	**28,569**

		As at March 31, 2022	As at March 31, 2021
9. CASH AND BANK BALANCES			
Balance with banks in current accounts	(A)	12,096	614
		12,096	**614**
Other bank balances		31	-
Bank deposits subject to lien	(B)	31	-
	(A)+(B)	12,127	614
10. OTHER FINANCIAL ASSETS			
(a) Amounts receivable from holding company / fellow-subsidiaries (refer note (b) below)		967	**22,590**
(b) Security Deposit (Net of doubtful allowance ₹ 190 (Previous year ₹ 139)) (refer note (a) below)		4	**-**
(c) Interest accrued on advances and deposits		64	**13**
		1,035	**22,603**

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

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

	For the Year ended March 31, 2022	For the Year ended March 31, 2020
Balance at the beginning of the year	139	-
Add: Additional provision during the year	81	139
Balance at the end of the year	220	139

(b) Nil (previous year ₹ 20,508) is receivable from holding company and Nil (previous year ₹ 2,082) is receivable from fellow subsidiary company on account of transfer of assets/liabilities, transfer of revenue and expenses, customer receipts received and vendor payments made by or for the parent company and fellow subsidiary pertaining to the services rendered by and for the company. Includes ₹ 967 (previous year ₹ Nil) advances provided to Fellow subsidiary .Also Refer Note D(35)

	As at March 31, 2022	As at March 31, 2021
11. OTHER CURRENT ASSETS		
Balances with GST, service tax and sales tax authorities	1,093	11
Prepaid expenses	2,861	2,875
Advance tax and tax deducted at source (Net of Provision for Tax ₹ 825; Previous year: ₹ 608)	1,465	618
Other advances	676	513
	6,095	4,017
12. EQUITY SHARE CAPITAL		
Authorized		
21,00,00,000 (March 31, 2021: 21,00,00,000) equity shares of ₹10 each	21,000	21,000
Issued		
20,00,10,000 (March 31, 2021: 20,00,10,000) equity shares of ₹10 each	20,001	20,001
Subscribed and fully paid		
20,00,10,000 (March 31, 2021: 20,00,10,000) equity shares of ₹10 each fully paid up	20,001	20,001

(a) The equity shares are the only class of share capital having a par value of ₹10 per share.

(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.

(c) Pursuant to the Business Transfer Agreement ('BTA') entered on January 28, 2021, the Company had acquired IT related services business which includes Cloud and Managed services, Applications Integration services and Technology Integration services, along with tangible, intangible assets and liabilities relating to said business on a going concern basis from its holding company, Sify Technologies Limited. The consideration payable for acquisition of said business was discharged through issue of 20,00,00,000 shares of INR 10 each as fully paid up.

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

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

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount paid- up	Number of shares	Amount paid- up
Number of shares outstanding at the beginning of the year	20,00,10,000	20,001	-	-
Initial Subscription	-	-	10,000	1
Add: Shares issued pursuant to BTA	-	-	20,00,00,000	20,000
Number of shares outstanding at the end of the year	20,00,10,000	20,001	20,00,10,000	20,001

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

	As at March 31, 2022		As at March 31, 2021	
	Number of Shares held	% holding	Number of Shares held	% holding
Sify Technologies Limited	20,00,10,000	100.00%	20,00,10,000	100.00%

12.3 Shareholding of Promoters

Shares held by promoters as at March 31, 2022 :

Name of the promoter	No. of share	Percentage of total shares	Percentage of change during the period
Sify Technologies Limited	20,00,10,000	100%	-
Total	20,00,10,000	100%	-

Shares held by promoters as on year ended March 31, 2021 :

Promoter name	No. of share	Percentage of total shares	Percentage of change during the period
Sify Technologies Limited	20,00,10,000	100%	100%
Total	20,00,10,000	100%	100%

		As at March 31, 2022	As at March 31, 2021
13. OTHER EQUITY			
13.1 Reserves and surplus			
Retained earnings			
Balance at the Incorporation / beginning of the year		1,641	-
Add: Profit for the period (from April 01, 2020 to July 15, 2020 i.e., till the date of incorporation)			76
Add: Profit for the period (from July 16, 2020 till March 31, 2021)			1,565
Add: Profit for the year		769	
	(A)	2,410	**1,641**
Remeasurement of net defined benefit liability/asset			
Balance at the incorporation / beginning of the year		36	-
Add: Additions during the year		(68)	36
	(B)	(32)	**36**
	(C) = (A)+(B)	2,378	**1,677**

Nature and purpose of Reserves

a) **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.

b) **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.

