

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

Or

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended March 31, 2024.

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

☐ SHELL COMPANY PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

Date of event requiring this shell Company report _____

Commission file number 000-27663

Sify Technologies Limited

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation at Registrant's name into English)

Chennai, Tamil Nadu, India

(Jurisdiction of incorporation or organization)

TIDEL Park, 2nd Floor

4, Rajiv Gandhi Salai

Taramani, Chennai 600 113 India

(91) 44-2254-0770, Fax (91) 44 -2254 0771

(Address of principal executive office)

M.P.Vijay Kumar, Whole time director and Chief Financial Officer,

(91) 44-2254-0770; vijaykumar.mp@sifycorp.com

TIDEL Park, 2nd Floor, 4, Rajiv Gandhi Salai, Taramani, Chennai 600113 India

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of each class
American Depositary Shares, each represented by
One Equity Share, par value ₹ 10 per share

Trading Symbol
SIFY

Name of each Exchange on which registered
NASDAQ Capital Market (NASDAQ-CM)

Securities registered or to be registered pursuant to Section 12(g) of the Act

Title of each class

Not Applicable

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

Not Applicable

(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

183,332,460 Equity Shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or an emerging growth company. See definition of "large accelerated filer," and "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐
Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐

**International Financial Reporting Standards as
issued by the International Accounting Standards
Board ☒**

Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: ☐ Item 17
☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ **No ☒**

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Currency of Presentation and Certain Defined Terms

Unless the context otherwise requires, references in this annual report to “we,” “us,” the “Company,” “Sify” or “Satyam Infoway” are to Sify Technologies Limited, a limited company organized under the laws of the Republic of India. References to “U.S.” or the “United States” are to the United States of America, its territories and its possessions. References to “India” are to the Republic of India. References to the “Government” or “GOI” are to the government of the Republic of India. In January 2003, we changed the name of our Company from Satyam Infoway Limited to Sify Limited. In October 2007, we again changed our name from Sify Limited to Sify Technologies Limited. “Sify”, “SifyMax.in.”, “Sify e-ports” and “Sify online” are trademarks used by us for which we have already obtained registration certificates in India. All other trademarks or trade names used in this Annual Report on Form 20-F for the year ended March 31, 2024 (the “Annual Report”) are the property of their respective owners. In this Annual Report, references to “\$,” “Dollars” or “U.S. dollars” are to the legal currency of the United States, and references to “₹”, “Rs.,” “rupees” or “Indian rupees” are to the legal currency of India. References to a particular “fiscal” year are to our fiscal year ended March 31 of such year. References to the “Group” mean Sify Technologies Limited and its subsidiaries. References to “equity shares” refer to our Indian Equity Shares, which are not traded on an exchange in India or the United States. References to “ADSs” refer to our American Depositary Shares, which are traded on the NASDAQ Capital Market under the symbol “SIFY.”

For your convenience, this Annual Report contains translations of some Indian rupee amounts into U.S. dollars which should not be construed as a representation that those Indian rupee or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Indian rupees, as the case may be, at any particular rate, the rate stated below, or at all. Except as otherwise stated in this Annual Report, all translations from Indian rupees to U.S. dollars contained in this Annual Report have been based on the reference rate in the City of Mumbai on March 31, 2024 for cable transfers in Indian rupees as published by the Reserve Bank of India (RBI), which was ₹83.3739 per US \$1.00.

Our financial statements are presented in Indian rupees and prepared in accordance with English version of International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS. In this Annual Report, any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

Information contained in our websites, including our corporate website, www.sifytechnologies.com, is not part of this Annual Report.

Forward-Looking Statements

This Annual Report contains “forward-looking statements”, as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, estimates and projections about our Company, our industry, economic conditions in the markets in which we operate, and certain other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘may’, ‘intend’, ‘will’, ‘project’, ‘seek’, ‘should’ and similar expressions. Those statements include, among other things, risks and uncertainties regarding regional political instability and military hostilities (including the related adverse impact on the global supply chain and prices of various commodities, and the effect of measures taken by Government and others in response to such events), the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results or outcomes to differ materially from those implied by the forward-looking statements. Important factors that may cause actual results or outcomes to differ from those implied by the forward-looking statements include, but are not limited to, those discussed in the “Risk Factors” section of this Annual Report. In light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved.

We operate in rapidly changing businesses, and new risk factors emerge from time to time. We cannot predict every risk factor, nor can we assess the impact, if any, of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. All forward-looking statements included in this Annual Report are based on information and estimates available to us on the date hereof, and we do not undertake any obligation to update these forward-looking statements unless required to do so by law. In addition, readers should carefully review the other information in this Annual Report and in our reports and other documents filed with the United States Securities and Exchange Commission (“SEC”) from time to time.

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Selected Financial Data

Summary of Consolidated Financial Data

You should read the summary of consolidated financial data below in conjunction with the Company's consolidated financial statements and the related notes, as well as the section entitled "Operating and Financial Review and Prospects," all of which are included elsewhere in this Annual Report. The summary of consolidated statements of income data for the five years ended March 31, 2024, 2023, 2022, 2021, and 2020 and the summary of consolidated Statement of Financial Position as of March 31, 2024, 2023, 2022, 2021, and 2020 have been derived from our audited consolidated financial statements and related notes to the consolidated financial statements which were prepared and presented in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). Historical results are not necessarily indicative of future results.

Sify Technologies Limited
Consolidated Statement of Income
(In thousands of Rupees, except share and per share data and as otherwise stated)

	Year ended March 31,					
	2024	2023	2022	2021	2020	2024
	₹	₹	₹	₹	₹	Convenience translation into US\$ in thousands, except share and per share data (See Note 2)
Revenue	35,633,922	33,403,726	27,025,675	24,319,542	22,952,067	427,399
Cost of goods sold and services rendered	(22,378,001)	(21,379,429)	(16,042,056)	(14,702,534)	(14,364,827)	(268,405)
Other income	184,613	131,840	130,728	155,993	97,155	2,214
Selling, general and administrative expenses	(6,499,562)	(5,733,634)	(4,943,575)	(4,546,756)	(4,513,646)	(77,957)
Depreciation and amortization	(4,773,414)	(3,971,865)	(3,283,452)	(2,835,632)	(2,290,777)	(57,253)
Impairment Loss on Goodwill			(14,595)			
Profit / (loss) from operating activities	2,167,558	2,450,638	2,872,725	2,390,613	1,879,972	25,998
Finance income	337,723	222,905	73,577	172,319	193,877	4,051
Finance expenses	(2,273,245)	(1,652,522)	(1,098,096)	(962,656)	(1,054,133)	(27,266)
Net finance income / (expense)	(1,935,522)	(1,429,617)	(1,024,519)	(790,337)	(860,256)	(23,215)
Profit / (loss) before tax	232,036	1,021,021	1,848,206	1,600,276	1,019,716	2,783
Income tax (expense) / benefit	(183,100)	(346,499)	(590,261)	(68,414)	(314,339)	(2,196)
Profit / (loss) for the year attributable to equity holders	48,936	674,522	1,257,945	1,531,862	705,377	587
Earnings per share						
Basic earnings per share	0.27	3.69	6.89	8.53	3.94	0.00
Diluted earnings per share	0.26	3.63	6.73	8.45	3.90	0.00
Dividend paid per share *						
Fully paid up (₹ 10 per share)	-	-	-	-	-	-
	-	-	-	-	-	-

* Excluding dividend distribution tax

Balance Sheet data
(Rupees in thousands, except share and per share data)

Particulars	Convenience translation into US\$ in thousands, except share and per share data (see note 2)					
	March 31,					
	2024	2023	2022	2021	2020	2024
	₹	₹	₹	₹	₹	\$
Cash and cash equivalents including restricted cash	5,834,635	4,845,233	4,574,013	5,502,055	2,651,085	69,982
Net current assets	791,041	259,135	902,004	286,606	142,564	9,487
Total assets	70,982,296	57,404,139	47,067,377	36,664,591	34,255,392	851,373
Total equity attributable to equity shareholders of the Company	24,029,666	17,145,688	14,476,203	13,165,475	11,351,308	288,216
Capital Stock	21,578,932	21,526,311	21,516,405	21,463,328	21,163,069	258,821
No of equity shares(note1)	183,332,460	182,835,369	182,742,369	182,238,069	179,223,247	183,332,460
Cash Flow Data						
Net cash provided by / (used in):						
Operating activities	4,983,373	8,338,238	2,244,668	6,966,708	5,042,818	59,771
Investing activities	(12,263,168)	(13,592,264)	(7,593,341)	(3,618,613)	(4,326,319)	(147,086)
Financing activities	7,443,880	4,944,421	4,169,940	618,372	3,921	89,283

Notes

1. Reference to shares and per share amounts refers to our equity shares. Our outstanding equity shares include equity shares held by a depository underlying our ADSs. Effective September 24, 2002, one ADS represented one equity share.
2. Refer to note no:2(c) of the financial statement for the exchange translation.

Exchange Rates

Our functional currency is the Indian rupee. The exchange rate between the rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Our exchange rate risk primarily arises from our foreign currency revenues, receivables and payables.

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar may affect the market price of our American Depositary Shares (ADSs). Such fluctuations also impact the U.S. dollar conversion by the depositary of any cash dividends paid in Indian rupees on our equity shares represented by the ADSs.

On March 31, 2024, the reference rate in the City of Mumbai for wire transfers in Indian rupees as published by RBI was ₹ 83.3739.

On May 07, 2024 the reference rate in the City of Mumbai for wire transfers in Indian rupees as published by RBI was ₹ 83.5015.

Capitalization and indebtedness

Not applicable.

Reasons for the offer and use of proceeds

Not applicable.

Risk Factors

Investing in our American Depositary Shares, or ADSs, involves a high degree of risk. This Annual Report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those described in the following risk factors and elsewhere in this Annual Report. If any of the risks actually occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the market price of our ADS could decline, and you could lose part or all of your investment. Our business, operating results, financial performance, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material.

Summary of Risk Factors

The following is a summary, organized under relevant headings of some of the risks that could adversely impact our business and financial performance and an investment in our ADSs. The list below is not exhaustive, and you should carefully read and consider all of the information discussed in the “Risk Factors” section of this Annual Report for a more thorough description of these and other risks.

Risks related to our Company and Industry:

- We may incur losses in the future and we may not achieve or maintain profitability due to pricing pressure and less than optimum capacity and asset utilization rates, intense competition, ability to manage costs, ability to meet licence conditions and export obligations.
- Our ability to innovate our service offerings, delivery models, procurement and financing models, our ability to manage fixed and semi-variable costs when there is uncertainty of future revenue may impact our profitability and ability to sustain our business.
- Our ability to qualify for high value Government contracts, and increasing exposure to Government contracts may affect working capital and expose to additional risks of compliance and litigations.
- Customer retentions, cancellations and renewals may fail to meet our projections, negatively affect revenue and adversely impact our profitability and operations.
- Our network connectivity services are subject to following specific risks:
 - o Additional licensing fee and changes in spectrum allocation may adversely impact our wireless service delivery of our network business.
 - o Due to declining revenue contribution relative to increases in related sales volume, our network business may experience declining growth rates in the future. Contingent liabilities due to demands made by the Department of Telecommunications on revenues, which are presently disputed by the Company and pending before High Court of Madras.
- Our Data Center services are subject to following specific risks:
 - o Due to their huge demands of power, our data centers (“Data Centers”) may not be competitive in terms of environmentally protective features, and our ability to manage power costs may adversely affect operations and profitability.
 - o Disruption in availability of power and alternative fuel may affect our profitability
 - o Longer implementation cycle may result in working capital shortfall, anticipated capital requirements may not be met with short term funds generated from operations We may be unable to access capital to sufficiently fund the expansion of our data center footprint to meet customer expansion requirements.
- Our digital services are subject to following specific risks:
 - o Our inability to meet the changing demands with redefined service offerings may adversely affect our profitability and operations.
 - o Security breaches may have material adverse effect on our customers and thereby operations and profitability.
 - o Failure to meet the specified Service Level Agreements (“SLAs”) and quality on sub-contracting of sensitive segments of customer contracts may affect the profitability and ability to continue the business.
 - o Lack of improvement in skills, evolving tools and applications, emergence of enterprise software suites, artificial intelligence, robotics, machine learning and ability to hire and retain highly skilled employees may affect the growth and profitability.

Risks related to regulations and compliance

- Any failure on our part to comply with regulations related to our business such as Information Technology Act 2000, Telecom Regulatory Authority of India (TRAI), could expose us to fines and penalties that would negatively impact our profitability.
- New and changing regulatory compliance, corporate governance and public disclosure requirements add uncertainty to our compliance policies and increase our cost of compliance.
- In the event that the Government of India or the Government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.
- Indian laws limit our ability to raise capital outside India and may limit the ability of others to acquire us, which could prevent us from operating our business or entering into a transaction that is in the best interests of our shareholders.
Our or our partners’ failure to comply with data privacy and security laws and regulations in many different jurisdictions and countries where we do business could result in fines, penalties, and reputational damage.

Risks related to our Equity Shares , ADS and Trading Market

- Our ability to meet continued listing conditions, particularly the requirement of ADS price to be above \$1 because of limited liquidity may affect the ADS holders.
- Volatility of market prices, interests of our significant shareholder, ability to exercise voting rights, sales of shares by our existing shareholders, tax laws on dividends and dividend policy of the company may affect the ADS holders.
- Regulations on Foreign Exchange to convert dividends declared in Indian Rupee to USD may affect the ADS holders.

Risks related to Investments in Indian companies

- Changes in the policies of the Government of India or political instability may adversely affect economic conditions in India generally, which could impact our business and prospects.
- Regional conflicts in the South Asian region could adversely affect the Indian economy, disrupt our operations and cause our businesses to suffer.
- Terrorist attacks could adversely affect our business, results of operations and financial condition.
- Frequent natural disasters due to climate changes globally could affect our operations
ADS holders may be adversely affected by the difficulty of enforcing a foreign judgment against the Company or other parties located in India.

Risks Related to our Company and Industry

We may incur losses in the future and we may not achieve or maintain profitability.

We have incurred losses in the past. We may, in the future incur net losses and suffer negative operating cash flows. We expect to increase our expenditures as we continue to expand our services, promote our brand, and invest in the expansion of our infrastructure. In the future, we may incur expenses in connection with investments in Network, Data Centers and related infrastructure, our digital delivery platforms and manpower to build future businesses. Accordingly, we will need to significantly increase our revenues to improve our profitability. We cannot assure you that we will improve our profitability or that we will not incur operating losses in the future. If we are unable to become consistently profitable and incur losses, we may be unable to build a sustainable business and our results of operations may be adversely affected. In this event, the price of our ADSs and the value of your investment may decline.

The economic environment, increased pricing pressure and decreased utilization rates could negatively impact our revenues and operating results.

Our customers’ IT spending of customers is often driven by their growth in revenue. Economic contractions may reduce the IT spending budgets of our customers which may adversely affect our revenue, profitability and results of operation. Currency fluctuations will also lead to variations in revenue. Our Infrastructure Managed Services, National Long Distance (‘NLD’) / International Long Distance (‘ILD’) business and eLearning may be affected in terms of prices and growth.

With regard to the Indian economy, we continue to experience pricing pressure due to competition in the markets in which we operate. Lead times for orders or contracts have become much longer, as we have longer credit periods. These factors have affected and will affect the growth in demand for our corporate business.

We have invested in building our network and Data Center infrastructure and will continue to invest in the future. Our utilization rates of the existing and prospective infrastructure will determine our profitability. We may not utilize our infrastructure at the optimum level which would impact our revenue.

Reduction in IT spending, inability to maintain or increase prices, extended credit terms, and inability to maintain or improve utilization rates of our infrastructure may adversely impact our revenues, gross profits, operating margins and results of operations.

Intense competition in our businesses could prevent us from improving our profitability and we may be required to further modify the rates we charge for our services in response to new pricing models introduced by new and existing competition which would significantly affect our revenues.

We operate in extremely competitive markets where the investment capability and the size of the competitors are much larger than we are. For instance, our corporate network services compete with well-established companies, including Reliance Jio Infocomm Limited, Bharti Airtel Limited, Tata Communications Limited, the Government-owned telecom companies and Bharat Sanchar Nigam Limited.

The large players, may enjoy significant competitive advantages over us, including greater financial resources, which could allow them to charge prices that are lower than ours in order to attract customers. These factors could result in lower actual average selling prices of our services. The retail internet market has seen significant reduction in prices by all operators due to pricing strategy of certain players. This has significantly affected the customer base and the average revenue per user of the existing operators. We may see similar trends in the enterprise market as well, which may have an adverse effect on our revenues and operating margins. Increased competition may result in operating losses, loss of market share and diminished value in our services, as well as different pricing, service or marketing decisions. In addition, competition may generally cause us to incur unanticipated costs associated with research and product development. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as the availability of skilled employees in India, the price at which our competitors offer comparable services, and the extent of our competitors’ responsiveness to their clients’ needs. We cannot assure you that we will be able to successfully compete against current and future competitors, or that we will not lose key employees or customers to such competitors, which may adversely affect our business and results of operations.

Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology.

The technology market is characterized by rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. Additionally, continual advances in technology trends, including in the areas of cloud computing, IoT, SD-WAN, software-as-a-service, technology advancements in national long distance, last mile delivery including 6G, and artificial intelligence allow new business models that could replace current lines of business.

Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet client needs. We may fail to anticipate or respond to these advances on a timely basis, or, if we do respond, the services or technologies that we develop may not be successful in the marketplace.

We have introduced and propose to introduce several solutions involving complex delivery models combined with innovative outcome-based pricing models. The complexity of these solutions, our inexperience in developing or implementing them and significant competition in the markets for these solutions may affect our ability to market these solutions successfully. In addition, better or more competitively priced products, services or technologies that are developed by our competitors may render our service non-competitive. Unless we are able to adopt and deploy these advancements, we may lose our competitive position in the marketplace, which would adversely affect our revenues and may lead to increased customer attrition, as our customers switch to other providers.

Pressure on margins may affect the results of our operations.

Our margins have been relatively stagnant due to competitive pricing pressure. While we seek to manage costs efficiently, there may not be improvements in margins due to the sustained pricing pressure. Unavailability of tax loss carryforwards could impact our margins in the current year and the future. Our continuing investment in infrastructure may result in lower margins in the initial years of investment and may or may not improve further, which will adversely impact our margins.

Despite our best efforts to optimize costs, our future operating results could fluctuate in part because our expenses are relatively fixed in the short term while future revenues are uncertain, and any adverse fluctuations could negatively impact the price of our ADSs.

Our revenues, expenses and operating results have varied in the past and may fluctuate significantly in the future due to a number of factors, many of which are outside our control. A significant portion of our investment and cost base is relatively fixed in the short term. Our revenues in the foreseeable future will depend on many factors, including the following:

- the range of services provided by us and the usage thereof by our customers;
- the quantity and nature of any agreements we enter into with strategic partners for our services;
- the services, products or pricing policies introduced by our competitors;
- capital expenditure and other costs relating to our operations;
- the timing and quality of our marketing efforts;
- our ability to successfully integrate operations and technologies from any acquisitions, joint ventures or other business combinations or investments;
- the introduction of alternative technologies; and
- technical difficulties or system failures affecting the telecommunication infrastructure in India, the Internet generally or the operation of our websites.

We plan to continue to expand and invest in our network infrastructure. Many of our expenses are relatively fixed in the short-term. We cannot assure you that our revenues will increase in proportion to the increase in our expenses. We may be unable to adjust spending quickly enough to offset any unexpected revenues shortfall. This could lead to a shortfall in revenues in relation to our expenses and adversely affect our revenue and operating results.

You should not rely on yearly comparisons of our results of operations as indicators of future performance and operating results may be below the expectations of public market analysts and investors. In this event, the price of our ADSs may decline.

Capital and credit market conditions may adversely affect our access to capital, the cost of capital, and ability to execute our business plan.

Access to capital markets is critical to our ability to operate. We may require additional financing in the future for the development of our business. Declines and uncertainties in the global capital markets over the years have severely restricted raising new capital and have affected companies’ ability to continue to expand or fund new projects. If these economic conditions continue or become worse, our future cost of equity or debt capital and access to the capital markets could be adversely affected. Our ability to obtain future financing will depend on, among other things, our financial condition and results of operations as well as the condition of the capital markets or other credit markets at the time we seek financing. In addition, an inability to access the capital markets on favorable terms due to our low stock price, or upon our delisting from the NASDAQ Capital Market if we fail to satisfy a listing requirement, could affect our ability to execute our business plan as scheduled.

We can give no assurance as to the availability of such additional capital or, if available, whether it would be on terms acceptable to us. In addition, we may continue to seek capital through the public or private sale of securities, if market conditions are favorable for doing so. If we are successful in raising additional funds through the issuance of equity securities, stockholders will likely experience substantial dilution. If we are unable to enter into the necessary financing arrangements or sufficient funds are not available on acceptable terms when required, either due to market fluctuations or regulations imposed by the Indian Governmental authorities, we may not have sufficient liquidity and our business may be adversely affected.

Our business may not be compatible with delivery methods of bandwidth / connectivity developed in the future.

We face the risk that fundamental changes may occur in the delivery of connectivity services in India. The internet market has seen significant changes in the recent past from connecting fixed offices/locations to connecting mobile devices to connecting disparate automated devices and to continue to be relevant in this dynamic and disruptive environment, we will have to develop new technology or modify our existing technology to accommodate these developments. Our pursuit of these technological advances, whether directly through internal development or by third-party license, may require substantial time and money. We may be unable to adapt our connectivity service business to alternate delivery means and new technologies may not be available to us at all. We provide wireless connectivity on the 5.7 GHz spectrum allotted to us by the Wireless Planning Commission. This spectrum has been de-licensed in the past. This burdens the spectrum band utilized by us, limiting our ability to offer our services. Hence, we do not own any licensed spectrum to offer our services. We are exploring suitable spectrum that is technically feasible to offer our services. We may not get the licensed spectrum. The spectrum allocation may be inconsistent with industry standards. The current capacity may be insufficient to offer a breadth of services. The Government may issue instructions to release the spectrum that we hold. High cost of spectrum acquisition may be inconsistent with our revenue and cost models. We may not keep up with the pace of change that takes place in wireless technologies.

Disruption to our Networks and Data Center infrastructure may cause us to lose customers and/or incur additional expenses.

Some of the risks to our infrastructure include physical damage, security breaches, capacity limitations, power surges or outages, software incompatibility and/or other disruptions beyond our control, such as natural disasters and acts of terrorism. From time to time in the course of our operations, we experience disruptions in our service due to factors such as cable damage, theft of our equipment, inclement weather and service failures of our third-party service providers. Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause us to lose customers, or increase our operating expense, both of which could adversely affect our business, revenues and cash flows.

The success of our business depends on wider reach of network in India, which may be slowed or halted by technical obstacles in India.

Wider reach of network and availability of increased bandwidth in India, which is the measure of network penetration, has been relatively low and slow compared to many developing and developed countries in the world. Although in recent years, the coverage of tier III/tier IV cities has increased, there may be many technical obstacles to accessing certain regions which may increase the cost of building the network and thereby cause a slowdown or halt the consumption of network services, which would adversely affect our operations.

We may be compelled to surrender or pay additional amounts for the spectrum that was allotted to us earlier.

The Government of India has asked us to surrender certain range of spectrum allotted to us and the same was auctioned as Broadband Wireless Access (“BWA”) spectrum. The Government of India also has asked us to make payment for certain spectrum from the date of allotment or to surrender the same. The other range of spectrum that we have been operating, 5.7 GHz, is also close to capacity utilization and will need to be augmented in the near future. Enterprise connectivity will need licensed bands of spectrum for assured quality and security, so the non-availability of spectrum would materially adversely affect our business and results of operations. In the event of the surrender of the spectrum of certain frequencies, our future plans for expansion of services may be hampered, and there are no assurances that we will be able to obtain additional replacement spectrum.

We might not be able to grow Network Connectivity services due to a declining contribution.

In the Network Connectivity business, realization could be lower year-on-year based on the market conditions. Every year when annual contracts come up for renewal, customers sign up for more bandwidth or more links at a lower unit price. This is offset somewhat by lower bandwidth costs, which we renegotiate with our service providers. This impacts us in two ways: first, despite an increase in sales volume, we may not see a commensurate rise in revenues; and secondly, margins in our business are continually shrinking. Therefore, our revenue from our connectivity business may stagnate with declining bandwidth prices.

Our inter-city network is leased from other service providers and is dependent on their quality and availability.

We have provided inter-city connectivity for our Enterprise customers through lease arrangements rather than through capital investment in assets. Accordingly our ability to offer high quality telecommunication services depends, to a large extent, on the quality of the networks maintained by other operators, and their continued availability, neither of which is under our control. However, the abundance of inter-city connectivity provides us with the ability of switching to operators offering better services. Although we always use more than one service provider where required, there can be no assurance that this dependence on external parties would not affect our network availability. Any prolonged loss of network availability could adversely affect our business and results of operations.

Our current infrastructure may not accommodate increased use while maintaining acceptable overall performance.

Currently, only a relatively limited number of customers use our corporate network. We must continue to add to our network infrastructure to accommodate additional users, increasing transaction volumes and changing customer requirements. We may not be able to project accurately the rate or timing of increases, if any, in the use of our websites or upgrade our systems and infrastructure to accommodate such increases. Our systems may not accommodate increased use while maintaining acceptable overall performance. Service lapses could cause our users to use the online services of our competitors, and numerous customer defections may adversely affect our results of operations.

The Government of India (“GOI”) may change its regulation of our business or the terms of our license to provide Internet access services, Voice over Internet Protocol (VoIP) and VPN services without our consent, and any such change could decrease our revenues and/or increase our costs, which would adversely affect our operating results.

Our business is highly regulated by the GOI’s telecommunications policy. Our ISP license issued in the year 1998 was valid for a term of 15 years. We have been issued new licenses under the Unified License dated June 2, 2014, with a validity of 20 years. If we are unable to renew the licenses for any reason, we will not be able to carry on the said business beyond license term, which would adversely affect our business or results of operations.

The GOI has the right to revoke, terminate, suspend or take over entire operations for reasons such as national security or similar reasons without compensation to us. In view of increasing cyber threats and attacks, the Government of India may require telecom licensees (including ISPs) at their costs to provide monitoring facilities across its network, and facilities for capture and retention of data in terms of traffic flow, usage details, etc. This would result in significant increase in costs and possible lesser usage due to perceived invasion of privacy by customers.

Certain GOI departments have been investigating whether use of Session Initiation Protocol, (“SIP”), terminals to make calls to phones abroad is permissible within an ISP license. We believe that such overseas phone calls are permitted because a SIP terminal is a “computer” as defined in the Information Technology Act, 2000. We may have to make a significant capital investment in SIP terminals to make them PC-equivalent, if the GOI authorities issue regulations governing SIP usage contrary to our beliefs, which would have a material effect on our results of operations.

Our profits may be impacted due to increases in license fees by the Department of Telecommunications (“DOT”) of the GOI.

Effective July 2012, the GOI amended the annual license fee for the NLD/ILD/ISP license agreements. Under such amendment, all services under the NLD/ILD license have been subjected to an increased license fee from the existing 6% of telecommunications revenue to 7% from July 2012 to March 2013 and 8% from April 2013 onwards. The Government of India also amended the ISP license, increasing the license fee to 7% of telecommunications revenue from July 2012 to March 2013 and to 8% from April 2013 onwards. SIFY has been paying the license fees per the terms of the applicable license, which are calculated based on revenue from telecommunications businesses. However, DOT has proposed including other business income (other than the licensed based activities) in the license fee calculations. We filed a writ petition with the Hon'ble Madras High Court challenging DOT’s proposal to levy license fees on non-licensed activities. The Hon'ble Madras High Court stayed DOT’s proposal, so the Company currently excludes revenue from other business income from the calculation of the license fee. The petitions are pending for adjudication before Hon'ble Madras High Court.

DOT initiated a lawsuit demanding of license fees on internet service providers whose license had expired and migrated to Unified License in the year 2013 but gave an exemption to those providers whose license did not expire. The Telecom Disputes Settlement and Appellate Tribunal quashed DOT’s demand, stating it was discriminatory. DOT has filed an appeal before Hon’ble Supreme Court.

Further, the Company is in receipt of a show cause notice from the Goods And Service Tax (“GST”) department, which claims GST on the demand raised by the DOT to levy license fees on non-licensed activities. The Company is in the process of filing a writ petition to seek relief until the order is obtained from Hon'ble Madras High Court.

We cannot assure you that there will not be any increases of license fees in the future. Any other increase in license fees by DOT, such as increases in fees to be paid for using the licensed spectrum, could adversely affect our profitability.

We may not be able to retain and acquire customers for our Data Centers.

India has become a fast growing Data Center hub pursuant to a massive and growing internet userbase, explosion of data, and establishment of a favorable environment through the Government’s “Digital India initiative” which provides some advantages to investors like accessibility of land and raw material, worldwide connectivity via submarine cables in cities like Mumbai and Chennai, a skilled workforce, economic power supply and strategic geographic position from a global perspective. A buildup of new data centers or reduced demand for data center services could result in an oversupply of data center capacity in large commercial centers in India. Excess data center capacity could lower the value of data center services and limit the number of economically attractive markets that are available to us for expansion. All of these factors have increased the competition of the Data Center business. In order to improve our competitiveness, we continue to expand our Data Center infrastructure. However, if competitors are more successful than we are in the market, it could be difficult for us to retain and/or acquire customers. Furthermore, once customers cease using our services and choose another service provider, it may require substantial efforts in terms of cost and time to re-acquire such customers, and despite spending on such customer acquisition or retention, we may be unsuccessful in retaining such customers.

If we are unable to attract adequate customers, our revenues may decline, which could have an adverse effect on our future results of operations and financial condition.

Our Data Centers may not be competitive enough in terms of green features.

We may fail to convert our existing Data Centers and/or build new Data Centers in line with the Leadership in Energy and Environmental Design (“LEED”) Commercial Interior program. LEED certification is an internationally recognized program developed by the United States Green Building Council and is considered one of the highest standards for energy efficient constructions. Our Data Centers are all situated in India, and we use the Indian equivalent of LEED, India Green Building Certified (“IGBC”), which is administered by the Confederation of Indian Industries. The IGBC framework is incorporated in all of our upcoming Data Centers at Noida (green rated), Rabale and Chennai. The IGBC requires certain factors such as energy efficiency in operations, maximum use of natural light, motion-sensor based light and taps and low volatile organic compounds. Our service providers for the products used in our Data Centers have to submit their products for energy efficiency rating to IGBC. Only post-certification are these products implemented in our Data Centers. We also have independent green measures in place such as site ecology, water conservation, smart energy meters and equipment, reduction of CO2 emissions, high recycle content, effective waste management and eco-friendly interiors. However, increased demand for green Data Centers may hamper the marketing of our existing Data Centers that are not LEED certified.

Regulations around climate change force us to adopt actionable sustainability strategies into every operational facet from initial design through procurement, construction, and ongoing operations which increases the cost of building and operating a Data Center, and this may have an impact in our revenue .

Reduction in power supply and unavailability of fuel may affect our Data Centers.

India’s physical infrastructure, including its electricity grid, is less developed than that of many countries. As a result of grid constraints, such as grid congestion and restrictions on transmission capacity of the grid, the transmission and dispatch of electricity be curtailed. There have been acute power shortages in the past in India, and if such shortages were to recur, there could be a reduction in the availability of electricity. We may have to cease Data Center operations during periods when electricity cannot be delivered—for instance, when the transmission grid malfunctions. If there is no power supply available to our Data Centers, we resort to alternate sources of power, and the running of the Data Centers will then depend on the availability of fuel/renewable energy, which will increase the cost of our operations. Additionally, unavailability of power/fuel would disrupt our operations and would make it difficult for our customers to access data during such times.

Clients who rely on us for the colocation of their servers could potentially sue us for their lost profits or damages if there are disruptions in our services, which could impair our financial condition.

As our services are critical to many of our clients’ business operations, any significant disruption in our services could result in lost profits or other indirect or consequential damages to our clients. Although some of our client contracts contain provisions attempting to limit our liability for breach of the agreement, there can be no assurance that a court would enforce any contractual limitations on our liability in the event that one of our clients brings a lawsuit against us as the result of a service interruption that they may ascribe to us. The outcome of any such lawsuit would depend on the specific facts of the case and any legal and policy considerations that we may not be able to mitigate. In such cases, we could be liable for substantial damage awards.

We face risks associated with having a long selling and implementation cycle for our services that requires us to make significant capital expenditures and resource commitments prior to recognizing revenue for those services.

Data Center service typically requires significant investment of capital and resources by both our customers and us. A customer’s decision to utilize our colocation services, our managed services or our other services typically involves time-consuming contract negotiations regarding the service level commitments and other terms, and substantial due diligence on the part of the customer regarding the adequacy of our infrastructure and attractiveness of our resources and services. Our efforts in pursuing a particular sale or customer may not be successful. If our efforts in pursuing sales and customers are unsuccessful, our financial condition could be negatively affected. Costs to successfully deliver the customer requirements may result in higher costs than anticipated due to the longer implementation cycle affecting our financial results.

The Data Center business is capital-intensive, and our expectation for our capacity to generate capital in the short term may be insufficient to meet our anticipated capital requirements.

The costs of building, developing and operating Data Centers are substantial. Further, we may encounter development delays, excess development costs, or delays in developing space for our customers to utilize. We also may not be able to identify suitable land or facilities for new Data Centers or at a cost or terms acceptable to us. We are required to fund the costs of building, developing and operating our Data Centers with cash retained from operations, as well as from financings from bank and other borrowings. Moreover, the costs of building, developing and operating Data Centers have increased in recent years, and may further increase in the future, which may make it more difficult for us to expand our business and to operate our Data Centers profitably. We may face challenges to access capital and raise debt to sufficiently fund the expansion of our Data Center footprint to meet customer expansion requirements. If we cannot generate sufficient capital to meet our anticipated capital requirements, our financial condition, business expansion and future prospects could be materially affected.

Our customer base may decline if our customers or potential customers develop Data Centers or expand their own existing Data Centers.

Some of our customers may develop their own Data Center facilities. Other customers with their own existing Data Centers may choose to expand their Data Center operations in the future. In the event that any of our key customers were to develop or expand their Data Centers, we may lose business or face pressure as to the pricing of our services. In addition, if we fail to offer services that are cost-competitive and operationally advantageous as compared with services provided in-house by our customers, we may lose customers or fail to attract new customers. If we lose a customer, there is no assurance that we would be able to replace that customer at the same or a higher rate, or at all, and our business and results of operations would suffer.

Our Data Center infrastructure may become obsolete or unmarketable and we may not be able to upgrade our power, cooling, security or connectivity systems cost-effectively or at all.

The markets for the Data Centers we own and operate are characterized by rapidly changing technology, evolving industry standards, frequent new service introductions, shifting distribution channels and changing customer demands. As a result, the infrastructure at our Data Centers may become obsolete or unmarketable due to demand for new processes and/or technologies, including, without limitation: (i) new processes to deliver power to, or eliminate heat from, computer systems; (ii) customer demand for additional redundancy capacity; (iii) new technology that permits higher levels of critical load and heat removal than our Data Centers are currently designed to provide; and (iv) an inability of the power supply to support new, updated or upgraded technology. In addition, the systems that connect our Data Centers to the Internet and other external networks may become outdated, including with respect to latency, reliability and diversity of connectivity. When customers demand new processes or technologies, we may not be able to upgrade our Data Centers on a cost-effective basis, or at all, due to, among other things, increased expenses to us that cannot be passed on to customers or insufficient revenue to fund the necessary capital expenditures. The obsolescence of our power and cooling systems and/or our inability to upgrade our Data Centers, including associated connectivity, could reduce revenue at our Data Centers and could have a material adverse effect on our business.

Procuring power at lower costs for Data Centers by the competitors may put us at a disadvantage in terms of pricing for our Data Center operations.

The single largest operating cost in Data Centers is power. Currently, all our Data Centers are located in proximity to, or at the edge of major urban centers such as Mumbai, Chennai, Bengaluru, Hyderabad and Noida. Inexpensive land and labor allow companies to locate new Data Centers in remote locations. We may neither be in a position to develop Data Centers at remote locations where power is cheap nor procure power at cheaper rates for our Data Centers. If our competitors procure power at lower cost, they may have an advantage over us with respect to pricing. Our inability to offer competitive pricing may result in loss of customers and will impact our business and result of operations. The alternate sources of power are also exposed to inflation, regulation and hence, any undue price increase would affect our energy cost significantly.

If we are not successful in expanding our service offerings, we may not achieve our financial goals and our results of operations may be adversely affected.

We have plans to expand the nature and scope of our service offerings, particularly into the area of cloud and managed services, including direct private connection to major cloud platforms and the provision of cloud infrastructure. The success of our expanded service offerings depends, in part, upon demand for such services by new and existing customers and our ability to meet their demand in a cost-effective manner. We may face a number of challenges expanding our service offerings, including:

- o acquiring or developing the necessary expertise in IT;
- o maintaining high-quality control and process execution standards;
- o maintaining productivity levels and implementing necessary process improvements;
- o controlling costs; and
- o successfully attracting existing and new customers for new services we develop.

A failure by us to effectively manage the growth of our service portfolio could damage our reputation, cause us to lose business and adversely affect our results of operations. In addition, growing our cloud and managed services may require significant upfront investment and continued expansion into these services may impact our profit margins. In the event that we are unable to successfully grow our service portfolio, we could lose our competitive edge in providing our existing cloud and managed services.

We may encounter litigation and penalties due to breach of system and security controls by associates or sub-contractors in the online assessment services.

We provide online assessment services to the Government, as well as to public and private sector parties. We provide these services through our online assessment tool. This tool can be used to engage employees and sub-contractors, as well as for student registration, exam center allocation, hall ticket issuance, question paper content creation, logistics planning, exam-day management, and results management. We cannot assure you that there may not be any breach of the system and security controls including any malpractices by candidates or sub-contractors or any person engaged with the conduct of the examination, which may expose us to criminal or civil enforcement actions in addition to penalties and suspension or disqualifications.

We cannot assure you that instances of breaches will not occur in future and any such instances may impact our reputation and cause adverse effect on our business or results of operations.

We engage third-party contractors to carry out various services.

We endeavor to engage third-party contractors with proven track records, reliability and adequate financial resources. However, any such third-party contractor may still fail to provide satisfactory services at the level of quality required by us. Such failure could harm our reputation and have a material adverse effect on our business, reputation, financial condition and results of operations.

We may fail to augment our skills and capability to best manage our services over Internet Protocol and data networks.

We have been able to build a reputation and maintain our lead because of our expertise and capability with the delivery and management of services over Internet Protocol and data networks. With the build-up of the capability and experience of our competitors, we are at the risk of losing market share, if we do not augment our skills and capabilities to keep our qualitative lead over them. Infrastructure such as networks is considered by customers as a commodity, and the only differential that we offer is our ability to manage and monitor services in a superior manner.

It may not be possible for us to retain our brand equity if we do not resort to make substantial investments for brand development.

Our competitors offering similar services are all large telecommunication companies who make substantial investments in building their brand image across their services. Conversely, we are focused on IT infrastructure services over data networks and we believe that we enjoy the reputation of a specialist in these services. However, if we do not build up awareness as well as our brand and reputation over time, the sheer weight of investments in brand development by the larger telecommunication providers will dilute our brand recognitions and competitive advantages.

Any loss of business from our top clients could reduce our revenue and significantly impact our business.

The services we offer for specific clients are likely to vary from year to year. Thus, a major client in one year may not provide the same level of revenues in a subsequent year. A number of factors other than our performance could cause the loss of or reduction in business or revenue from a client, and these factors are not predictable. For example, a client may demand price reductions, change its outsourcing strategy or move work in-house. If we lose one of our major clients or if one of our major clients significantly reduces its volume of business with us, our revenues and profitability could be reduced.

If we are unable to meet our service level commitments, our reputation and results of operation could suffer.

Most of our customer contracts require that we maintain certain service level commitments to our customers. If we fail to meet our service level commitments, we may be contractually obligated to pay the affected customer a financial penalty, which varies by contract, and the customer may in some cases be able to terminate its contract. In addition, if such a failure were to occur, there can be no assurance that our customers will not seek other legal remedies that may be available to them, including:

- requiring us to provide free services;
- seeking damages for losses incurred; and
- cancelling or electing not to renew their contracts.

Any of these events could materially increase our expenses or reduce our net revenue, which would have a material adverse effect on our reputation and results of operations. Our failure to meet our commitments could also result in substantial customer dissatisfaction or loss. As a result of such customer loss and other potential liabilities, our net revenue and results of operations could be materially and adversely affected.

We may not meet the selection criteria set for high value contracts by the Government.

As we participate in bidding for large Government contracts, as well as business from large corporations, we increasingly come under scrutiny for financial indicators. Unless we leverage our capacity and become consistently profitable, we could be excluded from major Government projects because we fail to meet their selection criteria, which would adversely affect our business and results of operations.

The success of our business depends on our capability to develop compatible applications and tools.

As we offer our Applications Integration services to an increasing base of large corporations, we run the risk of not being able to meet their needs for scaling and sophistication in the future if we do not build the capacity to develop and integrate applications software to meet with future needs. We may not have adequate resources to develop our capability as a result of emerging sophistication required for such services. The failure to develop such resources may adversely affect our business and results of operations.

We may fail to offer end-to-end managed services to sustain our position.

The telecommunications market is evolving towards service providers who offer end-to-end managed services that include managing entire enterprises down to individual desktops. If we are to continue to lead the market, we need to extend our range of services to ensure that our portfolio grows to include managed services where we can maintain leadership. It may be difficult for us to offer end-to-end managed services to sustain our leadership in managed services without significant capital expenditures which would adversely affect our cash position and results of operations.

We may be unable to replace lost revenue due to customer cancellations, renewals at lower rates or other less favorable terms.

Some customers may elect not to renew their contract with us, and others may renew at lower prices, lower committed traffic levels, or contract only for a shorter time frame. Historically, a significant percentage of our renewals, particularly with larger customers, have led to declines in unit price as competition has increased and the market for certain parts of our business has saturated. Our renewal rates may decline as a result of a number of factors, including competitive pressures, customer dissatisfaction with our services, customers' inability to continue their operations and spending levels, the impact of multi-vendor policies, customers implementing or increasing their use of in-house technology solutions and general economic conditions.

It is key to our profitability that we offset committed recurring revenue due to customer cancellations, terminations, price reductions or other less favorable terms by adding new customers, selling more high-margin services, features and functionalities to existing customers and increasing traffic usage by all customers. Inability to replace this lost revenue would adversely impact our business and results of operations.

In addition, as we expand the network to small cities and towns (semi – urban and rural locations), there is an operational cost involved in both the establishment and operation of these nodes. While the expansion is facilitated by a corporate order, we have to subsequently get additional business for capacity utilization in these nodes to make them profitable. If we are not able to do this rapidly by scaling up the business through these towns, we run the risk of overcapacity on the network in new areas, which results in a higher cost structure and lower margins.

Absence of policy support will hamper Internet and Data Services.

We have and continue to be subject to Indian regulations regarding the VPN license requirements, including requirements regarding the percentage of foreign holdings to offer VPN services as well the need for NLD/ILD licenses to offer VPN services and carrier voice services. The growth and development of the data and Internet sector is dependent on the policy support of DOT. Regulatory changes, as well as the continuing lack of policy initiatives to revitalize the data and Internet sector continue to be a risk.

We cannot influence policies that facilitate the growth and development of data and Internet connectivity in India. The absence of policy support for Internet and data services may hamper the growth of such services in the future, which would adversely affect our business and results of operations.

Constant improvement of technology standards/ skills and evolving tools and applications are essential to sustain our position in remote management of IT infrastructure.

We are relatively unknown outside India in comparison to other established IT players who have a large base of customers. If we are not able to constantly upgrade our technology standards and skills, and if we are unable to scale for critical mass in the near term, our competitive position would be adversely affected.

Management of IT infrastructure is dependent on sophisticated tools and applications to remotely monitor the IT infrastructure and assets of customers. If we are unable to retain our competitive advantages in terms of the evolving tools & applications, or the maturity of our processes, we may lose customers and be at a competitive disadvantage compared with our larger competitors

Emergence of enterprise software suites, artificial intelligence, robotics and machine learning may hamper the growth of our revenue.

The emergence of competitors such as Oracle, IBM, SAP, SumTotal and SABA offering enterprise software suites for eLearning for large organizations to develop their own learning platforms could be a threat to our business in the future. We may lose our business to our competitors, and if we are unable to acquire new customers or retain our existing customers, our revenues and results of operations may suffer. Additionally, the emergence of machine learning and artificial intelligence technologies and applications could adversely impact our revenues.

Artificial intelligence with digital technologies such as robotic process automation create bots that have helped in achieving end-to-end automation in the field of managed services, enabling the transformation of the service operations to provide a better end-user experience by increasing overall effectiveness and efficiency. This may lead to customers developing their own in-house tools to support such services or they may move to our competitors with whom they may have an advantage with respect to cost and service. Our managed service revenue may be impacted in such cases.

If we fail to innovate in response to rapidly evolving technological and market developments, including artificial intelligence and machine learning, our competitive position and business prospects may be harmed.

Our future success depends, in part, on our ability to anticipate and respond effectively to the threat and opportunity presented by new technology disruption and developments. These may include new software applications or related services based on artificial intelligence, machine learning, or robotics. We may be exposed to competitive risks related to the adoption and application of new technologies by established market participants or new entrants, start-up companies and others. New technologies, including those based on artificial intelligence, can provide more immediate information technology and data management solutions and responses than traditional tools. Over time, the accuracy of these tools and their ability to handle complex tasks will improve, which may be disruptive to businesses, such as ours.

Cyber security threats could damage our reputation or result in liability to us.

Our businesses depend on the reliability and security of our information technology systems and infrastructure. They must remain secure and be perceived by our corporate and other customers to be secure, as we retain confidential customer information in our database. Despite the implementation of security measures, our infrastructure may be vulnerable to physical break-ins, computer hacking, computer viruses, other malware, ransomware or cyber-attacks beyond our control. If our security measures are circumvented, it would jeopardize the security of confidential information stored on our systems, proprietary information could be misappropriated or cause interruptions to our operations. We may be required to make significant additional investments and efforts to protect against or remedy security breaches. Unauthorized disclosure of sensitive or confidential client and customer data, whether through breach of our computer systems, systems failure or otherwise, could damage our reputation and adversely affect our business and results of operations.

As we strive to provide the highest level of security, any breach of such security could be harmful to our brand and reputation. We may be required to expend significant capital and resources to protect against such threats or to alleviate problems caused by breaches in security. In addition, as we continue expanding our service offerings in managed cloud services, including direct private connection to major cloud platforms and the provision of cloud infrastructure, we will face greater risks from potential attacks because the provision of cloud-related services will increase the flow of Internet user data through the Data Center facilities we operate and create broader public access to our system. As techniques used to breach security change frequently and are often not recognized until launched against a target, we may not be able to implement new security measures in a timely manner or, if and when implemented, we may not be certain whether these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, regulatory penalties, loss of existing or potential customers, harm to our reputation and increases in our security costs, which could have a material adverse effect on our financial condition and results of operations.

Though we have not had any attempted cybersecurity breaches reported, the security services that we offer in connection with our business customers’ networks cannot assure complete protection from computer viruses, break-ins and other disruptive problems and the occurrence of these problems could result in claims against us or liability on our part. These claims, regardless of their ultimate outcome, could result in costly litigation and could damage our reputation and hinder our ability to attract and retain customers for our service offerings. In addition, any assertions of alleged security breaches or systems failure made against us, whether true or not, could harm our reputation, cause us to incur substantial legal fees and have a material adverse effect on our business, reputation, financial condition and results of operations.

We face a competitive labor market for skilled personnel and therefore are highly dependent on our existing key personnel and on our ability to hire additional skilled employees.

Our success depends upon the continued service of our key personnel including our senior management team, which includes our CEO, Chairman and Managing Director, Mr. Raju Vegesna. Each of our employees may voluntarily terminate his or her employment with us. Our success also depends on our ability to attract and retain such highly qualified technical, marketing and sales personnel. The labor market for skilled employees in India is extremely competitive, and the process of hiring employees with the necessary skills is time consuming and requires significant resources. We may not be able to retain or integrate existing personnel or identify and hire additional personnel in the future. The loss of the services of key personnel or the inability to attract additional qualified personnel could disrupt the implementation of our business strategy, upon which the success of our business depends.

The failure to keep our technical knowledge confidential could erode our competitive advantage.

Our technical knowledge is not protected by intellectual property rights such as patents and is principally protected by maintaining its confidentiality. We rely on trade secrets, confidentiality agreements and other contractual arrangements. As a result, we cannot be certain that our know-how will remain confidential in the long run. Employment contracts with certain of our employees who have special technical knowledge about our products or our business contain a general obligation to keep all such knowledge confidential. In addition to the confidentiality provisions, these employment agreements typically contain non-competition clauses.