		As at March 31, 2022	As at March 31, 2021
14. BORROWINGS			
Term Loans			
Unsecured			
From others [Refer Note (a), (b) and (c) below]		7,203	7,823
		7,203	7,823

a. These loans are primarily taken from NBFCs.

b. The loans bear interest rate ranging from 8.3% to 9.9% (previous year 8.6% to 9.9%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.

c. The current maturities of the above borrowings, carrying the aforesaid security and repayment terms are grouped under Note D (18).

The current maturities of borrowings and lease liabilities are as under:

		As at March 31, 2022	As at March 31, 2021
Secured			
Current maturities of finance lease obligations		286	229
Unsecured			
Term loan from banks		-	-
Loan from others		7,111	**8,911**
		7,397	9,140
15. OTHER FINANCIAL LIABILITIES - NON-CURRENT			
Other liabilities		52	113
		52	**113**
16. PROVISIONS			
Provisions for employee benefits - current			
Compensated absences		83	87
	(A)	83	**87**
Provisions for employee benefits - non-current			
Gratuity (refer note D 33)		313	751
Compensated absences		350	289
	(B)	663	**1,040**
	(A)+(B)	746	**1,127**
17. OTHER NON-CURRENT LIABILITIES			
Contract liability (Unearned income)		194	**322**
		194	**322**

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

	As at March 31, 2022	As at March 31, 2021
18. SHORT TERM BORROWINGS		
Borrowings		
Loans repayable on demand from banks – Secured [Refer notes (a) to (e) below]		
Working capital facilities	**10,058**	**8,252**
Current maturities of Long Term Loans		
Current maturities of other loans (refer Note D (14))	**7,111**	**8,911**
	17,169	**17,163**

(a) The above facilities amounting to 6,558 (previous year ₹ 8,252), non fund limits (including bank guarantees) availed by the Company are primarily secured by way of pari-passu charge on the entire current assets of the Company to all working capital bankers under consortium.

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

(i) exposure amounting to ₹ 5,558 (previous year ₹ 5,999) 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 ₹ 3,458 (previous year ₹ 3,903) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai, Vashi 6th floor, Vile Parle at Mumbai.

(iii) exposure amounting to ₹1,000 (previous year ₹ 2,253) 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.

(iv) the exposure amounting to ₹ 1,600 (previous year ₹ 1,585) is collaterally secured by equitable mortgage over the Vashi 5th floor property at Mumbai.

(c) Of the above, facilities amounting to ₹ 3,500 are secured by pari-pasu charge on current assets and unencumbered movable fixed assets of the Company, both present and future.

(d) These working capital facilities bear interest ranging from 5.40% p.a. to 7.70% p.a. (previous year: 5.4% p.a. to 9.45% p.a.) and these facilities are subject to renewal annually.

(e) Working capital facilities comprises the following:

	As at March 31, 2022	As at March 31, 2021
Bank overdraft	3,458	322
Other working capital facilities	6,600	7,930
	10,058	**8,252**

	As at March 31, 2022	As at March 31, 2021
19. TRADE PAYABLES		
Towards purchase of goods and services *		
(a) Total outstanding dues to micro enterprises and small enterprises (refer note c)	48	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises*	19,786	24,102
	19,834	**24,102**

* Includes :

(a) This amount include payables relating to services received from fellow subsidiary ₹ Nil (previous year ₹ 574). This amount also includes ₹ 1,821 (previous year ₹ 6,420) transferred from holding company on account of amount payable towards vendor contracts novation pursuant to BTA, which is in progress. Pending confirmation from vendors, the invoices have been booked in parent company and subsequently transferred. Also refer note D (35).

(b) There are no dues payable to micro, small and medium enterprises as on March 31, 2022 - Refer note D(43)

(c) The amount payable to micro enterprises and small enterprises of ₹48 (Previous year ₹ Nil) are not due for payment as on March 31, 2022

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

Trade Payables ageing schedule

The following table presents the aging of the Trade payables for the period ended March 31, 2022

Particulars	< 1 Year	1- 2 Years	2 - 3 Years	> 3 Years	Total
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	18,519	1,064	78	173	19,834
Total	18,519	1,064	78	173	19,834

The following table presents the aging of the Trade payables for the year ended March 31, 2021

Particulars	< 1 Year	1- 2 Years	2 - 3 Years	> 3 Years	Total
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	23,669	234	11	188	24,102
Total	23,669	234	11	188	24,102