If any of the confidentiality provisions or the non-competition clauses are unenforceable, we may not be able to maintain the confidentiality of our knowledge. In the event that confidential technical information or knowledge about our products or business becomes available to third parties or to the public, our competitive advantage over other companies in the wireless based IP/VPN industry could be harmed which could have an adverse material effect on our current business, future prospects, financial condition and results of operations.

Our increasing work with governmental agencies may expose us to additional risks.

We are increasingly bidding to work with governments and governmental agencies. Projects involving governments or governmental agencies carry various risks inherent in the government contracting process, including the following:

- Such projects may be subject to a higher risk of reduction in scope or termination than other contracts due to political and economic factors such as changes in government, pending elections or the reduction in, or absence of, adequate funding;

- Terms and conditions of government contracts tend to be more onerous than other contracts and may include, among other things, extensive rights of audit, more punitive service level penalties and other restrictive covenants. Also, the terms of such contracts are often subject to change due to political and economic factors;
- All Government bids are subject to performance bank guarantee depending upon the size of the tender. Any shortfall in service, inability to deliver committed SLA during the project may force the government to invoke the performance bank guarantee leading to huge cash losses;
- Government contracts are often subject to more extensive scrutiny and publicity than other contracts. Any negative publicity related to such contracts, regardless of the accuracy of such publicity, may adversely affect our business or reputation;
- Participation in government contracts could subject us to stricter regulatory requirements, which may increase our cost of compliance; and
- Such projects may involve multiple parties in the delivery of services and require greater project management efforts on our part. Any failure in this regard may adversely impact our performance.
- In addition, we operate within jurisdictions in which local business practices may be inconsistent with international regulatory requirements, including anti-corruption and anti-bribery regulations prescribed under the U.S. Foreign Corrupt Practices Act (“FCPA”), which, among other things, prohibits giving or offering to give anything of value with the intent to influence the awarding of Government contracts. Also, Prevention of Corruption (Amendment) Act 2013, (“PCA”) prohibits giving bribe to a public servant. Although we believe that we have adequate policies and enforcement mechanisms to ensure legal and regulatory compliance with the FCPA, PCA and other similar regulations, it is possible that some of our employees, subcontractors, agents or partners may violate any such legal and regulatory requirements, which may expose us to criminal or civil enforcement actions, including penalties. If we fail to comply with legal and regulatory requirements, our business and reputation may be harmed.

Any of the above factors could have a material and adverse effect on our business or our results of operations.

Geopolitical risk stemming from political instability and military hostilities and related supply chain issues may adversely affect our business and operating results significantly.

The uncertain nature, magnitude and duration of political instability and military hostilities, including the recent conflict in Israel with Hamas and the Russia-Ukraine war could lead to significant disruptions in the global economy.

Russia’s invasion of Ukraine has already caused numerous adverse effects, including the fact that businesses have pulled out of Russia, Russia has stopped trade with many countries, the workforce in Ukraine is badly affected, and decreases in major exports to and from Ukraine, all of which have had a huge negative impact on the global supply chain of various commodities. The full economic effect of these events can not be estimated with certainty, but this may impact businesses across the globe both in the short term and the long term with rising commodity prices and demand, rising interest costs to counter inflationary conditions and loss in value of currencies. There could also be related cybersecurity threats and sanctions between countries due to the position taken by the Government of India, any of which could affect our business and operating results significantly..

As a foreign private issuer, our Company is permitted to follow certain home country corporate governance practices in lieu of certain requirements applicable to U.S. issuers. This may afford less protection to holders of our Company’s equity shares and ADSs.

We are considered a foreign private issuer under the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) and, therefore, are exempt from certain rules under the Exchange Act, including the proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations for U.S. and other issuers. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or within the same time frames as U.S. companies with securities registered under the Exchange Act. We currently prepare our financial statements in accordance with IFRS. We will not be required to file financial statements prepared in accordance with or reconciled to U.S. GAAP so long as our financial statements are prepared in accordance with IFRS as issued in English by the IASB. We are not required to comply with Regulation FD under the Exchange Act, which imposes restrictions on the selective disclosure of material information to shareholders. In addition, our officers, directors, and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our securities. Furthermore, we are permitted to follow certain home country corporate governance practices in lieu of certain NASDAQ requirements. A foreign private issuer must disclose in its annual reports filed with the SEC each NASDAQ requirement applicable to U.S. domestic issuers with which it does not comply followed by a description of its applicable home country practice.

We could lose our status as a foreign private issuer under current SEC rules and regulations if more than 50% of our outstanding voting securities become directly or indirectly held of record by U.S. holders and one of the following is true: (i) the majority of our directors or executive officers are U.S. citizens or residents; (ii) more than 50% of our assets are located in the U.S.; or (iii) our business is administered principally in the U.S. If we lose our status as a foreign private issuer in the future, we will no longer be exempt from the rules described above and, among other things, will be required to file periodic reports and annual and quarterly financial statements as if we were a company incorporated in the U.S. If this were to happen, we would likely incur substantial costs in fulfilling these additional regulatory requirements and members of our management would likely have to divert time and resources from other responsibilities to ensuring these additional regulatory requirements are fulfilled.

Risks Related to Regulation and Compliance

We may encounter legal confrontations as the Information Technology Act 2000 lacks specificity as to issues on online processes and/or Internet.

We believe that the Information Technology Act of 2000, as amended in 2011 (the “ITA”), an Indian regulation, does not address all areas of online processes or the Internet. In exercise of the powers conferred by the ITA, the Government of India issued rules in April 2011 called Information Technology rules with stringent privacy norms for Internet Service Providers and any intermediary that is handling sensitive personal information. The ITA has mandated the service providers to maintain transactions, receipts and vouchers in specific formats provided by the appropriate government authority. The records must be produced for inspection and audit by a Government nominated agency or person. The Government of India is authorized to audit security and privacy protection measures. We are exposed to risks relating to unauthorized access and non-compliance of regulations by our business partners. Such events may negatively affect our reputation, and violations of the Information Act may result in fines and litigation or cause us to incur legal costs, which may adversely affect our business and results of operations.

We may encounter legal confrontations under the Information Technology Act 2000 in our digital certification business.

We have been granted a license as a Certifying Authority (CA) to issue digital signature certificates for electronic authentication of users. CAs are governed by the Controller of Certifying Authority (CCA) under the ITA which prescribes duties to be followed, standards to be maintained and a list of documents to be maintained by CA. The guidelines also require the Company to bill the end customer to whom the digital signature certificate (DSC) is sold. Any actual or perceived failure to comply with such obligations could harm our business. Non-compliance with such laws, rules and regulations may result in fines and litigation or cause us to incur legal costs, which may adversely affect our business and results of operations.

We may encounter litigation and penalties due to non-compliance with relevant laws applicable to the products sold and services rendered by us.

The products and services that we deal with are subject to various laws such as the ITA. We are exposed to risks relating to non-compliance with such laws which may affect our reputation and also result in litigations and penalties which may adversely affect our business and results of operations.

We may not be able to comply with direct and indirect tax laws resulting in litigations and penalties.

Tightening of regulatory frameworks, new legislative changes and heightened enforcement activity by tax departments across the world have increased the salience of our tax risk. From a business standpoint, income tax remains the most important tax for us because of its impact on net income. Unpredictable rulings and interpretations by tax authorities with respect to income tax create tax risks. In India, changes in taxation laws are announced on an annual basis in February, when the Union Budget is presented. These changes in law may affect the accuracy of our estimated tax obligations, or the obligations of holders of our equity shares and ADSs. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. We are regularly under audit by tax authorities and those authorities may not agree with positions taken by us on our tax returns. Although we believe that our estimates are reasonable, there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals. We are also exposed to risks of non-compliance with the requirement of law which may affect our reputation and also result in litigations and penalties which may adversely affect our business and results of operations.

Any of the above could have a material adverse effect on our business and future results. Additionally, due to the complexity of the fiscal environment, the ultimate resolution of any tax matters may result in payments greater or lesser than amounts accrued.

The General Anti Avoidance Rules (“GAAR”) provisions regarding the Organization for Economic Co-operation and Development’s (“OECD”)’s Base Erosion and Profit Shifting Project have been applicable in India since 2018. Pursuant to GAAR, an arrangement in which the main purpose, or one of the main purposes, is to obtain a tax benefit and may be declared as an “impermissible avoidance arrangement” if it also satisfies at least one of the following four tests:

- The arrangement creates rights and obligations, which are not normally created between parties dealing at arm’s length.
- It results in misuse or abuse of provisions of tax laws.
- It lacks commercial substance or is deemed to lack commercial substance.
- It is carried out in a manner, which is normally not employed for a bona fide purpose.

If any of our transactions are found to be impermissible avoidance arrangements under GAAR, our business, financial condition and results of operations may be adversely affected.

The Finance Act, 2015 had lowered the tax withholding rate on payment made to non-residents towards “royalty” and/or “fees for technical services” from 25% to 10%, subject to the furnishing of an Indian Permanent Account Number (PAN) by such non-residents. However, a lower rate may apply if a Double Taxation Avoidance Agreement exists between two countries. Further, based on a recent Indian Supreme Court ruling, payment to non-residents for purchase of software was held to be not taxable as royalty subject to such payments not being characterized as royalty under the Double Taxation Avoidance Agreement. Such payments will not be liable for withholding of tax subject to furnishing of relevant tax documents by such non-residents. As we procure various software licenses and technical services from non-residents in the course of delivering our products and services to our clients, the cost of withholding tax on such purchase of software and services may be additional cost to us as the Company may have to gross up for such withholding taxes.

The Government rolled out the Goods and Service Tax Law (“GST”) on July 1, 2017. The GST Law subsumed several central, state and local tax laws, including the excise duty, service tax, value added tax, central sales tax, entry tax, etc. The GST Law prescribes compliance procedures which are more comprehensive than prior tax laws. The GST Council has proposed a new process which allows credit to the Company based on the invoices uploaded by the vendors in their tax returns. Hence, tax credits will be available to the Company based on proper compliance by all vendors and filing of returns on time. Any failure to comply with the requirement of law by the vendor may impact availability of tax credits to the Company. This affects our working capital to a large extent resulting in excess amounts of cash available as balance with statutory authorities on which we do not earn any interest. We are also exposed to risks of non-compliance with the requirement of law which may affect our reputation and also result in litigations and penalties which may adversely affect our business and results of operations.

Changes in the policies of the Government of India or political instability may adversely affect economic conditions in India generally, which could impact our business and prospects.

The Government of India could change specific laws and policies affecting technology companies, foreign investment, currency exchange and other matters affecting investment in our securities which could adversely affect business and economic conditions in India generally, and our business in particular. We are dependent on the Reserve Bank of India (“RBI”) to pay all our foreign exchange expenses and dividends. Any exchange controls regime impacting the ability to remit monies will severely impact our ability to deliver services and dividends. The Government of India has asserted that it would adopt a data center policy for the country which could provide certain incentives to data center providers. We may not be eligible for such benefits as an existing data center provider. Even if we are eligible, the sustainability of such benefits depends on the policies of Government of India, and any changes in such policies could adversely affect our business.

The legal system in India does not protect intellectual property rights to the same extent as the legal system of the United States, and we may be unsuccessful in protecting our intellectual property rights.

Our intellectual property rights are important to our business. We rely on a combination of copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property.

Our efforts to protect our intellectual property may not be adequate. We hold no patents, and our competitors may independently develop similar technology or duplicate our services. Unauthorized parties may infringe upon or misappropriate our services or proprietary information. In addition, the laws of India do not protect proprietary rights to the same extent as laws in the United States, and the global nature of the Internet makes it difficult to control the ultimate destination of our services. For example, the legal processes to protect service marks in India are not as effective as those in place in the United States. The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses. In the future, litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time-consuming and costly.

We could be subject to intellectual property infringement claims as the number of our competitors grows and the content and functionality of our websites or other service offerings overlap with competitive offerings. Our defenses against these claims, even if not meritorious, could be expensive and divert management’s attention from operating our Company. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial award as damage and forced to develop non-infringing technology, obtain a license or cease selling the applications that contain the infringing technology. We may be unable to develop non-infringing technology or even obtain a license on commercially reasonable terms.

We also rely on a variety of technologies that are licensed from third parties. We use software developed by these and other companies to perform key functions. These third-party licenses may not be available to us on commercially reasonable terms in the future. The loss of any of these licenses could delay the introduction of software enhancements, interactive tools and other features until equivalent technology could be licensed or developed. Any such delays could materially adversely affect our business, results of operations and financial condition.

We are subject to data privacy and security laws and regulations in many different jurisdictions and countries where we do business, and our or our partners’ failure to comply could result in fines, penalties, or reputational damage, and could impact the way we operate our business.

We are subject to laws and regulations governing the collection, use and transmission of personal data. As the legislative and regulatory landscape for data privacy and protection continues to evolve around the world, there has been an increasing focus on privacy and data protection issues that may affect our business. The Digital Personal Data Protection Act, 2023 (“DPDP Act”) was published in India’s Official Gazette on August 11, 2023 for general information. The DPDP Act will come into force on such date as the (Indian) Central Government would appoint by notification in the Official Gazette, with different dates being appointed for different provisions. The DPDP Act will be applicable when data fiduciaries process digital personal data, where such personal data, capable of identifying an individual, is either collected in digital form or is digitized after it is collected non-digitally. The (Indian) Central Government will have the power to make rules on specified subjects to supplement the DPDP Act (subject to the Parliament of India’s power to modify or nullify such rules) and will also have a limited power to amend the penalty schedule.

The European Union’s General Data Protection Regulation (GDPR), which became fully effective in May 2018, implemented stringent requirements on how a company may gather, retain, use and manage personal and sensitive data, as well as mandatory data breach notification requirements.

Additionally, the California Consumer Privacy Act (CCPA) became effective on January 1, 2020, creating new individual privacy rights for California consumers and placing increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA requires covered companies to provide new disclosures to California consumers, provides such consumers new ways to opt-out of certain sales of personal information, and allows for a new cause of action for data breaches.

Other countries in which we do business have, or are developing, laws governing the collection, use and transfer of personal information that may affect our business or require us to adapt our technologies and organizational measures. Some countries, including India, are considering legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements.

In addition, a failure by us, or our third-party vendors, to comply with applicable data privacy and security laws could result in financial, legal, business, and reputational harm and may have a material adverse effect on the way we operate our business, our financial condition, results of operations and/or cash flows.

These data protection laws and similar initiatives could increase the cost of developing, implementing or maintaining our information technology systems and require us to allocate more resources to compliance initiatives thereby increasing our costs, impact operational efficiency and most importantly lead to reputational loss

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

We are subject to a variety of laws, regulations and industry standards in India and in the United States. For example, India has witnessed sweeping changes to its corporate law regime over the past few years. The changes introduced by Indian Companies Act 2013 over the period of time have added complexity to our corporate compliance regime.

These laws, regulations, and standards govern numerous areas that are important to our business, including, but not limited to, privacy, information security, labor and employment, immigration, data protection, import and export practices, marketing and communication practices. Such laws, regulations and standards are subject to changes and evolving interpretations and applications, and it can be difficult to predict how they may be applied to our business and the way we conduct our operations, especially as we introduce new solutions and services and expand into new jurisdictions. Any perceived or actual breach of laws, regulations and standards could result in investigations, regulatory inquiries, litigation, fines, injunctions, negative customer sentiment, impairment of our existing or planned solutions and services, or otherwise negatively impact our business.

We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and an increasing amount of time and attention of management in ensuring compliance related activities. Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure create uncertainty for our compliance efforts and may result in added compliance costs.

In connection with this Annual Report, our management assessed our internal controls over financial reporting, and determined that our internal controls were effective as of March 31, 2024. However, any deficiencies uncovered by these future management assessments or any inability of our auditors to issue an unqualified opinion regarding our internal control over financial reporting could harm our reputation and the price of our equity shares and ADSs.

We have our Environmental Social and Governance (ESG) goals built into our business and operations strategy voluntarily without any regulatory compliance requirement. We regularly update and monitor our progress in this regard. However, mandatory guidelines on ESG reporting may have an impact on growth of the company as there may be investments or expenses that are not part of our strategy on ESG.

Changes in the market for director and officer liability insurance could make it more difficult and more expensive for us to obtain such coverage and thereby create financial and reputational risk for us and our directors and officers.

It may become more expensive or more difficult for us to obtain director and officer liability insurance. Further, our Board members (our “Board”) and executive officers could face an increased risk of personal liability in connection with their performance of duties and our regulatory reporting obligations. As a result, we may face difficulties attracting and retaining qualified Board members and executive officers, which could harm our business. If we fail to comply with new or changed laws or regulations, our business and reputation may be harmed.

We may inadvertently fail to comply with local laws of other countries in connection with the negotiation and execution of operational agreements.

As part of our international business, we may negotiate with and enter into contracts with strategic partners, clients, suppliers, employees and other third parties in various countries. We may inadvertently fail to comply with their laws, which may result in lawsuits or penalties and could adversely affect our business or results of operations.

We are subject to quality of service guidelines issued by the Telecom Regulatory Authority of India (“TRAI”). Failure to comply with one or more applicable guidelines may expose us to fines/penalties.

TRAI has issued the following guidelines to the ISPs for improving the quality of service:

- All Internet service providers shall provide adequate information to subscribers regarding Internet/broadband services being offered and marketed by them.
- All Internet service providers shall provide information regarding contention ratios or the number of users competing for the same bandwidth, adopted by them to provide Internet/broadband service in their tariff plans submitted to TRAI, manual of practice, call centers and on their websites
- All Internet service providers shall publish quarterly contention ratio for different Internet/broadband services on their website to facilitate subscribers to take informed decision.
- All Internet service providers must use the contention ratios better than specified ratios for different services to ensure sufficient bandwidth for providing good quality of service to their subscribers.

Fixing up a contention ratio may put standalone ISPs at a disadvantage as cost of delivery of Internet bandwidth may increase. Telecommunication companies offering similar internet services are tempted to offer significantly lower prices and incentives as they own the last mile. Also, by bundling telephony along with Internet, they can enhance their otherwise idle last mile. Under such circumstances, it will be very difficult for ISPs providing retail service to compete with big Telcommunication companies which can offer broadband services by cross subsidizing with voice/other services.

In the event of our failure to comply with one or more of the above guidelines, we may expose ourselves to fines/penalties, which could adversely affect our results of operations.

We may be liable to third parties for information retrieved from the Internet.

We could become liable if confidential information is disclosed inappropriately on or through our websites. Others could also sue us for the content and services that are accessible from our websites through links to other websites or through content and materials that may be posted by our users in chat rooms or bulletin boards. The laws in India relating to the liability of companies which provide Internet services, like ours, for activities of their users, are still relatively unclear. Investigating and defending these claims is expensive, even if they do not result in liability, allegations of impropriety, even if unfounded, could damage our reputation, disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses.

We may fail to meet our export earnings obligations under the Export Promotion Capital Goods (EPCG) Scheme and be subjected to penalties.

We have been utilizing a duty benefit for our import of capital goods under the EPCG Scheme available for exports of services. Under the scheme, we are eligible to import capital goods without import duty with an obligation to generate export earnings to the extent of six times the value of such duty benefit (inclusive of tax and cess) availed within a period of six years from the date of issue of authorization, over and above the annual average export obligation as detailed in the EPCG Scheme. Although there are export earnings at present, we may fail to fulfill such obligation in the future. In the case of a shortfall in fulfilment of such export obligation, we may be subjected to repay the duty benefit availed along with interest.

We may face additional compliance procedures and litigations due to our internal reorganization.

During the financial year 2020-2021, we performed an internal reorganization pursuant to which our business units were transferred from Sify Technologies Limited to wholly-owned subsidiaries, SISL and Sify Digital Services Limited through a business transfer agreement. Tax liabilities may arise if there is any change in shareholding of SIFY's subsidiaries within a period of eight years from April 1, 2020, the date of transfer of capital assets.

Risks Related to our Equity Shares , ADSs and Trading Market

We may fail to meet the continued listing requirements of NASDAQ, which could cause our ADSs to be delisted.

Pursuant to the listing requirements of NASDAQ, if a listed company's security price is below \$1.00 per share for 30 consecutive trading days, NASDAQ will notify the company that it is no longer in compliance with NASDAQ continued listing qualifications. If a company is not in compliance with the minimum bid price rule, the company will have 180 calendar days to regain compliance. If the Company does not regain the compliance within the initial 180 days, the company may be eligible for an additional 180-day period as set forth in NASDAQ listing rule 5810(c)(3)(A). The company may regain compliance if the bid price of its ADSs closes at \$1.00 per ADS or more for a minimum of ten consecutive business days at any time during the cure period.

The Company has in the past on multiple occasions, received notices of non-compliance from the SEC when the ADS prices were below \$1.00 per share and was given 180 days to regain compliance. Although the Company regained compliance with the NASDAQ continued listing requirements in the past, we may not be able to meet the continued listing requirements of NASDAQ in the future. If we are unable to satisfy the NASDAQ criteria for maintaining our listing, our ADSs could be subject to delisting. As a consequence of any such delisting, our ADS holders would likely find it more difficult to dispose of or to obtain accurate quotations as to the prices of our securities, and there would likely be less liquidity in our stock. In the event of a delisting, we could face significant material adverse consequences including a limited availability of market quotations for our securities and a decreased ability to issue additional securities or obtain additional financing in the future.

The interests of our significant shareholder, Mr. Raju Vegesna, our CEO, Chairman and Managing Director, may differ from your interests.

Effective as of October 30, 2010, upon the consummation of a private placement, Mr. Raju Vegesna, our CEO, Managing Director and Chairman of the Board of Directors of the Company, beneficially owns a majority of our outstanding equity shares. As of March 31, 2024, Mr. Raju Vegesna beneficially owned approximately 84.03% of our outstanding equity shares and ADSs, and as a result, Mr. Raju Vegesna will be able to exercise control over many matters requiring approval by our Board of Directors and / or shareholders, including the election of directors and approval of significant corporate transactions, such as a sale of our Company. Under Indian law, a simple majority is sufficient to control all shareholder action except for those items that require approval by a special resolution. If a special resolution is required, the number of votes cast in favor of the resolution must not be less than three times the number of votes cast against it. Examples of actions that require a special resolution include:

- altering our Articles of Association;
- issuing additional shares of capital stock, except for pro rata issuances to existing shareholders;
- commencing any new line of business; and
- commencing a liquidation.

Circumstances may arise in which the interests of Mr. Raju Vegesna could conflict with the interests of our other shareholders or holders of our ADSs. Mr. Vegesna, or the entities that he controls, could delay or prevent a change of control of our Company even if a transaction of that sort would be beneficial to our other shareholders, including the holders of our ADSs. This concentrated control will limit your ability to influence corporate matters and as a result, we may take actions that our ADS holders do not view as beneficial. As a result, the market price of our ADS could be adversely affected.

An investor in our ADSs may not be able to exercise preemptive rights for additional shares and may thereby suffer dilution of such investor's equity interest in us.

Under the Indian Companies Act, a company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless such pre-emptive rights have been waived by three-fourths of the shares voting on the resolution to waive such rights.

Holders of ADSs may be unable to exercise pre-emptive rights for equity shares underlying ADSs unless a registration statement under the U.S. Securities Act of 1933, as amended (the “Securities Act”), is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. To the extent that holders of ADSs are unable to exercise preemptive rights granted in respect of the equity shares represented by their ADSs, their proportional interests in us would be reduced.

ADS holders may be restricted in their ability to exercise voting rights.

Pursuant to the terms of the Deposit Agreement and at our request, the Depositary will mail to holders of our ADSs any notice of shareholders’ meeting received from us together with information explaining how to instruct the Depositary to exercise the voting rights of the securities represented by ADSs. If the Depositary receives voting instructions from a holder of our ADSs in time, relating to matters that have been forwarded to such holder, it will endeavor to vote the securities represented by such holder’s ADSs in accordance with such voting instructions. However, the ability of the Depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that the holders of our ADSs will receive voting materials in time to enable such holders to return voting instructions to the Depositary. Securities for which no voting instructions have been received will not be eligible to vote.

Under Indian law, subject to the presence in person at a shareholder meeting of persons holding equity shares representing a quorum, all resolutions proposed to be approved at that meeting are voted on by a show of hands unless shareholders present in person and holding (a) not less than one-tenth of the total voting power entitled to vote on a resolution or (b) shares with an aggregate paid up capital of at least ₹ 500,000 demand that a poll be taken. Equity shares not represented in person at the meeting, including equity shares underlying ADSs for which a holder has provided voting instructions to the Depositary, are not counted in a vote by show of hands. As a result, only in the event that a shareholder present at the meeting demands that a poll be taken will the votes of ADS holders be counted. Securities for which no voting instructions have been received will not be voted on a poll. Accordingly, you may not be able to participate in all offerings, transactions or votes that are made available to holders of our equity shares.

As a foreign private issuer under the U.S. securities laws, we are not subject to the SEC’s proxy rules, which regulate the form and content of solicitations by United States-based issuers of proxies from their shareholders. To date, our practice has been to provide advance notice to our ADS holders of all shareholder meetings and to solicit their vote on such matters through the Depositary, and we expect to continue this practice. The form of notice and proxy statement that we have been using does not include all of the information that would be provided under the SEC’s proxy rules.

The market price of our ADSs has been and may continue to be highly volatile. Many factors could cause the market price of our ADSs to rise and fall. Some of these factors include:

- perception of the level of political and economic stability in India;
- actual or anticipated variations in our quarterly operating results;
- announcement of technological innovations;
- conditions or trends in the ICT ecosystem;
- the competitive and pricing environment for network services in India and the related cost and availability of bandwidth;
- the perceived attractiveness of investment in Indian companies;
- acquisitions and alliances by us or others in the industry;
- changes in estimates of our performance or recommendations by financial analysts;
- market conditions in the industry and the economy as a whole;
- introduction of new services by us or our competitors;
- changes in the market valuations of other ICT companies or any of the companies in the ICT industry chain;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- our failure to integrate successfully our operations with those of any acquired companies;
- additions or departures of key personnel; and
- other events or factors, many of which are beyond our control.

The financial markets in the United States and other countries have experienced significant price and volume fluctuations, and the market prices of technology companies, particularly Internet-related companies, have been and continue to be extremely volatile with negative sentiment prevailing. Volatility in the price of our ADSs may be caused by factors outside of our control and may be unrelated or disproportionate to our operating results, which may adversely affect the value of your investment and the price of our ADSs.

An active or liquid market for the ADSs is not assured.

We cannot predict that an active, liquid public trading market for our ADSs will continue to exist. Although ADS holders are entitled to withdraw the equity shares underlying the ADSs from the Depositary at any time, there is no public market for our equity shares in India or the United States. The loss of liquidity could increase the price volatility of our ADSs.

The future sales of securities by us or existing shareholders may reduce the price of our ADSs.

Any significant sales of our equity shares or ADSs or a perception that such sales may occur might reduce the price of our ADSs and make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. We may issue additional equity shares to raise capital and to fund acquisitions and investments, and the parties to any such future transactions could also decide to sell them.

We are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors which, together with the lack of a public market for our equity shares, may adversely impact the value of our ADSs.

Currently, there is no public trading market for our equity shares in India or elsewhere nor can we assure you that we will take steps to develop one. Our equity securities are only traded on NASDAQ through the ADSs. Under prior Indian laws and regulations, our Depositary could not accept deposits of outstanding equity shares and issue ADRs evidencing ADSs representing such equity shares without prior approval of the Government. The Reserve Bank of India has announced fungibility regulations permitting, under limited circumstances, the conversion of ADSs to equity shares and the reconversion of equity shares to ADSs provided that the actual number of ADSs outstanding after such reconversion is not greater than the original number of ADSs outstanding. If you elect to surrender your ADSs and receive equity shares, you will not be able to trade those equity shares on any securities market and under present law, likely will not be permitted to reconvert those equity shares to ADSs.

If in the future a market for our equity shares is established in India or another market outside of the United States, those shares may trade at a discount or premium to the ADSs. Under current Indian regulations and practice, the approval of the relevant Indian authorities is not required for the sale of unlisted equity shares underlying ADSs by a non-resident Indian to a resident of India as well as for renunciation of rights to a resident of India). Since exchange controls still exist in India, the price at which the equity shares are transferred will be based on the Indian exchange control laws, and a higher price per share may not be permitted. In certain cases, holders who seek to convert the rupee proceeds from a sale of equity shares in India into foreign currency and repatriate that foreign currency from India may have to obtain RBI approval for each transaction. A person resident outside India who has acquired a right from a person resident in India who has renounced it may acquire equity instruments (other than share warrants) against the said rights subject to pricing guidelines prescribed under the Indian exchange control laws and other applicable laws of India. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained.

The reintroduction of the dividend distribution tax rate or introduction of new forms of taxes on distribution of profits or changes to the basis of application of these taxes could materially affect the returns to our shareholders.

The Finance Act 2020 replaced the Dividend Distribution Tax with the classical system of dividend taxation wherein dividend income will be taxed in the hands of the shareholders at their respective applicable tax rates. In the light of these changes, a company paying dividends to shareholders is required to withhold tax at the applicable rates prescribed under Income Tax Act along with any relevant tax treaty with respective countries (together with MLI as applicable). If the effective rate of tax at source on dividends increases in future, or new forms of taxes on distribution of profits are introduced, the dividend amount receivable by our shareholders after taxes may decrease further.

We may be required to list our equity shares on an Indian stock exchange. If we were to list our equity shares on an Indian stock exchange, conditions in the Indian securities market may require compliance with new and changing regulations framed by Securities and Exchange Board of India, listing requirements of the stock exchange, corporate governance, accounting and public disclosure requirements which might add uncertainty to our compliance policies and increases our costs of compliance.

In 2006, the Ministry of Finance (the “MoF”), issued a statement providing that Indian companies cannot raise new capital abroad unless their securities are listed on a stock exchange in India. However, the MoF also issued a notification on October 21, 2014, which removed depositary receipts from this scheme. Depositary receipts are now regulated by the Depositary Receipts Scheme 2014. The Depositary Receipts Scheme 2014 allows Indian companies, whether listed or unlisted, to access the international capital markets using depositary receipts and removed the condition requiring mandatory listing in India.

However, in the future, we may be required by the Government to list on an Indian stock exchange. If we were to list our equity shares on an Indian stock exchange, we would have to comply with changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Securities and Exchange Board of India (“SEBI”) rules and regulations and stock exchange listing requirements which may create uncertainty for companies like ours.

SEBI introduced a framework for issuance of depositary receipts by companies listed on a recognized stock exchange in India or proposing to make a public offer and list on a recognized stock exchange in India by its circular dated October 10, 2019 (the “Listed DR Framework”).

The Listed DR Framework sets out the eligibility requirements for the purpose of issue of depositary receipts as: (a) the listed company, any of its promoters, promoter group or directors or selling shareholders are not debarred from accessing the capital market by SEBI; (b) any of the promoters or directors of the listed company is a promoter or director of any other company which is not debarred from accessing the capital market by SEBI; (c) the listed company or any of its promoters or directors is not a willful defaulter; (d) any of its promoters or directors is not a fugitive economic offender.

The Listed DR Framework requires the listed company to, through an intermediary, file with SEBI and the recognized stock exchange(s), a copy of the initial document, by whatever name called, for the initial issue of depositary receipts. Further, listed company shall ensure that the agreement entered between the holder of depositary receipts, the listed company and the depositary provides that the voting rights on the underlying securities, if any, shall be exercised by the holder of depositary receipts through the foreign depositary pursuant to voting instruction only from such depositary receipt holder. The price of issue or transfer of underlying securities, for the purpose of issue of depositary receipts by foreign depositary, shall not be less than the price for the public offer / preferential allotment / qualified institutions placement to domestic investors under the applicable laws.

The compliance requirements under the Listed DR Framework are in addition to the requirements under the Companies Act, 2013 read with the Companies (Issue of Global Depositary Receipts) Rules, 2014, the Depositary Receipts Scheme 2014 and the foreign exchange regulations. While the Listed DR Framework circular is addressed to listed companies, the Company is not aware of any unlisted companies that have issued depositary receipts (including American depositary receipts) after the introduction of the Listed DR Framework in 2019. Therefore, there is no precedent which indicates the view that the securities regulator would take in relation to the issuance of depositary receipts by unlisted companies. Based on legal advice from our Indian counsel, the Company believes that the Rights Offering is in compliance with the applicable laws and regulations.

These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards. We may not be able to comply with any timeline for listing and other standards imposed on us, and we are uncertain as to the consequences to us of any non-compliance.

Currency fluctuations may affect the price of our ADSs and Dividend.

The exchange rate between the Indian rupee and the U.S. dollar has changed significantly in recent years and may continue to fluctuate substantially in the future. Such fluctuations in exchange rate will affect the dollar conversion our Depositary Citibank, N.A., of any cash dividend paid in Indian rupees on the equity shares represented by the ADSs.

Our dividend payment policy is contingent upon the Company's profits each year.

The dividend payment policy of the Company is not certain and is contingent upon the level of performance of the Company and the recommendation of the Board of Directors and the approval of the shareholders. Thus, there is no assurance that dividends will be paid in the future.

Risks Related to Investments in Indian Companies

We are incorporated in India, and a significant majority of our assets and employees are located in India. Consequently, our financial performance and the market price of our ADSs will be affected by changes in exchange rates, interest rates, Government of India policies, including taxation policies, as well as political, social and economic developments affecting India.

Changes in the policies of the Government could further delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business and prospects.

Since 1991, successive Governments administrations have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The rate of economic liberalization could change, and specific laws and policies affecting technology and telecom companies, foreign investment, exchange rate regime and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular.

Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, including between India and Pakistan. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our equity shares and our ADSs, and the market for our services.

Terrorist attacks or a war could adversely affect our business, results of operations and financial condition.

Terrorist attacks, such as the attacks of February 14, 2019 in Jammu Srinagar highway (Pulwama attack), the attacks of July 25, 2008 in Bangalore, the attacks of November 26 to 29, 2008 in Mumbai, the attack at New Delhi High Court on September 7, 2011 and other acts of violence have the potential to affect us or our clients. In addition, such attacks may destabilize the economic and political situation in India. Furthermore, such attacks could cause a disruption in the delivery of our services to our clients, and could have a negative impact on our business, personnel, assets and results of operations, and could cause our clients or potential clients to choose other vendors for the services we provide. Terrorist threats, attacks or war could make travel more difficult, may disrupt our ability to provide services to our clients and could delay, postpone or cancel our clients' decisions to use our services.

The markets in which we operate are subject to the risk of earthquakes, floods and other natural disasters.

Some of the regions that we operate in are prone to earthquakes, flooding and other natural disasters. In the event that any of our business centers are affected by any such disasters, we may sustain damage to our operations and properties, suffer significant financial losses and be unable to complete our client engagements in a timely manner, if at all. Further, in the event of a natural disaster, we may also incur costs in redeploying personnel and property. In addition, if there is a major earthquake, flood or other natural disaster in any of the locations in which a significant number of our customers are located, we face the risk that our customers may incur losses, or sustained business interruption and/or loss which may materially impair their ability to continue their purchase of products or services from us. A major earthquake, flood or other natural disaster in the markets in which we operate could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers thereby reducing our margins.

Inflation rates in India have been volatile in recent years and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of energy, wages, components, equipment and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or entirely offset any increases in costs with increases in prices for our products. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Item 4. Information on the Company

Company Overview

We are among the largest integrated information and communication technology (ICT) solutions and services companies in India, offering end-to-end solutions with a comprehensive range of products delivered over a common network infrastructure reaching more than 1600 cities and towns in India. This network also connects 53 Data Centers across India including Sify’s 12 concurrently maintainable Data Centers across the cities of Chennai, Mumbai, Delhi, Bengaluru, Hyderabad, Kolkata and customer Data Centers.

Our mission is building a world in which our converged ICT ecosystem and our ‘bring it on’ attitude will be the competitive advantage to our customers. Our 7 core values which are called ‘The Sify way’ are 1) Put customers’ needs first, 2) Be accountable, 3) Treat others with dignity, 4) Be action oriented, 5) Have the courage to confront issues, 6) Always remember that you are a part of Sify’s team and 7) Protect Sify’s interest always.

Our primary geographic markets are India and the rest of the world. Our revenue is derived from services to enterprise customers, comprising Network connectivity services, Data Center services and Digital Services which represents our operating segments.

Our revenue for the current fiscal year grew by ₹ 2,230 million over the previous fiscal, which represents an annualized growth rate of 7%. Profit before tax was ₹ 232 million for the current fiscal year as compared to ₹ 1,021 million for the previous fiscal year during which unrecognized deferred tax assets were recognized pursuant to certainty in taxable income in each of the group entities further to the reorganization during the previous year.

HISTORY AND DEVELOPMENT

We were incorporated on December 12, 1995 in Andhra Pradesh, India as Satyam Infoway Private Limited, as a company under the Indian Companies Act to develop and offer connectivity-based corporate services in India. Until December 2002, we were a majority-owned subsidiary of Satyam Computer Services Limited, an Indian information technology services company traded on the New York Stock Exchange and the principal Indian Stock Exchanges. The registered office of the company was shifted to Chennai, Tamil Nadu from April 1, 2003. We changed our name from Satyam Infoway Limited to Sify Limited in January 2003 and from Sify Limited to Sify Technologies Limited in October 2007.

We completed our initial public offering of ADSs in the United States in October 1999. We listed our ADSs on the NASDAQ Global Market on October 19, 1999. In February 2000, we completed our secondary offering of ADSs in the United States.

Refer to Note 32 ‘Related Party Transactions’ in Item 18 of this Annual Report for the list of our subsidiaries

The address of our principal executive office is TIDEL Park, 2nd Floor, 4, Rajiv Gandhi Salai, Taramani, Chennai 600 113 India, and our telephone number is 91-44-2254-0770. Our agent for investors relations in the United States is Weber Shandwick, 909, 3rd Avenue, New York, NY 10022, United States, phone +1-212-546-8260. Our website address is www.sifytechnologies.com and the information contained in our website does not constitute a part of this Annual Report.

All of our publicly filed SEC reports are available at the SEC’s website, www.sec.gov, which contains all the public filings and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

Principal Capital Expenditures

In fiscal years 2024, 2023, and 2022, we spent ₹ 6,927 million (US\$ 83.08 million), ₹ 6,229 million (US\$ 75.76 million), ₹ 4,811 million (US\$ 63.46 million) respectively, on capital expenditures. Most of our capital expenditure are incurred in India where we are expanding our data centers and network to cater to the increasing demands for both the services in the Indian market. As of March 31, 2024, we had contractual commitments of approximately ₹ 9,353 million (US \$ 112.18 million) for capital expenditures towards the acquisition of property, plant and equipment. These commitments included approximately ₹ 8,180 million (US \$ 98.11 million) in domestic purchases and ₹ 1,173 million (US \$ 14.07 million) in imports and overseas commitments for products and spares. The total capital expenditure with respect to capital work in progress as on March 31, 2024 amounted to ₹ 12,371 million (US\$ 148.38 million). All our capital expenditures were financed out of cash generated from operations, borrowings and arrangements from banks and other financial institutions and Kotak Alternative Investment Funds in the form of convertible instruments.

Investment Strategy

In evaluating investment opportunities, we consider important factors, such as M&A, strategic fit, competitive advantage and financial benefit.

FY 2020-2021

Pursuant to a business transfer agreement dated January 28, 2021, SIFY (a) transferred its data center business to Sify Infinit Spaces Limited (“SISL”), a wholly owned subsidiary of SIFY which provides data center services, for consideration of ₹ 5,000 million (US\$ 68 million) in SISL equity shares, issued at par, and (b) transferred its IT services business (cloud and managed services, applications integration services and technology integration services) to its wholly owned subsidiary Sify Digital Services Limited (“SDSL”) for consideration of ₹2,000 million (US\$ 27 million) in SDSL equity shares, issued at par. The business transfers became effective April 1, 2020.

During the fiscal year ended March 31, 2021, SIFY acquired Print House India Private Limited (“PHIPL”) through the Corporate insolvency resolution process. SIFY emerged as the successful resolution applicant under the Hon’ble National Company Law Tribunal (“NCLT”), as confirmed in its order dated June 23, 2020. Pursuant to the resolution plan submitted, the management of affairs of PHIPL vested with a monitoring committee consisting of a resolution professional and the financial creditor of PHIPL. SIFY took over the management of PHIPL after dissolution of the monitoring committee on October 16, 2020, as per the resolution plan. The existing share capital of PHIPL was nullified, and new capital was issued to SIFY. SIFY has implemented the resolution plan in terms of settlement of financial creditors, operational creditors, absorbing of employees as appropriate to the continuance of proposed business and reviving PHIPL’s operations by converting their facility into data centers.

FY 2021-2022

On November 1, 2021, SISL entered into a compulsorily convertible debentures subscription agreement with Kotak Special Situations Fund (“KSSF”) under which KSSF agreed to purchase ₹ 4,000 million (US \$ 48.65 million) by March 31, 2023. SISL can further sell up to ₹ 6,000 million (US \$ 72.98 million) in one or more tranches during fiscal years 2024, 2025 and 2026, or by October 1, 2026, based on prior communication to investors in writing of its requirement for additional investments on or before October 1, 2023. On July 20, 2023, SISL entered into an assignment letter with KSSF for the transfer of ₹ 6,000 million (US \$ 72.98 million) to Kotak Data Centre Fund (“KDCF”). The proceeds from these instruments are planned to be utilized for the expansion of new data centers, including land acquisition for data centers, investment in renewable energy for data centers and repayment of existing debt.

During the fiscal year ended March 31, 2022, SIFY made investments in (i) Padvest Corporation in the amount of 3.79 million (US\$ 0.05 million) on September 3, 2021; (ii) Digifresh Corporation in the amount of ₹ 15.16 million (US\$ 0.20 million) on September 27, 2021; (iii) The Gizmo App Company in the amount of ₹ 13.50 million (US\$ 0.18 million) on December 13, 2021; and (iv) Tasoula Energy Pvt Ltd in the amount of ₹ 225 million (US\$ 2.97 million) on August 16, 2021.

FY 2022-2023

During the fiscal year ended March 31, 2023, SIFY made investments in (i) Chatter Inc in the amount of ₹ 12.4 million (US\$ 0.15 million) on June 29, 2022; (ii) Passerine Technologies Inc. in the amount of ₹ 16.4 million (US\$ 0.20 million) on March 3, 2023; (iii) Aizen Corp (formerly known as Elevo Corporation) in the amount of ₹ 142.80 million (US\$ 1.74 million) on January 23, 2023; and (iv) VEH Srishti Energy Private Limited in the amount of ₹ 375.30 million (US\$ 4.56 million) on October 21, 2022.

On March 22, 2023, SIFY acquired Patel Auto Engineering Company (India) Private Limited (“PAECIPL”) through a share purchase agreement, for consideration of ₹ 525 million (US\$ 6.32 million) paid to shareholders of PAECIPL. SIFY also gave an intercorporate deposit of ₹ 85 million (US\$ 1.02 million) to PAECIPL. PAECIPL has on its books only the land allocated by Maharashtra Industrial Development Corporation as of the date of acquisition. SIFY’s standalone financial statements will account for the leasehold rights of such land.

During the fiscal years ended March 31, 2023,the Board of Directors has approved a scheme of amalgamation ('Scheme') for the merger of its fellow subsidiary, Print House (India) Private Limited ('PHIPL') with Sify Infinit Spaces Limited ('SISL') . The Company has furnished the Scheme to the Hon'ble NCLT. The appointed date of the Scheme was April 1, 2022. Further, Sify Infinit Spaces Limited has received approval for the said Scheme from the shareholders and unsecured creditors of the Company at its meeting held on November 27, 2022 convened by Hon'ble NCLT, Chennai. Sify Infinit Spaces Limited has received the order from Hon'ble NCLT on July 10, 2023, subsequent to which SISL has issued 0.0859762 equity shares for every 1 equity shares held by the shareholders of PHIPL.

During the fiscal year ended March 31, 2024, SIFY made investments in (i) Cloudfabrix Software Inc. in the amount of ₹124.59 million (approximately US\$ 1.5 million) on September 22, 2023; (ii) Aizen Corp (formerly known as Elevo Corporation) in the amount of Rs.16.03 million (approximately US\$ 0.193 million) on April 10, 2023 and (iii) Sylvie Unlimited Inc. in the amount of Rs.12.51 Million (approximately US\$ 0.15 million) on October 12, 2023.

On July 20, 2023, SISL entered into a compulsorily convertible debentures subscription agreement with Kotak Data Centre Fund (“KDCF”). Pursuant to this agreement, KDCF invested ₹6,000 million (approximately US\$72.23 million) in the form of compulsory convertible debentures of SISL. SISL, which operates the Company’s data centers, plans to use the proceeds from the issue of debentures for the expansion of new data centers, including land acquisition for data centers, investment in renewable energy for data centers and repayment of existing debt.

On September 1, 2023, SIFY acquired SKVR Software Solution Private Limited (“SKVR”), an IT & ITeS company, through a share purchase agreement. Pursuant to the share purchase agreement, shareholders of SKVR received ₹400 million with 51% and 49% of the purchase price paid by Sify Technologies Limited and SISL, respectively. SKVR holds 19,305 square meters of land allotted by the New Okhla Industrial Development Authority (“NOIDA”) for a period of 90 years (which began in the year 2006).

On February 9th 2024, Scheme of Amalgamation of Patel Auto Engineering Company (India) Private Limited (“PAECIPL”) with SISL is filed with Hon'ble NCLT.

BUSINESS OVERVIEW

Industry Overview

Rapid digital revolution is transforming businesses in every industry across the world. The ICT industry is at the forefront of the digital revolution that is cascading across industries, redefining business processes, customer experiences and cost economics. Advanced network technologies, the explosion of bandwidth consumption, rapid adoption of cloud technologies and cloud-based applications resulting in massive need for increased data processing and storage capabilities are catalyst to this digital revolution.

This digital revolution also means that IT investments of business have shifted from building owned IT infrastructure to adopting scalable, agile infrastructure on a services model. The need to leverage these technologies and models in the digital era coupled with the need to establish future proof businesses are key strategic imperative for business leaders. This widens the paradigm of an IT environment developing human-machine interfaces, deriving value from large volumes of digitized data, building software applications that will build efficiency on distributed cloud computing and that is not restricted by the technology landscape of companies.

The rapid pace and the changes brought in by digital revolution also means that the skillsets required to manage the IT and ICT landscape of companies are continuously evolving. This is driving business to rely on third party providers to realize their business’s digital transformation objective.

While presenting strong market opportunities, the digital revolution also means the ICT industry itself would have to transition to provide more flexible, scalable and agile products and solutions to customers, reimagine the cost structures, embrace automation and other emerging technologies.

Strategy

Our strategic objective is keeping our customers ahead in their digital journey through our entire stack of ICT solutions and services and delivering value to all the stakeholders involved – employees, suppliers, environment and the society and the shareholders.

In fiscal year 2023, our strategy is driven by the theme “digital@core” which enhances the landscape of our current capabilities to provide advanced solutions that help our customers to embrace their digital transformation journey with ease. This strategy is natural expansion of our cloud@core strategy where we helped customers transition to their digital transformation journey with cloud migration, adoption and scalable infrastructure being the core pitch. However, with digital@core, we offer to transform the applications and business processes landscape with our solutions that will make the digital transformation journey more rewarding. The investments we have made in the past have served us well. We will continue to make investments in building our capacities and resources while optimizing the way in which our operations and business processes are carried out with automation technologies. We are reaching our customers with solutions that are productized with our “digital@core” theme. This approach we believe is in line with the market demands in the domestic market as well as global trends.

Key highlights of our strategy execution during fiscal year 2024 are as follows:

- 1. To continue investing in future proof infrastructure and technologies

Hyperscale network expansion to 3 more cities is under deployment which will expand hyperscale network presence to 8 major cities. We have also invested in setting up of Edge Data Centers (Edge DC) in Tier 2 locations where the network consumption is scaling with mobile network penetration in India and the necessity for Network nodes closer to the eyeballs is fueling demand for these services.

We have continued to invest in increasing our Data Center capacity during the current year as well. We currently have more than 100 MW of capacity. In line with our ESG goals, the Company has signed power purchase agreements for 231 MW of green power. Out of 231 MW of green power, 67 MW was already being delivered as on March 31, 2024. The Group has plans to construct Data Center facilities in other greenfield properties based on market demand in due course.

- 2. To standardize our solutions to achieve scale

Standardizing the existing solutions has helped us achieve scale in terms of ability to deliver to large number of our customers, our solutions that would involve multiple products across our service offerings. Customer experience has improved due to this standardization. We have adopted multi-cloud platform technologies to complement our capabilities to offer private, public and hybrid cloud solutions.