	As at March 31, 2022	As at March 31, 2021
20. OTHER FINANCIAL LIABILITIES		
Capital creditors	682	113
Interest accrued	86	145
Deposits from customers	206	206
Other payables	197	303
	1,171	**767**
21. OTHER CURRENT LIABILITIES		
Advances received from customers	5,361	2,165
Amounts receivable from holding company / fellow-subsidiaries	11,365	-
Statutory payables	1,553	482
Contract liability (Unearned income)*	3,342	2,289
Other payables	169	146
	21,790	5,082

* Refer note D(42) for the movement in Contract liability (Unearned income)

Note: ₹ 11,219 (Previous Year ₹ Nil) is payable to holding company and ₹ 147 (Previous Year ₹ Nil) payable to Fellow subsidiary company on account of transfer of assets/liabilities, transfer of revenue and expenses, customer receipts received and vendor payments made by or for the parent company and fellow subsidiary pertaining to the services rendered by and for the company.

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

	As at March 31, 2022	As at March 31, 2021

22. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

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

EEstimated amount of contracts remaining to be executed on capital account and not provided for	709	635

	For the Year ended March 31, 2022	For the Year ended March 31, 2021
23. REVENUE FROM OPERATIONS		
Sale of Services:		
- Domestic	59,876	39,207
- Export	2,403	3,472
Sale of Products:		
- Domestic	13,420	18,637
	75,699	**61,316**
24. OTHER INCOME		
Interest income		
From banks	173	188
Others	49	44
Other non-operating income		
Miscellaneous income	624	620
	846	**852**
25. COST OF GOODS SOLD AND SERVICES RENDERED		
A. Cost of services rendered		
Direct costs	25,280	18,628
	25,280	**18,628**
B. Purchases of Stock in Trade	28,896	19,571
C. Changes in inventories - Stock in Trade		
Opening inventory	13,753	15,392
Less: closing inventory	(24,006)	(13,753)
	(10,253)	1,639
	43,923	**39,838**

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

	As at March 31, 2022	As at March 31, 2021

	For the Year ended March 31, 2022	For the Year ended March 31, 2021
26. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	19,792	11,588
Contribution to provident and other funds	973	623
Staff welfare expenses	294	88
Share-based payments to employees*	43	59
	21,102	12,358

*Also refer note C (12)

27. FINANCE COSTS		
Interest	2,075	1,655
Other finance costs	320	98
	2,395	1,753
28. OTHER EXPENSES		
Communication expenses	54	35
Rent	348	226
Rates and taxes	123	206
Travelling expenses	217	53
Power and fuel expenses	290	164
Legal and professional	704	421
Payment to auditors		
- Statutory audit fees	13	13
- Other services	-	-
Repairs and maintenance expenses		
- Plant and machinery	279	241
- Buildings	377	179
- Others	300	223
Insurance	440	26
Outsourced manpower costs	589	483
Advertisement, selling and marketing expenses	24	-
Loss on foreign exchange fluctuation (net)	9	11
Loss on sale of property, plant and equipment (Net)	-	-
Provision for doubtful advances	-	-
Contribution towards corporate social responsibility [Refer note D(38)]	42	-
Allowance for bad and doubtful debts (Net of bad debts written off ₹ 1,290; previous year ₹ 2,752)	1,936	2,500
Miscellaneous expenses	463	328
	6,208	5,109

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

29. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE PERIOD ENDED MARCH 31, 2022

(i) Long term borrowings *

Particulars	As at April 01, 2021	Proceeds	Repayment	Non cash movement Fair value adjustment	As at March 31, 2022
Term loans from Bank	-	-	-	-	-
Term loans from Others	16,734	7,094	(9,686)	172	14,314
Finance lease obligations	480	249	(296)	(8)	425
Total	**17,214**	**7,343**	**(9,982)**	**164**	**14,739**

* including current maturities

(ii) Short term borrowings

Particulars	As at April 01, 2021	Cash flow	Foreign exchange movement	As at March 31, 2022
Working capital facilities excluding overdraft*	7,930	(1,330)	-	6,600
Other short term borrowing	-	-	-	-
Total	**7,930**	**(1,330)**	**-**	**6,600**

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

Reconciliation of liabilities from financing activities for the period from July 16, 2020 to March 31, 2021

(i) Long term borrowings *

Particulars	As at July 16, 2020	Proceeds	Repayment	Fair value changes	As at March 31, 2021
Term loans from Bank	-	-	-	-	-
Term loans from Others	20,133	6,841	(10,338)	98	16,734
Finance lease obligations	702	-	(184)	(38)	480
Total	**20,835**	**6,841**	**(10,522)**	**60**	**17,214**