- 3. To reskill our employees

We have invested in reskilling of our employees through our Learning and Development programs. The training enablement is done through various modes like ILT, VLT, eLearning and Webinars. Around 4,319 associates have taken advantage of the eLearning platforms of Myacademy. Around 351 (216 courses + 135 assessments) learning solutions have been internally created and 20,458 courses in Percipio (online third-party portal collaboration with our company) amounting to an aggregate duration of more than 2,05,511 hours including compliance and induction.

In line with specific business needs, certification programs are organized with a twin objective of meeting business goals and providing associates with an opportunity to strengthen their conceptual, functional and technical expertise.

4. Investing in tools and technologies

We continue to invest in tools and technologies to automate business processes across functions. The investments are made with a view to improve customer experience by optimizing business processes, enable automation and analytics with the large pool of data that is collected.

Service Offerings

Our Operating Segments are as follows:

- 1) Network Connectivity Services
- 2) Data Center Services
- 3) Digital Services

1) Network Connectivity Services

We offer a range of network services and the related managed services with the network that reaches more than 1600 towns and cities in India, with over 3400 points of presence (POPs) and with our Global Network Operations Center having over 500 associates managing network and network devices of various customers across the globe. Our network extends across the globe with 7 International POPs and seamless Network to Network Interconnection with multiple global network providers. We have a cable landing station in India which lands two of the cable systems that come into India.

Our network is built with a combination of leased capacities, leased fiber and owned fiber. Our strength has been delivering services on wireless last mile which helps our strategy of hyper reach and our investments in building fiber network in major cities which helps us have hyper scale network delivered to our clients. We lease capacities from multiple telco operators and build redundancies relevant to our architecture. We are carrier-agnostic. The prices of network capacities that we procure has been relatively stable over the years. We have our network spread across 1600 towns and cities and between them have more than 125,000+ Enterprise End points, which is managed by our manpower and in certain cases through our field partners who attend to tickets. Our rental of network nodes is a combination of full lease and colocation basis, which enables optimum operating costs for our network. The major cost for our Network operations center which delivers managed services to our clients is employee costs.

The focus of the Network Connectivity Services is on the following lines:-

- **India Network Business** – Catering to the growing data communication needs of enterprises in India that demand agility and security, we offer Internet, MPLS, SDWAN, Managed Wi-Fi, Internet of Things (IoT), and proactive monitoring and management of the network and devices on the network for the customers.
- **Global Network Business** – catering primarily to international carriers wanting to access Indian markets for Dedicated Internet Access, India In MPLS, Layer 1/Layer 2 and managed services
- **Wholesale Voice** – Addressing the ‘India termination’ using ILDO licence and hubbing services for termination outside India.
- **Retail Voice** – The Company offers services in the retail voice market in partnership with international players.

The following range of services are offered as part of our network services portfolio:

WAN Portfolio

- SecureConnect ^(TM) is our comprehensive offering of secure, reliable and scalable IPVPN solutions that meet both mission- critical data networking and converged voice, video and data connectivity needs. It offers a variety of intranet and extranet configurations for connecting offices, remote sites, traveling employees and business partners, whether in India or abroad. Our platform of services includes:

- ExpressConnect^(TM), which offers a premium range of high-performance Internet bandwidth solutions for connecting regional offices, branch offices and remote locations to the corporate network. These solutions complement our SiteConnect range of MPLS enabled IPVPN solutions, provide high-speed bandwidth in those situations where basic connectivity and cost are the top concerns.
- PartnerConnect^(TM) is our remote access VPN offering, for providing secure and restricted dial-up access to business partners such as dealers, distributors and suppliers to the corporate extranet.
- DC/Cloud Interconnect portfolio

Data Center Interconnect provides access to 53 major data centers across the country with Data center to Data center connectivity over Ethernet, Fiber Channel, SDH or IP/VPN.

GlobalCloudConnect provides seamless connectivity to global cloud service providers and multiple direct interconnects to cloud service providers in India like Amazon Web Services (AWS), Microsoft Azure and Google Cloud Interconnect.

Oracle FastConnect provides access to Oracle Cloud region across the globe leveraging Sify's GlobalCloudConnect.(GCC) and Interconnection in major data centers. Sify's GCC interconnects with Oracle cloud infrastructure ensuring fast and reliable access to the cloud region

AMS-IX is private internet exchange set up in Mumbai, India in partnership with Amsterdam Internet Exchange (AMS-IX) where we offer services of private peering for the content providers and the private ISPs

CleanConnect^(TM) which provides managed and secured internet connectivity to customers.

RoamConnect^(TM), is our national and international remote access VPN, which is used for securely connecting employees, while they are traveling, to the corporate intranet. Roam Connect features "single number access" to SifyNet from anywhere in the country and provides access from anywhere in the world through Sify's alliances with overseas service providers.

SiteConnect^(TM) which offers site-to-site managed MPLS-enabled IPVPN solutions for securely connecting regional and large branch offices within India to the corporate Intranet.

GlobalSite Connect^(TM), an international site-to-site managed MPLS-enabled IPVPN solution, is used for securely connecting international branch offices to the corporate offices. It provides connectivity anywhere in the world through Sify's alliances and partnerships with global overseas service providers such as CenturyLink, KDDI PCCW to name a few.

During the year, we focused on scaling our existing network services portfolio with investments in infrastructure to reach more cities on fiber and adding capacities wherever there is market demand.

2) Data Center Services

Our Data Centers are designed to be reliable, secure and scalable to host mission-critical applications. We offer co-location services which allow customers to bring in their own rack-mountable servers and house them in shared racks or hire complete racks, and rent 'secure cages' at the hosting facility as per their application requirements. We also offer a wide variety of managed data center services, such as storage and back-up management, performance monitoring and infrastructure monitoring and management, network availability, server load balancing, managed shared firewall, Web server log reporting and remote hands and smart hands services. Our data center in Rabale also hosts our private internet exchange AMS-IX.

We pioneered the Data Center business in India with the first commercial Data Center in Vashi in the year 2000. Today, we offer a combined IT power of more than 100 MW across its 12 Data Centers, located in all the major business districts. Sify Data Centers have distinguishing features that help customers to stay ahead of the competition. Apart from all of them being concurrently-maintainable, the Rabale campus comes with an on-premise substation and the Noida Data Center is amongst the few green Data Centers available in India. Our Data Centers are built as per the 5th generation SDA (Sify Data Center Architecture 5.0) and operate on an ITIL-based service delivery framework. These Data Centers have highly scalable IT infrastructure with mature operational processes, strong vendor relationships, and provide industry standard IT support functions. All our Data Centers follow professional standards of ISO 9001 for quality, ISO 27001 for information security and ISO 20000 for service delivery.

Power is the major source of input for our Data Center operations. We source power from State electricity boards for our Data Centers, while we have solar power generation, and wind power generation for part of our facilities. We constantly look for alternative and sustainable sources of power to run our Data Center operations in a cost-efficient manner.

3) Digital Services

Managed Network Services

Network Operations Center (NOC) services offer full network, device and performance monitoring across network infrastructure and providers. We offer these services to customers as Shared NOC, Dedicated NOC and Hybrid NOC.

DDoS Protect services which offers protection from DDoS attack to corporate customers.

Managed SDWAN with features such as intelligent routing, faster troubleshooting, zero-touch provisioning, providing application level visibility, security, network management and performance management is a transformational approach to design enterprise WANs to simplify deployment and management of the network.

EDGE Services Portfolio

Edge Connect (Managed WLAN) provides Managed Wi-Fi solutions offering connect devices to the network of the customer and the internet at customer locations.

Internet of Things (IoT) services leverages our network, cloud, applications and network integration capabilities to deliver turnkey solutions to our customers ranging from employee/vehicle tracking to smart metering and smart energy monitoring. There are off-the shelf solutions and customized solutions to solve customer problems.

Cloud and Managed Services

We offer a range of cloud services to our customers:

Cloudinfini is an enterprise public cloud services managed by our experts in our concurrently maintainable data centers, with ready to use compute, storage and network resources to host applications of customers on multitenant cloud infrastructure. We offer Infrastructure as a Services (IaaS), Platform as a Service (PaaS), Virtual Private Data Center (VPDC) in a secure SSAE-16 and SOC-2 accreditation.

GoInfini VPE is a private cloud computing service with dedicated compute capacity and secure logically segregated storage, network and security resources delivered out of our Data Centers.

GoInifit AWS+ is offering public cloud services out of AWS infrastructure. As a consulting partner for AWS, our managed services team provides the customer with variety of services to simplify the AWS experience.

GoInfini Private is an enterprise-grade, fully integrated private cloud IT platform with specific controls, compliance and IT architecture in a flexible model. Containers and rack space are fully cloud enabled, built to meet enterprise’s needs of today and tomorrow.

GoInfini Backup is a simplified and standardized data backup and recovery solution. This is available on-prem or in Sify Data Centers. This backup process is simplified and compatible with a wide range of backup platforms, including Sify cloud and public clouds like Microsoft Azure and AWS.

GoInfini Recover provides an unified data protection solution. It includes backup, snapshot, disaster/ raid recovery, Dev/Test and analytics all through a single gold copy. This SLA-backed disaster recovery as a service (DRaaS) offering enables fast recovery with complete protection of business systems and data. It is a complete data recovery services platform that customers address their disaster recovery management requirements easily through scalable, secure and automated services

GoInfinet Accelerate is provided in partnership with Akamai, a global Content Delivery Network (CDN) with presence in over 650 cities across the world. We offer cloud-based CDN services and other SaaS in cloud computing to enable fast and secure content delivery to any device anywhere.

Our Remote and Onsite Infrastructure Managed services provide continuous proactive management and support of customer operating systems, applications and database layers through deploying specialized monitoring tools and infrastructure experts to ensure that our customers’ infrastructure is performing optimally.

Our Managed Security services are enabled with Sify’s security experts using latest tools and technologies to monitor customer’s infrastructure and network every minute of every day. They monitor all events, provide proactive and real-time attack mitigation. Based on the Sify Cyber Threat Intelligence Framework - a set of comprehensive services and best practices developed over the past decade.

Our associates are a major component for the services we provide in addition to the infrastructure that we have built. Most of our associates have to carry additional certifications or skillsets to offer managed services for our customers.

Technology Integration Services (TIS)

TIS leverages Sify’s home-grown expertise in design, implementation and maintenance to deliver end- to-end managed IT services across Data Centers, network and security.

Major focus is as follows:

- Service Desks and Command Centers
- Voice and Video Conferencing
- Hosted Contact Centers
- Unified Communication and Unified Access
- Virtualization
- Data Center Build
- Campus/LAN/Data Center Networking
- WAN Architectures
- Enterprise and End Point Security

Sify offers turnkey solutions to clients who are new to both technology and technology refreshes. We do this by leveraging our home-grown expertise in design, implementation and maintenance to deliver end-to-end managed IT services across datacenters, network and security.

As described, this business takes the knowledge developed from building Network architecture, Collaborative tools, Data Center build, Virtualization, LAN and WAN architecture and end point security and offers them as a complete solution package to customers.

Our myriad mix of solutions gives us the scope to band and extend any or all of these services in multiple formats and scales for clients who wish to rest their entire infrastructure with us. Clients get the benefit of our accumulated knowledge base and technical expertise across all points of the ICT spectrum. This integrated solution translates into better cost efficiencies for the client. In terms of monitoring, the client interacts with a singular service provider saving them both implementation and documentation time and effort.

Our suite of conferencing tools consists of audio and video solutions; most differentiating among being that the video solution in partnership with a world leader, does not require a room conferencing solution thereby arming the modern enterprise with real time data straight from the markets.

Applications Integration Services

Our applications integration services were built to leverage on our network, cloud, security capabilities and integrator strengths that would help us offer applications that were developed in house and manage industry standard applications. Our offerings are:

Online Assessment

iTest is our in-house application through which we offer our customer solutions such as online examination services, online registration services and student lifecycle management services.

Supply Chain Management

Forum NXT offers tools to effectively manage the front-end supply chain of our customers. It offers an integrated inventory system software and financial accounting systems that can be used by all stakeholders in the distribution network of customers. Forum NXT automates salesforce operations with inventory management mobile app for order tracking, market surveys, and more.

eLearning

Our eLearning services create immersive and engaging learning experiences with new technology and interactive learning. Our innovative eLearning technologies and courseware solutions leverages the power of the web, mobile and the cloud. We offer custom solutions to customer to develop their courses using modern technologies like virtual reality, game based learning and interactive 3D learning, in addition to offering more traditional methods of instructor led training and developing video-based learning modules for our customers.

Digital Signature Services

Safescrypt is our flagship managed CA public key infrastructure (PKI) services offered from our world class data center in Bengaluru. Our solution to customers incorporates business and audit requirements in compliance with legal and regulatory mandates.

SAP Services

We offer a range of support services, and our experts help with everything from SAP implementation and maintenance to SAP GST ready, SAP Basis and SAP HANA cloud hosting to system improvements and innovation strategies. With our vast experience across geographies and industries, we have the right people, practices, and solutions to help organizations generate the greatest return on their SAP investments and build a transparent business.

Microsoft Services

We offer support and implementation services for Microsoft Office 365, Azure cloud solutions and SQL enterprise grid.

Oracle Services

We help customers deploy their Oracle applications and business critical infrastructure – migrate, integrate and upgrade - either in their Data Centre or enabling them to deploy over the cloud. We help organizations of all sizes to deploy, migrate, integrate, develop, enhance, optimize, monitor and manage Oracle software, platforms, and infrastructure. We have extensive expertise in Oracle technology to help deploy:

- Oracle Cloud infrastructure - application, platform or infrastructure
- Oracle On-Premise implementations - database, middleware and Oracle applications
- Design of mobile apps, intelligent chatbots and custom analytics for Oracle environments

Our re-organized segments provide the required strategic directions on decision making, funding and operations. The segments are also in line with the market demands of customers where products from our digital services portfolio are often bundled together to provide a seamless digital transformation experience for our customers.

Customers

Our customers from India are spread across industries and range in sizes from large corporations to SMB. We have customers across verticals like Banking Financial Services and Insurance (BFSI), Manufacturing, Retail and Distribution (MRD), Pharmaceuticals, Media, Printing and Publishing, Information Technology Enabled Services (ITES), Telecommunication, Power, Public Sector Units and Governments. We have more than 10000+ customers to date. We also have our wholesale businesses with fellow carriers for data, voice and data center services.

As a percentage of total revenue by geographic segment for the last three fiscal years are as follows:

Geography	2024	2023	2022
India	93.46%	81.88%	82.88%
Rest of the world	6.54%	18.12%	17.12%

Our customers as a percentage of total revenue by operating segment for the last three fiscal years are as follows:

Operating Segment	2024	2023	2022
Network Connectivity Services	41.15%	39.79%	43.94%
Data center services	31.02%	30.31%	27.74%
Digital Services	27.83%	29.90%	28.32%

During the year under review revenue from one customer of the Group's Data center services segment is ₹ 4,171 million which is more than 12% of the Group's total revenue.

Customer Service and Technical Support

We have a single window help desk for all our customers across different service lines. This helps our customers reach the right technical support and get issues resolved on an accelerated basis. We support both telephonic and email interactions from our clients and support for Enterprises services is 24x7.

Sales and Marketing

Our sales and marketing functions are structured based on geographies to cater to the needs of respective markets. We have sales and marketing teams in India, Singapore, United Kingdom and the United States. While India sales are further divided to regions such as North, East, West, South and also divided based on the customer segment as Digital Sales Team and Wholesale. The Singapore team is responsible for rest of Asia Pacific, the United Kingdom team is responsible for Europe market and the United States team is responsible for coverage in North America.

Technology and Network Infrastructure

Geographic coverage: Our network today reaches more than 1600 towns and cities and among them have more than 125,000+ links. This network is completely owned giving us complete control over its technology, traffic and speed. These points of presence, or primary nodes, reside at the core of a larger Internet protocol network with a star and meshed topology architecture thereby building in redundancy at every point and translating into minimum downtime for customers.

Today we offer the following services to our enterprise and consumer customers using our network.

- Internet access services,
- IP/ MPLS Virtual private networks
- Internet based Voice services
- Layer 1 / Layer 2 networks
- Data center / cloud interconnections

Each point of presence contains data communications equipment housed in a secure facility owned, leased or operated on an infrastructure co-location basis by our Company. The last mile connecting to the customer can be a leased line, ISDN or point-to-multipoint radio link which we have licensed from the Wireless Planning Commission. We also use certain frequency radios, which do not require an operating license, in some locations. Our larger corporate customers access the point of presence directly through leased lines or wireless links.

Network Architecture: We ensure network reliability through several methods and have invested in proven technologies. We use routers to route traffic between nodes interconnected using a high-speed interface. Most of our applications and network verification servers are manufactured by IBM, Sun and Hewlett-Packard.

The primary nodes on the backbone network are connected by multiple high-speed fiber optic lines that we lease from long distance operators. The secondary nodes are connected by lower speed leased lines. A number of nodes are accessible from at least two other nodes, if not, by two long distance operators, allowing us to reroute traffic in the event of failure on one route. We reduce our exposure to failures on the local loop by usually locating our points of presence within range of service providers switching equipment and purchasing connectivity from multiple providers. To further maximize our network uptime, we are almost completely connected on fiber optic cables to the switching points of our service providers from our POPs.

In addition to a fundamental emphasis on reliability and security, our network design philosophy has focused on compatibility, interoperability, scalability and quality of service. We use Internet protocol with Multi-Protocol Label Switching, or MPLS, to transmit data, thus ensuring that our network is completely interoperable with other networks and systems and that we may port any application onto our network. The modular design of our network is fully scalable, allowing us to expand without changing the network design or architecture.

Network Operations Center: We maintain a network operation center located in Chennai (Madras) and a backup facility in Mumbai (Bombay) and Hyderabad. The Chennai facility houses our central network servers as well as our network staff who monitors network traffic, service quality and equipment at all our points of presence to ensure a reliable network. These operation centers are staffed 24-hours-a-day, seven-days-a-week. We have backup power generators and software and hardware systems designed to prevent network downtime in the event of system failures. In the future, we may add additional facilities to supplement or add redundancy to our current network monitoring capability.

Data Center Infrastructure. We operate 12 concurrently maintainable Internet Data Centers, seven in Mumbai, one each at Chennai, Bangalore, Hyderabad, Kolkata and Noida (UP). We offer managed hosting, security and infrastructure managed services from these facilities. These Data Centers are completely integrated with our IP / MPLS network which provides seamless connectivity for our customers from their premises to their applications hosted in the Data Centers.

Competition

The market we operate in is extremely competitive as the technology landscape is rapidly changing. While we compete with large incumbent players, we also face competition from smaller niche technology companies. We go through the process of Request for Proposals (RFP) from customers. Our ability to operate across the spectrum of ICT has put us good stead in winning many of the integrated solution customers. We foresee competition to further intensify with the digital revolutions giving rise to many smaller companies and also due to the trend of insourcing technology services by our customers is a threat to us.

Intellectual Property

Our intellectual property rights are important to our business. We rely on a combination of copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. We have filed trademark and service mark applications in India for registering our product and service offerings.

We also rely on a variety of technologies that are licensed from third parties. We use software developed by these and other companies to perform key functions.

Government Regulation

Our business is subject to comprehensive regulation by the Indian Ministry of Communications through the Telecom Commission and the DOT, pursuant to the provisions of the Indian Telegraph Act of 1885, or Telegraph Act, the India Wireless Telegraphy Act, 1933, or Wireless Act, the Information Technology Act, 2000 or IT Act and the terms of our Internet service provider license issued by the DOT under which we operate. Pursuant to the Telegraph Act, the provision of any telecommunications services in India requires a license from the Government, obtained through the DOT. While the Telegraph Act sets the legal framework for regulation of the telecommunications sector and the Wireless Act regulates the possession of wireless telegraphy equipment, much of the supervision and regulation of our Company is implemented more informally through the general administrative powers of the DOT, including those reserved to the DOT and other Governmental agencies under our license.

In March 1997, the Government established the TRAI, an independent regulatory authority, under the provisions of the Telecom Regulatory Authority of India Act. The TRAI is an autonomous body consisting of a chairperson and at least two and not more than four members.

Under the Telecom Regulatory Authority of India Act, the functions of the TRAI are to:

- make recommendations on (i) the need and timing for the introduction of new service providers, (ii) the terms and conditions of licenses granted to service providers, (iii) the revocation of licenses for non-compliance, (iv) measures to facilitate competition and promote efficiency in the operation of telecommunications services so as to facilitate growth in such services, (v) technological improvements in the services provided by service providers, (vi) the type of equipment to be used by service providers, (vii) measures for the development of telecommunications technology and the telecommunications industry and (viii) the efficient management of the available spectrum;
- discharge the following functions: (i) ensure compliance of the terms and conditions of licenses, (ii) fix the terms and conditions of interconnectivity between service providers, (iii) ensure technical compatibility and effective interconnection between service providers, (iv) regulate revenue sharing arrangements between service providers, (v) establish standards of quality of service, (vi) establish time periods for providing local and long distance telecommunications circuits between service providers, (vii) maintain and keep for public inspection a register of interconnect agreements and (viii) ensure effective compliance of universal service obligations;
- levy fees and other charges at such rates and in respect of such services as may be determined by regulation; and
- perform such other functions as may be entrusted to it by the Government or as may be necessary to carry out the provisions of the Telecom Regulatory Authority of India Act.

The TRAI also has the authority to, from time to time, set the rates at which domestic and international telecommunications services are provided in India. The TRAI does not have authority to grant licenses to service providers or renew licenses, functions that remain with the DOT. The TRAI, however, has the following powers:

- to call on service providers to furnish information relating to their operations;
- to appoint persons to make official inquiries;

- to inspect the books of service providers; and
- to issue directives to service providers to ensure their proper functioning.

Failure to follow TRAI directives may lead to the imposition of fines. Decisions of the TRAI may be appealed to the Telecom Disputes Settlement and Appellate Tribunal.

On May 31, 2012, the Union Cabinet approved the National Telecom Policy-2012 (NTP-2012) and the Cabinet also approved introduction of Unified License (UL), a new regime wherein all telecom-based Government approvals are handled under one umbrella and authorized the Department of Telecommunications (DOT) to finalize the new Unified Licensing regime. DOT issued Guidelines for Grant of Unified License - vide No. 20-281/2010-AS-I (Vol.VI) dated August 19, 2013 and also notified Unified License Agreement on August 2, 2013 with the Corrigendum dated August 29, 2013

As per the new Guidelines, any company applying for renewal of a license under the Unified License regime, such company has to apply for all the required licenses for such Company from DOT under new Unified License regime. The Company signed Unified License Agreement with Government of India on June 2, 2014 valid for 20 years.

In 2016, TRAI announced a new VNO (Virtual Network Operator) license as a part of the Unified License regime for bringing in more players in the market through resale model. The Company applied and has been allotted this license for Chennai circle.

Organizational Structure

We are not part of any group. A list of subsidiaries and relevant information about them is provided in Exhibit 8.1 to this Annual Report.

Property, Plant and Equipment

Investment in Network-Connectivity services

We own approximately 100,000 square feet corporate headquarters located in Chennai (Madras), India and an approximately 20,000 square feet regional office in Mumbai (Bombay). We have leased approximately 3,500 square feet network operations center in Chennai.

Our Chennai facility houses our central network servers as well as our network staff who monitors network traffic, service quality and equipment at all our points of presence, or POPs, to ensure a reliable Internet service. We have POPs in over 1,600 towns/cities across India. Most of our POPs are staffed 24-hours-a-day, seven-days-a-week. Our POPs average approximately 750 square feet at each location. We have backup power generators and software and hardware systems designed to prevent network downtime in the event of system failures. In the future, we may add additional facilities to supplement or add redundancy to our current network monitoring capability. Our property, plants and equipment are pledged towards obtaining loans / working capital facilities from banks.

The Company is part of sub-consortium of the Europe India Gateway (EIG), undersea cable capacity between London and Mumbai. The capacity went live during fiscal 2013 and was upgraded during fiscal 2015, 2016, 2018, 2019 and 2021. This enables significant capacity on ground leading to our ability to service larger customers. The Company also lands international cable systems MENA and GBI at its landing station in Versova, Mumbai.

Investment in Data Centers

We have combined IT power of more than 100 MW across our 12 Data Center facilities. All our Data Centers are concurrently maintainable, our Rabale campus comes with an on-premise substation and our Noida DC is amongst the few green data centers in India. Our Data Centers provide high-level security features like perimeter fence, gates, fire suppression, and 24X7 security officers. All critical areas have Biometric Readers, Smart Card Access, and 24*7 CCTV surveillance. Noida and Rabale Data Centers come with a Z level security with advanced fire alarm, aspirating smoke sensors, multilevel access control, and automatic fire suppression. We continue to expand our capacity to meet the rising demands of data centers.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The financial statements of the Company included in this Annual Report on Form 20-F have been prepared in accordance with the English version of International Financial Reporting Standards as issued by International Accounting Standards Board. The information set forth in Operating and Financial Review and Prospects is also for the Company's three most recent fiscal years. The discussion, analysis and information presented in this section should be read in conjunction with our financial statements included herein and the notes thereto. See Note Regarding Forward-Looking Statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including, but not limited to, those described below and elsewhere in this annual report, particularly in the risk factors described in “Part I — Item 3 Key Information - Risk Factors.”

Operating Results

This information is set forth under the caption entitled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' below. Further, information relating to any Governmental, economic policies or other factors which have materially affected, or could materially affect, directly or indirectly, the Company's operations is set forth under the caption entitled 'Risk Factors' above.

Liquidity and Capital Resources

This information is set forth under the caption entitled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' below.

Research and Development

This information is set forth under the caption entitled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' below.

Trend Information

This information is set forth under the caption entitled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' below.

Management’s Discussion and Analysis of Financial Condition and Results of Operations
(₹ in million, except share data and where otherwise stated)

Overview

We are among the largest integrated ICT solutions and services companies in India, offering end-to-end solutions with a comprehensive range of products delivered over a common data network infrastructure reaching more than 1600 cities and towns in India. This network also connects 53 Data Centers across India including Sify’s 12 concurrently maintainable Data Centers across the cities of Chennai, Mumbai, Kolkata, Delhi, Bengaluru and Hyderabad and customer Data Centers.

Our mission is building a world in which our converged ICT ecosystem and our ‘bring it on’ attitude will be the competitive advantage to our customers. Our 7 core values which are called ‘The Sify way’ are 1) Put customers’ needs first, 2) Be accountable, 3) Treat others with dignity, 4) Be action oriented, 5) Have the courage to confront issues, 6) Always remember that you are a part of Sify’s team, and 7) Protect Sify’s interest always.

Our primary geographic markets is India. Our revenue is derived from services to enterprise customers, comprising Network services, Data Center services, Cloud and Managed services, Technology Integration services and Applications Integration services.

We were incorporated on December 12, 1995 in Andhra Pradesh, India as Satyam Infoway Private Limited, a Company under the Indian Companies Act to develop and offer connectivity-based corporate services in India. We shifted our registered office to Chennai, Tamil Nadu from April 1, 2003. We completed our initial public offering of ADSs in the United States in October 1999. We listed our ADS on the NASDAQ Global Market on October 19, 1999. In February 2000, we completed our secondary offering of ADSs in the United States.

Digital revolution is driving our customers and prospective customers to transformation in every aspect of their businesses, which would include the entire spectrum of ICT from network, storage, virtualization, network integration, analytics and applications on the cloud. We aim to keep our customers ahead in this journey of digital future with our innovative products and solutions.

Our strategy is driven by the theme “digital@core” which enhances the landscape of our current capabilities to provide advanced solutions that help our customers to embrace their digital transformation journey with ease. This strategy is natural expansion of our cloud@core strategy where we helped customers transition to their digital transformation journey with cloud migration, adoption and scalable infrastructure being the core pitch

Revenues

Network Connectivity Services

These primarily include revenue from connectivity services, NLD/ILD services and to a lesser extent, revenues from the installation of the connectivity link. In certain cases, these elements are sold as a package consisting of all or some of the elements. We sell hardware and software purchased from third party vendors to our high value corporate clients. Our connectivity services include IPVPN services, Internet connectivity and last mile connectivity (predominantly through wireless). We provide these services for a fixed period of time at a fixed rate regardless of usage, with the rate for the services determined based on the type of service and capacity provided, scope of the engagement and the Service Level Agreement, or SLA. We provide NLD (National Long Distance) and ILD (International Long Distance) services and carry voice traffic for Inter-connect Operators. Revenue is recognized based upon metered call units of voice traffic terminated on our network. The Company offers services in the retail voice market in partnership with Skype Communications, S.a.r.l. The Company realized revenue from the sale of voice credits and subscriptions of Skype.

Data Center Services

Revenue from Data Center services includes revenue from co-location of space and racks on usage of power from large contracts. The contracts are mainly fixed rate for a period of time based on the space or the racks used, and usage revenue is based on consumption of power on large contracts.

Digital Services

Revenue from Cloud and Managed services are primarily from “Cloud and on demand storage”, “Domestic managed services” and “International managed services”. Contracts from Cloud and on demand storage, are primarily fixed and for a period of time. 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 a time and material basis (T&M).

Revenues from Technology Integration Services (TIS) comprises of Data Centre build services and security services. Contracts under TIS are based on completion of projects and could also be based on T & M.

Revenue from Applications Integration Services (AIS) comprises of Online Assessment, Web development, supply chain solutions, content management, sale of Digital certificates and sale, implementation and maintenance of Industry Specific applications like SAP, Oracle and Microsoft. Contracts are primarily fixed in nature for a period of time and also could be based on T & M.

Expenses

Cost of goods sold and services rendered

Network Connectivity Services

Cost of goods sold and services rendered for the corporate network/data services division consists of telecommunications costs necessary to provide services and cost of goods in respect of communication hardware and security services sold, commission paid to franchisees and cable television operators, the cost of voice termination for voice and VoIP services and other direct costs. Telecommunications costs include the costs of international bandwidth procured from Telcos and are required for access to the Internet, providing leased lines to our points of presence, the costs of using third-party networks pursuant to service agreements, leased line costs and costs towards spectrum fees payable to the Wireless Planning Commission (WPC) for provision of spectrum to enable connectivity to be provided on the wireless mode for the last mile. Other costs include cost incurred towards annual maintenance contract and the cost of installation in the connectivity business. In addition, the Government levies an annual license fee of 8% of the adjusted gross revenue generated from IP-VPN services and Voice services under the Unified License.

Data Center Services

Cost of goods sold and services rendered for the Data Center services consists of cost of electrical power consumed, cost of rental servers offered to customers and cost of licenses used to provide services.

Digital Services

Cost of goods sold and services rendered for the Cloud and Managed services consists of cost of licenses in providing services, cost of billable resources in case of Infrastructure Managed services, third party professionals engaged in providing services, associate costs of the delivery teams and cost of operations of Data Center build and build-operate-transfer BOT projects.

Cost of goods sold and services for TIS consists of cost of hardware and software supplied for Data Center build projects, cost of security hardware and software supplied and cost of hardware and software procured for System integration projects.

Cost of goods sold and services for AIS consists of professional charges payable to domain specialists and subject matter experts, cost of billable associates of e-learning business, cost of operating in third party facility for online assessment including invigilator costs and cost of procuring and managing content for the websites, cost of digital certificates and platform usage and other direct costs for the revenue streams.

Selling, general and administrative expenses

Selling, general and administrative expenses consist of salaries and commissions for sales and marketing personnel, salaries and related costs for executive, financial and administrative personnel, advertising and other brand building costs, travel costs, and occupancy and overhead costs.

Depreciation and amortization

We depreciate our tangible assets on a straight-line basis over the useful life of assets, ranging from 3-8 years and, in the case of buildings, 28 years. System Software is amortised over a period of 1-3 years ,Undersea cable capacity is amortised over a period of 12 years and other intangible assets with finite lives are amortised over 3-5 years.

Impairment

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

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

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.

Inventories

Inventories comprising traded hardware and software are measured at the lower of cost (determined using first-in first-out principle) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Deferred tax

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: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill, as the same is not deductible for tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

Stock compensation expense

A total of 25 million equity shares are reserved for issuance under our Associate Stock Option Plans (ASOPs). Our ASOP 2014 was adopted at the Eighteenth Annual General Meeting held on July 28, 2014. As of March 31, 2024, we had an aggregate outstanding of 6.33 million options under our ASOP with a weighted average exercise price equal to approximately ₹ 90.12 (\$1.08) per equity share. Unamortized stock compensation expense as of March 31, 2024 on these options is ₹ 105.08 million (\$ 1.26 million).

Results of Operations

The following table sets forth certain financial information as a percentage of revenues:

	Fiscal		
	2024	2023	2022
	%	%	%
Revenues	100	100	100
Cost of goods sold and services rendered	(62.80)	(64.00)	(59.36)
Other income/(expense)	0.52	0.39	0.48
Selling, general and administrative expenses	(18.24)	(17.16)	(18.29)
Depreciation and amortization expenses	(13.40)	(11.89)	(12.20)
Profit from operating activities	6.08	7.34	10.63
Finance income	0.95	0.67	0.27
Finance expenses	(6.38)	(4.95)	(4.06)
Net finance income/(expenses)	(5.43)	(4.28)	(3.79)
Profit before tax	0.65	3.06	6.84
Income tax (expense)/ benefit	(0.51)	(1.04)	(2.18)
Net profit for the year	0.14	2.02	4.66

Results of year ended March 31, 2024 compared to year ended March 31, 2023

The growth in our revenues in fiscal 2024 from fiscal 2023 is given below:

	2023 - 24	2022 – 23	Increase/ (decrease)	% Change
Revenues	35,634	33,404	2,230	7%

Year 2023-24 had a 7% growth with an increase in revenues of ₹ 2,230 million (\$26.75 million) contributed largely by Network-Connectivity Services with ₹ 1,370 million (\$16.44 million) ,Data center service with a revenue growth of ₹ 929 million (\$11.14 million) which was off set with decrease in revenue growth of Digital Services with ₹ 69 million (\$0.83 million),.

The revenue by operating segments is as follows:

	Revenue		Percentage of revenue		Growth %
	2023-24	2022-23	2023-24	2022-23	
Network Connectivity Services	14,661	13,291	41%	40%	1%
Data Center Services	11,054	10,125	31%	30%	1%
Digital Services	9,919	9,988	28%	30%	(2)%
Total	35,634	33,404	100%	100%	

Revenue from Network Connectivity Services increased by ₹ 1,370 million (\$16.44 million) primarily due to (i) increase in revenue of ₹ 1,053 million (\$12.63 million) from connectivity services, contributed by an increase in capacity by existing and new customer engagements and (ii) increase in revenue of ₹ 317 million (\$ 3.81million) in voice services, which is attributable to increase in revenue from ILD & Hubbing business by ₹ 300 million (\$ 3.60 million), and increase in revenue of ₹ 17 million (\$0.22 million) from retail voice business.

Revenue from Data Center services has increased by ₹ 929 Million (\$ 11.14 million) on account of new contracts and higher capacity utilisation by existing customers.

Revenue from Digital Services has decreased by ₹ 69 Million (\$ 0.83 million) majorly due to (i) increase in revenue from Application Integration Service by ₹ 293 Million (\$ 3.51 million)) majorly from sale of licenses and eLearning services and (ii) increase in revenue from Network Managed Services by ₹ 645 Million (\$7.74 million), and this increase is offset by decrease in (iii) revenue in Cloud and Managed Services by ₹ 151 Million (\$ 1.81 million) and (iv) Technology Integration Services by ₹ 856 (\$ 10.27 million).

Other income

The change in other income is as follows:

	2023-24	2022-23	Increase/ (decrease)	% Change
Other income	185	132	53	40%

Other income has increased by ₹ 53 million (\$0.64 Million). The increase is primarily on account of increase in Miscellaneous income by ₹ 197 million (2.37 Million), which is offset by decrease in foreign exchange gain by ₹144 (1.73 Million)

Cost of goods sold and services rendered (COGS)

Our cost of goods sold and services rendered in each of the business segment is set forth in the following table:

	2023-24	2022-23	Increase/ (decrease)	% change
Network Connectivity Services	9,782	8,597	1,185	14%
Data Center Services	4,914	4,729	185	4%
Digital Services	7,682	8,053	(371)	(5)%
Total	22,378	21,379	999	5%

The cost of goods sold has increased by 5% on an overall basis and the movement in COGS by nature of expense is explained in detail below:

	2023-24	2022-23	Increase/ (decrease)	% change
Network Costs	7,869	6,838	1,031	15%
Revenue Share	906	863	43	5%
Cost of Hardware / Software	4,327	5,135	(808)	(16)%
Power costs	4,623	4,283	340	8%
Direct Resources costs	2,859	2,407	452	19%
Other direct costs	1,794	1,853	(59)	(3)%
Total	22,378	21,379	999	5%

Network costs comprises cost of Bandwidth leased out from TELCOS, Inter connect charges and IP termination costs payable to carriers. Bandwidth cost increased by ₹ 760 Million (\$9.12 million) due to capacity increase and IP termination costs increased by ₹271 Million (\$3.25 million) on account of increase in minutes.

Revenue share cost comprises of revenue share payable to DOT on ILD, NLD and other services. Increase in revenue share is on account of increase in revenue from licensed services.

The decrease in cost of hardware and software expenses is on account of non- completion of projects in systems integration and security services.

Power cost include electricity charges incurred for our Data Center operations. Power cost increased by ₹340 million (\$4.08 million) due to increase in occupancy of newly commissioned Data Centers and also increase in consumption in existing Data Centers and increased power tariff.

Direct resources costs are comprised of (i) the cost of resources deployed on the network infrastructure delivery (ii) resources involved in delivery of application services (iii) cost of billable resources associated with the eLearning and infrastructure managed services. There is an increase in the resource costs by ₹452 Million (\$5.42 million).

Other direct costs are comprised of link implementation and maintenance charges for the Network services, onetime costs for data center services for on boarding new customers, platform costs for Cloud storage, direct cost of application services, digital certificate platform costs, content costs, delivery costs of application services, subject matter experts for international business. There is a marginal decrease in other direct costs by ₹ 59 Million (\$0.71 million).

Selling, General and Administrative expenses

Selling, General and Administrative expenses of the Company by nature of expenses are set forth as follows:

	2023-24	2022-23	Increase/ (decrease)	% change
Operating costs	1,742	1,669	73	4%
Selling and Marketing Expenses	117	160	(43)	(27)%
Associate Expenses	2,788	2,184	604	28%
Other Indirect expenses	1,583	1,349	234	17%
Allowance for doubtful receivables/advances	265	372	(107)	(29)%
Forex (gain) / Loss	5	-	5	100%
Total	6,500	5,734	766	13%

Operating costs includes rental, repairs and maintenance charges of our network operating centers, base stations and other co-location sites including the rent and maintenance for our Data Centers. Operating costs increased by ₹73 million (\$0.88 million) on account of increase in repairs and maintenance and network operating cost.

Selling and Marketing expenses consist of, selling commission payable to sales partners, incentive to salesmen and, marketing and promotion costs. The Selling and Marketing expenses decreased by ₹43 million (\$ 0.52 million).

Associate expenses consist of cost of the employees who are part of the Sales and marketing, Business development, General Management and support services. Associate expenses increased by ₹604 million (\$7.24 million) between two periods due to increase in employees head count..

Other indirect expense consists of, rental and electricity cost of office, travel cost, legal charges, professional charges, communication, and others. During the year Other Indirect costs have increased by ₹234 million (\$2.81 million).

Allowance for doubtful receivables/advances consists of the charge on account of the provisions created during the year against doubtful receivables/advances. Allowance for doubtful receivables/advances decreased by ₹107 million (\$1.28 million) on account of prudent provisioning of debtors.

Forex (gain) / Loss incurred is ₹5 million (\$0.06 million) compared to the previous year.

Depreciation and amortization

Depreciation and amortization are set forth in the table below:

	2023 -24	2022 -23	Increase/ (Decrease)	% Change
Depreciation and amortization	4,773	3,972	801	20.17%
As a percentage of carrying value	11.90%	13.87%		

The depreciation and amortization expenses has been increased by ₹801 million (\$9.61 million), the increase is on account of capitalization of new assets during the year.

Profit from operating activities

	2023 -24	2022 -23	Increase/ (Decrease)	% Change
Operating profit	2,168	2,451	(283)	(11.55)%
As a percentage of revenue	6.08%	7.34%		

Operating profit has decreased over the previous year due to higher depreciation.

Finance income / (expense)

	2023 -24	2022 -23	Increase/ (Decrease)	% Change
Finance income	338	223	115	51.57%
Finance expense	(2,273)	(1,653)	(620)	37.51%
Net finance income / (expense)	(1,935)	(1,430)	(505)	35.38%

Finance income: The finance income primarily consists of interest received from bank deposits of ₹ 231 million (\$ 2.77 million), and interest income on income tax refund of ₹ 77 million (\$ 0.92 million).

Finance expense: The finance expenses is increased by ₹ 620 Million (\$ 7.44 Million) the increase is primarily on account of increase in interest on borrowings by ₹ 545 Million (\$ 6.53 Million), interest on lease liability on account of IFRS 16 – Leases by ₹ 58 Million (\$ 0.70 Million) and increase in bank charges by ₹ 17 Million (\$ 0.21 Million).

Net Profit

	2023 -24	2022 -23	Increase/ (Decrease)	% Change
Net Profit	49	675	(626)	(92.74)%
As a percentage of revenue	0.14%	2.02%		

Results of year ended March 31, 2024 compared to year ended March 31, 2023

Refer to the section ‘Results of year ended March 31, 2024 compared to year ended March 31, 2023 ’ under ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’ of Item 5 in our Annual Report on Form 20-F, for fiscal year 2023, filed with the U.S. Securities and Exchange Commission on June 28, 2023, for analysis of our results for fiscal year 2023 in comparison with fiscal year 2022.

Foreign Exchange Fluctuations and Forwards

We enter into foreign exchange derivative contracts to mitigate the risk of changes in foreign exchange rates on cash flows denominated in U.S. dollars. We enter into forward contracts where the counter party is a bank. Forward contracts generally mature between one to six months. These contracts do not qualify for hedge accounting under IFRS. These contracts are marked to market as at the balance sheet date and recognized in the consolidated income statement.

Liquidity and capital resources

We have financed our operations largely through cash generated from operations, equity issuance and bank borrowings. Our liquidity requirements are for meeting working capital needs and capital expenditures required to upgrade and maintain our existing infrastructure.

The following table summarizes our cash flows for periods presented:

	2024 ₹ In million	2023 ₹ In million	2022 ₹ In million	2024 US \$ in million
Net cash from / (used in) operating activities	4,983	8,338	2,245	60
Net cash from / (used in) investing activities	(12,263)	(13,592)	(7,593)	(147)
Net cash from / (used in) financing activities	7,444	4,944	4,170	89
Effect of exchange rate changes on cash and cash equivalents	1	2	2	0
Net increase / (decrease) in cash and cash equivalents	165	(308)	(1,176)	2

As of March 31, 2024, 2023 and 2022 we had working capital (current asset – current liabilities) of ₹ 791 million, 259 million and ₹ 902 million which includes cash and cash equivalents of ₹ 4,059 million, 3,894 million and ₹ 4,202 million. We believe that cash from operations and existing lines of credit are sufficient to meet our liquidity requirements.

Our short-term borrowings to finance working capital requirements are primarily financed by cash credit facilities with banks. Borrowings for capital expenditures are financed through capital leases and long-term loans.

We have borrowings of ₹ 27,589 million (including lease liability to the extent of ₹ 3,043 million) as of March 31, 2024 out of which ₹ 7,317 million will be repaid within a period of 12 months. Interest outflow on existing borrowings for next year is expected to be ₹ 1,404 million. We have utilized working capital facility of ₹ 1,870 million out of limit of ₹ 5,430 million during fiscal 2023. We have unutilized non fund limit of ₹ 2,930 million as of March 31, 2024.

Our ongoing working capital requirements are significantly affected by the profitability of our operations and we continue to periodically evaluate existing and new sources of liquidity and financing. We are taking steps to improve the cash position to meet our currently known requirements at least over the next twelve months. In light of the highly dynamic nature of our business, however, we cannot assure you that our capital requirements and sources will not change significantly in the future.

The Group has opted to transition to SOFR (Secured Overnight Financing Rate) from LIBOR. During the year under review, the Group entered into interest rate swaps in order to hedge the cash flows arising out of the interest payments of the underlying external commercial borrowing. The period of the swap contract is co terminus with the period of the underlying external commercial borrowing. As per the terms of the arrangement, the Company shall pay fixed rate of interest (8.9%) and receive variable rate of interest equal to SOFR + 2.5% on notional amount.

Compulsorily Convertible Debentures:

During the fiscal year 2021-22, Sify Infinit Spaces Limited, a wholly owned subsidiary of Sify, in the business of providing data center services, has entered into compulsorily convertible debentures subscription agreement with Kotak Special Situations Fund (“KSSF”) under which KSSF has invested ₹ 4,000 million (USD 51.52 million) as of March 31, 2023. Sify Infinit Spaces Limited can further draw up to ₹ 6,000 million (USD 77.27 million) in one or more tranches during FY 2024, FY 2025 or by October 1, 2026 based on prior communication to investors in writing of its requirement for Additional Investments on or before October 1, 2023. On July 20, 2023, SISL entered into an assignment letter with KSSF for the transfer of ₹ 6,000 million (US \$ 72.98 million) to Kotak Data Centre Fund (“KDCF”). The proceeds from these instruments are planned to be utilized for expansion of new data centers, including land acquisition for data centers, investment in renewable energy for data centers and repayment of existing debt.

On July 20, 2023, SISL entered into a compulsorily convertible debentures subscription agreement with Kotak Data Centre Fund (“KDCF”). Pursuant to this agreement, KDCF invested ₹6,000 million (approximately US\$72.23 million) in the form of compulsory convertible debentures of SISL. SISL, which operates the Company’s data centers, plans to use the proceeds from the issue of debentures for the expansion of new data centers, including land acquisition for data centers, investment in renewable energy for data centers and repayment of existing debt.

Cash and cash equivalents:

Cash and cash equivalents comprise of ₹2,559 million, ₹2,470 million and ₹ 2,504 million in bank accounts and ₹3,275 million, ₹2,375 million and ₹ 1,888 million in the form of bank deposits as on March 31, 2024, 2023 and 2022 out of which cash deposits in the form of margin money is restricted for use by us amounting to ₹ 440 million, ₹ 1,195 million and ₹ 792 million. Cheques on hand comprises of amount ₹ NIL millions, ₹ NIL millions and ₹ 182 millions as on March 31, 2024, 2023 and 2022. Cash on hand comprises of amount ₹ 1 millions, ₹ 1 millions and ₹ 1 millions as on March 31, 2024, 2023 and 2022

Net cash generated from operating activities for the year ended March 31, 2024 was ₹ 4,983 million (\$ 59.77 million). This is attributable to increases in trade and other payables by ₹ 2,827 million (\$ 33.91 million), in contract liabilities ₹ 841 million (\$ 10.09 million) due to advance billing and decrease in trade and other receivable by ₹ 481 million (\$ 5.77 million), in other assets by ₹ 1,478 million (\$ 17.72 million), due to payment of taxes by ₹ 1,284 million (\$ 15.40 million), in other Bank Deposits by ₹1,289 (\$15.4 million).

Net cash generated from operating activities for the year ended March 31, 2023 was ₹ 8,338 million (\$ 101.42 million). This is attributable to increases in trade and other payables by ₹ 2,843 million (\$ 34.57 million), in contract liabilities ₹ 706 million (\$ 8.59 million) due to advance billing and decrease in trade and other receivable by ₹ 400 million (\$ 4.87 million), in other assets by ₹ 789 million (\$ 9.60 million), due to payment of taxes by ₹ 1,363 million (\$ 16.58 million).

Net cash generated from operating activities for the year ended March 31, 2022 was ₹ 2,245 million (\$ 29.56 million). This is attributable to increases in trade and other payables by ₹ 1,362 million (\$ 17.97 million), in contract liabilities ₹ 1,283 million (\$ 16.92 million) due to advance billing and decrease in trade and other receivable by ₹ 4,083 million (\$ 53.86 million), in Inventory by ₹ 992 million (\$ 13.09 million), due to payment of taxes by ₹ 1,276 million (\$ 16.83 million) and on account of decrease in contract asset and cost by ₹ 661 million (\$ 8.72 million)

Net cash used in investing activities for the year ended March 31, 2024 was ₹ 12,263 million (\$ 147.09 million) primarily on account of additional expenditures on Data Center facilities, upgradation of network backbone and expansion of metro fiber to additional cities.