*including current maturities

(ii) Short term borrowings

Particulars	As at July 16, 2020	Cash flow	Foreign exchange movement	As at March 31, 2021
Working capital facilities excluding overdraft*	5,278	2,652	-	7,930
Other short term borrowing	-	-	-	-
Total	**5,278**	**2,652**	**-**	**7,930**

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

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

30. 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, 2022	As at March 31, 2021
Deferred tax assets on temporary deductible differences		
Property, Plant and Equipment	628	490
Provision for employee benefits	220	47
Advances	55	-
Accounts receivable	567	404
	1,470	**941**
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(347)	(344)
Provision for Doubtful Advances	-	-
Finance lease obligations	(75)	-
	(422)	(344)
Net deferred tax asset recognised in Balance Sheet	1,048	**597**

Movement in temporary differences during current and previous year

	Provision for employee benefits	Property, Plant and Equipment	Intangible assets	Finance lease obligations	Accounts receivable	Advances
Balance as at April 01, 2020	-	-	-	-	-	-
Recognised in income statement	47	490	(344)	-	404	-
Recognised in Equity	-	-	-	-	-	-
Balance as at March 31, 2021	**47**	**490**	**(344)**	**-**	**404**	**-**
Recognised in income statement	173	138	(3)	(75)	163	55
Recognised in Equity	-		-	-	-	-
Balance as at March 31, 2022	220	**628**	**(347)**	**(75)**	**567**	**55**

	As at March 31, 2022	As at March 31, 2021
Unrecognised deferred tax asset		
Deductible temporary differences	-	35
Unrecognised tax losses		
- Unabsorbed depreciation	-	-
Unrecognised deferred tax asset	-	35

	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Income tax expense recognized in profit or loss		
Current tax expense/ (reversal) for the period July 16, 2020 to March 31, 2021	-	51
Current tax expense/ (reversal) for the period September 30, 2021	-	557
Current tax expense/(reversal) for the FY 2021-22	217	-
Deferred tax liability / (asset)	(451)	(597)
	(234)	11

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

	For the year ended March 31 2022	For the year ended March 31 2021
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 (April 01, 2020 to July 15, 2020)		127
Profit before taxes (July 16, 2020 to March 31, 2021)		1,525
Profit before taxes for the FY 2021-22	535	-
Enacted tax rates in India	25.17%	25.17%
Expected tax expense/(benefit)	135	416
Effect of :		
Recognition of previously unrecognised deferred tax asset on temporary differences	(380)	(597)
Unrecognised temporary differences	-	35
Expenses that are not deductible in determining taxable profit	11	-
Recognition of current year temporary differences	-	157
	(234)	11

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

	For the year ended March 31 2022	For the year ended March 31 2021
(a) Weighted average number of shares		
Issued fully paid up ordinary shares at the beginning of the year	20,00,10,000	-
Initial subscription	-	10,000
Issued pursuant to BTA	-	20,00,00,000
Weighted average number of equity shares outstanding	20,00,10,000	**20,00,10,000**

32. FOREIGN CURRENCY EXPOSURE

The details of foreign currency exposure as at March 31, 2022 are as follows:

Particulars	As at March 31, 2022		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and bank balances	USD	*	38
Trade Receivables	GBP	*	85
	USD	29	2,207
Trade Receivables	EUR	*	29
			2,321
Amounts payable in foreign currency on account of:			
Trade Payables	USD	6	433

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

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:			
Debtors	GBP	*	28
	USD	7	510
	EUR	*	6
			544
Amounts payable in foreign currency on account of:			
Trade Payables			
	USD	5	372
	DHS	*	1
			373
* Amount below rounding off norm adopted by the Company			

	For the year ended March 31 2022	For the year ended March 31 2021
33. 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	751	-
Service cost	161	154
Interest cost	43	37
Remeasurement (gain)/losses	68	(36)
Benefits paid	(110)	(59)
Acquisition adjustment on account of BTA	-	655
Projected benefit obligation at the end of the year	913	**751**
Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Interest income	*	
Employer contributions	600	
Benefits paid	-	-
Return on plan assets, excluding amount recognised in net interest expense	-	-
Fair value of plan assets at the end of the year	600	**-**
Amount recognised in the Balance Sheet		
Present value of projected benefit obligation at the end of the year	913	751
Funded status amount of liability recognised in the Balance Sheet	913	751
Expense recognised in the Statement of Profit and Loss		
Service cost	161	154
Interest cost	43	37
Net gratuity costs	204	**191**