Net cash used in investing activities for the year ended March 31, 2023 was ₹ 13,592 million (\$ 165.32 million) primarily on account of additional expenditures on Data Center facilities, investment in renewable energy for data center, upgradation of network backbone and expansion of metro fiber to additional cities.

Net cash used in investing activities for the year ended March 31, 2022 was ₹ 7,593 million (\$ 100.16 million) primarily on account of additional expenditures on Data Center facilities, investment in renewable energy for data center, upgradation of network backbone and expansion of metro fiber to additional cities.

Net cash generated from financing activities for fiscal year 2024 was ₹ 7,444 million (\$ 89.28 million). The increase is mainly due to borrowings amounting to ₹ 14,518 million (\$ 174.14 million) out of which ₹ 6,000 million (\$ 71.97 million) is on account of the issue compulsorily convertible debentures to Kotak Data Center Fund (KDCF) and proceeds from issue of shares including share premium under the ESOP amounting to ₹ 42 million (\$ 0.5 million) received during the year. The increase was significantly offset by repayment of long term borrowings, Short term borrowings and lease liabilities of ₹ 3,395 million (\$40.72), ₹ 495 million (\$5.93) and ₹ 377 million (\$ 4.52 million) respectively and finance expenses amounting to ₹2,849 .million (\$ 34.17 million)

Net cash generated from financing activities for fiscal year 2023 was ₹ 4,944 million (\$ 60.13 million). The increase is mainly due to borrowings amounting to ₹ 9,075 million (\$ 110.38 million) out of which ₹ 1,980 million (\$ 24.08 million) is on account of issue Compulsorily convertible debentures to Kotak Special Situations Fund (KSSF) and proceeds from issue of shares including share premium under the ESOP amounting to ₹ 8 million (\$ 0.10 million) received during the year. The increase was significantly offset by repayment of long term borrowings, Short term borrowings and lease liabilities of ₹ 2,705 million (\$32.90), ₹ 1,520 million (\$18.49) and ₹ 265 million (\$ 3.22 million) respectively and finance expenses amounting to ₹ 1,628 million (\$ 19.80 million).

Net cash generated from financing activities for fiscal year 2022 was ₹ 4,170 million (\$ 55.02 million). The increase is mainly due to borrowings amounting to ₹ 5,516 million (\$ 72.77 million) out of which ₹ 2,020 million (\$ 26.65 million) is on account of issue Compulsorily convertible debentures to Kotak Special Situations Fund (KSSF) and proceeds from issue of shares including share premium under the ESOP amounting to ₹ 44 million (\$ 0.59 million) received during the year. The increase was significantly offset by repayment of lease liabilities of ₹224 million (\$ 2.95 million) and finance expenses amounting to ₹ 1,117million (\$ 14.73 million).

For the outstanding long term obligations of ₹ 18,795 million (\$225.43 million) as on March 31, 2024, we have obligation to pay ₹ 5,557 million (\$66.65 million) with in 1 years, ₹ 7,922 million (\$ 95.02 million) in 1 to 3 years, ₹ 5,536 million (\$ 66.40 million) in 3 to 5 years and ₹ 3,500 million (\$ 41.98 million) more than 5 years amounting to ₹ 22,515 million (\$ 270.05 million).

For the outstanding long term obligations of ₹ 16,160 million (\$196.55 million) as on March 31, 2023, we have obligation to pay ₹ 3,302 million (\$40.16 million) within 1 years, ₹ 7,385 million (\$ 89.82 million) in 1 to 3 years, ₹ 5,744 million (\$ 69.86 million) in 3 to 5 years and ₹ 5,078 million (\$ 61.76 million) more than 5 years amounting to ₹ 21,509 million (\$ 261.61 million).

For the outstanding long term obligations of ₹ 10,012 million (\$132.07 million) as on March 31, 2022, we have obligation to pay ₹ 2,871 million (\$37.87 million) within 1 years, ₹ 3,875 million (\$ 51.12 million) in 1 to 3 years, ₹ 2,220 million (\$ 29.28 million) in 3 to 5 years and ₹ 1,432 million (\$ 18.89 million) more than 5 years amounting to ₹ 10,397 million (\$ 137.15 million).

For the outstanding Lease Liability obligations of ₹ 3,043 million (\$ 36.50 million) as on March 31, 2024, we have obligation to pay ₹ 588million (\$ 7.05 million) within 1 years, ₹ 774 million (\$9.28 million) in 1 to 3 years, ₹ 531 million (\$ 6.37 million) in 3 to 5 years and ₹ 6,696 million (\$ 80.31 million) more than 5 years amounting to ₹ 8,589 million (\$ 103.01 million).

For the outstanding Lease Liability obligations of ₹ 2,451 million (\$ 29.81 million) as on March 31, 2023, we have obligation to pay ₹ 586million (\$ 7.13 million) within 1 years, ₹ 789 million (\$9.60 million) in 1 to 3 years, ₹ 555 million (\$ 6.75 million) in 3 to 5 years and ₹ 3,774 million (\$ 45.90 million) more than 5 years amounting to ₹ 5,704 million (\$ 69.38 million).

For the outstanding Lease Liability obligations of ₹ 2,207 million (\$ 29.11 million) as on March 31, 2022, we have obligation to pay ₹ 507 million (\$ 6.69 million) within 1 years, ₹ 733 million (\$ 9.67 million) in 1 to 3 years, ₹ 430 million (\$ 5.67 million) in 3 to 5 years and ₹ 2,612 million (\$ 34.46 million) more than 5 years amounting to ₹ 4,282 million (\$ 56.49 million).

Capital expenditure

We incurred ₹ 6,927 million (US\$ 83.08 million) towards capital expenditure for the year ended March 31, 2024. We expect further capital expenditure to be incurred during the fiscal year 2024-25 to strengthen our infrastructure capabilities. The capital expenditure was funded out of internal accruals and bank borrowings. Also refer to section “Principal Capital Expenditures” under Item 4 for capital commitments as on March 31, 2024.

Research and development

The Company does not have research and development activities and has also not undertaken any sponsored research and development activities.

Trends

The information is set forth under the caption ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’ - ‘Operating and Financial review and Prospects’.

Recent Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Company’s accounting periods beginning on or after April 1, 2024 or later periods. Those which are considered to be relevant to the Company’s operations are set out below.

Amendments to IAS 21

On August 15, 2023, International Accounting Standards Board (IASB) has issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, Lack of Exchangeability that will require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. These amendments specify when a currency is exchangeable into another currency and when it is not and specify how an entity determines the exchange rate to apply when a currency is not exchangeable.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2025, although early adoption is permitted. The Group is in the process of evaluating the impact of the amendment.

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Critical Accounting Policies

Our accounting policies affecting our financial condition and results of operations are more fully described in Note 3 to our Consolidated Financial Statements included in Item 18 of this Annual Report on Form 20-F. Certain of our accounting policies require the application of judgment by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following are the critical accounting policies and related judgments and estimates used in the preparation of the Company’s Consolidated Financial Statements. Management has discussed the application of these critical accounting estimates with our Board of Directors and Audit Committee.

Revenue Recognition

The Group derives revenue from converged ICT solutions comprised of Network- Connectivity services, Data Center services, Digital services which includes Cloud and managed services, Technology integration services and Applications integration services. The revenue recognition in respect of the various streams of revenue is described below:

(i) Network Connectivity Services:

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

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

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

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

(ii) Data Center Services (DC):

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

(iii) Digital Services

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

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

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

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

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

The stage of completion is measured by efforts spent to estimated total efforts over the term of the contract.

Revenue from Technology Integration Services include system integration Services, revenue from construction of Data Centers, network integration services, security solutions and to a lesser extent, revenue from sale of hardware and software. Revenue from construction contract includes revenue from construction of Data Centers to the specific needs and design of the customer. The Group recognize revenue at a 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 recognized over a period of time and progress is measured based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract.

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

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

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 recognized over a period of time. The progress is measured based on the amount of time/effort spent on a project. Revenue in relation to ‘time’ is measured as the agreed rate per unit of time multiplied by the units of time expended. The element of revenue related to materials is measured in accordance with the terms of the contract. The Group enters into contracts with customers to serve advertisements in the portal and the Group is paid on the basis of impressions, click-throughs or leads and in each case the revenue is recognized ratably 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 recognized when the transactions are completed.

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

Multiple deliverable arrangements

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

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

The Group allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. 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 maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

Contract Cost

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

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

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

Income from operating leases:

Lease rentals arising on assets given on operating leases are recognized over the period of the lease term on a straight line basis.

Indefeasible Right of Use (IRU)

The Company has entered into IRU arrangements through which it entitles its customers to right of use of specified bandwidth capacity for a specified period of time. The upfront payment received towards right of use of bandwidth capacities under such agreements have been treated as deferred revenue and is recognized on a straight line basis over the term of the arrangement.

Accounting Estimates

While preparing financial statements we make estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period.

Our estimate of liability relating to pending litigation is based on currently available facts and our assessment of the probability of an unfavorable outcome. Considering the uncertainties about the ultimate outcome and the amount of losses, we re-assess our estimates as additional information becomes available. Such revisions in our estimates could materially impact our results of operations and our financial position. Management believes that the estimates used in the preparation of the Consolidated Financial Statements are prudent and reasonable. The actual results could differ from these estimates.

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 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 IFRS 3 (Revised). The cost of acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

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

When the fair value is concentrated towards a single asset, the acquisition shall be accounted as an asset acquisition. Also, the amendment provides that for an acquisition to be considered as business, the assessment of input and processes would depend on stage of the entity being acquired and hence it is important to assess whether the acquired process is substantive to be qualified as business. In other cases, the acquisition shall be accounted as an asset acquisition. We amortize intangible assets on straight line basis over their respective individual estimated useful lives. Our estimates of the useful lives of identified intangible assets are based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Estimated Useful Lives of Property, Plant and Equipment

In accordance with IAS 16, *Property, Plant and Equipment*, we estimate the useful lives of plant and equipment in order to determine the amount of depreciation expense to be recorded during any reporting period. If technological changes were to occur more rapidly than anticipated or in a different form than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation expense in future periods. Likewise, if the anticipated technological or other changes occur more slowly than expected, the useful lives could be extended. This could result in a reduction of depreciation expense in future periods.

Impairment Financial assets

Trade receivables, contract assets, lease receivables under IFRS 9, 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.

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 and other factors which are relevant to estimate the expected cash loss from these assets.

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.

Non-financial assets:

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year on 31 December.

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

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

Reversal of impairment loss:

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

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, in which case it is recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act.

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: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill, as the same is not deductible for tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Credit of MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as a deferred tax asset based on the management’s estimate of its recoverability in the future.

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

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

Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Executive Officers with diversity statistics

The following table sets forth the name, age and position of each director and senior management of our Company as of March 31, 2024:

Name	Age	Designation
Raju Vegesna (4)	64	CEO, Chairman & Managing Director
C B Mouli (1) (2) (5)	76	Director, Chairman & Financial Expert of Audit Committee
T H Chowdary (2) (3) (5)	91	Director & Chairman of Compensation & Nominating Committees
Vegesna Bala Saraswathi (4)	59	Director
C E S Azariah (1) (2) (3) (4) (5)	75	Director
Arun Seth (1)	72	Director
Kamal Nath	58	Chief Executive Officer
M P Vijay Kumar	54	Whole Time Director and Chief Financial Officer
C R Rao	63	Chief Operating Officer

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Nominating Committee.
- (4) Member of the Corporate Social Responsibility Committee.
- (5) Member of Nomination and Remuneration Committee.

Raju Vegesna, CEO, Chairman and Managing Director, has served as a Director of our Company since November 2005. He was appointed as the Chief Executive Officer and Managing Director of the Company effective July 18, 2006. Mr. Raju Vegesna is a Silicon Valley entrepreneur who founded several leading edge technology companies, including Server Works Corporation, acquired by Broadcom in 2001. After that acquisition he had a brief stint with Broadcom. He holds a BS in Electrical Engineering from the University of Bangalore and holds an MS in Computer Engineering from Wayne State University, USA, and holds several patents in Microprocessor and Multiprocessor technology. He is also a Director of Raju Vegesna Infotech & Industries Private Limited.

C.B. Mouli has served as a Director of our Company since July 2005. Mr. Mouli is a member of the Institute of Chartered Accountants of India and also holds a Bachelor of Law Degree. Mr. Mouli, a partner of C.B. Mouli & Associates, a Chartered Accountants firm. He is a Director of Ammana Equity Fund Private Limited.

T.H. Chowdary has served as a Director of our Company since February 1996. Dr. Chowdary retired as the Chief Executive Officer of VSNL. He has held key positions in the ITU, Intelsat and other international telecommunications organizations during the course of his career and was involved in the establishment of the Center for Telecommunications Management Studies (CTMS) at Hyderabad. Dr. Chowdary is also a director in Softsol India Limited and Tera Software Limited.

Ms. Vegesna Bala Saraswathi, spouse of Mr. Raju Vegesna, CEO, Chairman and Managing Director, served as Director of our Company since July 2015. Ms. Vegesna Bala Saraswathi is a Commerce Graduate, Associate Course Work in Computer Skills (US) and Associate Course Work in US Federal and State Taxes (US).

C E S Azariah has served as a Director of our Company since March 2013. Prior to joining the Company, he served as CEO of Fixed Income Money Market and Derivatives Association of India (FIMMDA). He has vast experience of more than 35 years in different segments of operations in State Bank of India and retired as Chief General Manager.

Arun Seth an alumni of the prestigious La Martiniere school, Indian Institute of Technology, Kanpur and Indian Institute of Management, Calcutta, Mr. Arun Seth is recognized as among the earliest Indian Telecom leaders. He has been a founding Charter Member of TiE Delhi and Indian Angel Network and advises/mentors a number of start-ups in the tech space in India and USA. An active evangelist of the Software product eco-system, he co-chairs the NASSCOM Product Conclave and the NASSCOM Product Council. He had earlier served on the Executive Council of NASSCOM for 10+ years when in British Telecom and Alcatel.

Kamal Nath has served as the Chief Executive Officer of Sify Technologies Limited, India, since August 2012. He is a Graduate in Electronics & Communications from BIT, Sindri. He has an overall experience of close to three decades in reputed organizations. Prior to joining Sify, he was with HCL Technologies Limited, a major IT Company, responsible for the Infrastructure Services Division. He was with Larsen & Toubro Limited and Uptron India Limited in the early part of his career. He is responsible for the business operations in India.

M P Vijay Kumar has served as Chief Financial Officer since October 2007 and has over two decades of experience in corporate audits, financial/management consulting, legal advisory services, management audit and investment banking. He is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of India, Fellow Member of the Institute of Company Secretaries of India and Associate member of the Institute of Cost and Works Accountants of India. During the Financial year 2022-23, pursuant to the recommendation of Nomination and Remuneration committee the Board has approved appointment of Mr M P Vijay Kumar as Whole Time Director (Additional) of the Company for a period of 5 (Five) years from November 14, 2022, on a remuneration and on such terms and conditions with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof as may be agreed to between the Board of Directors and Mr M P Vijay Kumar subject to the approval of Members at the ensuing Annual General Meeting.

C R Rao, the Chief Operating Officer, has served as Vice President - Head HR & Administration since March 2009. He is a Graduate in Commerce and Law and also holds an MBA. He comes with an overall experience of close to three decades in Strategic Planning and Operations Management. Prior to joining Sify, he was with GSA Lufthansa as Vice President, responsible for Tamil Nadu and Andhra Pradesh. His key responsibilities included Strategic Planning, Business Development, Sales and Marketing for the Cargo division.

Infinity Capital Ventures, LP beneficially owned 7.58 % of our equity shares as of March 31, 2024. This shareholder is a party to the Subscription Agreement dated November 10, 2005 with our Company. The Subscription Agreement provides that, among other things, the Company shall appoint Mr. Raju Vegesna as the Chairman of the Board of Directors, Infinity Capital shall also nominate another person to the Board of Directors and so long as Infinity Capital continues to own at least 10% of the Company's outstanding Equity Shares, the Company shall not enter into any agreement pursuant to which it would provide a third party with registration rights for Company securities, without the consent of Infinity Capital. In November 2005, Mr. Raju Vegesna, a nominee of Infinity Capital Ventures, LP, was appointed as Chairman of our Board of Directors. In February 2006, the Company also appointed Mr. P S Raju as the second nominee of Infinity Capital to the Board of Directors. Consequent to the resignation of Mr. P S Raju, as a Director effective May 31, 2015, Ms. Vegesna Bala Saraswathi was appointed as an additional Director effective July 22, 2015 of our Company as a Nominee. Further, she was elected by shareholders as a Director at the Annual General Meeting held on July 4, 2016. She got re-elected as a director in Annual General Meeting held on July 4, 2022.

Infinity Satcom Universal Private Limited beneficially owned 7.93% of our equity shares as of March 31, 2024. Mr. Ananda Raju Vegesna, Executive Director of the Company and brother of Mr. Raju Vegesna, is the Director of Infinity Satcom. Infinity Satcom is presently controlled by Mr. Raju Vegesna.

Board Diversity Matrix:

Particulars	Details
Country of Principal Executive Offices “Home Country”	India
Foreign Private Issuer	Yes
Disclosure Prohibited Under Home Country Law	No
Total Number of Directors	7

Part I: Gender Identity

Particulars	Female	Male	Non-Binary	Did Not Disclose Gender
Directors	1	6	-	-

Part II: Demographic Background

Particulars	Details
Underrepresented Individual in Home Country Jurisdiction	-
LGBTQ+	-
Did Not Disclose Demographic Background	-

Director Compensation

Our Articles of Association provide that each of our directors may receive a sitting fee not exceeding the maximum limits prescribed under the provisions of the Indian Companies Act, 2013. Accordingly, our Directors, other than the Chairman and Managing Director and Executive Director, have been receiving ₹ 20,000 for each committee meeting and ₹ 50,000 for each Board meeting attended by them.

Mr. Raju Vegesna, who is our CEO, Chairman and Managing Director, does not receive any compensation for his service on our Board of Directors.

Mr. M P Vijay Kumar, Whole Time Director and Chief Financial officer will be receiving the remuneration as per the limit prescribed under the provisions of Companies Act, 2013 and the same was approved by the Shareholders at their Annual General meeting held on August 25, 2023. Members are requested to refer the officers Compensation section for the details.

Directors are reimbursed for travel and out-of-pocket expenses in connection with their attendance at Board and Committee meetings. T. H. Chowdary, a Director of our Company, has been receiving ₹ 25,000 per month for the technical services rendered by him.

Officer Compensation

The following table sets forth all compensation paid by us during the fiscal year ended March 31, 2024 to our executive officers:

Summary Compensation Table (₹in million)		
Name	Salary(1)	Bonus (Performance based incentive)
Kamal Nath	17.01	3.60
M P Vijay Kumar	15.98	4.59
C R Rao	16.27	4.59

(1) Includes provident fund contributions.

As per the service contracts entered into with the employees (including executive officers), the Company provides the following retirement benefits: (a) Provident fund contributions and (b) Gratuity.

Provident fund contribution is a defined contribution plan governed by a statute in India. Under this, both employer and employee make monthly contributions (determined in relation to the basic salary of the respective employees) to a fund administered by the Government of India.

Gratuity is a defined benefit retirement plan covering all employees and provides for lump sum payment to employees at retirement or termination (computed based on the respective employees last drawn basic salary and years of employment with the Company). Liability for gratuity is accrued based on an actuarial valuation on an overall Company basis.

The Directors (who are not executive officers) are not entitled for any remuneration including any pension, retirement, or similar benefit schemes.

The details of our contribution to provident fund in respect of the executive officers are set out below:

Name	₹ in million
Kamal Nath	0.88
M P Vijay Kumar	0.81
C R Rao	0.79

Gratuity expense is determined at an overall Company level based on an actuarial valuation performed by an independent actuary. Thus, the cost for the year ended March 31, 2024 in respect of gratuity and compensated absences towards executive officers of the Company was not separately determined. Gratuity cost relating to such executive officers is not estimated to be material.

We make bonus payments to employees including executive officers upon satisfactory achievement of the following two performance criteria.

(i) Performance of the Company: Represents bonus payable on achievement of overall revenue and net profit targets for the Company.

(ii) Performance of the individual: Represents bonus payable on achievement of the individual’s Key Responsibility Areas (KRA) and Key Performance Indicators (KPI). These KRAs and KPIs vary in relation to each employee including executive officers and include both financial and non-financial parameters.

We have provided for ₹ 309.87 million (\$3.72 million) towards bonus payable for the year ended March 31, 2024 to employees including executive officers who have achieved the KRAs and KPIs.

Total of 1.65 million options were allotted to executive officers as part of ASOP 2014 plan during fiscal 2015. Further 1.35 million options were allotted to executive officers during the fiscal 2019. Related charge for the fiscal 2021 amounted to ₹ 4.51 million (\$ 0.06 million). During the fiscal 2023-24 executive officers exercised 0.134 million shares out of ASOP 2014 Plan.

Board Composition

Our Articles of Association sets the minimum number of directors at three and the maximum number of directors at twelve. We currently have seven directors on the Board. The Indian Companies Act require the following:

- at least two-thirds of our directors shall be subject to retire by rotation by our shareholders; and
- at least one-third of our directors who are subject to retire by rotation shall be up for re-election at each annual meeting of our shareholders.

However, the Managing Director, Executive Director and Independent Directors are not liable to retire by rotation.

On July 15, 2005, we appointed Mr. C.B. Mouli as independent Directors of the Board to comply with the applicable NASDAQ rules.

Mr. C E S Azariah was appointed as an independent Director effective March 25, 2013.

Dr T H Chowdary is also an independent Director of the Board.

Mr. Arun Seth was appointed as an Independent Director effective October 22, 2018.

Each of these Directors (Mr. C B Mouli, Mr. C E S Azariah and, Dr T H Chowdary and, Mr. Arun Seth) continue to remain independent in accordance with NASDAQ rules.

In addition, based on the recommendation of the Board of Directors, (Mr. C B Mouli, Mr. C E S Azariah and Dr T H Chowdary) were appointed by the shareholders as the Independent Directors of the Board for a term of five consecutive years from the conclusion of the Twenty Third Annual General Meeting held on July 5, 2019 and their terms expires in July 2024

Term of Directors

Mr. Raju Vegesna, CEO, Chairman & Managing Director	<p>Appointed as Chairman & Managing Director for a period of five years effective July 18, 2009, Mr. Raju Vegesna was subsequently appointed as the Chairman & Managing Director of the Company at the Annual General Meeting of the Company under Section 203 of the Companies Act, 2013 for a period of five years, effective from July 18, 2014, without any remuneration from the Company. His appointment was also approved by the Central Government. His term expired on July 17, 2019, upon which he will become eligible for reappointment.</p> <p>Pursuant to the recommendation of the Nomination & Remuneration Committee, the Board of Directors have reappointed Mr. Raju Vegesna as the Chairman & Managing Director of the Company for a further period of five years effective July 18, 2019 without any remuneration from the Company.</p> <p>In terms of Section 196 of the Companies Act, 2013, the above reappointment is subject to the approval of the shareholders at the Annual General Meeting. Further, as Mr. Raju Vegesna is a Non-Resident Indian, his reappointment as the Chairman & Managing Director of the Company is also subject to the approval of the Central Government under Part I of the Schedule V of the Companies Act, 2013. As per Articles of Association of the Company, he is not required to retire by rotation and hence shall hold office for the full term.</p> <p>The Shareholders had approved the reappointment of Mr Raju Vegesna as the Chairman and Managing Director at their Annual General Meeting held on July 5, 2019.</p> <p>At the expiration of the term, on July 18, 2024, Mr. Vegesna will be eligible for reappointment.</p>
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Ms. Vegesna Bala Saraswathi	Appointed as an Additional Director in July 2015. As per the Indian Companies Act, 2013, she was elected by the shareholders at the Annual General Meeting held on July 4, 2016. Further, as per the Act, she will retire by rotation and be eligible for re-election at the ensuing Annual General Meeting.
Mr M P Vijay Kumar	Based on the recommendation of Nomination and Remuneration Committee Mr M P Vijay Kumar appointed as Whole Time Director (Additional) of the Company for a period of 5 (Five) years from November 14, 2022, on a remuneration and on such terms and conditions with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof as may be agreed to between the Board of Directors and Mr M P Vijay Kumar and the proposal for appointment and the payment of remuneration was approved by the Members at their Annual General Meeting held on August 25, 2023.
Dr T H Chowdary, Chairman of Compensation and Nominating Committees	Appointed as a Director in February 1996. As per the Indian Companies Act, 2013, he was appointed as an Independent Director for a term of five consecutive years from the conclusion of the Eighteenth Annual General Meeting held on July 28, 2014. He was re-appointed for a further period of five years by the Shareholders at the Twenty Third Annual General Meeting held on July 5, 2019. The tenure of office will be expiring on July 4, 2024. He is not eligible for re-appointment as per the provisions of Indian Companies Act, 2013.
Mr. C B Mouli, Chairman and Financial Expert of Audit Committee	Appointed as a Director in July 2005. As per the Indian Companies Act, 2013, he was appointed as an Independent Director for a term of five consecutive years from the conclusion of the Eighteenth Annual General Meeting held on July 28, 2014. He was re-appointed for a further period of five years by the Shareholders at the Twenty Third Annual General Meeting held on July 5, 2019. The tenure of office will be expiring on July 4, 2024. He is not eligible for re-appointment as per the provisions of Indian Companies Act, 2013.
Mr. C E S Azariah	Appointed as a Director by the Board of Directors in March 2013. As per the Indian Companies Act, 2013, he was appointed as an Independent Director for a term of five consecutive years from the conclusion of the Eighteenth Annual General Meeting held on July 28, 2014. He was re-appointed for a further period of five years by the Shareholders at the Twenty Third Annual General Meeting held on July 5, 2019. The tenure of office will be expiring on July 4, 2024. He is not eligible for re-appointment as per the provisions of Indian Companies Act, 2013.
Mr. Arun Seth	Appointed as an Additional Director (Independent) in October 2018. As per the Indian Companies Act, 2013, he was elected by the shareholders at the Twenty Third Annual General Meeting held on July 5, 2019 and appointed as an Independent Director of the Company for a period of five years effective July 5, 2019.
	He shall be eligible for re-appointment for a further period of five years subject to the approval of Shareholders.

The Company has service contracts with Mr. Raju Vegesna, CEO, Chairman and Managing Director. The service contracts with Mr. Raju Vegesna do not provide for any remuneration or benefits either during or upon termination of employment.

For other non-executive Directors, the Company does not have any service contract and such directors’ term is governed by the Indian Companies Act, 2013.

The Company does not have any service contract with the other Senior Executives of its administrative, supervisory or management bodies. Such senior executives’ appointment does not have any specific term and can be terminated by either party based on the terms of the appointment.

Board Committees

Details relating to Audit, Compensation, Corporate Social Responsibility and Nominating Committees of our board are provided below:

Audit Committee

Our Audit Committee is comprised of three independent directors, as determined under applicable NASDAQ rules. They are:

- Mr. C B Mouli;
- Mr. C E S Azariah; and
- Mr. Arun Seth

The primary objective of the Audit Committee is to monitor and provide effective supervision of our financial reporting process with a view towards ensuring accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting. Our Audit Committee oversees the work carried out in the financial reporting process by our management, including the internal auditors and the independent auditor and reviews the processes and safeguards employed by each. In addition, our Audit Committee has the responsibility of oversight and supervision over our system of internal control over financial reporting, audit process, and process for monitoring the compliance with related laws and regulations. The Audit Committee recommends to our Board the appointment of our independent registered auditors and approves the scope of both audit and non-audit services. All members of the Audit Committee meet the independence requirements and majority of them meet financial literacy requirements as defined by applicable NASDAQ and SEC rules.

The Audit Committee held six meetings in video conference during fiscal year 2023-24.

The Audit Committee has adopted a Charter and it is reviewed annually.

Compensation Committee

Our Compensation Committee consists of three independent directors as determined under applicable NASDAQ rules, and consists of:

- (i) Dr T H Chowdary;
- (ii) Mr. C E S Azariah and
- (iii) Mr. C B Mouli

The Compensation Committee of the Board of Directors determines the salaries, benefits and stock option grants for our employees, consultants, directors and other individuals compensated by our Company. The Compensation Committee also administers our compensation plans. The Compensation Committee has adopted a Charter, which is reviewed annually.

The Compensation Committee held four meetings in video conference during fiscal 2023-24.

Corporate Social Responsibility Committee

As per Section 135 of the Indian Companies Act, 2013, the Company is required to spend 2% of the average net profits from the three preceding financial years to Corporate Social Responsibility (CSR) activities. For this purpose, the Board has constituted the Corporate Social Responsibility Committee (CSR). Further the Board of Directors of the Company had appointed Ms Vegesna Bala Saraswathi as a Member of CSR Committee at their meeting held on January 24, 2022

Consequent to his vacation of his office of directorship of Mr Ananda Raju Vegesna, the CSR committee was reconstituted consisting of the following Members:

Mr. Raju Vegesna
Ms Vegesna Bala Saraswathi
Mr. C E S Azariah

The purpose of the CSR Committee is to monitor the implementation of the CSR projects or programs or activities undertaken by the Company. A responsibility statement shall be signed by the CSR Committee confirming compliance with the CSR objectives and Policy of the Company. The Committee shall submit its report to the Board and the Board shall report the same in its report to the shareholders annually.

The Corporate Social Responsibility (CSR) is displayed on the Company’s website at <http://sifytechnologies.com/investors/Company-profile/csr-policy/>.

For the financial year 2023-24, the Company has spent ₹ 32.85 million in pursuance of its Corporate Social Responsibility Policy in the following manner:

- 1. Contribution towards Livelihood enhancement:** The Company has contributed ₹ 27.85 million towards Livelihood enhancement to Raju Vegesna Foundation.
- 2. Contribution towards Rural Development:**The Company has directly contributed ₹ 2.50 million towards Construction of bridge to connect the village.
- 3. Contribution towards Education:** The Company has contributed ₹ 1.00 million towards promotion of Education to Sri Hanuman Mani Education & Culture Trust.
- 4. Contribution towards Health:**The Company has contributed ₹1.50 million towards promotion of Health to Voluntary Health Services Hospital, Taramani.

Nominating Committee

The Nominating Committee of the board consists exclusively of the following non-executive, independent directors as determined under applicable NASDAQ rules:

- Dr. T H Chowdary;
- Mr. C B Mouli; and
- Mr. C E S Azariah

The purpose of Nominating Committee is to oversee nomination process for top level management and specifically to identify, screen and review individuals qualified to serve as our Executive Directors, Non-Executive Directors and Independent Directors consistent with criteria approved by our board and to recommend, for approval by our board, nominees for election at our annual general meeting of shareholders.

On July 22, 2015, the Nominating Committee has reviewed and recommended the appointment of Ms. Vegesna Bala Saraswathi as an additional Director of the Company who holds office up to the Annual General Meeting. Further, she was elected by shareholders as a Director at the Annual General Meeting held on July 4, 2016, Further, as per the Act, she retires by rotation and eligible for re-election. She was re-elected at the Annual General Meeting held on July 6, 2017. The Nominations Committee has adopted a charter.

On October 22, 2018, the Nominating Committee reviewed and recommended the appointment of Mr. Arun Seth as an additional Director of the Company who shall hold office up to the ensuing Annual General Meeting scheduled on July 5, 2019. After election, he was appointed as an Independent Director of the Company for a period of five years effective July 5, 2019.

On May 5, 2020, the Nominating Committee reviewed and recommended the reappointment of Mr. Ananda Raju Vegesna as an Executive Director and also approved for appointment as an additional Director of the Company who shall hold office up to the ensuing Annual General Meeting to be held before September 30, 2020.

The Shareholders had approved the reappointment of Mr Ananda Raju Vegesna as an Executive Director at their Annual General Meeting held on September 14, 2020. During the Year, Mr Ananda Raju Vegesna, Executive Director of the Company has not attended all the Board Meetings held during a period of 12 months with or without seeking leave of absence and consequent to provision of Section 167(1)(b) of Companies Act, 2013, Mr Ananda Raju Vegesna ceases to be a Director at the closing business hours of October 28, 2022. He last attended the Board Meeting held on July 30, 2021 and has not attended the Meetings of the Board held on October 29, 2021, January 24, 2022, March 28, 2022, April 18, 2022, July 22, 2022 and October 21, 2022.

On November 2, 2022, the Nominating Committee reviewed and recommended the appointment of Mr M P Vijay Kumar as Whole Time Director (Additional) of the Company for a period of 5 (Five) years from November 14, 2022, on a remuneration and on such terms and conditions with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof as may be agreed to between the Board of Directors and Mr M P Vijay Kumar subject to the approval of Members at the ensuing Annual General Meeting.

Employees

As of March 31, 2024, we had 4,319 employees, compared with 4,439 as of March 31, 2023. Of our current employees, 166 are administrative, 370 from our sales and marketing, 3,716 are dedicated to technology and technical support, and 67 are in business process and customer care. None of our employees are represented by a union. We believe that our relationship with our employees is good.

Stock Ownership

The following table sets forth information with respect to the beneficial ownership of our equity shares as of March 31, 2024 by each director and our senior management executives. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to equity shares. Unless otherwise indicated, the persons named in the table have sole voting and sole investment control with respect to all equity shares beneficially owned.

Beneficial Owner	Equity Shares Beneficially Owned	
	Number	Percent
Raju Vegesna *	154,053,326	84.03%
Vegesna Bala Saraswathi	-	-
T. H. Chowdary	-	-
C B Mouli	-	-
Arun Seth	-	-
C E S Azariah	-	-

* Other than the above, none of the Directors or Executive Officers of the Company holds any shares in the Company.

The following options were granted to our senior management executives as part of our ASOP plan described below:

Total options outstanding (Shares)	2,017,587
Weighted average exercise price (₹)	85.31
Weighted average exercise period (years)	3.45

Associate Stock Option Plan

We have an Associate Stock Option Plan, or ASOP, which provides for the grant of options to employees of our Company.

The Company introduced a new Stock Option Plan under Associate Stock Option Plan 2014 (ASOP 2014) for granting ESOPs as Equity Shares and/or ADSs linked warrants to the eligible Associates of the Company and its Holding/Subsidiaries/Associates. This was in addition to the earlier ASOP Plans of 2000, 2002, 2005 and 2007. For this purpose, the Company allocated 25 million Equity Shares of ₹ 10/- each under ASOP 2014. The proposal was approved by the Board of Directors and the shareholders of the Company at the Eighteenth Annual General Meeting held on July 28, 2014 and 25,000,000 shares were reserved for issuance under the plan. The Company also filed Form S-8 on December 21, 2015 with SEC for the options issued under the plan. As of March 31, 2024, we had outstanding options of 6.33 million under our ASOP Plans with a weighted average exercise price equal to approximately ₹ 90.12 (\$1.08) per equity share.

The Board at their meeting held on January 20, 2015 approved to grant of 5,870,800 options to 85 Associates and issued Grant Letters. The vesting of options commenced in January 2016. During the year ended 2020, 3 associates have exercised 78,900 vested options.

The Company has granted additional 25,000, 195,000, 465,000, 7,220,000, 335,000, 150,000, 525,000 and 184,300 options to employees during the year 2022-23, 2021-22, 2020-21, 2019-20, 2018-19, 2017-18, 2016-17 and 2015-16 respectively.

The ASOP Plans are administered by the Compensation Committee of our Board of Directors. On the recommendation of the Compensation Committee, we issue option letters to identified employees, with the right to convert the issued options into our equity shares at the rates indicated in the options.

An employee holding options may apply for exercise of the options on a date specified therein which is referred to as the conversion date. The options are not transferable by an employee. The options lapse in the event of cessation of employment due to reasons of non-performance or otherwise. The equity shares transferred to the employee after conversion from options is the absolute property of the employee and will be held by the employee.

Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Principal Shareholders

The following table sets forth information with respect to the beneficial ownership of our equity shares as of March 31, 2024 by each person or group of affiliated persons who is known by us based on our review of public filings to beneficially own 5% or more of our equity shares. The table gives effect to equity shares issuable within sixty days upon the exercise of all options and other rights beneficially owned by the indicated shareholders on that date. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to equity shares as well as the power to receive the economic benefits of ownership of securities. Unless otherwise indicated, the persons named in the table have sole voting and sole investment control with respect to all equity shares beneficially owned. The information below is based on a review of filings made by such persons with the SEC.

Mr. Raju Vegesna, the Co-Trustee of the Vegesna Family Trust, which is the owner of Infinity Capital Venture Management LLC, which is the general partner of Infinity Capital Ventures, LP, exercise voting control and dispositive power over the equity shares owned by Infinity Capital Ventures, LP. Mr. Raju Vegesna, CEO, Chairman and Managing Director of our Company, is affiliated with Infinity Capital Ventures, LP.

Infinity Satcom Universal Private Limited is owned and controlled by Mr. Raju Vegesna, CEO, Chairman and Managing Director of the Company.

Ramanand Core Investment Company Private Limited is a wholly owned subsidiary Company of Raju Vegesna Infotech and Industries Private Limited which is owned and controlled by Infinity Satcom Universal Private Limited, which in turn is owned and controlled by Mr. Raju Vegesna, CEO, Chairman and Managing Director of the Company.

As of March 31, 2024, entities affiliated with our CEO, Chairman and Managing Director, Mr. Raju Vegesna, beneficially owned approximately 84.03% of our outstanding equity shares, which includes the 125,000,000 shares issued in connection with the private placement described below.

Shareholder	Equity Shares Beneficially owned	
	Number	Percent
Infinity Capital Ventures, LP, 11601 Wilshire Boulevard, Suite 1900, Los Angeles, CA 90025	13,902,860	7.58
Vegesna Family Trust, LP, 11601 Wilshire Boulevard, Suite 1900, Los Angeles, CA, 90025	620,466	0.34
Infinity Satcom Universal Private Limited, Visakhapatnam	14,530,000	7.93
Ramanand Core Investment Company Private Limited, Visakhapatnam*	125,000,000	68.18

* Ramanand Core Investment Company Private Limited is controlled by Raju Vegesna Infotech and Industries Private Limited, which is in turn, controlled by Infinity Satcom Universal Private Limited and therefore Infinity Satcom Universal Private Limited holds the beneficial interest in Ramanand Core Investment Company Private Limited.

Details of change in the percentage ownership held by the major shareholders:

Name of the shareholder	2021-22		2022-23		2023-24	
	No. of shares	%	No. of shares	%	No. of shares	%
Infinity Capital Ventures, LP, USA	13,902,860	7.61%	13,902,860	7.60%	13,902,860	7.58%
Vegesna Family Trust, USA	620,466	0.34%	620,466	0.34%	620,466	0.34%
Infinity Satcom Universal Private Limited	14,530,000	7.95%	14,530,000	7.95%	14,530,000	7.93%
Raju Vegesna Infotech and Industries Private Limited *	-	-	-	-	-	-
Ramanand Core Investment Company Private Ltd **	125,000,000	68.40%	125,000,000	68.37%	125,000,000	68.18%

* 125,000,000 shares were issued to Raju Vegesna Infotech and Industries Private Limited at a discount of 50% to the prevailing American Depositary Share market price since the allotment of shares was for unlisted Indian equity shares. The shareholders of the Company approved the unregistered offering through voting in a general meeting where the promoter group beneficially owned 84.26% of the equity shares eligible to vote in the meeting.

** Raju Vegesna Infotech and Industries Private Limited transferred its entire 125,000,000 shares to Ramanand Core Investment Company Private Ltd., its wholly owned subsidiary Company.

Reference is made to note 35 to the Consolidated Financial Statement as regards the shareholding of Ramanand Core Investment Company Private Limited. As of such date, these shares are fully paid up of the face value and hence carry entire voting rights of these shares.

The Company has not issued any shares having differential voting rights and hence the Company’s major shareholders do not have differential voting rights.

United States Shareholders

As of March 31, 2024, 43,801,808 of our ADSs were held in the United States and we had approximately 11,551 shareholders in the United States. Each ADS represents one equity share.

Host country Shareholders

As on March 31, 2024, 154,053,326 of our equity shares were held in India and we had 19 shareholders on record in India. Each equity share has a par value of ₹ 10/- each.

Control of Registrant

Based on our review of filings made with the SEC, Infinity Capital Ventures, LP beneficially owned 7.58% of our equity shares as of March 31, 2024. This shareholder is a party to the Subscription Agreement dated November 10, 2005 with our Company. The Subscription Agreement provides that, among other things, the Company shall appoint Mr. Raju Vegesna as the Chairman of the Board of Directors, Infinity Capital shall also nominate another person to the Board of Directors and for so long as Infinity Capital continues to own at least 10% of the Company’s outstanding Equity Shares, the Company shall not enter into any agreement pursuant to which it would provide a third party with registration rights for Company securities, without the consent of Infinity Capital. In November 2005, Mr. Raju Vegesna, a nominee of Infinity Capital Ventures, LP, was appointed as Chairman of our Board of Directors. In February 2006, the Company also appointed Mr. P S Raju as the second nominee of Infinity Capital to the Board of Directors. Consequent to the resignation of Mr. P S Raju, as a Director effective May 31, 2015, Ms. Vegesna Bala Saraswathi was appointed as an additional Director of our Company effective July 22, 2015, as a Nominee. Further, as per the Act, she retires by rotation and is eligible for re-election. She was re-elected at the Annual General Meeting held on July 6, 2017.

Infinity Satcom Universal Private Limited, India also beneficially owned 7.93% of our equity shares as of March 31, 2024.

As of March 31, 2024, entities affiliated with our CEO, Chairman and Managing Director, Mr. Raju Vegesna, beneficially owned approximately 84.03% of our outstanding equity shares, which includes the 125,000,000 shares issued in connection with the private placement described below.

These shareholders are presently able to exercise control over many matters requiring approval by our shareholders, including the election of directors and approval of significant corporate transactions. Under Indian law, a simple majority is sufficient to control all shareholder actions except for those items, which require approval by a special resolution. If a special resolution is required, the number of votes cast in favor of the resolution must be not less than three times the number of votes cast against it. Examples of actions that require a special resolution include:

- altering our Articles of Association;
- issuing additional shares of capital stock, except for *pro rata* issuances to existing shareholders;
- commencing any new line of business; and
- commencing a liquidation.

Circumstances may arise in which the interests of Infinity Capital Ventures, LP or Infinity Satcom Universal Private Limited or a subsequent purchaser of their shares could conflict with the interest of our other shareholders or holders of our ADSs. These shareholders could prevent or delay a change in control of our Company even if a transaction of that sort would be beneficial to our other shareholders, including the holders of our ADSs.

On October 30, 2010, we consummated the issuance and sale of 125,000,000 of our equity shares in a private placement with our promoter group, including an entity affiliated with our CEO, Chairman and Managing Director, Mr. Raju Vegesna. See note 35 in the notes to the financial statements in this Annual Report.

Forfeiture of equity shares issued in a private placement

During the year ended March 31, 2008, Sify proposed a scheme of amalgamation to merge Sify Communications Limited (erstwhile subsidiary) with the Company and made applications to the appropriate authorities in India for approval of the proposed scheme of amalgamation to take over the IP-VPN services from Sify Communications Limited (erstwhile subsidiary) upon the consummation of the merger. Under the provisions of the local telecom regulations, a Company engaged in the business of providing IP-VPN services was required to maintain Indian shareholding at least 26% of the total paid up share capital of the Company. In order to maintain the Indian shareholding at 26% in Sify consequent to the approval of the proposed scheme of amalgamation, Sify and Infinity Satcom Universal, an Indian entity (the Purchaser) entered into a Subscription Agreement (effective March 24, 2008), whereby the Company agreed to sell, and Infinity agreed to purchase, 12,817,000 equity shares of the Company (herein after referred to as ‘the Share Purchase’), at a per share purchase price of USD \$4.46/ - per share (referred to as ‘the Purchased Shares’), equivalent to ₹ 175/- per share in Indian Rupees.

In connection with the private placement of shares to Infinity Satcom Universal, the independent directors of the Board of the Directors waived the provision of the Standstill Agreement dated November 10, 2005 prohibiting Infinity Capital Ventures, Raju Vegesna and any Affiliate from acquiring additional shares of the Company. Each of Messrs. Raju Vegesna and Ananda Raju Vegesna abstained from voting on the waiver.

The Company received a sum of ₹ 112,149 (comprising of ₹ 12,817 towards face value and ₹ 99,332 towards Share premium) and called up a sum of ₹ 448,595 (comprising of ₹ 25,634 towards face value and ₹ 422,961 towards Share premium). Subsequent to fiscal 2008, the Company withdrew its applications made to appropriate authorities for the approval of the proposed scheme of amalgamation with Sify Communications Limited (erstwhile subsidiary). Consequent upon the withdrawal of the merger, Infinity Satcom Universal communicated to Sify that they would not contribute to calls already made and any balance monies which would become payable under the Subscription Agreement. Hence, the Board of Directors forfeited the shares allotted and the monies collected (₹ 112,149 including sums towards capital and premium) at the meeting held on August 29, 2008.

Sale of shares in a private transaction

Pursuant to a Share Purchase Agreement dated May 31, 2009 between Infinity Capital Venture Management and Infinity Satcom Universal Private Limited, a Company owned and controlled by Ananda Raju Vegesna, Executive Director of the Company and brother of Raju Vegesna, CEO, Chairman and Managing Director of the Company, Raju Vegesna has sold 4,000,000 Equity Shares of ₹ 10/- each of the Company to Infinity Satcom for a consideration of \$ 3,000,000 in a private transaction.

Issuance of Equity Shares in private placement to the promoter group:

October 30, 2010, we consummated the issuance and sale of 125,000,000 of our equity shares in a private placement with our promoter group, including an entity affiliated with our CEO, Chairman and Managing Director, Mr. Raju Vegesna. See note 35 in the notes to the consolidated financial statements in this Annual Report.

The proceeds from the said issue have been utilized towards capital expenditure and expansion plans of the Company. During the fiscal 2019 the shares have become fully paid up.

Related Party Transactions

Refer to Note 32 ‘Related Parties’ in Item 18 of this Annual report for the list of related parties and their relationships as on March 31, 2024 and March 31, 2023.

Related party transactions & balances with subsidiaries on standalone basis as on March 31, 2024

Particulars	Sify Digital Services Limited	Sify Infinit Spaces Limited	Sify Technologies North America Corporation	Sify Technologies (Singapore) Pte. Limited	₹ in million		Total
					Patel Auto Enginnering Company India Private Limited	SKVR Software Solution Private Limited*	
Transactions during the Year:							
Receipt of services	221.50	30.30	-	94.10	-	-	345.90
Rendering of services	-	-	1.40	55.30	-	-	56.70
Lease rentals received***	-	236.20	-	-	-	-	236.20
Lease rentals paid	-	2.00	-	-	-	-	2.00
Interest received	-	139.80	-	-	6.00	-	145.80
Other Income transfer	1.40	-	-	-	-	-	1.40
Loans repaid for subsidiaries	354.10	-	-	-	-	-	354.10
Loans given	-	-	-	-	50.00	-	50.00
Loan repaid by subsidiary	-	-	-	-	17.00	-	17.00
Security Deposit transfer	-	1.00	-	-	-	-	1.00
Asset transfer	485.50	0.50	-	-	-	-	486.00
Investment made in subsidiaries	499.82	-	124.70	-	-	206.00	830.52
Revenue transfer	1,962.80	113.10	-	-	-	-	2,075.90
Expenses transfer	2,185.90	427.30	0.70	0.10	-	-	2,614.00
Outstanding Balances							
Trade payable	-	-	-	30.31	-	-	30.31
Trade receivable	-	-	5.15	16.93	-	-	22.08
Loans given	-	90.00	-	-	118.00	-	208.00
Investment made in subsidiaries	-	-	-	-	-	-	-
Amounts Receivable	94.52	-	-	-	-	-	94.52
Amounts Payable	1,019.57	111.81	-	-	-	-	1,131.38
Advances Payable/Receivable	992.57	95.85	4.15	8.60	1.60	-	1,102.77
Lease Deposit	-	34.47	-	-	-	-	34.47
Unearned income	-	-	-	32.40	-	-	32.40
Right of use Asset	-	-	-	52.00	-	-	52.00

* We have obtained the management control as on September 1, 2023, however, the Shares transfer is yet to be executed from the existing shareholders.