Summary of actuarial assumptions

Discount rate	6.35% p.a.	5.70% p.a.
Salary escalation rate	8% for the first year and 5% thereafter	0% for the first year and 5% thereafter
Average future working life time	5.51 years	4.38 years

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

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

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

	As at March 31, 2022	As at March 31, 2021
The expected cash flows over the next few years are as follows:		
1 year	136	129
2 to 5 years	521	443
6 to 10 years	385	285
More than 10 years	303	157

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

Amount recognised in other comprehensive income for the period ended March 31, 2022 and March 31, 2021 are as follows:

Remeasurement (gain) /loss arising from		
- change in demographic assumptions	7	
- change in financial assumptions	(1)	(41)
- experience variance	62	5
- return on plan assets, excluding amount recognised in net interest expense/income		
	68	(36)

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, 2022		March 31, 2021	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	964	867	787	716
(% change compared to base due to sensitivity)	5.6%	(5.1)%	4.9%	(4.5)%
Salary Growth rate (-/+ 1%)	866	963	715	787
(% change compared to base due to sensitivity)	(5.1)%	5.5%	(4.6)%	4.9%
Attrition Rate (- / + 50% of attrition rates)	913	898	783	715
(% change compared to base due to sensitivity)	0.0%	(1.6)%	4.4%	(4.7)%
Mortality Rate (- / + 10% of mortality rates)	913	913	750	750
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

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 ₹ 600 and ₹ 663 for the year ended March 31, 2022 and March 31, 2021 respectively.

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

34. SEGMENT REPORTING

The segment reporting is not applicable to The Company since based on review by chief operating decision makers (CODM) there is only one segment i.e,. digital services.

35. RELATED PARTIES AND TRANSACTIONS

(a) Related parties

The related parties where control / significant influence exists are holding company, fellow subsidiaries and associates. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel includes the board of directors and other senior management executives. The other related parties are those with whom the Company has had transaction during the years ended March 31, 2022 and March 31, 2021 are as follows:

Particulars	Related Parties	Country of Incorporation	% of ownership interest
Ultimate Holding Company	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	
Holding Company	Sify Technologies Limited	India	100%
Fellow Subsidiaries	Sify Technologies (Singapore) Pte. Limited	Singapore	
	Sify Technologies North America Corporation	USA	
	Sify Data and Managed Services Limited	India	
	Sify Infinit Spaces Limited	India	
	Print House (India) Private Limited	India	
Trust controlled by KMP of holding company##	Raju Vegesna Foundation, Visakapatanam	India	

(b) Related party transactions and balances

Following is a summary of related party transactions for the period ended March 31, 2022:

Transactions	Sify Technologies Limited	Sify Infinit Spaces Limited	Sify Technologies North America Corporation	Sify Technologies (Singapore) Pte Ltd	Print House (India) Private Limited
Receipt of services#	-	574	-	166	-
Purchase of goods	-	-	-	-	-
Rendering of services	2,205	-	3,962	-	-
Loan given to fellow subsidiaries	-	-	-	-	969
Revenue transfers *	31,512	-	-	-	-
Expenses transfers *	36,556	288	-	-	-
Amount of outstanding balances					
Amount payable *	-	137	-	-	-
Amount receivable *	3,583	-	-	-	-
Trade payable	-	-	-	73	-
Trade receivable	-	-	2,785	-	-
Loan given to fellow subsidiaries					967

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

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.

₹ 37 (previous year ₹ Nil) contributed to Raju Vegesna Foundation, Visakapatanam which is controlled by KMP of holding company.

** On account of Business Tranasfer agreement executed in previous year, The customer and vendor contracts novation was in progress during the financial year ended March 31, 2022 and hence the invoices related to vendor and customer pertaining to the company have been booked in parent / fellow subsidiary company and subsequently transferred to subsidiary companies as expenses and revenue transfers.

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

Transactions	Sify Technologies Limited	Sify Infinit Spaces Limited	Sify Technologies North America Corporation	Sify Technologies (Singapore) Pte Ltd	Print House (India) Private Limited
Receipt of services#	2,833	574	-	-	-
Purchase of goods	-	-	-	-	-
Rendering of services	2,257	-	2,886	-	-
Advances received on account of BTA*	5,500	-	-	-	-
Revenue transfers on account of BTA*	20,105	3,256	-	-	-
Expenses transfers on account of BTA*	10,862	1,039	-	-	-
Amounts received on account of BTA*	-	187	-	-	-
Shares issued pursuant to BTA	20,001	-	-	-	-
Amount of outstanding balances					
Trade payable	-	574	-	-	-
Amounts receivable on account of BTA*	20,478	2,404	-	-	-
Trade receivable	2,255	-	1,292	-	-

*Pursuant to BTA which is effective from February 01, 2021 with appointed date of April 01, 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.