₹ in million							Total
Particulars	Sify Digital Services Limited	Sify Infinit Spaces Limited	Sify Data and Managed Services Limited	Sify Technologies North America Corporation @	Sify Technologies (Singapore) Pte. Limited	Print House (India) Private Limited	
Transactions during the year:							
Receipt of services	219.75	30.34	-	-	82.93	-	333.02
Rendering of services	-	-	-	-	6.58	-	6.58
Lease rentals received***	-	159.90	-	-	-	-	159.90
Interest received	-	72.44	2.02	-	-	4.09	78.55
Advances repaid by subsidiaries	-	-	131.79	-	-	-	131.79
Loans given	-	-	7.50	-	-	10.00	17.50
Loan repaid by subsidiaries	-	-	38.50	-	-	21.00	59.50
Sale of leasehold land	-	-	-	-	-	58.38	58.38
Investment made in Compulsorily Convertible Debentures	-	1,225.00	-	-	-	-	1,225.00
Security Deposit Transfer	-	36.00	-	-	-	-	36.00
Other Income Transfer	22.15	-	-	-	-	-	22.15
Asset Transfer	566.94	3.46	-	-	-	-	570.40
Revenue transfer	3,122.53	105.41	-	-	-	-	3,227.94
Expenses transfer	2,331.92	346.42	1.34	1.11	-	-	2,680.79
Outstanding Balances:							
Trade payable	-	-	-	-	43.30	-	43.30
Trade receivable	-	-	-	-	0.40	-	04.40
Loans given	-	90.00	-	-	-	-	90.00
Investment made in Compulsorily Convertible Debentures	-	2,225.00	-	-	-	-	2,225.00
Amounts Receivable	549.90	159.00	-	3.31	-	58.38	770.59
Amounts Payable	1,445.50	127.10	-	-	-	-	1,572.6
Lease Deposit received from SISL	-	34.47	-	-	-	-	34.47
Net Receivable / (Payable)	(895.60)	2,312.43	-	3.31	(42.90)	58.38	1,435.62
Unearned income	-	-	-	-	15.30	-	15.30
Right of use Asset	-	-	-	-	42.98	-	42.98

Related Party transactions between fellow subsidiaries in the books of Sify Digital Services Limited :

Transactions	Sify Infinit Spaces Limited	Sify Technologies North America Corporation	Sify Technologies (Singapore) Pte Ltd	Print House (India) Private Limited
Receipt of services	57.42	-	10.94	-
Rendering of services	-	332.76	-	-
Rent paid	13.20	-	-	-
Loan repaid by fellow subsidiaries	-	-	-	95.00
Interest received	-	-	-	4.89
Expenses transfers	0.99	-	-	-
Amount of outstanding balances				
Amount payable *	5.40	-	-	-
Trade payable	-	-	3.00	-
Trade receivable	-	338.11	-	-
Loan given to fellow subsidiaries	-	-	-	-

Note: All transactions between Sify Technologies Limited and its subsidiaries up to March 31, 2024 of this Annual Report have been in the ordinary course of business.

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

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

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

**During the year 2011-12, the Group had entered into a lease agreement with M/s Raju Vegesna Infotech and Industries Private Limited, the holding Group, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.075 Million (Rupees Seventy Five Thousand) per month. Subsequently, the Group entered into an amendment agreement with effect from April 1, 2013, providing for automatic renewal for a further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years. Subsequently on account of expiry of the said agreement, the Group entered into a fresh agreement for a period of three years effective February 1, 2024 on a rent of ₹ 0.160 Million (Rupees One Lakh Sixty Thousand Only) per month.

During the year 2011-12, the Group had also entered into a lease agreement with M/s Raju Vegesna Developers Private Limited, a Group in which Mr.Ananda Raju Vegesna, the then Executive Director of the Group and Mr Raju Vegesna, Chairman and Managing director of the Group exercise significant influence, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.030 Million (Rupees Thirty Thousand) per month. The agreement provides for the automatic renewal for further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years. Subsequently on account of expiry of the said agreement, the Group entered into a fresh agreement for a period of three years effective February 1, 2024 on a rent of ₹ 0.059 Million (Rupees Fifty Nine Thousand) per month.

During the year 2010-11, the Group had entered into a lease agreement with Ms. Radhika Vegesna, daughter of Mr Anand Raju Vegesna, the then Executive Director of the Group, to lease the premises owned by her for a period of three years effective June 1, 2010 on a rent of ₹ 0.3 Million (Rupees Three Lakhs) per month and payment of refundable security deposit of ₹ 2.6 Million. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged. Subsequently on account of expiry of the said agreement, the Group entered into a fresh agreement for a period of three years effective June 1, 2019 on a rent of ₹ 0.556 Million (Rupees Five Lakhs Fifty Six Thousand) per month and payment of additional refundable security deposit of ₹ 3.0 Million. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged.

* Represents salaries and other benefits of Key Management Personnel comprising of Mr. Kamal Nath - Chief Executive Officer (Sify Technologies Limited), Mr. M P Vijay Kumar – Whole time director and Group Chief Financial Officer and Mr. C R Rao - Chief Operating Officer.

***During the year 2020-21, the Company had entered into a lease agreement with its parent Sify Technologies Limited, to lease the premises at Chennai, Noida and Hyderabad owned by the holding company for a period of ten years effective April 1, 2020 on a rent of ₹ 0.720 Million (Rupees Seven lakhs Twenty Thousand), ₹ 5.737 Million (Rupees Fifty Seven Lakhs Thirty Seven Thousand) & ₹ 3.859 Million (Rupees Thirty Eight Lakhs Fifty Nine thousand) respectively per month with an escalation of 3% on the last paid rent after the end of every year and refundable security deposit equal to the rent of three months on all the said properties.

***During the year 2023-24, the Company had entered into a lease agreement with Sify Infinit Spaces Limited, the Subsidiary Company, to lease the premises at Chennai and Hyderabad owned by the company for a period of Seven years effective April 1, 2023 on a rent of ₹ 6.36 (Rupees Six lakhs Thirty Six Thousand) & ₹ 64.64 (Rupees Sixty Four Lakhs Sixty Four Thousand) respectively per month with an escalation of 3% on the last paid rent after the end of every year and refundable security deposit equal to the rent of three months on all the said properties.

Refer to Note 32 ‘Related Parties’ for details of transactions with KMP

Loans to employees

We provide interest free loans to our employees in India who are not executive officers or directors which will be adjusted in their monthly salaries. As of March 31, 2024, the loan outstanding from employees is NIL

Item 8. FINANCIAL INFORMATION

Financial Statements

The following financial statements and auditors’ report appear under Item 18 in this Annual Report on Form 20-F and are incorporated herein by reference:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheet as of March 31, 2024 and 2023
- Consolidated Statements of comprehensive income for the years ended March 31, 2024, 2023, and 2022
- Consolidated Statements of changes in equity for the years ended March 31, 2024, 2023, and 2022
- Consolidated Statements of cash flows for the years ended March 31, 2024, 2023, and 2022
- Notes to the consolidated financial statements

Legal Proceedings :

- a) Proceedings before Department of Telecommunications

Demand of License fee on Non-Telecom Revenue:

DOT issued a demand notice on August 8, 2023 to the Company demanding license fee on the Non-Telecom Revenue against which the Company filed petitions before Hon’ble Madras High Court and obtained Order of Status Quo and also submitted representations to DoT to withdraw the demands pursuant to the Orders passed by Hon’ble TDSAT and Supreme Court in similar petitions. After hearing both the parties, Hon’ble High Court has reserved petition for final orders. These demands were made while the petitions are pending since 2013 for adjudication before the Hon’ble High Court of Madras. Meanwhile it was understood that DOT had disallowed the allowable deductions applicable for pass through charges for non-submission of certificate from Statutory Auditors as per the new template issued by DOT. However, the said certificate required by DOT in new template submitted by the company and pursuant to the submission of Certificate issued by Statutory Auditors DoT had allowed the deduction in favour of the Company. The Hon’ble High Court of Madras vide its Judgement dated 30.04.2024 quashed all the demands made by DoT seeking to levy license fee on the non-telecom revenue and allowed the Writ Petitions in favour of the Company.

TDSAT, through its Order dated February 28, 2022, quashed the demands made by DOT seeking license fee, interest on license fee, penalty & interest on penalty on the revenue accruing from other business revenue (Non-Telecom) other than the licensed based activities. Such Order was passed in favor of one of the Service Provider having similar line of business of Sify. Meanwhile DOT withdrew the demands against Public Sector undertakings having similar licenses and filed affidavit before the Hon’ble Supreme Court.

The Company has fully paid the license fee on the telecom revenue in terms of the licenses issued by DOT and challenged the demands made by DOT on the revenue arising from other Business activities (Non Licensed businesses). The petitions are pending for adjudication before the Hon'ble Madras High Court.

It is important to note that Hon'ble Supreme Court had by its Order dated June 10, 2020, accepted the stance of the DOT that the licenses of PSUs are different and the judgement of October 24, 2019 could not be made the basis for raising demands against PSUs as they are not in the actual business of providing Mobile Services to the General Public. Sify also has licenses similar to PSU. TDSAT also held that there is no scope to differentiate between 2 sets of licensees (PSU & Others) having same or similar licenses only on the basis of ownership, private or public. The statutory rights and liabilities must remain the same for both the classes in so far as they arise from the licenses/agreements under consideration.

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

In 2013, DOT had raised demands on service providers providing Internet, NLD, ILD services etc. demanding license fee on the revenue made by the service providers from other business income such as Data Center, Cloud, application services, power, gas, etc. DOT contended that all the income of the company irrespective of the business was required to be considered as part of 'income' for the purpose of calculation of the license fee. The company filed a Writ Petition before the Hon'ble Madras High Court challenging the demand made by DOT on the Income accruing from other business units and the demands have been stayed by the Hon'ble Madras High Court. The case is pending for final hearing.

The service providers which had different license conditions for ISP, NLD & ILD and having revenue from other business units approached the Hon'ble Supreme Court stating that Hon'ble Supreme Court judgement dated 24.10.2019 on the access Telecom Service Providers is not applicable to other services providers as license conditions were different from the Access Telecom Service Providers. The Hon'ble Supreme Court observed that if the license conditions of Other Service Providers including ISP, NLD & ILD are different from the license conditions of the Mobile Service providers (Access Providers), then the other service providers should adjudicate the license fee issue before the appropriate forum. Meanwhile DOT withdrew the demands against Public Sector Undertaking on account of different license conditions.

The Company which had approached Hon'ble High Court of Madras in 2013 by filing a writ petition prohibiting Department of Telecommunications (DOT) from levying a license fee on non-licensed activities obtained stay of the demands. The Hon'ble Court restrained DOT from recovering the license fee in respect of non- telecom activities and the case is pending for hearing.

The Company believes that it has adequate legal defense against the demand raised by DOT and that the ultimate outcome of these actions will not have a material adverse effect on the Company's financial position and result of operations. ISPAI, association representing the internet service providers including the company issued a letter to DOT stating that the Hon'ble Supreme Court judgement dated October 24, 2019 is not applicable to Internet Service Providers and the license conditions are different. The Company which had received notices for earlier years from DOT claiming license fee on the total Income (including income from Non Licensed activities) has already responded to these notices stating that license fees are not payable on income from non-licensed activities.

It is important to point out that DOT in its written submission made before Hon'ble Supreme Court had clearly mentioned that non telecom revenue would stand excluded from the purview of the gross revenue . In 2017, the Tripura High Court held that Service Providers are not liable to pay license fee on the income accruing from other businesses.

License fee on Pure Internet:

DOT has issued a notification calling upon all the licensees to pay license fee on pure internet services effective from April 1, 2022 and since then Sify has been paying the license fee on the Pure Internet on account of level playing field.

Originally DOT migrated the licenses of few service providers, whole licenses expired in 2013 to UL regime and demanded license fee on pure Internet only from those migrated service providers without providing level playing field on pure internet services. However, the Company through Internet Service Providers Association of India (ISPAI) challenged the said condition before TDSAT. TDSAT set aside the demand made by the DOT and passed the order in favor of the ISP. DOT has challenged the Order of the TDSAT and the appeal is pending before Hon’ble Supreme Court. The Company has appropriately accounted for any adverse effect that may arise in this regard in the books of account. However TDSAT by its order dated October 18, 2019 held that license fee is not chargeable on the Internet Service Providers. DoT has filed appeal before Hon’ble Supreme Court and the appeal is pending for final hearing. However the company has started paying AGR on pure internet effective from April 1, 2022 pursuant to the notification issued by DOT.

Online Exam case:

The Company has been conducting Online examination for more than a decade using its platform (I-Test) and delivered large volume online examinations for several reputed clients including Staff Selection Commission (customer), and is certified on quality and security for CMMI Level 5 and CERT-in. After technical evaluation, the company was awarded a contract dated April 12, 2016 for a period of two years and accordingly the Company had successfully conducted 15 such Pan India online examination under the supervision of its customer for more than 20 million applied candidates with 40,000 unique questions. In one of the combined group level examinations dated February 21, 2018, screenshots of a few of the questions appeared on social media. The Company immediately brought this to the notice of the Chairman of the customer and the said question paper was cancelled and the candidates were asked to redo the examination with a different set of question paper within couple of hours. Further, at the request of customer, re-examination was also conducted after a couple of weeks. Hence there was no damage to the sanctity of the examination as immediate action was taken jointly by the Company and customer. However, some parties had provoked the candidates and continued to claim that the question paper was leaked and insisted that the customer cancel the entire examination process. As few candidates continued to protest, the Government of India directed the investigating authority to conduct an enquiry into the allegations. Public Interest Litigation (“PIL”) was also filed before Hon’ble Special CBI Court, Delhi for cancellation of the examination process. However, Hon’ble the Court appointed high level technical committee to conduct enquiry and submit the report the Court.

A detailed report was submitted by the Committee & Investigating team before the Hon’ble Special CBI Court, Delhi Court, holding that there was no evidence showing that the examination process was tainted and hence the PIL stood dismissed. And accordingly, SSC also released all the payments to Sify for the examination. In 2018, the investigating authority also filed its final report stating that one of the candidate along with her husband engaged in malpractice with a sole intention to cancel the examinations uploaded few questions in the social media. There was no allegations against Sify or its employee. After 4 years, to utter shock and surprise, the investigating authority chose to file 3 additional supplementary chargesheet naming the company and one of its employee for not following the Standard Operating Procedure. It is important to note that company successfully delivered the examination in terms of RFP and the consideration was released by customer after receiving the report from the Committee. The only allegation made by investigating officer to name the company in the chargesheet is on the assumption that Company did not follow the SOP. Since there is no allegations of malpractices made against the company, the company is in the process of filing discharge petition before the trial court.

Others:

b) The Company is party to additional legal actions arising in the ordinary course of business. Based on the available information as on September 30, 2023, the Company believes that it has adequate legal defenses for these actions and that the ultimate outcome of these actions will not have a material adverse effect on the Company's financial position and results of operations.

c) The company has received an adverse arbitration award for a sum of INR 20 million along with interest at 18% from the date of filing the claim i.e.27.01.2021 in the petition filed by one of the vendor and The company has filed an appeal on 30.04.2024 before the Hon’ble High Court of Madras challenging the award passed by the Arbitrator. Although the company has a good case to defend, the company has provided provisions in its books.

d) The Company has received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to ₹ 6.4 million on special allowances paid to employees. The company has filed a writ petition before the Hon'ble Madras High court and obtained the stay of demand. In February 2019, Hon’ble Supreme Court held, in a similar case, that Special allowances paid by the employer to its employee will be included in the scope of basic wages and subject to provident fund contribution. However, Hon’ble Supreme Court has not fixed the effective date of order.

e) During the financial year 2019-20, Directorate General of Goods and Services Tax Intelligence (DGGI) did an inspection based on the analysis of service tax returns filed by the company in the past. The Company has been categorizing services relating to e-Learning and Infrastructure Management Services provided to foreign customers billed in convertible foreign currency under OIDAR services while filing its half-yearly service tax return. However, based on the Place of Provision of Services Rules then applicable under the Finance Act, 1994, Service Tax has to be paid for OIDAR services provided to foreign customers even if the conditions for qualifying as export of services are met. Hence, the DGGI contended that Service Tax should be paid on the services classified as OIDAR services in the returns. The total contended during the period April 2014 to November 2016 of Service Tax was ₹ 161.8 million and the Interest & Penalty as applicable. The Company believes that the services relating to e-learning and infrastructure management services will not fall under OIDAR services and also the activities covered under E-learning and IMS does not meet the conditions for taxation under the provisions applicable as OIDAR and hence there is no liability. However, during the investigation, the Company has paid ₹ 64.6 million under protest to continue the proceeding with the relevant adjudicating authorities. Thereafter, the DGGI has issued Show Cause Notice and the Company has replied on the same. The matter is pending with the Adjudicating Authority. The company believes that no provision is required to be made against this demand.

Dividends

Under Indian law, we may pay dividends only from the profits available for distribution as reported in the unconsolidated statutory financial statements (as opposed to the consolidated financial statements for us and our subsidiaries) prepared in accordance with the Indian Accounting Standards. Based on the net income available for appropriation, dividends must then be recommended by the Board of Directors for approval by the shareholders at our annual general meeting, and approved by a majority of our shareholders. Furthermore, the Board of Directors may also pay interim dividends at its discretion. See “Description of Share Capital and American Depositary Shares” which explains in more detail the procedures we must follow and the Indian law provisions that determine whether we are entitled to declare a dividend.

We have not paid or declared any cash dividends on our equity shares since 2019. Because our payment of dividends is contingent upon the level of performance of the Company and the recommendation of the Board of Directors and the approval of the shareholders, there is no assurance that dividends will be paid in the future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business.

Significant changes

None

Item 9. THE OFFER AND LISTING

Trading Markets

There is no public market for our equity shares in India, the United States or any other market. Our ADSs evidenced by American Depositary Receipts, or ADRs, are traded in the United States only on the NASDAQ Capital Market under the symbol “SIFY”. Each ADS represents one equity share. The ADRs evidencing ADSs were issued by our depository, Citibank, N.A., pursuant to a Deposit Agreement.

Item 10. ADDITIONAL INFORMATION

Share Capital

Our authorized share capital is ₹ 10,000,000,000, divided into 750,000,000 equity shares having a par value ₹ 10 per equity share and 250,000,000 preference shares having a par value ₹ 10 per preference share. As of March 31, 2024, 183,332,460 equity shares were issued and fully paid. There are no partly paid up shares. The equity shares and preference shares are our only class of authorized share capital. We have 6,329,187 options outstanding to purchase equity shares as of March 31, 2024.

Some of the share capital, 43,801,808 shares, is represented by American Depositary Shares issued by our Company in accordance with applicable laws and regulations. Our Articles of Association and the Indian Companies Act permit us to issue classes of securities in addition to the equity shares. For the purposes of this annual report, “shareholder” means a shareholder who is registered as a member in the register of members of our Company. The term shareholders and ADSs holders have the same meaning in this annual report since the Indian Companies Act only defines a shareholder.

There have been no significant changes in the share capital of the Company during the fiscal 2024, 2023, and 2022 except for exercise of stock options by eligible employees. In addition to exercise of stock options during the fiscal 2021, the partly paid shares as part of the subscription agreement entered into with Mr. Ananda Raju Vegesna, dated October 22, 2010 were converted to fully paid up after receiving the balance money of ₹900 million towards the 125,000,000 equity shares.

Our equity shares and their holders are registered in a registry of members. All of our shares have equal voting rights and carry equal entitlements to dividends and bonus issue of shares, if any. Our equity shares have no redemption or sinking fund provisions.

Memorandum and Articles of Association

Set forth below is the material information concerning our share capital and a brief summary of the material provisions of our Articles of Association, Memorandum of Association and the Indian Companies Act, all as currently in effect. The following description of our equity shares and the material provisions of our Articles of Association and Memorandum of Association does not purport to be complete and is qualified in its entirety by our Memorandum of Association and Articles of Association that are incorporated by reference to this Annual Report on Form 20-F.

Objectives of Memorandum of Association

The following is a summary of our objectives as set forth in Section 3 of our Memorandum of Association:

1. To develop and provide internet service, internet telephony, infrastructure based services, virtual private network and other related data, voice and video services, wide area communication network, value added services on the network, lease or other transfers of network, software, peripherals and related products, and to provide marketing services.
2. To provide security products for corporate, carry on the business of consulting, software and hardware, integrated platform(s) for the e-commerce solutions, applications, information technology, security and all other kinds of technology solutions or services, and to acquire, maintain, operate, manage and undertake technology and infrastructure for this purpose.
3. To develop, service & sell/lease data based through direct or electronic media, to develop a wide area communication network of sell / lease the network or provide value added services on the network to develop, service, buy / sell computers, software, peripherals and related products to provide marketing services rising direct as well as electronic media.
4. To undertake the designing and development of systems and applications software either for its own use or for sale in India or for export outside India and to design and develop such systems and application software for or on behalf of manufacturers, owners and users of computer systems and digital / electronic equipment in India or elsewhere in the world.
5. To set up and run electronic data processing centers and to carry on the business of data processing, word processing, software consultancy, system studies, management consultancy, techno-economic feasibility studies of projects, design and development of management information systems, share / debenture issues management and / or registration and share/debenture transfer agency.
6. To undertake and execute feasibility studies for computerization, setting up of all kind of computer systems and digital/electronic equipment’s and the selection, acquisition and installation thereof whether for the Company or its customers or other users.
7. To conduct, sponsor or otherwise participate in training programs, courses, seminar conferences in respect of any of the objects of the Company and for spreading or imparting the knowledge and use of computers and computer programming languages including the publication of books, journals, bulletins, study / course materials, circulars and news-letters; and to undertake the business as agents, stockiest, distributors, franchise holders or otherwise for trading or dealing in computer systems, peripherals, accessories, parts and computer consumables, continuous and non-continuous stationery, ribbons and other allied products and things and standard software packages.
8. To conduct e-commerce for sale of all kinds of products and services through direct or electronic media as well as on and off line e-commerce including travel related services, buying and selling of products and services / merchandise, software, data information etc., in India and abroad.

Directors

Our Articles of Association provide that the minimum number of directors shall be three and the maximum number of directors shall be 12. Presently, we have seven directors. Our Articles of Association provide that at least two-thirds of our directors shall be subject to re-election by our shareholders; and at least one-third of our directors who are subject to re-election shall be up for re-election at each Annual General Meeting of the shareholders.

Our Articles of Association do not require that our directors have to hold shares of our Company in order to serve on our board of directors.

Our Articles of Association provide that any director who has a personal interest in a transaction must disclose such interest, must abstain from voting on such a transaction and may not be counted for the purposes of determining whether a quorum is present at the meeting. The remuneration payable to our directors may be fixed in accordance with provisions prescribed by the Companies Act. Our Articles of Association provide that our board of directors may generally borrow or secure the payment of any sum of money for our business purposes, provided, however, where any amounts are to be borrowed, that when combined with any already outstanding debt, exceed the aggregate of our paid-up capital and free reserves, we cannot borrow such amounts without the consent of our shareholders.

The Companies Act provides that:

- (a) no director of the Company can vote on a proposal, arrangement or contract in which he is materially interested;
- (b) the directors of the Company cannot vote on a proposal in the absence of an independent quorum for compensation to themselves or their body;
- (c) each of our directors is entitled to receive a sitting fee not exceeding ₹ 100,000 for every meeting of the Board of Directors and each meeting of a Committee of the Board of Directors, as well as all traveling and out-of-pocket expenses incurred in attending such meetings; however, effective May 2014, the Company has been paying ₹ 50,000 to the directors for each Board Meeting attended by them. However, there is no increase in the sitting fee for the Committee meetings, which is Rs.20,000 for each Meeting.
- (d) the directors are empowered to borrow moneys through board meetings up to the prescribed limit and beyond that with the approval of the shareholders through a General Meeting;
- (e) retirement of directors is determined by rotation and not based on age limit; and
- (f) no director is required to hold any qualification shares.

For additional information, please see “Item 6. Director, Senior Management and Employees – Board Composition,” “Board Committees” and “Director Compensation,” and “Officer Compensation” of this Annual Report on Form 20-F.

With respect to equity shares issued during a particular fiscal year (including any equity shares underlying ADSs issued to the depository), cash dividends declared and paid for such fiscal year generally will be prorated from the date of issuance to the end of such fiscal year.

The Indian Companies Act, 2013 further provides that, in the event of an inadequacy or absence of profits in any year, a dividend may be declared for such year out of the Company’s accumulated profits subject to the fulfillment of the following conditions:

- the rate of dividend to be declared may not exceed the average of the rate at which dividends were declared by it in the three years immediately preceding that year provided that this sub-rule shall not apply to a Company, which has not declared any dividend in each of the three preceding financial years.
- the total amount to be drawn from the accumulated profits shall not exceed one-tenth of such sum of its paid up capital and free reserves as appearing in the last audited financial statement,
- the amount so drawn shall first be utilized to set off the losses incurred in the financial year in which a dividend is declared before any dividend in respect of equity shares is declared.
- the balance of reserves after such withdrawal shall not fall below fifteen per cent of its paid up share capital as appearing in the latest audited financial statement.
- No Company shall declare dividends unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the Company of the current year.

Voting Rights and procedures:

All of our equity shares have the same voting rights. For all matters submitted to vote in a shareholders meeting of the Company, every holder of an equity share, as reflected in the records of the Company as on the record date set for the shareholders meeting, shall have one vote in respect of each share held. There are no cumulative voting rights

At any general meeting, voting is by show of hands unless a poll is demanded by a shareholder or shareholders present in person or by proxy holding (a) not less than one-tenth of the total voting power entitled to vote on a resolution or (b) shares with an aggregate paid up capital of at least ₹ 500,000. Upon a show of hands, every shareholder entitled to vote and present in person has one vote and, on a poll, every shareholder entitled to vote and present in person or by proxy has voting rights in proportion to the paid up capital held by such shareholders. The Chairperson has a casting vote in the case of any tie.

Any shareholder of the Company entitled to attend and vote at a meeting of the Company may appoint a proxy. The instrument appointing a proxy must be delivered to us at least 48 hours prior to the meeting. Unless the articles of association otherwise provide, a proxy may not vote except on a poll. A corporate shareholder may appoint an authorized representative who can vote on behalf of the shareholder, both upon a show of hands and upon a poll. An authorized representative is also entitled to appoint a proxy.

Ordinary resolutions may be passed by simple majority of those present and voting at any general meeting for which the required period of notice has been given. However, specified resolutions such as amendments to our Articles and the Memorandum of Association, commencement of a new line of business, the waiver of pre-emptive rights for the issuance of any new shares and a reduction of share capital, require that votes cast in favor of the resolution (whether by show of hands or on a poll) are not less than three times the number of votes, if any, cast against the resolution by members so entitled and voting. As per the Indian Companies Act, unless the articles of association of a Company provide for all directors to retire at every annual general meeting, not less than two-third of the directors of a public Company must retire by rotation, while the remaining one-third may remain on the board until they resign or are removed. Our Articles of Association require two thirds of our Directors to retire by rotation. One-third of the directors who are subject to retirement by rotation must retire at each Annual General Meeting.

Further, the Indian Companies Act requires certain resolutions such as those listed below to be voted on only by a postal ballot:

- (a) alteration of the objects clause of the memorandum;
- (b) alteration of articles of association in relation to insertion or removal of provisions which, under sub-section (68) of section 2, are required to be included in the articles of a Company in order to constitute it a private Company;
- (c) change in place of registered office outside the local limits of any city, town or village as specified in sub-section (5) of section 12 of the companies Act

- (d) change in objects for which a Company has raised money from public through prospectus and still has any unutilized amount out of the money so raised under sub-section (8) of section 13 of the Companies Act
- (e) issue of shares with differential rights as to voting or dividend or otherwise under sub-clause (ii) of clause (a) of section 43 of the Companies Act
- (f) variation in the rights attached to a class of shares or debentures or other securities as specified under section 48 of the Companies Act
- (g) buy-back of shares by a Company under sub-section (1) of section 68 of the Companies Act
- (h) election of a director under section 151 of the Act of the Companies Act
- (i) sale of the whole or substantially the whole of an undertaking of a Company as specified under sub-clause (a) of sub-section (1) of section 180 of the Companies Act
- (j) giving loans or extending guarantee or providing security in excess of the limit specified under sub-section (3) of section 186 of the Companies Act

Dividend Rights

Under Indian law, we may pay dividends only from the profits available for distribution as reported in the unconsolidated statutory financial statements (as opposed to the consolidated financial statements for us and our subsidiaries) prepared in accordance with the Indian Accounting Standards. Based on the net income available for appropriation, dividends must then be recommended by the Board of Directors for approval by the shareholders at our annual general meeting, and approved by a majority of our shareholders. However, the board is not obliged to recommend a dividend. Under our Articles of Association and the Companies Act, although the shareholders may, at the Annual General Meeting, approve a dividend by an amount less than that recommended by the board of directors, they cannot increase the amount of the dividend.

In India, dividends generally are declared as a percentage of the par value of a company’s equity shares. The dividend recommended by the board of directors, and thereafter declared by the shareholders in the Annual General Meeting (and subject to the limitations described above), is required to be distributed and paid to shareholders in proportion to the paid up value of their shares within 30 days of the declaration by the shareholders at the Annual General Meeting.

Pursuant to the Companies Act, our board of directors has the discretion to declare and pay interim dividends without shareholder approval. Under the Companies Act, dividends can only be paid in cash to the registered shareholder, the shareholder’s order or the shareholder’s banker’s order, at a record date fixed on or prior to the date of the Annual General Meeting. We must inform NASDAQ of the record date for determining the ADS holders who are entitled to receive dividends.

The Companies Act provides that any dividends that remain unpaid or unclaimed after the 30-day period from the date of declaration of a dividend are to be transferred to a special bank account opened by the Company at an approved bank within seven days from the date of expiry of the 30-day period. We have to transfer any dividends that remain unclaimed for seven years from the date of the transfer to an Investor Education and Protection Fund established by the Government of India under the provisions of the Companies Act. Under the Companies Act, after the transfer to this fund, such unclaimed dividends may be claimed by the shareholders on submission of such documents and in accordance with the procedures as may be prescribed by the Government.

With respect to equity shares issued during a particular fiscal year (including any equity shares underlying ADSs issued to the Depositary), cash dividends declared and paid for such fiscal year generally will be prorated from the date of issuance to the end of such fiscal year.

The Companies Act further provides that, in the event of an inadequacy or absence of profits in any year, a dividend may be declared for such year out of the Company’s accumulated profits subject to the fulfillment of the following conditions:

- The rate of dividend to be declared may not exceed the average of the rate at which dividends were declared by such company in the three years immediately preceding that year, provided that this condition shall not apply to a company, which has not declared any dividend in each of the three preceding financial year;
- The total amount to be drawn from the accumulated profits shall not exceed one-tenth of such sum of its paid up capital and free reserves as appearing in the last audited financial statement;
- The amount so drawn shall first be utilized to set off the losses incurred in the financial year in which a dividend is declared before any dividend in respect of equity shares is declared;
- The balance of reserves after such withdrawal shall not fall below 15% of the company’s paid up share capital as appearing in the latest audited financial statement, on a standalone basis; and

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits us to distribute an amount transferred from the reserve or surplus in our profit and loss account to our shareholders in the form of bonus shares, which are similar to a stock dividend. The Companies Act also permits the issuance of bonus shares from a share premium account. Bonus shares are distributed to shareholders in the proportion recommended by the board of directors. Shareholders of record on a fixed record date are entitled to receive such bonus shares.

We have not paid or declared any cash dividends on our equity shares since 2019. Because our payment of dividends is contingent upon the level of performance of the Company and the recommendation of the Board of Directors and the approval of the shareholders, there is no assurance that dividends will be paid in the future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business.

Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Indian Companies Act permits us to distribute an amount transferred from the reserve or surplus in our profit and loss account to our shareholders in the form of bonus shares, which are similar to a stock dividend. The Indian Companies Act also permits the issuance of bonus shares from a share premium account. Bonus shares are distributed to shareholders in the proportion recommended by the Board. Shareholders of record on a fixed record date are entitled to receive such bonus shares.

Consolidation and Subdivision of Shares

The Indian Companies Act permits a Company to split or combine the par value of its shares, provided such split or combination is not made in fractions. Shareholders of record on a fixed record date are entitled to receive the split or combination.

Pre-emptive Rights and Issue of Additional Shares

The Companies Act gives shareholders the right to subscribe for new shares in proportion to their respective existing shareholdings unless otherwise determined by a special resolution passed by a General Meeting of the shareholders. Under the Companies Act, in the event of an issuance of securities, subject to the limitations set forth above, the Company must first offer the new shares to the shareholders on a fixed record date. The offer must include: (i) the right, exercisable by the shareholders of record, to renounce the shares offered in favor of any other person; and (ii) the number of shares offered and the period of the offer, which may not be less than seven days from the date of offer and not more than 30 days from the date of the offer for unlisted companies. If the offer is not accepted, it is deemed to have been declined; thereafter the board of directors is authorized under the Companies Act to distribute any remaining shares not purchased by the preemptive rights holders in the manner that is not disadvantageous to the shareholders and to the Company.

Annual General Meetings of Shareholders

We must convene an annual general meeting of shareholders each year within 15 months of the previous annual general meeting or within six months of the end of previous fiscal year, whichever is earlier and may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding not less than one-tenth of our paid up capital carrying voting rights. In certain circumstances a three month extension may be granted by the Registrar of Companies to hold the Annual General Meeting. The Annual General Meeting of the shareholders is generally convened by our Company Secretary pursuant to a resolution of the board of directors. In addition, the Board may convene an Extraordinary General Meeting of shareholders when necessary or at the request of a shareholder or shareholders holding not less than one-tenth of our paid up capital carrying voting rights. Written notice setting out the agenda of any meeting must be given at least 21 days prior to the date of the General Meeting to the shareholders of record, excluding the days of mailing and date of the meeting. Shareholders who are registered as shareholders on the date of the General Meeting are entitled to attend or vote at such meeting. The Annual General Meeting of shareholders must be held at our registered office or at such other place within the city in which the registered office is located, and meetings other than the Annual General Meeting may be held at any other place if so determined by the board of directors.

Our Articles provide that a quorum for a general meeting is the presence of at least five shareholders in person.

2023 Annual General Meeting

Our Annual General Meeting for the fiscal year 2023 was held on August 25, 2023 as decided by the Board of Directors held at the registered office of our Company, 2nd Floor, TIDEL Park, 4 Rajiv Gandhi Salai, Taramani, Chennai 600 113, India.

At the Annual General Meeting, the shareholders approved the following items:

- Adoption of audited financials for the fiscal year ended March 31, 2023 as per Indian Accounting Standard.
- Appoint a Director in place of Mrs. Vegesna Bala Saraswathi (DIN 07237117), who retires by rotation and being eligible, offers herself for reappointment.
- Ratification of Remuneration payable to Mr. S Ramachandran, Cost Auditor.
- Appointment of Mr. M P. Vijay Kumar as a Whole-time Director of the Company. Waiver of excess remuneration paid to Mr. M. P. Vijay Kumar, Whole-time Director

Limitations on the Rights to Own Securities

The limitations on the rights to own securities of Indian companies, including the rights of non-resident or foreign shareholders to hold securities, are discussed in the section entitled “Ownership Restrictions” below.

Register of Shareholders; Record Dates; Transfer of Shares

We maintain a register of shareholders as required under the Indian Companies Act, 2013. For the purpose of determining the shares entitled to annual dividends, the register is closed for a specified period prior to the annual general meeting. The date on which this period begins is the record date. The Companies Act requires us to give at least seven days’ prior notice to the public before such closure. We may not close the register of shareholders for more than thirty consecutive days, and in no event for more than forty-five days in a year.

Following the introduction of the Depositories Act, 1996, and the repeal of Section 22A of the Securities Contracts (Regulation) Act, 1956, which enabled companies to refuse to register transfers of shares in some circumstances, the equity shares of a public Company are freely transferable, subject only to the provisions of Section 58 of the Companies Act, listing regulations. However, listing regulations are not currently applicable to us because we are not listed on any stock exchange in India.

Since we are a public company under Indian law, the provisions of Section 58 apply to us. Our Articles of Association currently contain provisions that give our directors discretion to refuse to register a transfer of shares in some circumstances, if they have sufficient cause to do so in the best interests of our Company. While our directors are not required to provide a reason for any such refusal in writing, they must give notice of the refusal to the transferee within 30 days after receipt of the application for registration of transfer by our Company. If our directors refuse to register a transfer of shares, the shareholder wishing to transfer his, her or its shares may file a civil suit or an appeal with the Hon'ble NCLT.

Pursuant to Section 58 of the Companies Act, if a transfer of shares contravenes any of the provisions of the Companies Act and Securities and Exchange Board of India Act, 1992 or the regulations issued thereunder, or any other Indian laws, the Hon'ble NCLT may, on application made by the relevant Company, a depository incorporated in India, an investor, a participant, or the Securities and Exchange Board of India or other parties, direct the rectification of the register, record of members and/or beneficial owners. Hon'ble NCLT may, in its discretion, issue an interim order suspending the voting rights attached to the relevant shares before making or completing its investigation into the alleged contravention. Notwithstanding such investigation, the rights of a shareholder to transfer the shares will not be restricted.

Our transfer agent is GNSA Infotech Private Limited, Chennai. The Ministry of Corporate Affairs has mandated the dematerialization of shares for all unlisted public companies in India and restricted the transfer of physical shares

Disclosure of Ownership Interest

Section 89 of the Companies Act requires holders of record who do not hold beneficial interests in shares of Indian companies to declare to the company certain details, including the nature of the holder’s interest and details of the beneficial owner, including in case of change of such beneficial owner. Any person who fails to make the required declaration within 30 days may be liable for a fine which may extend to ₹50,000, and where the failure is a continuing one, with a further fine which may extend to ₹ 200 for every day after the first during which the failure continues, subject to a maximum of ₹5,00,000.

Disclosure of Significant Beneficial Ownership

Section 90 of the Companies Act, read with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, requires a significant beneficial owner to submit necessary declarations to the Company regarding the details of ownership interests held in the Company. Further, the Company is required to take necessary steps to identify an individual who is a significant beneficial owner in relation and require such individual to comply with the applicable provisions. A significant beneficial owner means every individual who, acting alone or together, or through one or more persons or trust, possesses one or more of the following rights or entitlements in the Company: (a) holds indirectly, or together with any direct holdings, not less than 10% of the shares; (b) holds indirectly, or together with any direct holdings, not less than 10% of the voting rights in the shares; (c) has the right to receive or participate in not less than 10% of the total distributable dividend or any other distribution, in a financial year through indirect holdings alone, or together with any direct holdings; or (d) has the right to exercise, or actually exercises, significant influence or control, in any manner other than through direct holdings alone, over the Company.

The Company is required to send notice to all its non-individual members who hold more than 10% of shares, voting rights or right to receive or participate in dividends/distributions in order to identify the individual beneficial owner and cause such individual to make the required reporting to the Company. On receipt of such declaration, the Company is required to inform the Ministry of Corporate Affairs.

Audit and Annual Report

Under the Indian Companies Act, a Company must file its annual report with the Registrar of Companies within 7 months from the close of the accounting year or within 30 days from the date of the Annual General Meeting, whichever is earlier. At least 21 days before the annual general meeting of shareholders excluding the days of mailing and receipt, we must distribute to our shareholders a detailed version of our audited balance sheet, profit and loss account and cash flow statement and the related reports of the Board and the auditors, together with a notice convening the annual general meeting. These materials are also generally made available at our corporate website, www.sifytechnologies.com Under the Indian Companies Act; we must file the audited financial statements presented to the shareholders within 30 days of the conclusion of the annual general meeting with the Registrar of Companies in Tamil Nadu, India, which is the state in which our registered office is located. We must also file an annual return containing a list of our shareholders and other information within 60 days of the conclusion of the meeting.

As per the directive of the Ministry of Corporate Affairs, Government of India, effective fiscal year ended March 31, 2011 onwards, the Company is required to file the audited financials in Extensible Business Reporting Language (XBRL) mode by using XBRL taxonomy.

The Company has filed the financial statements and other documents with Ministry of Corporate Affairs, Government of India (“MCA”) for the financial year 2022-23 in Extensible Business Reporting Language (XBRL) mode by using XBRL taxonomy.

Company Acquisition of Equity Shares

Under the Companies Act, 2013, companies may purchase their own shares or other specified securities out of their free reserves or their securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back) subject to the compliance with the Companies Act, 2013, and other prescribed rules, regulations and conditions as laid down in the Companies Act.

Capital Calls

Although our Articles of Association do provide for certain capital call obligations in respect of any monies unpaid on the shares of a shareholder, all of our issued and outstanding shares have been fully paid in. Accordingly, our shareholders are not obliged to make further contributions with respect to their shares.

Liquidation Rights

As per the Companies Act and the Insolvency and Bankruptcy Code, 2016, certain payments have preference over payments to be made to equity shareholders. These payments having preference include payments to be made by us to our employees, taxes, payments to secured and unsecured lenders and payments to holders of any shares entitled by their terms to preferential repayment over the equity shares.

In the event of our Company’s winding-up or liquidation, all preferential amounts, if any, shall be discharged by us. Our remaining assets shall be distributed to the holders of equity shares in proportion to their shareholdings.

Limitations on rights to own securities

There are no limitations on the rights to own our securities under our Memorandum of Association and Articles of Association. In particular, there are no provisions in our Articles of Association discriminating against any existing or prospective holder of our securities as a result of such shareholder owning a substantial number of shares.

However, for a summary of the restrictions on transfers applicable to both foreign direct investments and portfolio investments, see “—Restrictions on Transfer” below.

Redemption of Equity Shares

Under the Indian Companies Act, equity shares are not redeemable.

Discriminatory Provisions in Articles

There are no provisions in our Articles of Association discriminating against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares.

Alteration of Shareholder Rights

Under the Companies Act, the rights of any class of shareholders can be altered or varied (i) with the consent in writing of the holders of not less than three-fourths of the issued shares of that class; or (ii) by special resolution passed at a separate meeting of the holders of the issued shares of that class. Under the Companies Act, the Articles of Association may also be altered by a special resolution of the shareholders

Provisions on Changes in Capital

The Company may increase the share capital, consolidate the share capital into shares of larger face value than existing shares or sub-divide shares by reducing their par value, subject to an ordinary resolution of the shareholders in a General Meeting.

Currently, one class of equity shares is authorized and outstanding under our Memorandum of Association and Articles of Association. Further, the Company has authorized, but not issued, preference shares. However, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of such proportion of the issued shares of that class as maybe specified in the Companies Act or rules made thereunder, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

If a capital increase is approved, then our shareholders would generally have certain preemptive rights as described above.

The requirements of the Memorandum of Association and Articles of Association regarding changes in capital are not more stringent than the requirements of Indian law

Restrictions on Transfer

Under the Articles of Association of the Company, the board of directors has the right to decline to register or acknowledge any transfer of shares, notwithstanding that the proposed transferee is an existing shareholder in the Company. However, in such a case, the board of directors shall send notice of refusal to the transferor and the transferee in this regard within one month from the date on which the instrument of transfer was filed with the Company.

If the Company refuses to register the transfer of shares without sufficient cause, the transferee may, within a period of sixty days of such refusal or where no intimation has been received from the Company, within ninety days of the delivery of the instrument of transfer or intimation of transmission, appeal to the National Company Law Tribunal (the “NCLT”). The Hon'ble NCLT may, after hearing the parties, either dismiss the appeal; or by order direct that the transfer or transmission shall be registered by the Company and the Company shall comply with such order within a period of ten days of the receipt of the order; or direct rectification of the register and also direct the Company to pay damages, if any, sustained by any party aggrieved.

The subscription, purchase and sale of shares of an Indian company by a citizen of India who resides outside India (“NRI”), whether in the form of foreign direct investment or in the form of portfolio investment, are governed by various Indian laws regulating the transfer or issue of securities by the company to NRIs. These regulations have been progressively relaxed in recent years. Set forth below is a summary of various forms of investment, and the regulations applicable to each, including the requirements under Indian law applicable to our equity shares and ADSs

Material Contracts

See the agreements listed in Item 7, “Major Shareholders and Related Party Transactions” regarding our material contracts involving certain of our officers and directors.

Exchange Controls

General

The subscription, purchase and sale of shares of an Indian Company by Person Resident outside India (non-residents) are governed by various Indian laws regulating the transfer or issue of Securities by the Company to non-residents. These regulations have been progressively relaxed in recent years. Set forth below is a summary of various forms of investment, and the regulations applicable to each, including the requirements under Indian law applicable to the issuance of ADSs.

Foreign Direct Investment

Foreign Direct Investment (“FDI”) in India is governed by the FDI Policy, dated October 15, 2020, (the “FDI Policy”) announced by the Government of India, the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”), Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (the “NDI Rules”) and the rules, regulations and notifications issued thereunder. Foreign Exchange Management (Non-debt Instruments) Rules, 2019 contain the related regulations for foreign investment in India. The NDI Rules are amended from time to time.

Under the FDI Policy, investments can be made by NRIs in the shares, convertible debentures and preference shares of an Indian company, through two routes: the Automatic Route and the Government Route. Under the Automatic Route, neither the foreign investor nor the Indian Company requires any approval from the relevant ministry, department of the Government of India for the investment. Under the Government Route, prior approval of the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“DPIIT”), Ministry of Finance, Department of Economic Affairs through the FDI Policy, is needed.

FDI is freely permitted in almost all sectors. In particular, ownership of shares of Indian companies in most manufacturing and service sectors does not require prior approval of the concerned ministries or departments, in consultation with the DPIIT (as mentioned above), or the RBI, if the activity of the investee-company fulfill the conditions prescribed for the Automatic Route. These conditions include certain eligibility norms, pricing requirements, subscription in foreign exchange, compliance with the Takeover Code (as described below), and ownership restrictions based on the nature of the foreign investor (as described below).

The Ministry of Finance has made prior approval from the Government mandatory for receiving foreign investments (including the subsequent transfer of ownership) from countries that share land border with India on or after April 22, 2020. This requirement also applies in cases where the beneficial owner of such foreign investment (both at the time of investment and any change thereafter due to transfer of ownership) is situated in or is a resident of a country sharing land border with India.

Ownership Restrictions

The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, or the SEBI FPI Regulations, have replaced the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

In terms of applicable NDI Rules and the SEBI FPI Regulations, investments by Foreign Portfolio Investors (“FPIs”) shall only invest in the securities specified in the SEBI FPI Regulations, which include shares, debentures and warrants issued by a body corporate; listed or to be listed on a recognized stock exchange in India. Investment by FPIs in the equity shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of the equity share capital on a fully diluted basis of an Indian company through portfolio investments. In case the total holding of an FPI or investor group increases beyond 10% equity share capital of an Indian company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by an Indian company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI / Ministry of Finance, in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates.

Per the NDI Rules, a non-resident Indian (“NRI”) or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognized stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid - up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company

Subsequent Transfers

Restrictions for subsequent transfers of shares of Indian companies between residents and NRIs are governed under the NDI Rules. For a transfer between a resident and a NRI of securities of an Indian company in the telecommunications sector, such as ours, no prior approval of either the RBI or the Government of India is required, as long as the terms and conditions set out in the NDI Rules are complied with. These conditions and procedures include compliance with pricing guidelines, consent letters from the transaction parties, applicability of regulatory requirements such as FDI, and filing Form FC TRS with authorized bankers. However, please note that pursuant to Press Note 3, investment by persons or entities situated in or citizens of countries that share land border with India requires prior approval from the Government of India. This includes transactions where the beneficial owner of the relevant investor is domiciled in or a citizen of a country that shares land border with India. Accordingly, investments from countries like Bangladesh, China (including Hong Kong and Macau), Pakistan, Nepal, Myanmar, Bhutan and Afghanistan (collectively the “Neighboring Countries”) or where the ‘beneficial owner’ of such Indian investment is situated in, or is a citizen of, any such Neighboring Countries, requires government approval. Please note that inclusion of Taiwan in the definition of Neighboring Countries is a grey area (considering the political status of Chinese Taipei and China) and foreign investment in India by an entity based in Taiwan may also trigger approval requirements.

The price of shares issued to NRIs under the FDI Policy cannot not be less than the fair valuation of shares done by a SEBI registered merchant banker or a chartered accountant as per any internationally accepted pricing methodology on arm’s length basis, where the shares of the company are not listed on any recognized stock exchange in India. Where the issue of shares is on preferential allotment, the price applicable to transfers of shares from resident to non-resident are also subject to the pricing guidelines issued by the Government of India. However, where NRIs are making investments in an Indian company in compliance with the provisions of the Companies Act, as applicable, by way of subscription to its Memorandum of Association, such investments may be made at face value, subject to their eligibility under the FDI Policy.

Transfers of shares or convertible debentures, by way of sale or gift, between two non-residents are not subject to Indian exchange control approvals or pricing restrictions. However, please see “—India selling restrictions” for a full description of the exchange control transfer regime (especially in relation to Neighboring Countries).

Takeover Code

Upon conversion of ADSs into equity shares, a holder of ADSs will be subject to the Takeover Code as prescribed by the Securities and Exchange Board of India.

Reduction of limit for Overseas Direct Investment

FEMA and the Foreign Exchange Management (Overseas Investment) Rules, 2022 issued thereunder also regulate overseas direct investments (“ODI”) by Indian companies. The total ODI an Indian company can make cannot exceed 400% of its net worth as per its last audited balance sheet, and subject to other restrictions under the Foreign Exchange Management (Overseas Investment) Rules, 2022 and the Foreign Exchange Management Act, 1999.

Fungibility of ADSs

A limited two-way fungibility scheme has been put in place by the Government of India for ADRs / GDRs. Under this Scheme, a stock broker in India, registered with SEBI, can purchase shares of an Indian Company from the market for conversion into ADRs/GDRs based on instructions received from overseas investors. Re-issuance of ADRs / GDRs would be permitted to the extent of ADRs / GDRs which have been redeemed into underlying shares and sold in the Indian market.

Currently, there is no public trading market for our equity shares in India or elsewhere nor can we assure you that we will take steps to develop one. Our equity securities are only traded on NASDAQ through the ADSs as described in this report. Under prior Indian laws and regulations, our Depository could not accept deposits of outstanding equity shares and issue ADRs evidencing ADSs representing such equity shares without prior approval of the Government of India. The Reserve Bank of India has announced fungibility regulations permitting, under limited circumstances, the conversion of ADSs to equity shares and the reconversion of equity shares to ADSs provided that the actual number of ADSs outstanding after such reconversion is not greater than the original number of ADSs outstanding. If you elect to surrender your ADSs and receive equity shares, you will not be able to trade those equity shares on any securities market and, under present law, likely will not be permitted to reconvert those equity shares to ADSs.

If in the future a market for our equity shares is established in India or another market outside of the United States, those shares may trade at a discount or premium to the ADSs. Under current Indian regulations and practice, the approval of the Reserve Bank of India is not required for the sale of equity shares underlying ADSs by a non-resident Indian to a resident Indian as well as for renunciation of rights to a resident of India, unless the sale of equity shares underlying the ADSs is through a recognized stock exchange or in connection with the offer made under the regulations regarding takeovers. The shareholders who intend transferring their equity shares shall comply with the procedural requirements set out under the head ‘subsequent transfers’ above.

The Government is yet to notify the scheme.

Transfer of ADSs and Surrender of ADSs

A person resident outside India may transfer the ADSs held in Indian companies to another person resident outside India without any permission.

Under certain circumstances, the RBI must approve the sale of equity shares underlying ADSs by a non-resident of India to a resident of India. The RBI has given general permission to effect sales of existing shares or convertible debentures of an Indian company by a resident to a non-resident, subject to compliance with certain conditions and reporting requirements, including the price at which the shares must be sold.

Moreover, the transfer of shares between an Indian resident and a non-resident (other than a non-resident Indian, or NRI) does not require the prior approval of the Government of India or RBI, provided that (i) the activities of the investee company are under the automatic route pursuant to the FDI Policy, and the transfer is not subject to regulations under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, (ii) the non-resident shareholding complies with sector limits under the FDI Policy and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI and RBI. We are an unlisted company and the Takeover Code is not applicable to us.

Additionally, except under certain limited circumstances, if an investor seeks to convert the Indian rupee proceeds from a sale of equity shares in India into foreign currency and then repatriate that foreign currency from India, it will have to obtain an additional approval from the RBI for each such transaction. Required approval from the RBI or any other Government agency may not be obtained on terms favorable to a non-resident investor or at all.

An ADS holder is permitted to surrender the ADSs held by it in an Indian company and to receive the underlying equity shares pursuant to the terms of the Deposit Agreement. Under Indian regulations, the re-deposit of these equity shares with the Depository for ADSs may not be permitted. Investors who exchange our ADSs for our underlying equity shares may be subject to the provisions of the Companies Act and to the disclosure obligations that may be necessary pursuant to the Deposit Agreement with our Depository. The Companies Act requires that, where the registered owner of shares does not hold the beneficial interest in such shares, both the registered owner and the beneficial owner of such equity shares are required to disclose to the Company the nature of their interest, particulars of the registered owner and certain other details.

Shareholders resident outside India who intend to sell, transfer or surrender our securities within India should seek the advice of Indian counsel to understand the requirements applicable at that time.

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Government of India Approvals

Pursuant to the RBI's regulations relating to sponsored ADS offerings, an issuer in India can sponsor the issue of ADSs through an overseas depository against underlying equity shares accepted from holders of its equity shares in India. The guidelines specify, among other conditions, that:

- the ADSs must be offered at a price determined by the lead manager of such offering;
- all equity holders may participate;
- the issuer must obtain special shareholder approval; and
- the proceeds must be repatriated to India within one month of the closure of the issue.

Ownership Restrictions

The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, or the SEBI FPI Regulations, have replaced the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

In terms of applicable NDI Rules and the SEBI FPI Regulations, investments by Foreign Portfolio Investors (“FPIs”) shall only invest in the securities specified in the SEBI FPI Regulations, which include shares, debentures and warrants issued by a body corporate; listed or to be listed on a recognized stock exchange in India. Investment by FPIs in the equity shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of the equity share capital on a fully diluted basis of an Indian company through portfolio investments. In case the total holding of an FPI or investor group increases beyond 10% equity share capital of an Indian company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by an Indian company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI / Ministry of Finance, in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates.

Per the NDI Rules, a non-resident Indian (“NRI”) or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognized stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid - up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Voting Rights of Deposited Equity Shares Represented by ADSs

Holders of ADSs generally have the right under the deposit agreement to instruct the depository bank to exercise the voting rights for the equity shares represented by the related ADSs. At our request, the depository bank will mail to the holders of ADSs any notice of shareholders’ meeting received from us together with information explaining how to instruct the depository bank to exercise the voting rights of the securities represented by ADSs.

If the depository bank timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities represented by the holder’s ADSs in accordance with such voting instructions. In the event that voting takes place by a show of hands, the depository bank will cause the custodian to vote all deposited securities in accordance with the instructions received by holders of a majority of the ADSs for which the depository bank receives voting instructions.

Please note that the ability of the depository bank to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that ADS holders will receive voting materials in time to enable them to return voting instructions to the depository bank in a timely manner. Securities for which no voting instructions have been received will not be voted except as discussed above.

As a foreign private issuer, we are not subject to the SEC’s proxy rules, which regulate the form and content of solicitations by United States-based issuers of proxies from their shareholders. To date, our practice has been to provide advance notice to our ADS holders of all shareholder meetings and to solicit their vote on such matters, through the depository, and we expect to continue this practice. The form of notice and proxy statement that we have been using does not include all of the information that would be provided under the SEC’s proxy rules.

Under Indian law, the ADS holders have the right to vote on any general meetings either by show of hands or by poll only on becoming the Shareholder of the Company by converting the ADS into equity shares of the Company.

Reserve Bank of India Monetary Policy during Financial Year 2023-2024:

- Repo Rate under LAF has been continuously maintained at 6.50 per cent throughout this fiscal year.
- Reverse repo rate under the LAF retained at 3.35 per cent, throughout this fiscal year.
- Cash Reserve Ratio has been maintained at a standard rate of 4.50 per cent to maintain the liquidity position in the Banking system.
- As the Repo Rate has been maintained without change, the standing deposit facility (SDF) rate stands at a similar rate at 6.25 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 6.75 per cent.
- Government of India approved the Extension of Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit (‘Scheme’) up to June 30, 2024, or till further review.
- During the fiscal year 2023-24 the rupee depreciated by 1.47 per cent against the USD (Concluding at Rs. 83.37 / USD) as on 31st March 2024.
- During the fiscal year 2023-24 the rupee appreciated by 0.06 per cent against the SGD (Concluding at Rs. 61.78 / SGD) as on 31st March 2024. The SGD has been trading weak as compared to previous fiscal year mainly due to Rupees bullishness based on the GDP projections etc.
- Debt Ceiling crisis: The years of 2022 and 2023 have been years, testing the United Nation’s Debt ceiling on its federal Treasury department. Owing to the cautious movement of financial markets across the globe. Which have paved the way for the new heights for the INR/USD rate. The president of USA on 3rd June 2023 Mr. Biden signed the bill at the White House increasing the debt ceiling to USD 31.4 trillion.
- Brent Crude Oil, which was around USD 77.90 at the beginning of the year has moved up steadily and closed at around USD 87 per barrel.
- FTP 2023 has introduced provisions for merchanting trade. Merchanting trade of restricted and prohibited items under export policy would now be possible. Merchanting trade involves shipment of goods from one foreign country to another foreign country without touching Indian ports, involving an Indian intermediary.

TAXATION

Material Indian Taxation Considerations

Given below is the summary of tax implications for holders of ADSs and equity shares, upon withdrawal of such equity shares, who are not resident in India, whether of Indian origin or not. These tax provisions are governed by the Income-tax Act, 1961 (the “Act”) read with the Issue of Foreign Currency Convertible Bonds and Equity Shares (through Depository Receipt Mechanism) Scheme, 1993 (the “1993 Scheme”) and the Depository Receipts Scheme, 2014, as amended.

This section is not intended to constitute a complete analysis of the individual tax consequences to non-resident holders under Indian law for the acquisition, ownership and sale of ADSs and equity shares. Personal tax consequences of an investment may vary for non-resident holders in various circumstances, and potential investors should therefore consult their tax advisors on tax consequences of such acquisition, ownership and sale, including specifically the tax consequences under the law of the jurisdiction of their residence and any tax treaty between India and their country of residence. Each prospective investor should consult his, her or its own tax advisors with respect to Indian and local tax consequences of acquiring, owning or disposing of equity shares or ADSs.

Surcharge and education cess

The rate of surcharge for domestic companies (except in specified cases like in the case of share buy-back tax and tax payable by a domestic company under the tax regime under section 115BAA) having total taxable income exceeding ₹ 10 Million but not exceeding ₹ 100 Million is 7% and in the case of domestic companies with total taxable income greater than ₹ 100 Million, the applicable surcharge is 12%. The Company has opted for a beneficial tax regime under Section 115BAA of the Act and hence, the applicable rate of surcharge is 10%. For foreign companies, the rate of surcharge is 2% if the total taxable income exceeds ₹ 10 Million but does not exceed ₹ 100 Million and it is 5% if the total taxable income of the foreign Company exceeds ₹ 100 Million.

For non-corporates (like individuals, Hindu undivided family, association of persons), the rate of surcharge varies from 10% to 25% of the amount of income-tax, depending upon the income level and other factors. These provisions are complex provisions and the prospective investor should consult his, her or its own tax advisors in relation to the same.

The taxes and applicable surcharge will be increased by incremental levy known as ‘Health and Education cess’ at 4%.

Residential status of individuals

A person is said to be resident in India during any fiscal year if he or she stays in India in that year:

- For a period of at least 182 days or
- For a period of at least 60 days and, within the four preceding years has been in India for a period or periods amounting to at least 365 days.

However, in case a:

- citizen of India who leaves India in a previous year for the purposes of employment outside of India,
- citizen of India or a person of Indian origin living abroad who visits India

then, the second condition as mentioned above will be applicable only if the person stays in India for a minimum of 182 days as against 60 days in the relevant fiscal year.

Further, the Finance Act, 2020 has amended the provisions of residential status as below:

- In case of Indian citizens or a person of Indian origin living abroad visiting India having total income, other than income from foreign source, exceeding Rs. 15 lakhs, the period of stay would be considered as 120 days as against 60/ 182 days as provided above. Further such person would be treated as Resident but Not Ordinarily Resident (RNOR) if his stay in India is less than 182 days.

- Further, an Indian citizen would be deemed to be a Resident of India if his total income (not including foreign sourced income) exceeds Rs. 15 lakhs during the previous year and if he/she is not liable to income tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature. Such person who is deemed to be resident of India would be treated as RNOR.

Residential status of corporates

As per the provisions of the Act a Company is said to be resident in India if it is an Indian Company or if the control and management of its affairs is situated wholly in India. If none of the aforesaid conditions are satisfied, the Company is treated as a non-resident as per the Act.

- However, the Finance Act, 2015 brought in a concept called Place of Effective Management (‘POEM’). Accordingly, the residential status of companies was redefined. A Company would be considered a resident if it is an Indian Company or if its POEM, in that year, is in India. POEM was defined as a place where key management and commercial decisions that are necessary for conduct of business as an entity, as a whole are, in substance, made. Thus, a foreign Company will become a resident of India if its POEM is in India.
- POEM is a well recognized concept in OECD & UN Model Tax Convention. OECD recognized POEM as a tie-breaker rule for determining residential status and hence most of Double Taxation Avoidance Agreements (‘DTAA’) with India recognize it as a tie-breaker rule.
- The Finance Act, 2016 deferred the applicability of POEM by one year and accordingly POEM was applicable from fiscal year 2017 onwards. Ministry of Finance issued detailed guidelines for POEM compliances vide CBDT circulars dated January 24, 2017 and October 23, 2017. However, it was clarified vide CBDT Circular dated February 23, 2017 that the POEM provisions shall not apply to a company having turnover or gross receipts of Rs. 500 million or less in a fiscal year. Further, the Government of India also prescribed guidelines specifying the exceptions, modifications and adaptations to the provisions of the Act relating to computation of total income, treatment of unabsorbed depreciation, set off or carry forward and set off of losses, collection and recovery and special provisions relating to avoidance of tax applicable to foreign companies having POEM in India vide CBDT Notification No. 29/2018 dated June 22, 2018. This could increase the burden of compliances for our subsidiary companies situated outside India.

Taxation of Distributions

There is a long history regarding taxability of dividend income. While initially, the dividend income was taxable in the hands of the shareholders and was subject to tax withholding by the company distributing dividends, a major shift was made regarding dividend declared, distributed or paid on or after June 1, 1997 wherein a domestic company declaring, distributing or paying dividend was required to pay dividend distribution tax (“DDT”) at the rate of 10% as increased by applicable surcharge and cess, and dividend income was made exempt from tax in the hands of the shareholders of such domestic company, whether resident shareholders or non-resident shareholders. The DDT rate was subject to change from time to time. This regime generally continued up to fiscal year 2019-2020 except for fiscal year 2012-2013.

The Finance Act, 2017 provided that, dividend income in excess of Rs.1 million per annum is taxable at the rate of 10% (plus applicable surcharge and education cess) for non-corporate resident investors.

However, the Finance Act 2020 brought back the earlier provisions relating to taxability of dividends, wherein dividend income will be taxed in the hands of shareholders based on their respective taxation limits and provided that companies will not be required to pay DDT. Accordingly, it was also provided that companies are required to withhold taxes on the dividends paid to shareholders as per the relevant provisions of the Act also adhering to the provisions of DTAA.

In order to remove the cascading effect of taxes on the dividends paid on the same profits, the amendments also provided for reduction of dividends received from other domestic companies or foreign companies from total income of the company receiving dividend if the same is distributed as dividends by such company (i.e., dividend distributed out of the dividends received from their other domestic companies or foreign companies). Such reduction is available for dividends distributed by the company up to one month prior to the due date of filing Income Tax Return. Consequent amendment was also made to the provisions for deductions to be allowed against dividend income in the hands of the recipient. It was provided that no deduction shall be allowed from dividend income, other than the deduction on account of interest expense and such deduction shall not exceed twenty percent of the dividend income. However, no such deduction of interest expense is allowed to a non-resident who is taxed on dividend income on gross basis.

Where the ADSs comply with the conditions of section 115AC / 115ACA of the Act and the Depository Receipts Scheme, 2014, the amount of dividend on ADSs is taxable at the rate of 10%.

Taxation of Employee Stock Option Plans

The Finance Act, 2009 brought provisions to tax any specified securities or sweat equity shares allotted or transferred, directly or indirectly, by a Company free of cost or at concessional rate to its current or former employees. Accordingly, the fair market value ('FMV') of the specified security or share as on the date of exercise of the option by the employee as reduced by the amount actually paid by, or recovered from the employee is taxable as a perquisite in the hands of the employee under the head 'Salaries'. This treatment extends to all options granted under a Company's stock option plan, where such option is exercised on or after April 1, 2009. It is to be noted that such securities or sweat equity shares allotted or transferred by a Company free of cost or at concessional rate to its employees were earlier subject to a fringe benefit tax which was abolished in 2009.

Taxation of Capital Gains

Where the ADSs are held by the non-resident as a 'capital asset', any gain realized on the sale of ADSs by a non-resident holder to any non-resident outside India is not subject to Indian capital gains tax (provided that the ADSs comply with the provisions of section 115AC of the Act and the Scheme notified by the Central Government under section 115AC of the Act) as it is not regarded as transfer by virtue of section 47(viia) of the Act. Similarly, sale of such ADSs by a non-resident holder on a recognized stock exchange in any International Financial Services Centre (where the consideration for such sale is paid or payable in foreign currency is also not regarded as transfer as per section 47(viiab) of the Act. Since our ADS offerings were approved by the Government of India under the Issue of Foreign Currency Convertible Bonds and Equity Shares Scheme, non-resident holders of the ADSs have the benefit of tax concessions available under Section 115AC.

Where the ADSs are held by the resident as a 'capital asset', any capital gains arising from their transfer will be taxed under Section 115ACA of the Act.

The following provisions pertain to taxation of capital gains as per the provisions of the Act:

- Effective fiscal year 2016-2017, shares (including shares issuable on the conversion of the ADSs) held by the non-resident investor for a period of more than 24 months are treated as long term capital assets. If the shares are held for a period of less than 24 months from the date of conversion, the same is treated as short term capital asset.
- Taxable gain realized by a non-resident in respect of equity shares held for more than 24 months, or long-term gain, is subject to tax at the rate of 10.00% (excluding applicable surcharge and cess).
- Taxable gain realized in respect of equity shares held for 24 months or less, or short-term gain, is subject to tax at variable rates with a maximum rate of 40.00% (excluding applicable surcharge and cess).
- Long Term Capital Gain arising from sale of equity shares in a Company (or a unit of an equity-oriented fund or a unit of a business trust) on or after October 1, 2004 and on which STT is paid at the time of sale, was earlier exempt from Tax. The Finance Act 2017 had amended the Act to provide that the Long-term capital gains realized by any person upon the sale of equity shares in a Company is exempt from tax only if the sale of such shares is made on a recognized stock exchange and Securities Transaction Tax, or STT (described below) is paid both at the time of purchase and sale of such shares, or such acquisition has been notified by the Central Government. Finance Act, 2018 amended the Act to provide that Long Term Capital Gain exceeding ₹100,000 arising from sale of equity shares in a Company or a unit of an equity-oriented fund or a unit of a business trust will be taxable at a rate of 10%, subject to satisfaction of certain conditions and will not get the benefit of indexation. Thus, any transfer carried out after 1 April 2018 resulting in Long Term Capital Gains in excess of ₹100,000 will attract tax at the rate of 10 percent. Further if investments are made on or before January 31, 2018, a method of determining the Cost of Acquisition (COA) of such investments has been specifically laid down. The COA of such investments shall be deemed to be the higher of-

- o The actual COA of such investments; and
- o The lower of
 - FMV of such investments as on January 31, 2018; and
 - Full Value of Consideration received or accruing as a result of the transfer of the capital asset i.e. the Sale Price.
- With respect to assets listed as on January 31, 2018, the FMV would be the highest price quoted on the recognized stock exchange on January 31, 2018. In case there is no trading of the said asset in such stock exchange, the highest price on a day immediately preceding January 31, 2018 shall be considered to be the FMV; and any short-term capital gain is taxed at 15% excluding the applicable surcharge and education cess, if the sale of such equity shares is settled on a recognized stock exchange and STT is paid on such sale.

Since October 1, 2004, with respect to a sale and purchase of equity shares entered into on a recognized stock exchange in India, (i) both the buyer and seller are required to pay a Securities Transaction Tax ('STT') at the rate of 0.1% of the transaction value of the securities, if the transaction is a delivery based transaction, i.e. the transaction involves actual delivery or transfer of shares; (ii) the seller of the shares is required to pay a STT at the rate of 0.025% of the transaction value of the securities if the transaction is a non-delivery based transaction, i.e. a transaction settled without taking delivery of the shares. STT is leviable with respect to a sale and purchase of a derivative and the rates of STT as substituted by Finance Act, 2008 effective June 1, 2008 is as follows: (i) in case of sale of an option in securities, the seller is required to pay an STT at the rate of 0.05% of the option premium; (ii) in case of a sale of an option in securities, where the option is exercised, the buyer is required to pay a STT at the rate of 0.125% of the settlement price; and (iii) in case of sale of futures in securities, the seller is required to pay STT at 0.01% on transaction value.

- Any capital gain arising from the sale of Shares will be subject to relief, if any, available to the non-resident under an applicable DTAA subject to compliance with the relevant conditions.
- Any capital gain tax paid by a non-resident on the transaction of sale of Shares may be eligible for tax credit in the home jurisdiction subject to the provisions of the domestic tax laws of the home jurisdiction read with the applicable tax treaty. The capital gains tax is computed by applying the appropriate tax rates to the difference between the sale price and the purchase price of the equity shares.
- The Finance Act, 2017 has also introduced section 56(2)(x) in the Act to include that following shall be chargeable to Income tax as "Income from other sources":

Where any person receives, in any previous year, from any person or persons on or after the first day of April, 2017, amongst others, any shares or securities without consideration, the FMV of which exceeds fifty thousand rupees, the whole of the FMV of such shares or securities or for a consideration which is less than the FMV of the shares or securities by an amount exceeding fifty thousand rupees, the FMV of such shares or securities as exceeds such consideration. For this purpose, the FMV is required to be computed as per prescribed taxation rules. Further, this provision is subject to certain specified exemptions, as an example, receipt of shares or securities from specified relatives, or pursuant to tax neutral mergers and demergers. It is unclear whether capital gains derived from the sale of subscription rights or other rights by a non-resident holder not entitled to an exemption under a DTAA will be subject to Indian capital gains tax. If such subscription rights or other rights are deemed by the Indian tax authorities to be situated within India, the gains realized on the sale of such subscription rights or other rights will be subject to Indian taxation. The capital gains realized on the sale of such subscription rights or other rights, which will generally be in the nature of short-term capital gains, will be subject to tax at a maximum rate of 40% (excluding applicable surcharge and education cess), in case of a foreign Company and at a maximum rate of 30% (excluding applicable surcharge and education cess), in case of resident employees and non-resident individuals with taxable income over ₹ 1 Million.

Withholding Tax on Capital Gains

Any taxable gain realized by a non-resident on the sale of ADSs or equity shares is to be subject to withholding of tax at source by the buyer. According to Sections 196C and 196D of the Act, where any income by way of interest or dividends in respect of bonds or global depository receipts referred to in section 115AC of the Act or by way of long-term capital gains arising from the transfer of such bonds or global depository receipts is payable to a non-resident respectively, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a check or draft or by any other mode, whichever is earlier, deduct income tax thereon at the rate of ten per cent subject to any concession rate of tax provided as per DTAA of respective countries read along with applicable MLI. The concessional tax rate benefit as per DTAA would be available subject to providing various Tax forms including Tax Residency Certificate by non-resident shareholders. However, as per the provisions of Section 196D(2) of the Act, no withholding of tax is required from any income by way of capital gains arising to Foreign Institutional Investors as defined in Section 115AD of the Act on the transfer of securities defined in said section.

Buy-back of Securities

With effect from June 1, 2013, as per the provisions of section 115QA of the Act, a buy-back of shares by a domestic company (not being shares listed in a recognized stock exchange in India) was made subject to payment of share buy-back tax in the hands of such domestic company at the rate of 20% (as increased by surcharge at the rate of 12% and cess) on the amount of ‘distributed income’. The provisions of such share buy-back tax were extended to domestic companies whose shares are listed on a recognized stock exchange in India with effect from July 5, 2019. In such a case (i.e., where share buy-back tax is payable by the domestic company), the income arising to the shareholders, whether resident shareholders or non-resident shareholders, is exempt from tax in their hands under section 10(34A) of the Act, and thus, the same will not be subject to any tax withholding by such domestic company.

Further, the Taxation Law (Amendment) Act 2019 provided that the Tax on buy-back of shares would not apply to such buy-back of shares (being the shares listed on a recognized stock exchange), in respect of which public announcement has been made on or before the 5th day of July, 2019 in accordance with the provisions of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992).

For the purposes of share buy-back tax under section 115QA of the Act, the expression ‘distributed income’ means the consideration paid by the company on buy-back of shares as reduced by the amount, which was received by the company for issue of such shares, determined in the manner as may be prescribed. Rule 40BB of the Income Tax Rules, 1962 has been prescribed in this regard and deals with various scenarios like shares issued under the employees’ stock option or as part of sweat equity shares, shares issued by the transferee company in case of amalgamation or demerger etc.

Further, the expression ‘buy-back’, for the purposes of share buy-back tax under section 115QA of the Act, has been defined to mean purchase by a company of its own shares in accordance with the provisions of any law for the time being in force relating to companies.

Stamp Duty and Transfer Tax

Section 115JA was introduced to the Act with effect from April 1, 1997, to bring certain zero tax companies under the ambit of a Minimum Alternative Tax (‘MAT’). The Finance Act, 2000 introduced Section 115JB to the Act modifying the MAT provisions. The MAT rate has been subject to change from time to time and presently, it is 18.5% of the ‘book profits’ as determined under the provisions of section 115JB of the Act. Accordingly, if the tax on taxable income of a Company computed under the Act, in respect of a fiscal year is less than 18.5% of its book profits, the tax on total income of such Company for the relevant fiscal year shall be deemed to be an amount equal to 18.5% (plus applicable surcharge & cess) of its ‘book profits’. Further, the Act provides that the MAT paid by companies can be adjusted against its tax liability under the normal provisions of the Act over the next fifteen years but limited to the extent that is over and above the tax computed under MAT provisions for the same period.

Section 115BAA of the Act (a new corporate tax regime) was introduced with effect from fiscal year 2019-20 providing that Indian companies can opt for a lower corporate tax rate of 22% (plus surcharge @ 10% and cess) subject to satisfaction of certain conditions. As part of the new regime, the aforementioned MAT provisions are fully made not applicable if the new regime is opted by the corporates. While MAT paid by companies can be adjusted against its tax liability over the next fifteen years, if corporates opt for the new tax regime, existing MAT Credit cannot be carried forward & adjusted in subsequent years and will have to be foregone upon opting of new regime.

Similarly, the MAT provisions are not applicable on new manufacturing domestic companies (companies set-up and registered between October 01, 2019 to March 31, 2024) who have exercised option to be covered by a tax regime contained in section 115BAB of the Act..

Section 115JA was introduced to the Act with effect from April 1, 1997, to bring certain zero tax companies under the ambit of a Minimum Alternative Tax (‘MAT’). Finance Act, 2000 introduced Section 115JB to the Act modifying the MAT provisions. Accordingly, if the tax on taxable income of a Company computed under the Act, in respect of a fiscal year is less than 7.5% (later revised to 18.5% and then 15%) of its book profits, the tax on total income of such Company for the relevant fiscal year shall be deemed to be an amount equal to 7.5% (later revised to 18.5% and then 15%) (plus applicable surcharge & cess) of such book profits. Further, the Act provides that the MAT paid by companies can be adjusted against its tax liability under the normal provisions of the Act over the next fifteen years but limited to the extent that is over and above the tax computed under MAT provisions for the same period.

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Other Amendments

The Finance Act, 2023 has amended various provisions of the Act. Captured below are the amendments relevant in the context of the current discussion:

- Section 80-IAC: Extension of last date for incorporation of eligible startups (engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation) from March 31, 2023 to March 31, 2024 to avail profit linked exemption (100 percent of profits allowed as deduction).
- Section 43B: Deduction of payments to MSME allowed only on actual payment basis except where the same is not due as per the timelines provided in the MSME Act, 2006.
- Section 9: Receipt of gifts by residents but not ordinarily residents within the purview of income deemed to accrue or arise in India.
- Section 56(2)(vii)(b): Applicability extended to receipt of excess consideration for issue of shares to a resident company from non-resident/ resident but not ordinarily residents as well.
- Section 49: Cost of acquisition for certain capital assets such as intangibles or any similar other right clearly defined as ‘NIL’.
- Section 206AA/AB: Exclude from its purview of higher rate of TDS persons not liable to file income tax returns.
- Sections 154 and 155: Provides procedure for grating TDS credit in relation to income offered to tax in earlier years.
- Penalty provisions introduced for non-compliance with TDS obligations under sections 194R (Benefit or perquisite provided to a resident carrying on business or profession, exceeding ₹ 20,000 in a year, shall be subjected to TDS at 10 percent of the value of such benefit/ perquisite) and 194S (mandates TDS by any person making payment to any resident in India on purchase/ transfer of a virtual digital asset).

- Penalty provisions introduced for submitting inaccurate information in Specified Financial Transactions (‘SFT’) return (specified entities required to furnish certain reportable transactions such as issue of bonds/debentures/ shares, buy back of shares, dividend distribution, etc. undertaken during the year.
- Relaxation to enable filing of modified return by the successor in the case of Business reorganization within six months of the court order and authority to and procedure to be followed by the officer in such scenarios also prescribed.
- Hon’ble Supreme Court held that Telecom License Fees payable by Telecom players is capital in nature (even when the same is not paid as a one-time charge and paid in instalments as a percentage of Gross Revenue under the New Telecom Policy, 1999) and hence not an allowable expenses deduction.

Further, while it is held that the said capital expenditure being the license fee can be amortized under section 35ABB of the Act over the life of the license, mechanism for computing the same in a scenario of annual payments has not been clarified.

A full-fledged budget for the year 2024 is expected to be released in July 2024. Meanwhile, the following proposals were made as part of the Interim Budget in February 2024:

- Proposed to withdraw small outstanding demands that have remained unresolved till FY 2014-15. Thus, demands up to INR 25,000 for the period up to financial year 2009-10 and up to INR 10,000 for financial years 2010-11 to 2014-15 will be waived.
- Extension of last date of incorporation in case of section 80-IAC mentioned above is further extended by one year from March 31, 2024 to March 31, 2025.

Material U. S. Federal Income Tax Consequences

The following is a summary of the material U.S. federal income tax consequences that may be relevant with respect to the ownership and disposition of equity shares or ADSs and is for general information only. This summary addresses the U.S. federal income tax considerations of U.S. holders. For purposes of this discussion, “U.S. holders” are beneficial owners of equity shares or ADSs who or that are (a) individuals who are citizens or residents of the United States for U.S. federal income tax purposes, (b) corporations (or other entities treated as corporations for U.S. federal income tax purposes) created in or under the laws of the United States or any political subdivision thereof, (c) estates, the income of which is includable in gross income for U.S. federal income tax purposes, regardless of its source and (d) trusts having a valid election to be treated as “United States persons” (within the meaning of Section 7701(a)(30) of U.S. Internal Revenue Code of 1986, as amended (the “Code”)) in effect under U.S. Department of the Treasury regulations (“U.S. Treasury Regulations”) or the administration of which a U.S. court exercises primary supervision and with respect to which a United States person has the authority to control all substantial decisions.

This summary is limited to U.S. holders who hold or will hold equity shares or ADSs as capital assets (generally property held for investment). In addition, this summary is limited to U.S. holders who are not residents in India for purposes of the Convention between the Government of the United States of America and the Government of India for the avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income (the “Convention”).

This summary does not address any tax considerations arising under the laws of any U.S. state or local or non-U.S. jurisdiction, or tax considerations under any U.S. estate or gift tax or other non-income tax laws. In addition, this summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as banks, insurance companies, regulated investment companies, real estate investment trusts, financial institutions, dealers in securities or currencies, tax-exempt entities, persons subject to alternative minimum tax, persons subject to special accounting rules under Section 451(b) of the Code, persons that will hold equity shares or ADSs as a position in a “straddle” or as part of a “hedging” or “conversion” transaction for tax purposes, persons holding ADSs or equity shares through partnerships or other pass-through entities and investors therein, persons that have a “functional currency” other than the U.S. dollar or holders owning directly, indirect or through the application of certain constructive ownership rules, 10% or more, by voting power or value, of the shares of our Company. This summary is based on the Code, the U.S. Treasury Regulations in effect or, in some cases, proposed, as of the date of this document, as well as judicial and administrative interpretations thereof available on or before such date and is based in part on the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. All of the foregoing is subject to change, which could apply retroactively and could affect the tax consequences described below.

If a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the equity shares or ADSs, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and upon the activities of the partnership. A partner in a partnership holding equity shares or ADSs should consult its own tax advisor.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, U.S. STATE, U.S. LOCAL AND NON-U.S. TAX CONSEQUENCES OF ACQUIRING, OWNING OR DISPOSING OF EQUITY SHARES OR ADSs

Ownership of ADSs. For U.S. federal income tax purposes, holders of ADSs generally will be treated as the owners of equity shares represented by such ADSs. Accordingly, the conversion of ADSs into equity shares generally will not be subject to U.S. federal income tax.

Dividends. Subject to the passive foreign investment company (“PFIC”) rules described below, the gross amount of any distributions of cash or property (other than, generally, distributions of our equity shares) with respect to equity shares or ADSs will generally be included in income by a U.S. holder as foreign source dividend income at the time of receipt, which in the case of a U.S. holder of ADSs generally should be the date of receipt by the depositary, to the extent such distributions are made from the current or accumulated earnings and profits (as determined under U.S. federal income tax principles) of our Company. Such dividends will not be eligible for the dividends received deduction (“DRD”) generally allowed to corporate U.S. holders, other than certain corporate U.S. holders who own 10% or more of the equity in our Company (including ADSs). Such U.S. holders should consult their tax advisors regarding any DRD to which they are entitled. To the extent, if any, that the amount of any distribution by our Company exceeds our Company’s current or accumulated earnings and profits as determined under U.S. federal income tax principles, such excess will be treated first as a tax-free return of capital to the extent of the U.S. holder’s tax basis in the equity shares or ADSs and thereafter as capital gain. However, because we do not intend to determine our earnings and profits under U.S. federal income tax principles, any distribution will generally be treated as a dividend for U.S. federal income tax purposes.

Subject to certain conditions and limitations, including the PFIC rules described below, dividends paid to non-corporate U.S. holders, including individuals, may be eligible for a reduced rate of taxation if we are deemed to be a “qualified foreign corporation” for U.S. federal income tax purposes and certain holding period requirements are met (including the requirement that the non-corporate U.S. holder holds the equity shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date).

A qualified foreign corporation generally includes a non-U.S. corporation (1) with respect to any dividend it pays on its shares (or ADSs in respect of such shares) that are readily tradable on an established securities market in the United States, or (2) it is eligible for the benefits under a comprehensive income tax treaty with the United States meeting certain requirements. In addition, a corporation is not a qualified foreign corporation if it is a PFIC (as discussed below) for the taxable year in which the dividend is paid or the preceding taxable year. Our ADSs are traded on the NASDAQ, an established securities market in the United States as identified by Internal Revenue Service (“IRS”) guidance. We may also be eligible for benefits as a result of the Convention. Each U.S. holder should consult his, her or its own tax advisor regarding the treatment of such dividends and such holder’s eligibility for a reduced rate of taxation.

Subject to certain conditions and limitations, Indian dividend withholding tax, if any, imposed upon distributions paid to a U.S. holder with respect to such holder’s equity shares or ADSs generally should be eligible for credit against the U.S. holder’s U.S. federal income tax liability. Alternatively, a U.S. holder may claim a deduction for such amount, but only for a year in which a U.S. holder does not claim a credit with respect to any non-U.S. income taxes. The overall limitation on non-U.S. income taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, distributions on equity shares or ADSs generally will be income from sources outside the United States and will generally be “passive category income” for purposes of computing the U.S. “foreign tax credit” allowable to a U.S. holder. No foreign tax credit or deduction is allowed for taxes paid or accrued with respect to a dividend that qualifies for the DRD. The rules governing U.S. foreign tax credits are complex, and recent changes to such rules introduced additional requirements and limitations. Furthermore, the application of such rules depend on the particular circumstances of each U.S. holder. Therefore, each U.S. holder should consult his, her or its own tax advisor with respect to the availability of U.S. foreign tax credits to such U.S. holder’s particular circumstances.

If dividends are paid in Indian rupees, the amount of the dividend distribution included in the income of a U.S. holder will be in the U.S. dollar value of the payments made in Indian rupees, determined at a spot exchange rate between Indian rupees and U.S. dollars applicable to the date such dividend is included in the income of the U.S. holder, regardless of whether the payment is in fact converted into U.S. dollars. Generally, gain or loss, if any, resulting from currency exchange fluctuations during the period from the date the dividend is paid to the date such payment is converted into U.S. dollars will be treated as U.S. source ordinary income or loss.

Sale or Exchange of Equity Shares or ADSs. A U.S. holder generally will recognize gain or loss on the sale or exchange of equity shares or ADSs equal to the difference between the amount realized on such sale or exchange and the U.S. holder’s adjusted tax basis in the equity shares or ADSs, as the case may be. Subject to the discussion of the PFIC rules below, such gain or loss generally will be capital gain or loss, and generally will be long-term capital gain or loss if the equity shares or ADSs, as the case may be, were held for more than one year. Gain or loss, if any, recognized by a U.S. holder generally will be treated as U.S. source passive category income or loss for U.S. foreign tax credit purposes. If capital gains realized by a U.S. holder upon the sale of equity shares or ADSs are subject to tax (including withholding tax) in India (see the “Taxation of Capital Gains” and “Withholding Tax on Capital Gains” discussions with respect to Indian taxes above), a U.S. holder may not be able to utilize any such taxes as a credit against the U.S. holder’s U.S. federal income tax liability due to certain limitations on U.S. foreign tax credits.

Backup Withholding Tax and Information Reporting. Any dividends paid, or proceeds on a sale of, equity shares or ADSs to or by a U.S. holder may be subject to U.S. federal information reporting, and U.S. federal backup withholding, currently at a rate of 24%, may apply unless the holder is an exempt recipient or provides such holder’s correct U.S. taxpayer identification number, certifies that such holder is not subject to backup withholding and otherwise complies with any applicable backup withholding requirements. Any amount withheld under the backup withholding rules may be allowed as a refund or credit against the holder’s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Additional Tax on Net Investment Income. U.S. holders that are individuals, estates or trusts and whose income exceeds certain thresholds are subject to a 3.8% tax on certain net investment income, including, among other things, dividends on, and capital gains from the sale or other taxable disposition of, equity shares or ADSs, subject to certain limitations and exceptions.

Passive Foreign Investment Company. A non-U.S. corporation will be classified as a PFIC for any taxable year for U.S. federal income tax purposes if either:

- 75% or more of its gross income for the taxable year is passive income; or
- 50% or more of its assets (determined based on a quarterly average) by value, or, if it is not a publicly traded corporation and so elects or is a controlled foreign corporation, by adjusted basis, and including its pro rata share of the assets of any company in which it is considered to own 25% or more by value, produce or are held for the production of passive income.

We do not believe that we satisfy either of the tests for PFIC status for the taxable year ended March 31, 2024. However, because this determination is made on an annual basis and depends on a variety of factors (including, potentially, the value of our equity shares or ADSs), no assurance can be given that we were not considered a PFIC in a prior taxable year, or that we will not be considered a PFIC for the current taxable year and/or future taxable years. If we were to be a PFIC for any taxable year, U.S. holders would be required to either:

- pay an interest charge together with tax calculated at ordinary income rates on “excess distributions,” as the term is defined in relevant provisions of the Code, including on any gain on a sale or other disposition of ADSs or equity shares;
- if an election is made for us to be a “qualified electing fund” (as the term is defined in relevant provisions of the Code) in the first taxable year in which our Company is a PFIC during the period that the U.S. holders owns equity shares or ADSs, include in such U.S. holders taxable income their pro rata shares of undistributed amounts of our income and gain; or
- if the equity shares are “marketable” and a “mark-to-market” (as such terms are defined in the Code) election is made, mark-to-market the equity shares each taxable year and recognize ordinary gain and, to the extent of prior ordinary gain, ordinary loss for the increase or decrease in market value for such taxable year.

If we are treated as a PFIC in any year, we do not plan to provide information necessary for U.S. holders to make the qualified electing fund election. As such, it is not expected that a U.S. holder will be able to make a qualified electing fund election with respect to our equity shares or ADSs.

If we are treated as a PFIC for any taxable year during which a U.S. holder holds the ADSs or equity shares, we will continue to be treated as a PFIC with respect to such U.S. holder for all succeeding years during which the U.S. holder holds the ADSs or equity shares, unless we were to cease to be a PFIC and the U.S. holder makes a “deemed sale” election with respect to the ADSs or equity shares.

In addition, certain U.S. federal information reporting obligations applicable to ownership of PFICs generally will apply to U.S. holders if we are determined to be a PFIC, such as annually filing an IRS Form 8621. Penalties may be imposed where applicable for failure to file IRS Form 8621.

Information with Respect to Foreign Financial Assets. Owners of “specified foreign financial assets” with an aggregate value in excess of \$50,000 on the last day of the taxable year, or \$75,000 at any time during the taxable year may be required to file information reports with respect to such assets with their U.S. federal income tax returns. Depending on your circumstances, higher threshold amounts may apply. “Specified foreign financial assets” include any financial accounts maintained by non-U.S. financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts that have non-U.S. issuers or counterparties, and (iii) interests in non-U.S. entities. Our equity shares and ADSs may be treated as specified foreign financial assets and you may be subject to this information reporting regime. Failure to file information reports may subject you to penalties. You should consult your own tax advisor regarding your obligation to file information reports with respect to the equity shares or ADSs.

Foreign Account Tax Compliance Act. The U.S. Foreign Account Tax Compliance Act (“FATCA”) imposes, under certain circumstances, a 30% U.S. federal withholding tax on certain payments to certain non-U.S. entities that fail to comply with certain information reporting, account identification, withholding, certification and other FATCA-related requirements in respect of their direct and indirect U.S. shareholders and/or U.S. accountholders. To avoid becoming subject to FATCA withholding, we may be required to report information to the Government of India or the IRS regarding our U.S. holders. Each U.S. holder should consult his, her or its own tax advisor regarding the application of FATCA to an investment in our equity shares or ADSs.

The above summary is not intended to be a complete analysis of all tax consequences relating to ownership of equity shares or ADSs. You should consult with your own tax advisors regarding the application of the U.S. federal income tax laws to your particular circumstances, as well as any additional tax consequences resulting from an investment in the ADSs or equity shares, including the applicability and effect of the tax laws of any state, local or non-U.S. jurisdiction, and any estate, gift and inheritance laws.

Documents on Display

This report and other information filed or to be filed by us can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials can also be obtained from the Public Reference Section of the SEC, 100 F Street, NE., Washington, DC 20549, at prescribed rates. Additionally, all of our publicly filed SEC reports are available at the SEC’s website, www.sec.gov, which contains all the public filings and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

Additionally, documents referred to in this Annual Report may be inspected at our corporate offices which are located at TIDEL Park. No, 4, Rajiv Gandhi Salai, Taramani, Chennai, 600 113 India.

Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

General

Market risk is the risk of loss of future earnings, to fair values or to 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 currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency receivables, payables and debt. Our exposure to market risk is a function of our investment and borrowing activities and our revenue generating activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss.

Risk Management Procedures

We manage market risk through a corporate treasury department, which evaluates and exercises independent control over the entire process of market risk management. Our corporate treasury department recommends risk management objectives and policies which are approved by senior management and our Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies on a daily basis.

Refer to note 34 of the notes to consolidated financial statements to this Annual Report for further analysis and exposure arising out of credit risk, liquidity risk and currency risk.

Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Item 12(d). American Depositary Shares

Citibank, N.A. (the “Depositary”) serves as the depositary for our ADSs, pursuant to that certain Deposit Agreement by and between the Company and the Depositary, dated as October 18, 1999, as amended from time to time. ADS holders are required to pay various fees to the Depositary and the Depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid. For purposes of this section, “Shares” means the Company’s equity shares.

The fees and charges payable by holders of our ADSs include the following:

Service	Rate
(1) Issuance of ADSs upon deposit of Shares (excluding issuances contemplated by paragraph (4) below).	Up to \$5.00 per 100 ADSs (or fraction thereof) issued.
(2) Delivery of Deposited Securities, property and cash against surrender of ADSs.	Up to \$5.00 per 100 ADSs (or fraction thereof) surrendered.
(3) Distribution of cash dividends or other cash distributions (i.e., sale of rights and other entitlements).	Up to \$2.00 per 100 ADSs (or fraction thereof) held.
(4) Distribution ADSs pursuant to (i) stock dividends or other free distributions, or (ii) exercise of rights.	Up to \$2.00 per 100 ADSs (or fraction thereof) issued.
(5) Depositary Services.	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the Depositary.

Additionally, under the terms of our deposit agreement, the depositary is entitled to charge each registered holder, beneficial owner, persons depositing Shares and person surrendering ADS for cancellation and for the purpose of withdrawing deposited securities the following:

- (i) taxes (including applicable interest and penalties) and other Governmental charges;
- (ii) such registration fees as may from time to time be in effect for the registration of shares or other deposited securities on the share register and applicable to transfers of shares or other deposited securities to or from the name of the custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;
- (iii) such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing shares or holders and beneficial owners of ADSs;
- (iv) the expenses and charges incurred by the Depositary in the conversion of foreign currency;
- (v) such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to shares, deposited securities, ADSs and ADRs; and
- (vi) the fees and expenses incurred by the Depositary in connection with the delivery of deposited securities.

Depositary fees payable upon (i) deposit of equity shares against issuance of ADSs and (ii) surrender of ADSs for cancellation and withdrawal of deposited equity shares will be charged by the Depositary to the person to whom the ADSs so issued are delivered (in the case of ADS issuances) and to the person who delivers the ADSs for cancellation to the Depositary (in the case of ADS cancellations). In the case of ADSs issued by the Depositary into DTC or presented to the Depositary via DTC, the ADS issuance and cancellation fees will be payable to the Depositary by the DTC Participant(s) receiving the ADSs from the Depositary or the DTC Participant(s) surrendering the ADSs to the Depositary for cancellation, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC Participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. Depositary fees in respect of distributions and the Depositary services fee are payable to the Depositary by holders as of the applicable ADS Record Date established by the Depositary. In the case of distributions of cash, the amount of the applicable Depositary fees is deducted by the Depositary from the funds being distributed. In the case of distributions other than cash and the Depositary service fee, the Depositary will invoice the applicable holders as of the ADS Record Date established by the Depositary. For ADSs held through DTC, the Depositary fees for distributions other than cash and the Depositary service fee are charged by the Depositary to the DTC Participants in accordance with the procedures and practices prescribed by DTC from time to time and the DTC Participants in turn charge the amount of such fees to the beneficial owners for whom they hold ADSs.

Amendment to the Depositary Agreement with Citibank NA, New York.

By Letter dated October 4, 2016, the Company has executed an amendment to the Letter Agreement dated February 17, 2009 with Citibank N.A., New York wherein the Depositary Service Fees was reduced from USD 0.025 to USD 0.015 per ADS per year.

As per the amendment agreement, Citibank will make available to the Company an Annual Financial Contribution for each Program Year equal to 33% of the Depositary Service Fee collected from the ADS holders and the Contribution will be used by the Company solely to defray Program Related Expenses.

Further on September 18, 2018, the Company executed an amendment to the Letter agreements dated February 17, 2009, April 20, 2010, June 3, 2011 and October 4, 2016 with Citibank N.A., New York waiving the issuance fees for ADRs issued pursuant to the Company’s Associate Stock Option Plan on the issuance of up to 25 million ADRs. Also, the term was extended until March 31, 2025.

Direct and Indirect Payments by the Depositary to Sify

Pursuant to the Deposit Agreement with Citibank N.A, we have received no payments from Citibank during the fiscal year ended March 31, 2024 in connection with our ADS Program.

PART II

Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

Item 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 20-F, our management, with the participation of our CEO, Chairman and Managing Director and Whole time director cum CFO, has carried out an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on March 31, 2024. The term “disclosure controls and procedures” means controls and other procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our CEO, Chairman and Managing Director and Whole time director cum CFO, as appropriate to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well conceived and operated, can only provide reasonable assurance that the objectives of the disclosure controls and procedures are met.

Based on their evaluation as of the end of the period covered by this Annual Report on Form 20-F, our CEO, Chairman and Managing Director and CFO have concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed in filings and submissions under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified by the SEC’s rules and forms, and that material information related to us and our consolidated subsidiaries is accumulated and communicated to management, including the Chief Executive Officer, Chairman and Managing Director and Chief Financial Officer, as appropriate to allow timely decisions about required disclosure.

Management’s annual report on internal control over financial reporting

- 1) Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets.
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

- 2) Management assessed the effectiveness of our internal control over financial reporting as of March 31, 2024. In conducting its assessment of internal control over financial reporting, management based its evaluation on the framework in Internal Control — Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management has concluded that our internal control over financial reporting was effective as of March 31, 2024.
- 4) Our independent registered public accounting firm, Manohar Chowdhry & Associates, has audited the consolidated financial statements included in this Annual Report on Form 20-F, and as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting as of March 31, 2024.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Sify Technologies Limited

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Sify Technologies Limited (the “Company”) and its subsidiaries (the Company and its subsidiaries are together referred to as “Group”) as of March 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of March 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements as of and for the year ended March 31, 2024, of the Group and our report dated May 2, 2024, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Group’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A Company’s internal 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 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 unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Manohar Chowdhry & Associates
Chartered Accountants
UDIN:

We have served as the Company's auditor since fiscal 2022.