36. 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. There are no forward contracts outstanding as at March 31, 2022.

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2022 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	38,905	-	-	38,905	38,905
Trade receivables	12,127	-	-	12,127	12,127

(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
Cash and Bank balances	1,037	-	-	1,037	1,037
Liabilities					
Borrowings from banks	6,600	-	-	6,600	6,600
Borrowings from others	14,314	-	-	14,314	14,314
Bank overdraft	3,458	-	-	3,458	3,458
Lease Liabilities	425	-	-	425	425
Trade payables	19,786	-	-	19,786	19,786
Other financial liabilities	1,223	-	-	1,223	1,223

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					
Trade receivables	28,840	-	-	28,840	28,840
Cash and cash equivalents	614	-	-	614	614
Other financial assets	22,703	-	-	22,703	22,703
Liabilities					
Borrowings from banks	7,930	-	-	7,930	7,930
Borrowings from others	16,734	-	-	16,734	16,734
Bank overdraft	322	-	-	322	322
Lease liabilities	480	-	-	480	480
Trade payables	24,102	-	-	24,102	24,102
Other financial liabilities	880	-	-	880	880

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2022 and March 31, 2021 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2022	As at March 31, 2021
Trade receivables	38,905	28,840
Cash and Bank balances	12,127	614
	51,032	29,454

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

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

		For the year ended March 31, 2022	For the period from July 16, 2020 to March 31, 2021
(a)	Financial assets at amortised cost		
	Interest income on bank deposits	173	188
	Interest income on other financial assets	49	44
	Impairment on trade receivables	(1,936)	(2,500)
(b)	Financial assets/liabilities at fair value through profit or loss (FVTPL)		
	Net gains/(losses) on fair valuation of derivative financial instruments	-	-
(c)	Financial liabilities at amortised cost		
	Interest expenses on lease obligations	-	-
	Interest expenses on borrowings from banks, others and overdrafts	(2,075)	(1,655)

37. 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 Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Board of Directors are 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 Board of Directors.

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.

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

	As at March 31, 2022	As at March 31, 2021

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. 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, 2021 was as follows:

Trade receivables	38,905	28,840
Cash and cash equivalents	12,127	614
Other financial assets	1,037	22,703
	52,069	52,157

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, Trade Receivables relating to Cloud & Managed Services, Technology Integration Services & Application Integration Services has been transferred from its holding company, Sify Technologies Limited during FY 2020-21.

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, 2022					
	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	6,600	6,664	6,664	-	-	-
Borrowings from others	14,314	16,394	8,119	5,380	2,895	-
Bank overdraft	3,458	3,458	3,458	-	-	-
Lease Liabilities	425	471	309	100	62	-
Trade payables	19,786	19,786	19,786	-	-	-
Other financial liabilities	1,223	1,223	1,223	-	-	-
	45,806	47,996	39,559	5,480	2,957	-

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

	As at March 31, 2022	As at March 31, 2021

As at March 31, 2021

	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	7,930	8,057	8,057	-	-	-
Borrowings from others	16,734	18,287	9,838	7,112	1,337	-
Bank overdraft	322	322	322	-	-	-
Finance lease liabilities	480	480	229	251	-	-
Trade payables	24,102	24,102	24,102	-	-	-
Other financial liabilities	880	880	880	-	-	-
	50,448	**52,128**	**43,428**	**7,363**	**1,337**	**-**

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 Board of Directors.

The Company's exposure to foreign currency risk as at March 31, 2022 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	*	29	(6)	-	23
GBP	-	*	-	-	*
EUR	-	*	-	-	*
DHS	-	-	*	-	*

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 bank balances	Trade receivables	Trade payables	Foreign currency loans	Net Balance Sheet exposure
USD	-	7	(5)	-	2
GBP	-	*	-	-	*
EUR	-	*	-	-	*
DHS	-	-	*	-	*

* Amount below rounding off norm adopted by the Company

(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, 2022 and March 31, 2021 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.

	Other comprehensive income	Profit/(loss)
March 31, 2022	-	(193)
March 31, 2021	-	(17)

A 10% weakening of the rupee against the above currencies as at March 31, 2021 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, 2022	March 31, 2021
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	-	-
Financial liabilities		
- Borrowings from banks	-	-
- Borrowings from others	14,314	17,214
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	6,600	7,930
- Bank overdrafts	3,458	322

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.