Chennai, India
May 02, 2024

Changes in internal control over financial reporting

During the period covered by this Annual Report, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Mr. C. B. Mouli, a member of our audit committee, has been deemed “independent” per the applicable SEC and NASDAQ rules. The Board of Directors has determined that Mr. Mouli is the “audit committee financial expert” as defined by the applicable rules of the SEC. See Item 6 for description of Mr. Mouli’s relevant experience.

ITEM 16 B. CODE OF ETHICS

The Company has adopted a Code of Conduct and Conflict of Interest Policy that is applicable to all employees. The text of the policy was filed as an Exhibit under Item 19 to the Annual Report for the year ended March 31, 2005. This policy is available on our corporate website <http://sifytechnologies.com/investors/Company-profile/code-of-conduct>.

We have also adopted a written Code of Ethics, as defined in Item 406 of Regulation S-K, applicable to our principal executive officer, principal financial officer, principal accounting officer and all officers working in our finance, accounting, treasury, tax, legal, purchase, investor relations functions, disclosure committee members and senior management, as well as members of the audit committee and the board of directors. This policy is available in our <http://sifytechnologies.com/investors/Company-profile/code-of-conduct/>. We will post any amendments to, or waivers from, our Code of Ethics at that location on our website.

Our Audit Committee has also adopted a Whistleblower Policy wherein it has established procedures for receiving, retaining and treating complaints received, and procedures for the confidential, anonymous submission by employees of complaints regarding questionable accounting or auditing matters, conduct which results in a violation of law by Sify or in a substantial mismanagement of Company resources. Under this policy, our employees are encouraged to report questionable accounting matters, any reporting of fraudulent financial information to our shareholders, the Government or the financial markets any conduct that results in a violation of law by Sify to our management (on an anonymous basis, if employees so desire). Under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employee who, based on the employee's reasonable belief that such conduct or practices have occurred or are occurring, reports that information or participates in an investigation.

We have also adopted a Code of Conduct, applicable to all officers, directors and employees. The Code of Conduct is available on our website, <http://sifytechnologies.com/investors/Company-profile/code-of-conduct/>.

Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth for the fiscal years indicated the fees paid to our principal accountant and its associated entities for various services provided to us in these periods.

Type of Service	Fiscal year ended	
	March 31, 2024	March 31, 2023
(a) Audit Fees	₹ 8.61 million	₹ 7.10 million
(b) Audit Related Fees	₹ 1.30 million	₹ 1.00 million
(c) Tax Fees	-	-
(d) All Other Fees	-	-

Our Audit Committee requires pre-approval of all audit and permissible non-audit services to be performed for the Company by its independent auditors, subject to the de-minimis exception for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934.

Item 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

We have not sought any exemption from the listing standards for audit committees applicable to us as foreign private issuer, pursuant to Rule 10(A)-3(d) of the Securities Exchange Act of 1934.

Item 16E. PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

Item 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

Item 16 G. Corporate Governance

NASDAQ Marketplace Rule 5615(a) (3) provides that a foreign private issuer may follow its home country practice in lieu of the requirements of Rule 5600 series, provided such foreign private issuer shall disclose in its annual reports filed with SEC or on its website each requirement that it does not follow and describe the home country practice followed by the issuer in lieu of such requirements.

Under the NASDAQ Marketplace Rule 5620 (c), companies, other than limited partnerships, that maintain a listing on NASDAQ are required to provide for a quorum as specified in its by-laws for any meeting of its stockholders, and in no case shall the quorum be less than 33-1/3% of the outstanding shares of a Company's common voting stock. In India, the requirement for a quorum is the presence of at least five shareholders in person. Our Articles of Association provide that a quorum for a General Meeting of our shareholders is constituted by the presence of at least five shareholders in person. Hence, we do not meet the quorum requirements under Rule 5620 (c), and instead we follow our home country practice. Under the NASDAQ Marketplace Rule 5620 (b), companies, other than limited partnerships, that maintain a listing on NASDAQ are required to solicit proxies and provide proxy statements for all meetings of shareholders and also provide copies of such proxy solicitation to NASDAQ. However, the SEC proxy rules are not applicable to us, since we are a foreign private issuer, and Section 176 of the Indian Companies Act prohibits a Company incorporated under that Act from soliciting proxies. Because we are prohibited from soliciting proxies under Indian law, we will not meet the proxy solicitation requirement of Rule 5620 (b). However, as described above, we give written notices of all our shareholder meetings to all the shareholders and we also file such notices with the SEC. With regard to issuance of securities, we also comply with the home country regulations.

Mr. Raju Vegesna and entities under his control hold more than 50% of the voting power for the election of directors. As such, we may be deemed a “controlled company” under NASDAQ Marketplace Rule 5615(c). Although we do not intend to rely on the controlled company exemptions under the NASDAQ listing rules even if we are a controlled company, we could elect to rely on these exemptions in the future, and if so, you would not have the same protection afforded to securityholders of companies that are subject to all of the corporate governance requirements of NASDAQ.

National Guidelines on Responsible Business Conduct

On March 13, 2019, the Ministry of Corporate Affairs (MCA), Government of India, has established a set of guidelines and principles called the National Guidelines on Responsible Business Conduct (NGRBC). The Company affirms its consonance with the principles of the National Guidelines on Responsible Business Conduct (NGRBC).

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

Item 16 H. Mine Safety Disclosure

Not Applicable.

Item 16 I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

Item 16J : Insider Trading Policies

We have adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of the registrant’s securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us.

The policy is filed as Exhibit 11.2 to this Annual Report.

Item 16K. Cybersecurity:

Sify Technologies Limited and its subsidiaries have processes in place for assessing, identifying, and managing material risks from potential unauthorized access to its information systems that could adversely affect the confidentiality, integrity, or availability of the information systems or the information stored on those systems. These include a wide variety of mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, identify, detect, recover & respond, or mitigate data loss, theft, misuse, unauthorized access, or other security incidents or vulnerabilities affecting the data.

From a business perspective, this means protecting key information assets and complying with applicable international and national data privacy and protection laws, information security policies and contractual obligations. The Company’s Information Security Policy, adopted in information security management objectives and principles, and the Data Protection Policy, provides for a consistent level of enterprise-wide data protection. The data includes confidential, proprietary, business and personal information that is collected, processed, stored, and transmitted as part of business, including on behalf of third parties. The Company also uses systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, the Company uses processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including technology and systems we use for encryption, authentication, employee email and other functions.

The organization policies are applicable to Sify Technologies and its subsidiaries and are part of the overall Information Security Management System (ISMS) that is currently being operationalized. Processes for assessing, identifying, and managing material risks from cybersecurity threats are integrated into the overall enterprise risk management system, which is developed with input from internal and external experts. The company collaborates with external experts to maintain our security posture and conduct periodic vulnerability assessment and penetration testing done. The main cyber and information security objectives are to maintain information confidentiality, integrity, and availability.

As part of the risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. The organization has a robust incident response process which includes identify, detect, reporting, response and recover process to comply with various regulatory requirements, when incidents are detected. All employees are required to mandatorily undertake data protection, security and compliance programs annually.

In addition to the internal cybersecurity capabilities, as and when required, we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

The cybersecurity risks and associated mitigations which forms part of our enterprise risk assessment are evaluated by senior leadership, and reviewed by the Audit Committee. Such risks and mitigations are also subject to oversight by our Board of Directors.

During the year ending March 31, 2024, the Company did not identify any material cybersecurity incidents that may have materially affected us, but we face certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to affect us which can be referred in the “Risks Related to our Company and Industry” section under heading "Cybersecurity threats could damage our reputation or result in liability to us"

PART III

Item 17. Financial Statements

See Item No 18

Item 18. Financial Statements

Consolidated Statements and other Financial Information

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Sify Technologies Limited

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Sify Technologies Limited (the “Company”) and its subsidiaries (the Company and its subsidiaries together are referred to as “Group”) as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended March 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2024 and 2023, and the consolidated results of its operations and its cash flows each of the three years in the period ended March 31, 2024, in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Group's internal control over financial reporting as of March 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 2, 2024, expressed an unqualified opinion on the Group's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Trade receivables

Critical Audit Matter Description

The collectability of the Group’s aged Trade Receivables and the valuation of allowance for impairment of Trade Receivables is a Critical Audit Matter due to the judgement involved in assessing the recoverability. The Trade Receivable as at March 31, 2024 is INR 10,155,223 thousand and Allowance for doubtful receivable charged in the Statement of Income for the year ended March 31, 2024 is INR 265,000 thousand.

How the Critical Audit Matter Was Addressed in the Audit

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 Group’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 Group’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.
- 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 Income for the year ended March 31, 2024.

Manohar Chowdhry & Associates (5341)
Chartered Accountants
UDIN:

We are serving as the Company's auditor since Fiscal Year 2022.

Chennai, India
May 02, 2024

Consolidated Statement of Financial Position
(In thousands of Rupees, except share data and as otherwise stated)

		As of March 31,		As of March 31,
				2024
				Convenience translation into US\$ thousands
				Note 2(c)
	Note	2024 ₹	2023 ₹	
Assets				
Property, plant and equipment	5	32,210,394	22,306,077	386,337
Right of Use Assets	7	7,257,692	5,689,423	87,050
Intangible assets	6	641,862	622,688	7,699
Other assets	10	4,256,687	4,540,098	51,055
Deferred contract costs		9,433	12,157	113
Other investments	15	1,203,862	1,044,020	14,439
Deferred tax assets	11	1,197,320	865,638	14,361
Total non-current assets		46,777,250	35,080,101	561,064
Inventories	12	3,393,317	1,941,923	40,700
Trade and other receivables, net	13	14,103,185	14,615,606	169,156
Contract assets	9	26,536	52,581	318
Deferred contract costs		161,845	127,566	1,941
Prepayments for current assets	14	685,529	741,129	8,222
Restricted cash	8	440,445	1,194,787	5,283
Other Bank Deposits	8	1,288,700	-	15,457
Cash and cash equivalents	8	4,105,489	3,650,446	49,242
Total current assets		24,205,046	22,324,038	290,319
Total assets		70,982,296	57,404,139	851,373
Equity		16		
Share capital		1,846,146	1,841,168	22,143
Other Equity		8,800,000	2,000,000	105,549
Share premium		19,732,786	19,685,143	236,678
Share based payment reserve		351,907	361,184	4,221
Other components of equity		44,792	53,094	537
Accumulated deficit		(6,745,965)	(6,794,901)	(80,912)
Total equity attributable to equity holders of the Company		24,029,666	17,145,688	288,216

Consolidated Statement of Financial Position
(In thousands of Rupees, except share data and as otherwise stated)

		As of March 31,		As of March 31,
				2024
				Convenience
				translation
				into
				US\$
				thousands
				Note 2(c)
	Note	2024	2023	
		₹	₹	
Liabilities				
Borrowings	19	17,608,315	13,817,634	211,197
Lease liabilities	7	2,662,988	1,866,176	31,940
Employee benefits	17	159,949	129,903	1,918
Contract liabilities	9 & 21	3,053,428	2,323,958	36,623
Other liabilities	18	53,945	55,877	647
Total non-current liabilities		23,538,625	18,193,548	282,325
Borrowings	19	6,450,561	5,710,355	77,369
Lease Liabilities	7	379,851	585,003	4,556
Bank overdraft	8	486,888	951,504	5,840
Trade and other payable	20	14,012,773	12,845,558	168,072
Contract liabilities	9 & 21	2,083,932	1,972,483	24,995
Total current liabilities		23,414,005	22,064,903	280,832
Total liabilities		46,952,630	40,258,451	563,157
Total equity and liabilities		70,982,296	57,404,139	851,373

The accompanying notes form an integral part of these consolidated financial statements

	Note	Year ended March 31,			Year ended March 31,
		2024	2023	2022	2024
		₹	₹	₹	Convenience translation into US\$ thousands Note2(c)
Revenue					
- Rendering of services		33,950,426	30,449,944	25,659,626	4,07,207
- Sale of products		1,683,496	2,953,782	1,366,049	20,192
Total	22	35,633,922	33,403,726	27,025,675	427,399
Cost of goods sold and services rendered					
- Rendering of services		(18,127,785)	(18,576,006)	(14,208,357)	(217,428)
- Sale of products		(4,250,216)	(2,803,423)	(1,833,699)	(50,977)
Total		(22,378,001)	(21,379,429)	(16,042,056)	(268,405)
Other income					
- Profit on sale of property, plant and equipment (Net)		-	10,781	4,825	-
- Other income		184,613	121,059	125,903	2,214
		184,613	131,840	130,728	2,214
Selling, general and administrative expenses	25	(6,499,562)	(5,733,634)	(4,943,575)	(77,957)
Depreciation and amortization	5,6&7	(4,773,414)	(3,971,865)	(3,283,452)	(57,253)
Impairment Loss on goodwill		-	-	(14,595)	-
Profit from operating activities		2,167,558	2,450,638	2,872,725	25,998
Finance income	28	337,723	222,905	73,577	4,051
Finance expenses	28	(2,273,245)	(1,652,522)	(1,098,096)	(27,266)
Net finance income / (expense)		(1,935,522)	(1,429,617)	(1,024,519)	(23,215)
Profit before tax		232,036	1,021,021	1,848,206	2,783
Income tax (expense) / benefit	11	(183,100)	(346,499)	(590,261)	(2,196)
Profit for the year		48,936	674,522	1,257,945	587
Attributable to:					
Equity holders of the Company		48,936	674,522	1,257,945	587
Non-controlling interest		-	-	-	-
		48,936	674,522	1,257,945	587
Earnings per share	29				
Basic earnings per share		0.27	3.69	6.89	0.00
Diluted earnings per share		0.26	3.63	6.73	0.00

The accompanying notes form an integral part of these consolidated financial statements

Sify Technologies Limited
Consolidated Statement of Comprehensive Income
(In thousands of Rupees, except share data and as otherwise stated)

	Year ended March 31,			2024 Convenience Translation into US\$ thousands Note 2(c)
	2024 ₹	2023 ₹	2022 ₹	
Profit for the year	48,936	674,522	1,257,945	587
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of the net defined benefit liability/asset	(19,673)	(55,783)	(21,985)	(236)
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	5,415	24,610	8,900	65
Total other comprehensive income, net of taxes	(14,258)	(31,173)	(13,085)	(171)
Total comprehensive income	34,678	643,349	1,244,860	416
Total comprehensive income attributable to:				
Equity holders of the Company	34,678	643,349	1,244,860	416
Non-controlling interest				
	34,678	643,349	1,244,860	416

Sify Technologies Limited
Consolidated Statement of Changes in Equity
(In thousands of Rupees, except share data and as otherwise stated)

For year ended March 31, 2024

Particulars	Share capital	Share premium	Share based payment reserve	Other components of equity	Retained earnings / (accumulated deficit)	Total	Non-controlling interest	Compulsorily Convertible Debentures	Total equity
Balance on April 1, 2023	1,841,168	19,685,143	361,184	53,094	(6,794,901)	15,145,688	-	2,000,000	17,145,688
Total comprehensive income for the year	-	-	-	(14,258)	48,936	34,678	-	-	34,678
Reclassification Compulsorily Convertible Debentures	-	-	-	-	-	-	-	6,800,000	6,800,000
Transactions with owners, recorded directly in equity									
Shares issued on exercise of ESOP	4,978	36,851	1,515			43,344		-	43,344
Call money received						-		-	-
Transaction costs related to equity								-	-
Transferred from share based payment reserve on exercise of ESOP		10,792	(10,792)	5,956		5,956		-	5,956
ESOP Expenses			-			-		-	-
Balance on March 31, 2024	1,846,146	19,732,786	351,907	44,792	(6,745,965)	15,229,666	-	8,800,000	24,029,666

Sify Technologies Limited
Consolidated Statement of Changes in Equity
(In thousands of Rupees, except share data and as otherwise stated)

For year ended March 31, 2023

Particulars	Share capital	Share premium	Share based payment reserve	Other components of equity	Retained earnings / (accumulated deficit)	Total	Non-controlling interest	Compulsorily Convertible Debentures	Total equity
Balance on April 1, 2022	1,840,238	19,676,167	349,123	77,299	(7,466,624)	14,476,203	-	-	14,476,203
Total comprehensive income for the year	-	-	-	(31,173)	674,522	643,349	-	-	643,349
Reclassification Compulsorily Convertible Debentures	-	-	-	-	-	-	-	2,000,000	2,000,000
Transactions with owners, recorded directly in equity									
Shares issued on exercise of ESOP	930	8,976				9,906		-	9,906
Call money received						-		-	-
Transaction costs related to equity					(2,799)	(2,799)		-	(2,799)
Transferred from share based payment reserve on exercise of ESOP				6,968		6,968		-	6,968
ESOP Expenses			12,061			12,061		-	12,061
Balance on March 31, 2023	1,841,168	19,685,143	361,184	53,094	(6,794,901)	15,145,688	-	2,000,000	17,145,688

Sify Technologies Limited
Consolidated Statement of Changes in Equity
(In thousands of Rupees, except share data and as otherwise stated)

For year ended March 31, 2022

Particulars	Share capital	Share premium	Share based payment reserve	Other component of equity	Retained earnings / (accumulated deficit)	Total	Non-controlling interest	Total equity
Balance on April 1, 2021	1,835,195	19,628,129	336,340	90,381	(8,724,570)	13,165,475	-	13,165,475
Total comprehensive income for the year	-	-	-	(13,082)	1,257,945	1,244,863	-	1,244,863
Transactions with owners, recorded directly in equity								
Shares issued on exercise of ESOP	5,043	37,949				42,992		42,992
Call money received						-	-	-
Transaction costs related to equity						-	-	-
Transferred from share based payment reserve on exercise of ESOP		10,089	(10,089)			-	-	-
ESOP Expenses			22,873			22,873	-	22,873
Balance on March 31, 2022	1,840,238	19,676,167	349,123	77,299	(7,466,624)	14,476,203	-	14,476,203

Sify Technologies Limited
Consolidated Statements of Cash Flows
For the fiscal years ended March 31

(In thousands of Rupees, except share data and as otherwise stated)

	Year ended March 31,			2024 Convenience Translation into US\$ thousands (Unaudited) Note 2©
	2024 ₹	2023 ₹	2022 ₹	
Profit for the year	48,936	674,522	1,257,945	587
Adjustments for:				
Depreciation and amortization & Impairment of goodwill	4,773,414	3,971,865	3,298,047	57,253
(Gain) / loss on sale of property, plant and equipment	419	(10,783)	(4,825)	5
Deposits/Advances no longer payable written back				-
Provision for doubtful receivables/ advances	265,000	371,890	433,723	3,178
Stock compensation expense	6,874	16,494	22,885	82
Net finance (income) / expense	1,935,528	1,429,617	1,024,519	23,215
Unrealized (gain)/ loss on account of exchange differences	69,359	(42,660)	(15,509)	832
Amortization of leasehold prepayments	1,390	(1,515)	-	17
Tax expense	183,100	346,499	590,262	2,196
Cash flow from operating activities before working capital changes	7,284,020	6,755,929	6,607,047	87,365
Change in trade and other receivables	(481,267)	(400,481)	(4,080,446)	(5,772)
Change in inventories	(1,451,400)	465,280	(992,465)	(17,408)
Change in Contract Assets	26,045	(1,298)	(43,767)	312
Change in Contract Costs	(31,555)	178,528	(248,877)	(378)
Change in Contract Liabilities	840,918	706,485	1,282,743	10,086
Change in other assets	(1,477,571)	(789,470)	(301,328)	(17,722)
Change in trade and other payables	2,827,200	2,843,263	1,366,459	33,910
Change in Other Bank Deposits	(1,288,700)	-	-	(15,457)
Change in employee benefits	19,952	(57,047)	(69,815)	239
Cash generated from operations	6,267,642	9,701,189	3,519,551	75,175
Income taxes (paid)/ refund received	(1,284,269)	(1,362,951)	(1,274,883)	(15,404)
Net cash from / (used in) operating activities	4,983,373	8,338,238	2,244,668	59,771

Sify Technologies Limited
Consolidated Statements of Cash Flows
For the fiscal years ended March 31,

(In thousands of Rupees, except share and per share data and as otherwise stated)

	Year ended March 31,			2024 Convenience Translation into US\$ thousands (Unaudited) Note 2©
	2024 ₹	2023 ₹	2022 ₹	
Cash flows from / (used in) investing activities				
Acquisition of property, plant and equipment	(11,121,455)	(11,616,131)	(6,801,252)	(133,292)
Expenditure on intangible assets		(417,466)	(333,867)	
Proceeds from sale of property, plant and equipment	2,171	10,783	4,929	26
Investments in corporate debt securities & Equity	(153,640)	(546,886)	(263,904)	(1,843)
Finance income received	265,391	155,756	40,071	3,183
Amount paid for acquisition of right of use assets	(1,255,635)	(1,178,320)	(239,318)	(15,060)
Net cash from / (used in) investing activities	(12,263,168)	(13,592,264)	(7,593,341)	(146,986)
Cash flows from / (used in) financing activities				
Proceeds from issue of shares on exercise of options (including share premium)	41,791	8,079	42,988	501
Proceeds from / (repayment) of borrowings (net)	10,628,405	6,829,485	5,557,074	127,479
Repayment of lease liabilities	(377,195)	(265,236)	(316,594)	(4,524)
Finance expenses paid	(2,849,121)	(1,627,907)	(1,113,528)	(34,173)
Net cash from / (used in) financing activities	7,443,880	4,944,421	4,169,940	89,283
Net increase / (decrease) in cash and cash equivalents	164,085	(309,605)	(1,178,733)	1,968
Cash and cash equivalents on April 1	3,893,729	4,202,018	5,378,388	46,702
Effect of exchange fluctuations on cash held	1,232	1,316	2,363	15
Cash and cash equivalents on March 31	4,059,046	3,893,729	4,202,018	48,685

Refer note 3 (c) and note 8 for the composition of cash and cash equivalents.

Disclosure relating to changes in liabilities arising from financing activities – Refer note below

The accompanying notes form an integral part of these consolidated financial statements

Note: Reconciliation of liabilities from financing activities

Particulars	As on April				Movement in Short term Borrowings	Net Cash flow movement	Non-cash movement		As on March 31, 2024
		Proceeds	Repayment				Foreign exchange movement	Reclass	Fair value changes
Borrowings	19,528,070	14,453,762	(2,751,383)		(467,200)	30,763,249	24,021	(6,740,804)	13,410
Lease Liability	2,451,098	993,671	(399,568)		-	2,442,228	1,451		(3,813)
Total	21,979,168	15,447,433	(3,150,951)		(467,200)	33,205,477	25,472	(6,740,804)	9,597

Particulars	As on April				Movement in Short term Borrowings	Net Cash flow movement	Non-cash movement		As on March 31, 2023
		Proceeds	Repayment				Foreign exchange movement	Reclass	Fair value changes
Borrowings	14,709,690	11,046,000	(2,530,185)		(1,520,339)	21,705,166	44,541	(2,238,500)	16,863
Lease Liability	2,207,403	596,842	(362,017)		-	2,442,228	4,411		4,459
Total	16,917,093	11,642,842	(2,892,202)		(1,520,339)	24,147,394	48,952	(2,238,500)	21,322

SIFY TECHNOLOGIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of Rupees, except share data and as stated otherwise)

1. Reporting entity

Sify Technologies Limited (‘Sify’ or ‘the Company’) is a Company domiciled in India. The address of the Company’s registered office is 2nd Floor, Tidel Park, 4, Rajiv Gandhi Salai, Taramani, Chennai – 600113, India. The Company and its subsidiaries Sify Technologies (Singapore) Pte. Limited, Sify Technologies North America Corporation, Sify Data and Managed Services Limited, Sify Infinit Spaces Limited, Sify Digital Services Limited , Print House (India) Private Limited and Patel Auto Engineering Company India Private Limited (are together referred to as the ‘Group’ and individually as ‘Group entities’). The Group offers converged Information and Communication Technology (ICT) solutions comprising Network- Connectivity services, Data Center services and Digital Services which include Cloud and Managed services, Applications Integration services and Technology Integration services. The Company was incorporated on December 12, 1995 and its ADRs are listed on the NASDAQ Capital Market. The financial statements are for the Group consisting of Sify Technologies Limited (the ‘Company’) and its subsidiaries.

2. Basis of preparation

a. Statement of compliance

The accompanying Consolidated Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB).

These Consolidated Financial Statements have been approved for issue by the Board of Directors on May 02, 2024

b. Basis of measurement

These Consolidated Financial Statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value
- Financial instruments at fair value through profit or loss are measured at fair value.
- Financial assets at fair value through other comprehensive income 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 and present value of lease liability

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note 4.

c. Functional and presentation currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Indian rupee is the functional currency of Sify, its domestic subsidiaries. The U.S. dollar is the functional currency of Sify’s foreign subsidiaries i.e. Sify Technologies North America Corporation and Sify Technologies (Singapore) Pte. Ltd. located in North America, United States of America and in Singapore.

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

Convenience translation : Solely for the convenience of the reader, the financial statements as of and for the year ended March 31, 2024 have been translated into United States dollars (neither the presentation currency nor the functional currency of the Group) based on the reference rate in the City of Mumbai on March 31, 2024, for cable transfers in Indian rupees as published by the Reserve Bank of India which was ₹ 83.3739 per \$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollar at such a rate or at any other rate on March 31, 2024 or at any other date.

d. Use of estimates and judgments

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

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

- Useful lives of property, plant and equipment (Note 3 e and Note 5)
- Useful lives of intangible assets (Note 3 g and Note 6)
- Estimate of Lease term and measurement of Right of Use Assets and Lease Liabilities (Note 3 h, 7)
- Identification of performance obligation and timing of satisfaction of performance obligation, measurement of transaction price on revenue recognition (Note 3 o)
- Measurement of the recoverable amounts of cash-generating units containing goodwill (Note 3 k and Note 6)
- Utilization of tax losses and computation of deferred taxes (Note 3 r, 11)
- Measurement of defined employee benefit obligations (Note 17)
- Measurement of share-based payments (Note 3 m, 27)
- Valuation of financial instruments (Note 3 c, 4, 34 and 33)
- Provisions and contingencies (Note 3 n and 31)
- Expected Credit losses on Financial Assets (Note 3 c, 13)
- Impairment testing (Note 3 k)

3. Material accounting policies

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

a. Basis of consolidation

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

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

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the Company’s returns.

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

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

b. 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 at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognized in the income statement for determination of net profit or loss during the period.

(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 Indian Rupees 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 of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

c. Financial instruments

(i) Financial Assets

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

Initial recognition:

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

Subsequent measurement:

Financial assets measured at amortized cost:

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

The Group while applying above criteria has classified the following financial assets at amortised cost

- Trade receivables
- Other financial assets.
- Investment in debt securities

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 recognized in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the Group classifies the same 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 recognized in other comprehensive income (OCI).

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

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

Derecognition of financial assets:

Financial assets are derecognized 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 recognized in the Statement of Income.

Impairment of financial assets:

Trade receivables, contract assets, lease receivables under IFRS 9, 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.

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 and other factors which are relevant to estimate the expected cash loss from these assets.

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.

(ii) Financial liabilities

Financial liabilities are initially recognized 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

Financial liabilities at amortised cost

The Group is classifying the following financial liabilities at amortised cost;

- a) Borrowings
- b) Finance lease obligations
- c) Trade and other payables
- d) 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.

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 derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

(iii) Derivative financial instruments

Foreign exchange forward contracts and options are entered into by the Group to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. The group also enters into cross currency 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 IFRS 9 and 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.

(iv) Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

(v) Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorized 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 Group’s operations. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

d. 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.

e. 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.

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 Income.

(i) Subsequent costs

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

(ii) Depreciation

Depreciation is recognized in the Statement of Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment considering residual value to be zero. Depreciation on contract-specific assets are charged co-terminus over the contract period. Management’s estimated useful lives for the year ended March 31, 2024 and March 31, 2023 were as follows:

	Estimate of useful life in years
Buildings	28
Plant and machinery comprising computers, servers etc.	3 – 5
Plant and machinery comprising other items	3-8
Furniture and fittings	5
Office equipment	5
Motor vehicles	3

Depreciation is not recorded on construction-in-progress until construction and installation are complete and the asset is ready for its intended use.

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

f. Business combinations

(i) Business combinations

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 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 IFRS 3(Revised). The cost of acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

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

Business combinations between entities under common control is outside the scope of IFRS 3 (Revised), Business Combinations and is accounted for at carrying value of assets acquired and liabilities assumed.

The acquisition of an asset or a group of assets that does not constitute a ‘business’ as per IFRS 3 is accounted for by identifying and recognizing the individual identifiable assets acquired and liabilities assumed. The cost of the group 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.

(ii) Goodwill

Goodwill represents the cost of a business acquisition in excess of the Group’s interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), the Group reassesses the identification and measurement of identifiable assets, liabilities and contingent liabilities, and the measurement of the cost of acquisition, and recognizes any remaining excess in profit or loss immediately on acquisition.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

g. Other intangible assets

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

(i) 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.

(ii) 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, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and previous year are as follows:

	Estimate of useful life in years
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.

h. Leases

The Group as a lessee

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

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

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

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

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

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

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

The Group as a lessor

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

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

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

i. 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 selling expenses.

j. Contract assets/liability

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

k. Impairment of non-financial assets

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

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

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

Reversal of impairment loss

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

l. Employee benefits

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

(a) Defined contribution plan (Provident fund)

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

(b) Defined benefit plans (Gratuity)

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

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), are recognized 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 recognized 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 Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(d) Compensated leave of absence

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

m. Share-based payment transactions

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

n. Provisions

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

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

o. Revenue Recognition

The Group derives revenue from converged ICT solutions comprising Network- Connectivity services, Data Center services and Digital Services which includes cloud and managed services, applications integration services and technology integration services.

The Group recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties.

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

i) Network Connectivity services

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

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

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

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

ii) Data Center Services:

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

iii) Digital Services

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

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

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

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

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

The stage of completion is measured by efforts spent to estimated total efforts over the term of the contract.

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

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

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

The Group enters into contracts with customers to serve advertisements in the portal and the Group is paid on the basis of impressions, click-throughs or leads and in each case the revenue is recognized ratably 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 recognized when the transactions are completed.

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

Multiple deliverable arrangements

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

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

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

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

Contract Cost

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

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

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

Significant judgments on applying IFRS 15

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

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

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

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

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

p. Finance income

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

q. 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 Income. Fair value changes attributable to hedged risk are recognized in the Statement of Income.

Borrowing costs

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

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

r. Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Group is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Group is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as a deferred tax asset based on the management’s estimate of its recoverability in the future. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

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

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

- (ii) differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.
- (iii) arising due to taxable temporary differences on the initial recognition of goodwill, as the same is not deductible for tax purposes.

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

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

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

Deferred taxation on temporary differences arising out of undistributed earnings of the equity method accounted investee is recorded only when it is expected to be distributed in foreseeable future based on the management's intention.

s. Earnings per share

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

t. Dividend distribution to equity shareholders

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

u. Current/ non-current classification

An asset is classified as current if:

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

A liability is classified as current if:

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

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

v. Recent accounting pronouncements

New amendments not yet adopted:

Certain new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after April 1, 2024 and have not been applied in preparing these consolidated financial statements. New standards, amendments to standards and interpretations that could have potential impact on the consolidated financial statements of the Company are:

Amendments to IAS 21

On August 15, 2023, International Accounting Standards Board (IASB) has issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, Lack of Exchangeability that will require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. These amendments specify when a currency is exchangeable into another currency and when it is not and specify how an entity determines the exchange rate to apply when a currency is not exchangeable.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2025, although early adoption is permitted. The Group is in the process of evaluating the impact of the amendment.

4. Determination of fair values

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 as 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 recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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

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

(i) Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is an estimated amount for which a property could be exchanged on the date of acquisition in an orderly transaction between market participants. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approach using quoted market prices for similar items when available and replacements costs when appropriate.

(ii) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iii) Intangible assets

The fair value of intangible assets acquired in the business combinations is based on discounted cash flows expected to be derived from the use and eventual sale of assets (terminal value).

(iv) Investments in equity and debt securities

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

(v) Trade and other receivables

The fair value of trade and other receivables expected to be realized 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.

(vi) Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on Government bonds). The fair value of foreign currency option contracts is determined based on the appropriate valuation techniques, considering the terms of the contract. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity 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.

(vii) 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.

(viii) Share-based payment transactions

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

5. Property, plant and equipment

The following table presents the changes in property, plant and equipment during the year ended March 31, 2024

Particulars	Cost				Accumulated depreciation						Carrying amount as of March 31, 2024
	As of April 1, 2023	Additions	Deletions	Reclassification	As of March 31, 2024	As of April 1, 2023	Depreciation for the year	Deletions	Reclassification	As of March 31, 2024	
Freehold Land	206,867	-	-		206,867	-	-	-		-	206,867
Building	6,238,669	3,273,178	27	4,420,100	13,931,920	1,964,842	1,194,556	26	2,003,600	5,162,972	8,768,948
Plant and machinery	21,303,005	2,710,939	11,692		24,002,252	12,393,855	1,934,332	9,223		14,318,964	9,683,288
Computer equipment	2,037,261	163,271	16,879		2,183,653	1,780,677	160,078	16,820		1,923,935	259,718
Office equipment	2,106,995	265,633	570		2,372,058	1,180,336	289,494	567		1,469,263	902,795
Furniture and fittings	4,590,427	2,706	178	(4,420,100)	172,855	2,161,696	617	154	(2,003,600)	158,559	14,296
Vehicles	9,721	3,141	4		12,858	9,697		4		9,693	3,165
Total	36,492,945	6,418,868	29,350	-	42,882,463	19,491,103	3,579,077	26,794	-	23,043,386	19,839,077
Add:											
Construction in progress											12,371,317
Total	36,492,945	6,418,868	29,350	-	42,882,463	19,491,103	3,579,077	26,794	-	23,043,386	32,210,394

The following table presents the changes in property, plant and equipment during the year ended March 31, 2023

Particulars	Cost				Accumulated depreciation				Carrying amount as of March 31, 2023
	As of April 1, 2022	Additions	Deletions	As of March 31, 2023	As of April 1, 2022	Depreciation for the year	Deletions	As of March 31, 2023	
Freehold Land	147,176	59,691	-	206,867	-	-	-	-	206,867
Building	4,944,478	1,304,500	10,309	6,238,669	1,058,496	916,646	10,300	1,964,842	4,273,827
Plant and machinery	17,512,223	3,839,433	48,651	21,303,005	10,842,235	1,600,493	48,873	12,393,855	8,909,150
Computer equipment	1,863,469	191,867	18,075	2,037,261	1,630,581	167,923	17,827	1,780,677	256,584
Office equipment	1,695,295	411,700	-	2,106,995	909,833	270,508	5	1,180,336	926,659
Furniture and fittings	4,589,404	1,500	477	4,590,427	2,161,280	901	485	2,161,696	2,428,731
Vehicles	9,721	-	-	9,721	9,697			9,697	24
Total	30,761,766	5,808,691	77,512	36,492,945	16,612,122	2,956,471	77,490	19,491,103	17,001,842
Add: Construction in progress									5,304,235
Total	30,761,766	5,808,691	77,512	36,492,945	16,612,122	2,956,471	77,490	19,491,103	22,306,077

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Capital Commitments

As of March 31, 2024 and 2023, the Company had committed to spend approximately ₹ 9,352,551 and ₹ 10,678,787 respectively, under agreements to purchase property, plant and equipment.

Construction in progress

Amounts paid towards acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of property, plant and equipment that are not available for use are disclosed under construction-in-progress.

Security

As of March 31, 2024 property, plant and equipment with a carrying amount of ₹ 12,260,778 (March 31, 2023: ₹ 16,910,327) are subject to a registered charge to secure bank borrowings.

Capitalized borrowing costs

Borrowing costs capitalized during the year amounted to ₹ 514,022 (March 2023, ₹ 149,297)

6. Intangible assets

Intangible assets comprise the following:

	March 31, 2024	March 31, 2023
Goodwill	-	-
Other intangible assets	641,862	622,688
	<u>641,862</u>	<u>622,688</u>

Other intangibles

The following table presents the changes in intangible assets during the years ended March 31, 2024 and 2023.

	Bandwidth Capacity	Software	License fees	Total
(A) Cost				
Balance as of April 01, 2022	736,388	1,903,704	78,000	2,718,093
Acquisitions during the year	36,900	383,476	-	420,376
Disposals during the year	-	-	-	-
Balance as of March 31, 2023	773,288	2,287,180	78,000	3,138,468
Acquisitions during the year	-	508,172	-	508,172
Adjustment	-	-	-	-
Disposals during the year	-	256	-	256
Balance as of March 31, 2024	<u>773,288</u>	<u>2,795,096</u>	<u>78,000</u>	<u>3,646,384</u>
(B) Amortization				
Balance as of April 01, 2022	587,178	1,452,946	43,439	2,083,363
Amortization for the year	95,319	333,735	3,163	432,217
Impairment loss on intangibles	-	-	-	-
Balance as of March 31, 2023	682,497	1,786,681	46,602	2,515,780
Amortization for the year	89,216	396,530	3,150	488,896
Disposals during the year	-	154	-	154
Balance as of March 31, 2024	<u>771,713</u>	<u>2,183,057</u>	<u>49,752</u>	<u>3,004,522</u>
(C) Carrying amounts				
As of April 01, 2022	149,210	450,958	34,561	634,730
As of March 31, 2023	90,791	500,499	31,398	622,688
As of March 31, 2024	<u>1,575</u>	<u>612,039</u>	<u>28,248</u>	<u>641,862</u>

Intangible assets that were fully impaired / amortised were removed from the block.

Capital commitments

The Company had not committed to spend any amount under agreements to purchase intangible assets during the year ending March 31, 2024 and 2023.

7. Right of use assets

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2024:

Particulars	Category of ROU asset				
	Land	Building	P&M	IRU	Total
Balance as of April 1, 2023	2,850,345	1,927,648	349,874	561,556	5,689,423
Additions	861,343	1,017,867	26,940	387,074	2,293,224
Adjustments	-	(8,775)	(10,739)	-	(19,514)
Depreciation	(39,966)	(395,760)	(122,064)	(1,47,651)	(705,441)
Balance as of March 31, 2024	3,671,722	2,540,980	244,011	800,979	7,257,692

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023:

Particulars	Category of ROU asset				
	Land	Building	P&M	IRU	Total
Balance as of April 1, 2022	1,783,510	1,594,112	480,501	554,591	4,412,714
Additions	1,085,331	681,500	7,468	85,387	1,859,686
Adjustments	-	-	-	-	-
Depreciation	(18,496)	(347,964)	(138,095)	(78,422)	(582,977)
Balance as of March 31, 2023	2,850,345	1,927,648	349,874	561,556	5,689,423

Particulars	March 31, 2024	March 31, 2023
Current lease liabilities	379,851	585,003
Non-current lease liabilities	2,662,988	1,866,176
Total	3,042,839	2,451,179

The following is the movement in lease liabilities during the Year ended

Particulars	March 31, 2024	March 31, 2023
Balance as of April 1,	2,451,179	2,207,403
Additions	993,651	596,842
Finance cost accrued during the period	253,316	278,697
Deletions	(19,503)	-
Payment of lease liabilities	(633,420)	(640,714)
Fair value adjustment	(3,813)	4,575
Translation difference	1,429	4,376
Balance as of March 31,	3,042,839	2,451,179

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2024 and March 31, 2023 on an undiscounted basis (including finance expenses):

Particulars	March 31, 2024	March 31, 2023
Less than one year	587,695	585,790
One to five years	1,304,681	1,343,804
More than five years	6,696,273	3,773,736
Total	8,588,649	5,703,330

8. Cash and cash equivalents

Cash and cash equivalents as per consolidated statement of financial position, as of March 31, 2024 amounted to ₹ 4,105,489 (March 31, 2023: ₹ 3,650,446 and March 31, 2022: ₹ 3,781,978). This excludes cash-restricted of ₹ 440,445 (March 31, 2023: ₹ 1,194,787 and March 31, 2022: ₹ 792,035), representing deposits held under lien against working capital facilities availed and bank guarantees given by the Group towards future performance obligations.

(a) Restricted cash

	March 31, 2024	March 31, 2023	March 31, 2022
Current			
Bank deposits held under lien against borrowings / guarantees from banks / Government authorities	440,445	1,194,787	792,035
Total restricted cash	440,445	1,194,787	792,035
(b) Non restricted cash			
Current			
Cash and bank balances	4,105,489	3,650,446	3,781,978
Other bank deposits	1,288,700	-	-
Total Non restricted cash	5,394,189	3,650,446	3,781,978
Total cash (a+b)	5,834,634	4,845,233	4,574,013
Bank overdraft used for cash management purposes	(486,888)	(951,504)	(371,995)
Other bank deposits	(1,288,700)	-	-
Cash and cash equivalents for the statement of cash flows	4,059,046	3,893,729	4,202,018

9. Contract balances

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

Particulars	March 2024	March 2023
Trade Receivables	10,155,223	11,345,542
Contract Assets – Unbilled Revenue	26,536	52,581
Contract liabilities – Deferred Income		
Current contract liabilities	2,083,932	1,972,483
Non-current contract liabilities	3,053,428	2,323,958
Total Contract liabilities – Deferred Income	5,137,360	4,296,441

The following table provides the movement in contract assets (unbilled revenue) for the year ended March 31, 2024 and March 31, 2023:

Particulars	March 31, 2024	March 31, 2023
Balance as of April 1, 2023	52,581	51,283
Add: Revenue recognized during the year	27,223	51,111
Less: Invoiced during the year	(53,315)	(51,312)
Add: Translation gain or (loss)	47	1,499
Balance as of March 31, 2024	26,536	52,581

The /following table provides the movement in contract liabilities (Deferred Income) for the year ended March 31, 2024 and March 31, 2023:

Particulars	March 31, 2024	March 31, 2023
Balance as of April 1, 2023	4,296,441	3,590,019
Less: Revenue recognized during the period	(2,575,119)	(1,702,548)
Add: Invoiced during the period but revenue not recognized	3,412,300	2,420,931
Add: Translation gain or (loss)	3,738	(11,961)
Balance as of March 31, 2024	5,137,360	4,296,441

Contract Cost and Amortisation

Costs to fulfil customer contracts are deferred and amortized over the contract period. For the year ended March 31, 2024 the Company has capitalised ₹ 23,763 (March 31, 2023: ₹ 119,312) and amortised ₹ 37,084 (March 31, 2023: ₹ 304,439). There was no impairment loss in relation to the capitalised cost.

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

10. Other assets

Non-current	March 31, 2024	March 31, 2023
Other deposits and receivables	4,256,687	4,540,098
	4,256,687	4,540,098
Financial assets included in other assets	2,004,216	850,261

11. 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

Recognized deferred tax assets / (liabilities)	March 31, 2024	Assets / (liabilities) March 31, 2023
Deductible temporary difference		
Property, Plant and Equipment	974,835	714,742
Lease obligations on right of use assets	181,500	147,614
Provision for employee benefits	48,879	45,421
Accounts receivable	131,197	104,658
Payment to the MSME Vendors	10,934	-
Provision for Doubtful Advances	22,819	21,177
	1,370,164	1,033,612
Taxable temporary difference		
Intangible assets	(144,273)	(133,829)
Finance Lease obligations	(28,571)	(34,145)
	(172,844)	(167,974)
Unused Tax credits		
Mat Credit Entitlement	-	-
Net deferred tax asset (liability) recognized in Balance Sheet	1,197,320	865,638

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

Movement in temporary differences during the year

	Balance as of March 31, 2023	Recognized in income statement	Recognized in Equity / Balance sheet	Balance as of March 31, 2023	Recognized in income statement	Recognized in Equity / Balance sheet	Balance as of March 31, 2024
Property, plant and equipment	556,604	158,138	-	714,742	260,093	-	974,835
Intangible assets	(143,519)	9,690	-	(133,829)	(10,444)	-	(144,273)
Lease obligations on right of use assets	130,143	17,471	-	147,614	33,886	-	181,500
Finance Lease obligations	(35,670)	1,525	-	(34,145)	5,574	-	(28,571)
Payment to MSME Vendors		-	-		10,934	-	10,934
Provision for employee benefits	46,204	(783)	-	45,421	3,458	-	48,879
Accounts receivable	111,455	(6,797)	-	104,658	26,539	-	131,197
Provision for	-			-			-
Doubtful Advances	20,976	201	-	21,177	1,642	-	22,819

Unrecognized deferred tax assets / (liabilities)

	As of March 31, 2024	As of March 31, 2023
Deductible temporary differences	-	-
Unrecognized tax losses	262,600	105,500
	262,600	105,500

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

Income tax expense recognized in profit or loss

	March 31, 2024	March 31, 2023	March 31, 2022
Current tax expense / (benefit)			
Current period	514,847	525,942	639,982
Deferred tax expense / (benefit)			
Origination and reversal of temporary differences	(331,747)	(179,443)	(49,721)
MAT credit entitlement			
Total income tax expense / (benefit)	183,100	346,499	590,261

There are no income taxes directly recognized in other comprehensive income.

Reconciliation of effective tax rate

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

	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Profit before income taxes	232,036	1,021,086	1,862,838
Enacted tax rates in India	25.17%	25.17%	25.17%
Computed expected tax expense / (benefit)	58,403	257,007	468,876
Effect of:			
Share based payment expense not deductible for tax purposes	-	-	-
Unrecognized deferred tax assets on losses incurred during the year (net of temporary differences, if any)			
Recognition of previously unrecognised deferred tax asset on temporary differences	(1,735)	(42,500)	(37,923)
Difference on account differential tax rates in different jurisdictions	(22,852)	18,519	(23,917)
Effect of Unrecognised business loss including reversal of previously recognised DTA on business loss	157,100	105,500	-
Expenses/income not taxable			
Recognition of current year temporary differences			
Recognition of previously unrecognized tax losses	-	-	-
Difference on account of differential tax rates in different companies	-	-	-
Effect of expenses that are not deductible in determining taxable profit	26,963	1,700	7,224
Expenses/income not taxable			
Unrecognized temporary differences	-	-	-
Utilisation of previously unrecognised temporary differences	-	-	14,875
Effect of rate difference in opening and closing deferred tax	-	-	(718)
Others	-	-	-
	(34,779)	6,246	(10,920)
Reversal of previously recognised temporary differences	-	-	124,930
	183,100	346,499	590,261

12. Inventories

	March 31, 2024	March 31, 2023
Trade inventories*	3,393,317	1,941,923
	<u>3,393,317</u>	<u>1,941,923</u>

* Includes project inventory of ₹3,034,240 (previous year: ₹ 1,692,378)

13. Trade and other receivables

Trade and other receivables comprise:

	March 31, 2024	March 31, 2023
(i) Trade receivables, net	10,155,223	11,345,542
(ii) Other receivables including deposits	3,947,962	3,270,064
(iii) Contract related accruals	-	-
	<u>14,103,185</u>	<u>14,615,606</u>

(i) Trade receivables as of March 31, 2024 and March 31, 2023 are stated net of allowance for doubtful receivables. The Group maintains an allowance for doubtful receivables based on expected credit loss model. The Group’s exposure to credit and currency risks and impairment losses related to trade and other receivables, excluding construction work in progress is disclosed in note 34. Trade receivables consist of:

	March 31, 2024	March 31, 2023
Trade receivables from related parties	-	-
Other trade receivables	10,734,773	11,825,945
	<u>10,734,773</u>	<u>11,825,945</u>
Less: Allowance for doubtful receivables	(579,550)	(480,403)
Balance at the end of the year	<u>10,155,223</u>	<u>11,345,542</u>

The activity in the allowance for doubtful accounts receivable is given below:

	For the year ended	
	March 31, 2024	March 31, 2023
Balance at the beginning of the year	480,403	480,542
Add : Additional provision, net	265,000	371,890
Less : Bad debts written off	(165,853)	(372,029)
Balance at the end of the year	<u>579,550</u>	<u>480,403</u>

(ii) Other receivables comprise of the following items:

	March 31, 2024	March 31, 2023
Advances and other deposits (Refer Note (a) below)	1,793,841	1,605,204
Withholding taxes (Refer Note (b) below)	2,154,121	1,664,860
	<u>3,947,962</u>	<u>3,270,064</u>
Financial assets included in other receivables	<u>157,779</u>	<u>100,681</u>

Notes:

- a) Advances and other deposits primarily comprise of receivables in the form of deposits, sales tax/VAT, service tax, GST and other advances given in the ordinary course of business.
- b) Includes withholding taxes recoverable from the Department of Income-tax for which the Company has filed tax returns for refund. The Company expects to realize such refund of withholding taxes within the next 12 months.
- c) Non – current trade receivables is ₹. Nil (March 31, 2023: NIL)

14. Prepayments for current assets

Prepayments for current assets comprise of the following:

	March 31, 2024	March 31, 2023
Prepayments for purchase of bandwidth	139,139	91,507
Prepayments related to insurance	-	-
Prepayments-others	546,390	649,622
	685,529	741,129

15. Other investments

Other Investments comprise investment in unquoted equity instruments classified as financial assets at FVTOCI and investment in unquoted debt securities classified as financial assets at amortised cost. The details of such investments are given below:

	March 31, 2024	March 31, 2023
Investment in equity instruments – unquoted		
Investment in equity shares of Vashi Railway Station Commercial Complex Limited	150	150
Investment in equity shares of Sarayu Clean Gen Private Limited	1,560	1,560
Investment in The Gizmo App Company	20,843	20,554
Investment in Tasoula Energy Private Limited	225,000	225,000
Investment in Padvest Corporation	4,168	4,111
Investment in Digifresh Corporation	16,640	16,443
Investment in VEH Srishti Energy Private Limited	375,300	375,300
Investment in Chatter Inc	12,506	12,333
Investment in Passerine technologies Inc	16,675	16,443
Investment in Cloudfabrix Software Inc	125,061	-
Investment in Sylvie Unlimited Inc	12,506	-
Investment in debt securities – unquoted		
Investment in Elevo Corporation(Erstwhile Attala Systems Corporation) #	393,453	372,126
	1,203,862	1,044,020

16. Equity

No of shares

	March 31, 2024	March 31, 2023
Issued as of April 01	182,835,369	182,742,369
Issued for cash	-	-
Issued for consideration other than cash	-	-
Exercise of share options	497,091	93,000
Issued as of March 31	183,332,460	182,835,369
Value (₹) ('000)	1,833,325	1,828,354

In fiscal 2015, the authorized share capital of the Company was enhanced by an amount of ₹ 189,000. Subsequently the authorized share capital was increased to ₹ 2,040,000 divided into 204,000,000 Equity Shares, having a par value of ₹ 10 per share. Subsequently the authorized share capital was increased to 750,000,000 Equity Shares, having a par value ₹ 10 per share and 250,000,000 Preference Shares, having a par value ₹ 10 per share. The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to vote at meetings of the Group. All shares rank equally with regard to Group’s residual assets.