	Equity	**Profit or (loss)**
March 31, 2022	-	(45)
March 31, 2021	-	(25)

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)

38. CONTRIBUTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013, requires Company to spend towards Corporate Social Responsibility (CSR). The details of CSR expenditure and CSR activities carried out are as follows.

	For the year ended March 31, 2022	For the year ended March 31 2021
Amount required to be spent by the company during the year	42	-
Amount of expenditure incurred	42	-
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-

Nature of Corporate Social Responsibility activities:

The details of Corporate Social Responsibility activities carried out by the Company are as follows:

Name of the Organisation	Nature of activity	For the year ended March 31, 2022	For the year ended March 31 2021
Voluntary Health Services, Chennai	Promotion of health care	5	-
Raju Vegesna Foundation, Visakapatanam*	Livelihood enhancement	37	-
Total		42	-

* The trust is controlled by Key Managerial Personnel of Holding Company

39. 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, 2022 is ₹ 22,379 (Previous Year: 21,678).

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, 2022	As at March 31, 2021
Debt		24,797	25,466
Less: cash and bank balances		(12,096)	(614)
Net debt	A	12,701	24,852
Equity	B	22,379	**21,678**
Net debt to Equity ratio	A/B	57%	**115%**

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

40. BUSINESS ACQUISITION THROUGH BUSINESS TRANSFER AGREEMENT

Pursuant to the Business Transfer Agreement ('BTA') entered on January 28, 2021 the Company acquired IT services business from its holding company Sify Technologies Limited with the appointed date being April 01, 2020. All the assets and liabilities relating to IT services business have been transferred at costs from the appointed date of April 01, 2020. The consideration is settled by way of issue of equity shares at par value.

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

The carrying amount of assets and liabilities transferred is as follows:

	As at 01 April, 2020
ASSETS	
(1) Non-current assets	
(a) Property, Plant and Equipment	3,634
(b) Right-of-use Assets	753
(c) Intangible assets	750
(d) Financial assets	
(i) Trade receivables	564
(ii) Other financial assets	168
(e) Other non-current assets	2,261
	8,130
(2) Current assets	
(a) Inventories	13,021
(b) Financial assets	
(i) Trade receivables	45,619
(ii) Cash and cash equivalents	7,782
(iii) Other financial assets	131
(c) Other current assets	4,619
	71,172
Total Assets	**79,302**
LIABILITIES	
(1) Non - current liabilities	
(a) Financial liabilities	
(i) Borrowings & Lease liabilities	9,375
(ii) Other financial liabilities	180
(b) Provisions	912
(c) Other non-current liabilities	427
	10,894
(2) Current liabilities	
(a) Financial liabilities	
(i) Borrowings	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	21,961
(iii) Other financial liabilities	12,392
(b) Other current liabilities	5,517
(c) Provisions	75
	48,408
Total Liabilities	**59,302**
Excess of Assets over Liabilities	20,000
Represented by	
Shareholder's Funds	
Equity Share Capital	20,000

The consideration payable for acquisition of said business was discharged by the Company through issue of 20,00,00,000 equity shares of ₹ 10 each at par, as fully paid-up.

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

41. STATEMENT OF PROFIT AND LOSS TILL THE DATE OF INCORPORATION

Pursuant to Business transfer agreement, the IT services business was vested into the company from April 01,2020. The Statement of Profit and Loss for the period April 01, 2020 to July 15, 2020 (till the incorporation date of the Company) is as follows:

	For the period from April 01, 2020 to July 15, 2020
Revenue from operations	15,698
Other income	19
Total income	**15,717**
Expenses	
Cost of services rendered	4,989
Purchase of stock-in-trade	4,773
Changes in inventories	(2,371)
Employee benefits expense	5,040
Finance costs	741
Depreciation and amortisation expense	544
Other expenses	1,874
Total Expenses	15,590
Profit before tax	127
Tax expense	(51)
Profit after tax	76
Earnings per equity share (₹ 10 paid up)	
Basic	0.04
Diluted	0.04

42. CONTRACT BALANCES

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

Particulars	March 31, 2022		March 31, 2021	
Trade Receivables		38,905		28,840
Contract liabilities - Deferred Income				
Current contract liabilities	3,342		2,289	
Non current contract liabilities	194		322	
Total Contract liabilities - Deferred Income		3,536		**2,611**

The following table provides the movement in contract liabilities (Deferred Income) :

Particulars	March 31, 2022	March 31, 2021
Balance at the beginning of the year	2,611	-
Add: transferred through BTA	-	3,933
Less: Revenue recognized during the year	46,634	38,000
Add: Invoiced during the year but revenue not recognised	47,559	36,678
Balance at the end of the year	3,536	2,611

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

43. 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, 2022 has been made in the financial statements based on information received and available with the Company. As per the records available with the company, there are no dues payable to micro, small and medium enterprises as on March 31, 2022. The Company has not received any claim for interest from any supplier as at the balance sheet date.

	Particulars	As March 31, 2022	As March 31, 2021
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.	-	-

44. ADDITIONAL REGULATORY INFORMATION

Clause (i):

The Company does not have any immovable properties whose title deeds are not held in the name of the Company.

Clause - (ii):

The Company has not carried out any fair valuation or revaluation of of investment property or Property, Plant and Equipment and intangible assets respectively and hence this clause does not apply

Clause - (iii):

The Company has not made any loans or advances in the nature of loans to promoters, Directors, KMPs and related parties that are repayable on demand or without specifying any terms or period of repayment.

Clause - (iv):

There is no capital work in progress and whose completion is overdue or exceeded its cost compared to its original plan and projects where activity has been suspended.

Clause - (v):

There are no intangibles under development.

Clause - (vi):

There are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

Clause - (vii):

The quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

Clause - (viii):

The Company is not declared a wilful defaulter by any bank of financial institution or other lender.

Clause - (ix):

The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

Clause - (x):

There are no charges or satisfaction of charge that is yet to be registered with ROC beyond the statutory period.

Clause - (xi):

The Company has complied with number of layers prescribed under clause (87) of Section 2 of the Act, read with Companies (Restrictions on number of Layers) Rules, 2017.

Clause - (xii):

Key Ratios

S. No	Ratio	Explanation - Numerator	Explanation- Denominator	FY 2021-22	FY 2020-21	% Variance	Reason for variance
1	Current Ratio (in times)	Current assets	Current Liabilities	1.55	0.99	56.5%	On account of increase in project inventories and Cash and cash equivalents
2	Debt Equity Ratio (in times)	Total Debt = Total of current and non current term loans and lease liabilities	Shareholder's funds	0.66	0.79	(17.06)%	
3	Debt service coverage ratio (in times)	Earning for Debt Service= Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets	Debt service = Interest & Lease Payments + Principal Repayments	0.59	0.58	1.5%	

S. No	Ratio	Explanation - Numerator	Explanation- Denominator	FY 2021-22	FY 2020-21	% Variance	Reason for variance
4	Return on equity ratio (in percentage)	Net Profits after taxes	Average Shareholder's Equity ((Opening+Closing)/2)	3%	8%	(53.62)%	Increase in employee costs for building digital business services portfolio and associated delivery manpower
5	Net profit ratio (in percentage)	Net Profit after tax	Net sales	1%	3%	(60.20)%	
6	Return on capital employed (in percentage)	Net Profit after tax	"Capital Employed = Shareholder funds + Total Debt + Deferred Tax Liability"	2%	4%	(49.16)%	
7	Inventory Turnover ratio (in times)	COGS = Purchase of stock-in-trade+ Change in Inventory	Average inventory is (Opening + Closing balance / 2)	0.99	1.58	(37.67)%	On account of increase in project inventories
8	Trade receivables turnover ratio (in times)	Sales	Average receivables is (Opening + Closing balance / 2)	2.62	1.91	37.2%	Improvement in Day Sales Outstanding
9	Trade payables turnover ratio (in times)	Net Credit Purchases=Cost of services rendered+Purchase of stock-in-trade+Changes in inventories+Employee benefits expense - ESOP expenses	Average payables is (Opening + Closing balance / 2)	2.96	2.27	30.8%	Increase in project payables
10	Net capital turnover ratio (in times)	Net Sales	Average Working capital = (Opening + Closing balance / 2)	2.74	2.74	0.0%	
11	Return on Investments	Not applicable					There are no investments held for the purpose of earning periodic returns and capital appreciation

Clause - (xiii):

There are no schemes that are approved by the Competent Authority in terms of Section 230 to 237 of the Companies Act, 2013 during the year.

Clause - (xiv):

The Company has not advanced or loaded or invested funds to other persons or entities with the understanding that the intermediary shall directly or indirectly lend or invest by or on behalf of the Company or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

As per our report of even date attached.

for **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

For and on behalf of the Board of Directors

K S Y Suryanandh
Partner
Membership No.: 237830

C R Rao
Director

Raju Vegesna
Director

Hyderabad
April 18, 2022

S Ganesh
Chief Financial Officer

V Ramanujan
Company Secretary

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