The directors have not recommended any dividend for paid up Equity Share of ₹ 10 each for the year 2023-24 (2022-23: ₹ Nil).

Also refer to note 35 – Issue of share on private basis to existing promoter group and Note 27 – Share-based payment

16A. Fully paid Compulsorily Convertible debentures:

	2024	2023
Compulsorily convertible Debentures issued to Kotak Special Securities Fund	4,000,000	2,000,000
Compulsorily convertible Debentures issued to Kotak Data Center Fund	4,800,000	-
	8,800,000	2,000,000

During the financial year 2021-22, Kotak Special Situations Fund (KSSF) subscribed to 2,00,00,000 (two crore) Series 1 Compulsorily Convertible Debentures (“CCDs”) with face value of ₹ 100 each amounting to ₹ 2,000 million ("series 1 CCD") and 1% of 2,00,00,000 (two crore) Series 2 Compulsorily Convertible Debentures (CCD) with face value of ₹ 100 each amounting to ₹ 20 millions

These CCD's carry a coupon rate of 6% per annum payable half-yearly. The CCDs shall be fully, mandatorily and compulsorily converted into equity shares by October 1, 2031 and the conversion ratio shall be decided based on the equity valuation of the next financial year following the financial year of drawdown of CCD money.

During the previous year 2022-23, the Company has valued the share price and fixed the conversion ratio in relation to series 1 CCDs subscribed by Kotak Special Situations Fund (“KSSF”). Since the fixed-to-fixed test is satisfied as per IAS 32 the above CCDs are presented as Equity (refer to note 19)

During the previous year 2022-23, Kotak Special Situations Fund (KSSF) subscribed to additional 19,800,000 (One Crore Ninety Eight lakhs) Series 2 Compulsorily Convertible Debentures (CCD) with face value of INR 100 each amounting to ₹ 1,980 million. Further, the Company has the option and right to require KSSF to acquire additional compulsory convertible debentures of the Company (“Additional CCDs”) in one or more tranches during FY 2023, FY 2024, FY 2025 or by October 1, 2026 for up to an aggregate subscription amount of ₹ 6,000 million. The CCDs are secured by secondary charge over identified movable assets of Data Center facility.

On July 20, 2023, SISL entered into an assignment letter with KSSF for the transfer of ₹ 6,000 million to Kotak Data Centre Fund (“KDCF”).

During the current financial year 2023-24, the Company has valued the share price and fixed the conversion ratio in relation to Series 2 CCDs subscribed by Kotak Special Situations Fund (KSSF) . Since the fixed to fixed test is satisfied as per Ind AS 32, the above CCDs are presented as Equity.

During the current financial year, Kotak Data Center Fund (KDCF) subscribed to 48,000,000 (Four crore and Eighty Lacs only) Series 4 Compulsorily Convertible Debentures (CCDs) with face value of INR 100 each amounting to ₹ 4,800 millions ("series 4 CCD") carrying a coupon rate of 6% per annum payable half-yearly. Since Conversion ratio is fixed and the fixed to fixed test is satisfied as per Ind AS 32 the above CCDs are presented as Equity.

The CCDs shall be fully, mandatorily and compulsorily converted into equity shares by March 31, 2033.

Share based payment reserve

Share based payment reserve represents the stock compensation expense recognized in the statement of changes in equity.

Share Premium

Share Premium used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Act

Other components of equity:

a) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

b) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investments classified as at FVTOCI until the investments are derecognized or impaired.

c) Remeasurements of the net defined benefit liability/asset

Remeasurements of the net defined benefit liability/asset represent the cumulative actuarial gain / loss on account of Change in demographic assumptions, change in financial assumption and experience variance and remeasurement in return on plan assets, excluding amounts recognized in net interest expense/ income.

17. Employee benefits

	March 31, 2024	March 31, 2023	March 31, 2022
Gratuity payable	25,132	27,733	77,826
Compensated absences	134,817	102,170	67,178
	<u>159,949</u>	<u>129,903</u>	<u>145,004</u>

Gratuity cost

The components of gratuity costs recognized in the consolidated income statement for the years ending March 31, 2024, 2023, and March 31, 2022 consist of the following:

	March 31, 2024	March 31, 2023	March 31, 2022
Service cost	62,318	47,050	31,865
Interest cost	21,854	13,926	10,088
Interest income	(19,858)	(8,788)	(2,303)
	<u>64,314</u>	<u>52,188</u>	<u>39,650</u>

Details of employee benefit obligation and plan asset are as follows:

	March 31, 2024	March 31, 2023
Projected benefit obligation at the end of the year	382,492	298,903
Plan assets at the end of the year	(357,235)	(271,170)
Funded status amount of liability recognised in the Balance Sheet	<u>25,257</u>	<u>27,733</u>

The following table set out the status of the gratuity plan:

Change in defined benefit obligation	March 31, 2024	March 31, 2023	March 31, 2022
Projected benefit obligation at the beginning of the year	298,903	216,006	177,098
Service cost	62,318	47,050	31,865
Interest cost	21,854	13,926	10,088
Remeasurements - Actuarial (gain) / loss	21,184	47,703	20,245
Benefits paid	(21,767)	(25,782)	(23,290)
Projected benefit obligation at the end of the year	<u>382,492</u>	<u>298,903</u>	<u>216,006</u>

Change in plan assets	March 31, 2024	March 31, 2023	March 31, 2022
Fair value of plan assets at the beginning of the year	271,170	138,180	40,651
Interest income	19,858	8,788	2,316
Employer contributions	86,289	157,682	120,000
Benefits paid	(21,593)	(25,342)	(23,290)
Return on plan assets, excluding amount recognised in net interest expense	1,511	(8,138)	(1,497)
Fair value of plan assets at the end of the year	<u>357,235</u>	<u>271,170</u>	<u>138,180</u>

Actual return on plan assets	21,369	611	907
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Actuarial assumptions at end of the year:

The principal actuarial assumptions as on March 31, 2024, 2023, and 2022 were as follows:

	March 31, 2024	March 31, 2023	March 31, 2022
Discount rate	7.15% p.a.	7.30% p.a.	6.35% p.a.
Long-term rate of compensation increase	5.00% p.a.	5.00% p.a.	5.00% p.a.
Expected long term rate of return on plan assets	8%	8%	8% for the first year and 5% thereafter
Average future working life time	<u>21.46 years</u>	<u>21.68 years</u>	<u>21.85 years</u>

Discount rate: The discount rate is based on prevailing market yields of Indian Government securities as at the end of the year for the estimated term of the obligations.

Long term rate of compensation increase: The estimates of future salary increase considered take into account inflation, seniority, promotion and other factors.

Expected long term rate of return on plan assets: This is based on the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

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

Assumptions regarding future mortality are based on published statistics and mortality tables.

The Group assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

Contributions: The Group expects to contribute ₹89,083 to its gratuity fund during the year ending March 31, 2025.

The expected benefit payments to be made in the next few years are as under:

Year	March 31, 2024	March 31, 2023
1 Year	72,898	58,014
2 to 5 years	237,283	187,762
6 to 10 years	157,127	121,795
More than 10 years	<u>86,437</u>	<u>67,564</u>

Plan assets: The Gratuity plan’s weighted-average asset allocation on March 31, 2024 and March 31, 2023, by asset category is as follows:

	March 31, 2024	March 31, 2023
Funds managed by insurers	<u>100%</u>	<u>100%</u>

Remeasurements of the net defined benefit liability recognized in other comprehensive income

Amount recognized in other comprehensive income for the years ending March 31, 2024, 2023, and 2022 are as follows:

	March 31, 2024	March 31, 2023	March 31, 2022
Remeasurements of the net defined benefit liability			
<u>Actuarial (gain)/loss</u>			
- Change in demographic assumptions	-	(4,967)	146
- change in financial assumptions	2,556	24,823	(402)
- experience variance	18,628	27,747	21,146
		8,179	1,172
- return on plan assets, excluding amounts recognized in net interest expense/ income	<u>(1,511)</u>		

	<u>19,673</u>	<u>55,782</u>	<u>22,062</u>
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Sensitivity Analysis of significant actuarial assumption

Sensitivity analysis for the defined benefit obligations will increase/ decrease by the amounts mentioned below if there is a variation of 100 basis points in the discount rate and salary escalation rate.

	Discount rate		Salary escalation rate	
	Increase by	Decrease by	Increase by	Decrease by
	100 bps (₹ ‘000s)	100 bps (₹ ‘000s)	100 bps (₹ ‘000s)	100 bps (₹ ‘000s)
Present Value of Defined Benefit Obligation	400,361	366,024	367,853	397,751

The present value of defined benefit obligation has been arrived at using the same method as is used for valuing the defined benefit obligation as per the current assumptions. The increase/decrease in defined benefit obligation has been arrived assuming the other assumptions are constant though such increase/decrease do not happen in isolation in real scenarios.

Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee’s basic salary. The Group has no further obligations under the plan beyond its monthly contributions. The Group contributed ₹ 244,403, ₹ 194,451and ₹ 135,589 for the years ended March 31, 2024, 2023 and 2022. The Group has contributed to 401(K) plans on behalf of eligible employees amounting to ₹ 19,912 (March 31, 2023: ₹ 17,537) during the year ended March 31, 2024.

18. Other liabilities

	March 31, 2024	March 31, 2023
Other liabilities	53,945	55,877
	53,945	55,877
Financial liabilities included in other liabilities	17,945	19,877

19. Borrowings

	March 31, 2024	March 31, 2023
Current		
Term bank loans (Refer note (a) to (f) below)	2,818,144	1,740,076
Other working capital facilities (Refer note (j) to (r) below)	2,899,996	3,367,962
Borrowings from others (Refer note (b), (i) below)	732,421	602,317
	6,450,561	5,710,355
Non current		
Term bank loans (Refer note (a) to (g) below)	13,076,477	9,874,545
Borrowings from others (Refer note (b), (d), (h),(i) & (s) below)	4,531,838	3,943,089
	17,608,315	13,817,634

- (a) Of the above, facilities amounting to ₹ 3,076 million (Previous Year : ₹ 1,635 million) by the Company is primarily secured by way of pari-passu charge on the project receivables and charge on movable fixed assets disbursed under Noida DC Project..
- (b) Of the above, facilities amounting to ₹ 1,810 million (Previous Year : ₹ 747 million) by the Company is primarily secured by way of pari-passu charge on the project Receivables and charge on movable fixed assets disbursed under Chennai DC Project. Out of this ₹ 346 Million is loan availed from others (NBFC).
- (c) Of the above, facilities amounting to ₹ 5,001 million (Previous Year : ₹ 2,804 million) by the Company is primarily secured by way of pari-passu charge on the project Receivables and charge on movable fixed assets disbursed under Rabale T5 DC Project.
- (d) i. Of total term loan balance ₹ 3,899 million (previous year ₹ 3,867 million) is primarily secured by charge on movable fixed assets funded by term loan and also secured by project receivables. Of the total term loan balance, an amount of ₹ 102 million (previous year ₹ 306 million) including current maturity is primarily secured against the specific project receivables of the company and ₹ 334 million (previous year ₹ 553 million) is secured by moveable fixed assets funded out of Term Loan.
- ii. Of the total term loan balance ₹ 3,672 million (previous year ₹ 1,958 million), ₹ 770 million (previous year ₹ 475 million) are primarily secured by a cover of 1.25 times charge on identifiable movable fixed assets and 402 million (previous year ₹ 483 million) are primarily secured by movable fixed assets funded out of term loan. ₹ 1,000 million (previous year ₹ NIL) Exclusive Charge on assets created out of the capex for which reimbursement is sought, an amount of ₹ 1,500 million (previous year ₹ 1,000 million) is also primarily secured by the exclusive charge on Specific Movable Fixed Assets coverage of 1.10x, with Second pari-passu charge on entire current assets of the Borrower, including trade/ bills receivables, book debts, etc. both present & future, excluding the Cash margin lien marked or Current Assets specifically funded by other lenders.
- (e) During the FY 2020-21, the company has entered into External Commercial Borrowing (ECB) facility agreement for \$5 million and drawn down \$5 million out of sanctioned loan during FY 2020-21 and repaid \$ 0.5 million in FY 2021-22, \$ 1 million in FY 2022-23 & \$ 1 million in FY 2023-24. The Company has also entered into agreement for currency swap (from USD to INR) to fully hedge foreign currency exposure towards principal repayment and interest rate swap from floating to fixed.
- (f) The term loans bear interest rate ranging from 7.85% to 10.84% repayable in quarterly instalments within a tenor of 3 to 6 years after moratorium period ranging from 6 months to 2 years in certain cases.
- (g) The Company has adjusted the processing charges paid with respect to borrowings from borrowings from banks ₹ 162 million (Previous year ₹ 185 million).
- (h). During the financial year 2021-22, Kotak Special Situations Fund (KSSF) subscribed to 20,000,000 (two crore) Series 1 Compulsorily Convertible Debentures (CCDs) with face value of ₹ 100 each amounting to ₹ 2,000 Million and 1% of 20,000,000 (two crore) Series 2 Compulsorily Convertible Debentures (CCD) with face value of ₹ 100 each amounting to ₹ 20 million.
- The CCDs shall be fully, mandatorily and compulsorily converted into equity shares by October 1, 2031 and the conversion ratio shall be decided based on the equity valuation as at March 31, 2023. Since the fixed to fixed test is satisfied as per Ind AS 32 the above CCDs are presented as Equity.
- During the year under review, Kotak Special Situations Fund (KSSF) subscribed to additional 19,800,000 Series 2 Compulsorily Convertible Debentures (CCD) with face value of ₹ 100 each amounting to ₹ 1,980 Million. Further, the Company has the option and right to require KSSF to acquire additional compulsory convertible debentures of the Company (“Additional CCDs”) in one or more tranches during FY 2023, FY 2024, FY 2025 or by October 1, 2026 for up to an aggregate subscription amount of ₹ 6,000 Million. The CCDs are secured by secondary charge over identified movable assets of Data Center facility.
- On July 20, 2023, SISL entered into an assignment letter with KSSF for the transfer of ₹ 6,000 Millions to Kotak Data Centre Fund (“KDCF”).
- During the financial year 2023-24, Kotak Data Center Fund (KDCF) subscribed to additional 12,000,000 Series 5 Compulsorily Convertible Debentures (CCD) with face value of INR 100 each amounting to ₹ 1,200. The CCDs are secured by secondary charge over identified movable assets of Data Center facility.
- The CCDs shall be fully, mandatorily and compulsorily converted into equity shares by March 31, 2033 and the conversion ratio shall be decided based on the equity valuation of next financial year following the financial year of drawdown of CCD money.
- These CCD's carry a coupon rate of 6%p.a payable half-yearly.
- The Tranche - I, CCDs shall be fully, mandatorily and compulsorily converted into equity shares by October 1, 2031 and the conversion ratio is decided based on the equity valuation as at March 31, 2023.
- Since the fixed to fixed test is satisfied as per IAS 32 the above CCDs are presented as Equity (refer note 16a)
- (i). These bear interest rate ranging from 0% to 9.9% (Previous Year: 0% to 10.50%) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments (primarily taken from NBFC’s).
- (j). Of the above, facilities amounting to ₹ 1,575 million (Previous Year : ₹ 1,659 million), 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.

- (k). The above facilities amounting to ₹ 279 million (previous year ₹ 732 million), 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.
- (l). The above facilities amounting to ₹ 729 million (previous year ₹ 715 million), 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.
- (m). In addition to the above, out of these loans repayable on demand from banks,
- (i) exposure amounting to ₹ 2,224 million (previous year ₹ 2,586 million) 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 ₹ 1,287 million (previous year ₹ 1,335 million) 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 ₹ 360 million (previous year ₹ 470 million) 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 Data Center, Uttar Pradesh.
- (iv) the exposure amounting to ₹ 426 million (previous year ₹ 876 million) is collaterally secured by equitable mortgage over the Vashi 5th floor property at Mumbai.
- (n). Of the above, facilities amounting to ₹ 620 millions (previous year ₹ Nil) are primarily secured by way of pari-passu charge on current assets of the Company, both present and future.
- (o). Of the above, facilities amounting to ₹ Nil (previous year ₹ 374 millions) are secured by way of pari-passu charge on current assets. Out of which ₹ Nil (previous year ₹ 25 Millions) has first pari-passu charge on unencumbered movable fixed assets of the Company.
- (p). These working capital facilities bear interest ranging from 7.6% p.a. to 9.30%. (Previous year: 5.40% p.a. to 9.30% p.a.) and these facilities are subject to renewal annually.
- (q). The loans in the nature of Buyers Credit bear interest rate 2.97% to 6.23% (previous year 0.79% to 1.73%).
- (r). The Company has adjusted the processing charges paid with respect to borrowings from borrowings from banks ₹ 648 (Previous year ₹ 532).
- (s). During the FY 2020-21, Print house (India) Pvt Ltd had issued 9% Cumulative Non-Convertible Redeemable Preference Shares to Raju Vegesna Infotech & Industries Pvt Ltd., on private placement basis amounting to ₹ 500 million. The Preference share capital are redeemable at par value at maturity, i.e. 20 years from the date of allotment. Accordingly, these are accounted for Financial instruments. During the year, The terms of the Preference Shares were changed to 6% Non-Cumulative compulsorily convertible preference shares.

20. Trade and other payables

	March 31, 2024	March 31, 2023
Trade payables	10,339,550	9,227,928
Advance from customers	1,804,812	1,238,312
Accrued expenses	1,595,074	1,766,653
Other payables	273,337	612,665
	<u>1,40,12,773</u>	<u>12,845,558</u>
Financial liabilities included in trade and other payables	<u>11,934,100</u>	<u>11,267,576</u>

21. Deferred income

	March 31, 2024	March 31, 2023
Contract liabilities		
Current	2,083,932	1,972,483
Non - current	<u>3,053,428</u>	<u>2,323,958</u>
	<u>5,137,360</u>	<u>4,296,441</u>

22. Revenue

	Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Rendering of services			
Service revenue	32,097,915	29,967,698	25,329,497
Installation service revenue	<u>1,852,511</u>	<u>482,246</u>	<u>330,129</u>
	<u>33,950,426</u>	<u>30,449,944</u>	<u>25,659,626</u>
Sale of products	<u>1,683,496</u>	<u>2,953,782</u>	<u>1,366,049</u>
	<u>35,633,922</u>	<u>33,403,726</u>	<u>27,025,675</u>

Note: Revenue disaggregation as per business segment and geography has been included in segment information (See Note 30).

23. Performance obligations and remaining performance obligations

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

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

To be recognized	Amount
Within one year	13,67,569
One to three years	3,93,218
Three years or more	33,76,573

24. Cost of goods sold and services rendered

Cost of goods sold and services rendered information is presented before any depreciation or amortization that is direct and attributable to revenue sources. The Group’s asset base deployed in the business is not easily split into a component that is directly attributable to a business and a component that is common / indirect to all the businesses. Since a gross profit number without depreciation and amortization does not necessarily meet the objective of such a disclosure, the Group has not disclosed gross profit numbers but disclosed all expenses, direct and indirect, in a homogenous group leading directly from revenue to operating income.

25. Selling, general and administrative expenses

	Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Personnel expenses	2,455,114	2,045,942	1,734,944
Marketing and promotion expenses	116,618	256,688	120,057
Administrative and other expenses*#	3,927,830	3,431,004	3,088,574
	6,499,562	5,733,634	4,943,575
# Includes Contract associates costs			
Attributable to cost of goods sold and services rendered	139,154	112,076	210,870
Attributable to selling, general and administrative expenses	193,827	25,892	113,591

26. Personnel expenses

	Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Salaries and wages	4,907,965	4,122,783	3,291,605
Contribution to provident fund and other funds	329,107	263,593	189,207
Staff welfare expenses	70,498	50,305	56,295
Employee stock compensation expense	6,874	16,494	22,885
	5,314,444	4,453,175	3,559,992
Attributable to cost of goods sold and services rendered	2,859,329	2,407,234	1,825,048
Attributable to selling, general and administrative expenses	2,455,114	2,045,942	1,734,944

27. Share-based payments

The Group had issued stock options under Associate Stock Option Plan (ASOP) 1999, ASOP 2000, ASOP 2002, ASOP 2005, ASOP 2007 and ASOP 2014. The Compensation Committee grants the options on the basis of performance, criticality and potential of the employees as identified by the management. Each option entitles the holder to purchase one American Depository Share (ADS) at an exercise price determined by the Compensation committee on the date of the grant. There are no options outstanding in respect of ASOP 1999, ASOP 2000, ASOP 2002, ASOP 2005 and ASOP 2007 as of March 31, 2024. The plan details of ASOP 2014 are as follows:

Associate Stock Option Plan 2014

During July 2014, the shareholders of the Company approved a new scheme for allotment of shares to employees i.e. Associate Stock Option Plan 2014. 2,50,00,000 shares are reserved for this plan. Consequently 58,70,800 options were granted to the employees on January 20, 2015. The Company has granted additional 25,000, 1,95,000, 4,65,000, 72,20,000. 3,35,000, 1,50,000, 5,25,000 and 1,84,300 options to employees during the year 2022-23, 2021-22, 2020-21, 2019-20, 2018-19, 2017-18, 2016-17 and 2015-16 respectively.

The options vest in the following manner:

4,304,600 Options (Option Plan I):	3/5th of the options vest at the end of one year from the date of grant. The remaining 2/5th vests at the end of every half year during second and third years from the date of grant in four equal instalments
6,612,700 Options (Option Plan II):	2/5th of the options vest at the end of one year from the date of grant. The remaining 3/5th vests at the end of every half year during second, third and fourth years in six equal instalments
4,052,800 Options (Option Plan III):	2/5th of the options vest at the end of two years from the date of grant. The remaining 3/5th vests at the end of every half year during third, fourth and fifth years in six equal instalments.

The stock options can be exercised within a period of twelve months from the date of last vesting.

As the number of stock options and the price of those options were made known to each allottee, the Plan has been considered as a fixed price grant. Stock option activity under the ASOP 2014 Plan is as follows:

No. of options granted, exercised and forfeited	Number of options 2024	Weighted average exercise price in ₹ 2024	Number of options 2023	Weighted average exercise price in ₹ 2023	Number of options 2022	Weighted average exercise price in ₹ 2022
Outstanding at the beginning of the year	6,972,978	92.60	7,232,978	87.82	7,780,278	86.13
Granted during the year	-	-	25,000	135.13	195,000	146.23
Forfeited during the year	(146,700)	90.12	(192,000)	89.64	(238,000)	85.24
Expired during the year	-	-	-	-	-	-
Exercised during the year	(497,091)	90.12	(93,000)	92.60	(504,300)	85.24
Outstanding at the end of the year	6,329,187	90.12	6,972,978	92.60	7,232,978	87.82
Exercisable at the end of the year	5,183,587	90.12	5,584,478	92.60	8,771,360	87.82

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

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

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 is furnished below:

As at	Range of exercise price in ₹	Number outstanding on March 31	Weighted average exercise price in ₹	Weighted average remaining contractual life	Number exercisable on March 31	Weighted average exercise price In ₹
March 31, 2024	66.6 - 230.97	6,329,187	90.12	0.05-3.82 Years	5,183,587	90.12
March 31, 2023	66.6 - 230.97	6,972,978	92.60	0.06-4.82 Years	5,584,478	92.60
March 31, 2022	57.66-230.97	7,232,978	87.82	0.8-4.58 Years	8,771,360	87.82

28. Financial income and expense

	Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Interest income on bank deposits	231,377	82,675	45,060
Others	106,346	140,230	28,517
Finance income	337,723	222,905	73,577
Interest expense on lease obligations	249,964	191,911	185,092
Bank charges (including letter of credit, bill discounting and buyer’s credit charges)	164,980	147,117	107,834
Interest expense on borrowings	1,858,301	1,313,494	805,170
Finance expense	(2,273,245)	(1,652,522)	(1,098,096)
Net finance income / (expense) recognized in profit or loss	(1,935,522)	(1,429,617)	(1,024,519)

29. Earnings per share

The calculation of basic earnings per share for the years ended March 31, 2024, 2023, and 2022 is based on the profit / (loss) attributable to ordinary shareholders of ₹48,936, ₹674,522, and ₹1,257,945 respectively and a weighted average number of shares outstanding of 183,033,950 , 182,803,189 and 182,468,672 respectively, calculated as follows:

	Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Net profit – as reported	48,936	674,522	1,257,945
Weighted average number of shares – basic	183,033,950	182,803,189	182,468,672
Basic earnings per share	0.27	3.69	6.89
Weighted average number of shares – diluted	185,198,369	185,672,592	187,016,037
Diluted earnings per share	0.26	3.63	6.73

Weighted average number of ordinary shares basic

	Year ended March 31,		
	2024	2023	2022
Issued fully paid ordinary shares on April 01	182,835,369	182,742,369	182,238,069
Effect of shares issued on exercise of stock options	198,581	60,820	230,603
Effect of partly paid shares	-	-	-
Weighted average number of equity shares and equivalent shares outstanding	183,033,950	182,803,189	182,468,672

Weighted average number of ordinary shares diluted

	Year ended March 31,		
	2024	2023	2022
Weighted average number of ordinary shares (basic)	183,033,950	182,803,189	182,468,672
Effect of stock options (Note 1)	2,164,419	2,869,403	4,547,365
Weighted average number of equity shares outstanding (diluted)	185,198,369	185,672,592	187,016,037

Note 1: The Company has issued Associate Stock Options of which 6,329,187 (Previous year : 6,972,978) options are outstanding as at March 31, 2024. These could potentially dilute basic earnings per share in future. Refer Note (27).

30. Segment reporting

The operating segments of the Group has been reclassified in the Financial Year with effect from April 1, 2021 pursuant to the business reorganization done in the 2020-21 pursuant to Business Transfer Agreement (BTA) dated January 28, 2021. Consequently, Group's operating segments are as follows:

- a. Network Connectivity services

Consists of domestic data, international data, wholesale voice
- b. Data Center Services

Consists of co-location services, cross connects and other allied managed services
- c. Digital Services

Consists of Cloud and Managed Services, Network Managed Services, Applications Integration Services, Technology Integration Services

Network-Connectivity services - The Network services consist of network services addressing the domestic connectivity needs of Indian enterprises and international inward and outward connectivity needs of International Enterprises. The services include a comprehensive range of Internet protocol based Virtual Private Network, offerings, including intranets, extranets, and remote access applications to both small and large corporate customers. The Group provides MPLS-enabled IP VPN's through entire network. The Group also provides last mile connectivity to customers.

The cable landing station and investment in submarine cable consortium are other assets extended to international partners for international inward and outward connectivity needs. The cable landing station currently lands 2 major submarine cables; namely Gulf Bridge International (GBI) and the Middle Eastern and North African cable (MENA)

Data Center services: The Group operates 12 Concurrently Maintainable Data Centers, of which six are located in Mumbai (Bombay), one each at Noida (Delhi), Chennai (Madras), Bengaluru, Kolkata and Hyderabad to host mission-critical applications. The Group offers co-location services which allow customers to bring in their own rack-mountable servers and house them in shared racks or hire complete racks, and even rent 'secure cages' at the hosting facility as per their application requirements. It also offers a wide variety of managed hosting services, such as storage, back-up and restoration, performance monitoring and reporting hardware and software procurement and configuration and network configuration under this business line.

Digital services:

The Group offers following services under Digital Services segment:

On-demand hosting (cloud) services offer end-customers with the solutions to Enterprises. On-demand cloud services giving companies the option to “pay as you go” basis.

Remote and Onsite Infrastructure Management services which provide management and support of customer operating systems, applications, and database layers.

Network Operations Center (NOC) services, managed SDWAN and managed Wi-Fi solutions.

Data Centre Build, Network Integration, Information security and End User computing.

Web-applications which include sales force automation, supply chain management, intranet and extranets, workflow engine and knowledge management systems.

Online portals, such as www.sify.com with content on technology and food (Sify Bawarchi). The Group also offers value-added services to organizations such as website design, development, content management, digital certification services, Online assessment tools, search engine optimization, including domain name management, secure socket layer (SSL) certificate for websites, and server space in required operating system and database. It provides messaging and collaboration services and solutions such as e-mail servers, LAN mail solutions, anti-spam appliances, bulk mail services, instant messaging, and also offer solutions and services to enable data and access security over the Internet, Infrastructure-based services on demand, including on-line testing engine and network management. On-line testing services include test management software, required servers and proctored examination facilities at Sify's franchisee points. On-line exam engine offered allows a secure and flexible way of conducting examinations involving a wide range of question patterns.

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

Bandwidth costs, which form a significant part of the total expenses, is allocated to Network Services. Manpower costs of Technology resources rendering services to support Infrastructure operations, Managed services and Application services, are identified to respective operating segments specifically. The Group believes that the resulting allocations are reasonable.

Certain expenses, such as depreciation, technology infrastructure and administrative overheads, which form a significant component of total expenses, are not allocable to specific segments as the underlying services are used interchangeably. Management believes that it is not practical to provide segment disclosure of these expenses and, accordingly, they are separately disclosed as “unallocated” and adjusted only against the total income of the Group.

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

The Group’s operating segment information for the years ended March 31, 2024, 2023 and 2022 are presented below:

Year ended March 31, 2024

	Network- Connectivity Services (A)	Data Center Services (B)	Digital Services (C)	Total (D) = (A)+(B)+(C)
External Customers	14,661,136	11,053,956	9,918,830	35,633,922
Intersegment Revenues	-	87,753	221,461	309,214
Operating expenses*	(12,319,398)	(6,425,331)	(10,104,912)	(28,849,641)
Intersegment Expenses	(251,796)	-	(57,418)	(309,214)
Segment operating income / (loss)	2,089,942	4,716,378	(22,039)	6,784,281
Unallocated expenses:				
Support Service Unit Costs				(193,902)
Depreciation and amortization				(4,773,414)
Other income / (expense), net				184,613
Finance income				337,723
Finance expenses*				(2,108,265)
Profit / (loss) before tax				232,036
Income tax (expense) / benefit				(183,100)
Profit / (loss) for the year				48,936

*Bank charges of ₹ 164,980 (\$ 1,979) have been allocated to respective segments in operating expenses

Year ended March 31, 2023

	Network- Connectivity Services (A)	Data Center Services (B)	Digital Services (C)	Total (D) = (A)+(B)+(C)
External Customers	13,290,510	10,125,610	9,987,606	33,403,726
Intersegment Revenues	-	87,749	219,754	307,503
Operating expenses*	(11,125,798)	(6,085,634)	(9,899,113)	(27,110,545)
Intersegment Expenses	(250,085)	-	(57,418)	(307,503)
Segment operating income / (loss)	1,914,627	4,127,725	250,829	6,293,181
Unallocated expenses:				
Support Service Unit Costs				(149,607)
Depreciation and amortization				(3,971,865)
Other income / (expense), net				131,840
Finance income				222,905
Finance expenses*				(1,505,433)
Profit / (loss) before tax				1,021,021
Income tax (expense) / benefit				(346,499)
Profit / (loss) for the year				674,522

*Bank charges of ₹ 147,089 (\$ 1,789) have been allocated to respective segments in operating expenses

Year ended March 31, 2022

	Network- Connectivity Services (A)	Data Center Services (B)	Digital Services (C)	Total (D) = (A)+(B)+(C)
Segment revenue	12,011,178	7,494,395	7,520,102	27,025,675
Intersegment Revenues	-	87,753	220,468	308,221
Allocated segment expenses	9,880,381	4,297,871	6,702,094	20,880,346
Intersegment Expenses	250,803	-	57,418	308,221
Segment operating income / (loss)	1,879,994	3,284,277	981,058	6,145,329
Unallocated expenses:				
Support Service Unit Costs				(105,285)
Depreciation and amortization				(3,298,047)
Other income / (expense), net				130,728
Finance income				73,577
Finance expenses				(1,098,096)
Profit / (loss) before tax				1,848,206
Income tax (expense) / benefit				(590,261)
Profit / (loss) for the year				1,257,945

Geographic segments

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

Description	India	Rest of the world	Total
Revenues			
Year ended March 31, 2024	33,304,005	2,329,917	35,633,922
Year ended March 31, 2023	27,349,352	6,054,374	33,403,726
Year ended March 31, 2022	22,399,400	4,626,275	27,025,675

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

During the year under review revenue from one customer of the Group's Data center services segment is ₹ 4,171 million which is more than 10% of the Group's total revenue.

31. Contingencies

- a) Claims against the Group not acknowledged as debts include demands from Indian Income Tax authorities for payment of tax amounting to ₹ Nil (previous year: ₹ Nil).
- b) Contingencies due to certain Service Tax claims as at March 31, 2024 amounted to ₹ 416 million (previous year: ₹ 416 million).
- c) Contingencies due to certain Sales Tax claims as at March 31, 2024 amounted to ₹ 15 million (previous year: ₹ 224 million)*.
- d) Contingencies due to certain Goods And Services Tax claims as at Mar 31, 2024 amounted to ₹ 24million (Previous Year: ₹ NIL).
- e) The Group is subject to legal proceedings and claims which are arising in the ordinary course of business. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Group's results of operations or financial conditions.

*Out of the above, an amount of ₹1 million has been paid under protest.

Put Option:

Sify Infinit Spaces Limited (SISL), wholly owned subsidiary of the company has issued Compulsorily Convertible Debentures (CCD) to Kotak Special Situations Fund (KSSF) with initial subscription of ₹ 2,020 million with subsequent subscription of ₹ 1,980 million during the year 2021-2022 and 2022-23 and an option to require additional ₹ 6,000 million. On July 20 2023 ₹ 6,000 is assigned to Kotak Data Center Fund (KDCF). This Debenture Subscription Agreement is supplemented by a Put Option Agreement with the Company to ensure KSSF has protective rights in case there is contract breach or conditions for conversion is not met over the term of the instrument.

Europe India Gateway:

The Group has entered into a contract with Emirates Integrated Telecom (‘the Emirates’) for the construction and supply of undersea cable capacity from the Europe India Gateway. As per the contract with Emirates, the Group is required to pay its share of decommissioning costs, if any, that may arise in the future. No provision has been made by the Group for such decommissioning costs as the amount of provision cannot be measured reliably as of March 31, 2023. The capacity under the mentioned facility would be upgraded over a period of time.

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

As of March 31, 2024, the company is holding NIL (previous year : NIL) licenses with a corresponding export obligation of NIL million (previous year : ₹ Nil million). Considering the track record of the exports, the Company believes it would be able to meet the export obligation within the time frame and would not be exposed to any liability on account of the above scheme.

Legal proceedings:

- a) Proceedings before Department of Telecommunications

Demand of License fee on Non-Telecom Revenue:

DOT issued a demand notice on August 22, 2023 to the Company demanding license fee on the Non-Telecom Revenue against which the Company filed petitions before The Hon’ble Madras High Court and obtained Order of Status Quo and also submitted representations to DOT to withdraw the demands pursuant to the Orders passed by The TDSAT and Hon’ble Supreme Court in similar petitions. After hearing both the parties, Hon’ble High Court has reserved petition for final orders. These demands were made while the petitions are pending since 2013 for adjudication before the Hon'ble Madras High Court. Meanwhile it was understood that DOT had disallowed the allowable deductions applicable for pass through charges for non-submission of certificate from Statutory Auditors as per the new template issued by DOT. However, the said certificate required by DOT in new template submitted by the company and pursuant to the submission of Certificate issued by Statutory Auditors, DOT had allowed the deduction in favour of the Company. The Hon'ble Madras High Court vide its Judgement dated 30.04.2024 quashed all the demands made by DoT seeking to levy license fee on the non-telecom revenue and allowed the Writ Petitions in favour of the Company.

TDSAT, through its Order dated February 28, 2022, quashed the demands made by DOT seeking license fee, interest on license fee, penalty & interest on penalty on the revenue accruing from other business revenue (Non-Telecom) other than the licensed based activities. The Said Order was passed in favor of one of the Service Provider having similar line of business of Sify. Meanwhile DOT withdrew the demands against Public Sector undertakings having similar licenses and filed affidavit before the Hon’ble Supreme Court.

The Company has fully paid the license fee on the telecom revenue in terms of the licenses issued by DOT and challenged the demands made by DOT on the revenue arising from other Business activities (Non Licensed businesses). The petitions are pending for adjudication before the Hon’ble Madras High Court.

It is important to note that Hon’ble Supreme Court had by its Order dated June 10, 2020, accepted the stance of the DOT that the licenses of PSUs are different and the judgement of 24.10.2019 could not be made the basis for raising demands against PSUs as they are not in the actual business of providing Mobile Services to the General Public. Sify also has licenses similar to PSU. TDSAT also held that there is no scope to differentiate between 2 sets of licensees (PSU & Others) having same or similar licenses only on the basis of ownership, private or public. The statutory rights and liabilities must remain the same for both the classes in so far as they arise from the licenses/agreements under consideration.

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

In the year 2013, DOT had raised demands on service providers providing Internet, NLD, ILD services etc. demanding license fee on the revenue made by the service providers from other business income such as Data Center, Cloud, application services, power, gas, etc. DOT contended that all the income of the company irrespective of the business was required to be considered as part of 'income' for the purpose of calculation of the license fee. The company filed a Writ Petition before The Hon'ble Madras High Court challenging the demand made by DOT on the Income accruing from other business units and the demands have been stayed by the Hon'ble Madras High Court. The case is pending for final hearing.

The service providers which had different license conditions for ISP, NLD & ILD and having revenue from other business units approached Hon'ble Supreme Court stating that Hon'ble Supreme Court judgement dated October 24, 2019 on the access Telecom Service Providers is not applicable to other services providers as license conditions were different from the Access Telecom Service Providers. Hon'ble Supreme Court observed that if the license conditions of Other Service Providers including ISP, NLD & ILD are different from the license conditions of the Mobile Service providers (Access Providers), then the other service providers should adjudicate the license fee issue before the appropriate forum. Meanwhile DOT withdrew the demands against Public Sector Undertaking on account of different license conditions.

The Company which had approached the Hon'ble Madras High Court in 2013 by filing a writ petition prohibiting Department of Telecommunications (DOT) from levying a license fee on non-licensed activities obtained stay of the demands. The Hon'ble Madras High Court restrained DOT from recovering the license fee in respect of non- telecom activities and the case is pending for hearing.

The Company believes that it has adequate legal defense against the demand raised by DOT and that the ultimate outcome of these actions will not have a material adverse effect on the Company's financial position and result of operations. ISPAI, association representing the internet service providers including the company issued a letter to DOT stating that the Supreme Court judgement dated October 24, 2019 is not applicable to Internet Service Providers and the license conditions are different. The Company which had received notices for earlier years from DoT claiming license fee on the total Income (including income from Non Licensed activities) has already responded to these notices stating that license fees are not payable on income from non-licensed activities.

It is important to point out that DOT in its written submission made before the Hon'ble Supreme Court had clearly mentioned that non telecom revenue would stand excluded from the purview of the gross revenue . In 2017, the Hon'ble Tripura High Court held that Service Providers are not liable to pay license fee on the income accruing from other businesses.

License fee on Pure Internet:

DOT has issued a notification calling upon all the licensees to pay license fee on pure internet services effective from April 1, 2022 and since then Sify has been paying the license fee on the Pure Internet on account of level playing field.

Originally DOT migrated the licenses of few service providers, whole licenses expired in 2013 to UL regime and demanded license fee on pure Internet only from those migrated service providers without providing level playing field on pure internet services. However, the Company through Internet Service Providers Association of India (ISPAI) challenged the said condition before TDSAT. TDSAT set aside the demand made by the DOT and passed the order in favor of the ISP. DoT has challenged the Order of the TDSAT and the appeal is pending before Hon'ble Supreme Court. The Company has appropriately accounted for any adverse effect that may arise in this regard in the books of account. However TDSAT by its order dated October 18, 2019 held that license fee is not chargeable on the Internet Service Providers. DoT has filed appeal before Hon'ble Supreme Court and the appeal is pending for final hearing. However the company has started paying AGR on pure internet effective from April 1, 2022 pursuant to the notification issued by DOT.

Online Exam case:

The Company is conducting Online examination for more than a decade using its platform (I-Test) and delivered large volume online examinations for several reputed clients including Staff Selection Commission (customer), and is certified on quality and security for CMMI Level 5 and CERT-in. After technical evaluation, the company was awarded a contract dated April 12, 2016 for a period of 2 years and accordingly Sify had successfully conducted 15 such Pan India online examination under the supervision of customer for more than 20 million applied candidates with 40,000 unique questions. In one of the combined group level examinations dated February 21, 2018, screenshots of a few of the questions appeared on social media. The company immediately brought to the notice of the Chairman of the customer and the said question paper was cancelled and the candidates were asked to redo the examination with different set of question paper within couple of hours. Further at the request of customer, re-examination was also conducted after couple of weeks. Hence there was no damage to the sanctity of the examination as immediate action was taken jointly by the Company and customer. However, some parties had provoked candidates and continued to claim that the question paper was leaked and insisted customer to cancel the entire examination process. As few candidates continued to protest, the Governmentt of India directed the investigating authority to conduct enquiry into the allegations. Public Interest Litigation (“PIL”) was also filed before the Hon’ble Court for cancellation of the examination process. However, the Hon’ble Special CBI Court, Delhi appointed high level technical committee to conduct enquiry and submit the report the Court.

A detailed report was submitted by the Committee & Investigating team before the Hon’ble Special CBI Court,Delhi holding that there was no evidence to show that the examination process was tainted and hence PIL stood dismissed. And accordingly, SSC also released all the payments to Sify for the examination. In 2018, the investigating authority also filed its final report stating that one of the candidate along with her husband engaged in malpractice with a sole intention to cancel the examinations uploaded few questions in the social media. There was no allegations against Sify or its employee. After 4 years, to utter shock and surprise, the investigating authority chose to file 3 additional supplementary chargesheet naming the company and one of its employee for not following the Standard Operating Procedure. It is important to note that company successfully delivered the examination in terms of RFP and the consideration was released by customer after receiving the report from the Committee. The only allegation made by investigating officer to name the company in the chargesheet is on the assumption that Company did not follow the SOP. Since there is no allegations of malpractices made against the company, the company is in the process of filing discharge petition before the trial court.

Others:

b) The Company is party to additional legal actions arising in the ordinary course of business. Based on the available information as on September 30, 2023, the Company believes that it has adequate legal defenses for these actions and that the ultimate outcome of these actions will not have a material adverse effect on the Company's financial position and results of operations.

c) The company has received an adverse arbitration award for a sum of INR 20 million along with interest at 18% from the date of filing the claim i.e.27.01.2021 in the petition filed by one of the vendor and The company has filed an appeal on 30.04.2024 before the Hon’ble Madras High Court challenging the award passed by the Arbitrator. Although the company has a good case to defend, the company has provided provisions in its books.

d) The Company has received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to ₹ 6.4 million on special allowances paid to employees. The company has filed a writ petition before Hon’ble Madras High Court and obtained the stay of demand. In February 2019, Hon’ble Supreme Court held, in a similar case, that Special allowances paid by the employer to its employee will be included in the scope of basic wages and subject to provident fund contribution. However, Hon’ble Supreme Court has not fixed the effective date of order.

d) During the financial year 2019-2020, Directorate General of Goods and Services Tax Intelligence (DGGI) did an inspection based on the analysis of service tax returns filed by the Company in the past. The Company has been categorizing services relating to e-Learning and Infrastructure Management Services provided to foreign customers billed in convertible foreign currency under OIDAR services while filing its half-yearly service tax return. However, based on the Place of Provision of Services Rules then applicable under the Finance Act, 1994, Service Tax has to be paid for OIDAR services provided to foreign customers even if the conditions for qualifying as export of services are met. Hence, the DGGI contended that Service Tax should be paid on the services classified as OIDAR services in the returns. The total contended during the period April 2014 to November 2016 of Service Tax was ₹ 161.8 million and the Interest & Penalty as applicable. The Company believes that the services relating to e-learning and infrastructure management services will not fall under OIDAR services and also the activities covered under E-learning and IMS does not meet the conditions for taxation under the provisions applicable as OIDAR and hence there is no liability. However, during the investigation, the Company has paid ₹ 64.6 million under protest to continue the proceeding with the relevant adjudicating authorities. Thereafter, the DGGI has issued Show Cause Notice and the Company has replied on the same. The matter is pending with the Adjudicating Authority. The company believes that no provision is required to be made against this demand.

32. Related party transaction:

The related parties where control / significant influence exists are subsidiaries and associates. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel include the board of directors and other senior management executives. The other related parties are those with whom the Group has had transaction during the years ended March 31, 2024, 2023 and 2022 are as follows:

Particulars	Country of incorporation	% of Ownership interest	
		March 31, 2024	March 31, 2023
Holding Company			
Infinity Satcom Universal Private Limited	India		
Raju Vegesna Infotech & Industries Private Limited (Subsidiary of Infinity Satcom Universal Private Limited)	India		
Ramanand Core Investment Company Private Limited (Subsidiary of Raju Vegesna Infotech & Industries Private Limited)	India		
Subsidiaries			
Sify Technologies (Singapore) Pte. Limited	Singapore	100	100
Sify Technologies North America Corporation	USA	100	100
Sify Data and Managed Services Limited	India	100	100
Sify Infnit Spaces Limited	India	100	100
Sify Digital Services Limited	India	100	100
Print House (India) Private Limited	India	-	100
Patel Auto Engineering Private Limited	India	100	-
SKVR Software Solution Private Limited	India	100	-
Trust controlled by KMP:	India		
Raju Vegesna Foundation			

The following is a summary of the related party transactions for the year ended March 31, 2024:

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	300
Sitting fees paid	-	-	2,740
Salaries and other short term benefits*	-	-	79,470
Contributions to defined contribution plans*	-	-	3,392
Share based payment transactions*	-	-	2,541
Lease rentals paid**	1,369	8,594	-
CSR Contribution made	-	32,850	-
Amount of outstanding balances			
6% Non-Cumulative Compulsorily convertible preference shares#	-	500,000	-
Advance lease rentals and refundable deposits made**	-	5,600	-
Lease rentals payable**	114	685	-

All transactions between Sify Technologies Limited and its subsidiaries up to March 31, 2024 of this Annual Report have been in the ordinary course of business

The following is a summary of the related party transactions for the year ended March 31, 2023:

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	300
Sitting fees paid	-	-	2,200
Salaries and other short term benefits*	-	-	55,930
Contributions to defined contribution plans*	-	-	2,151
Share based payment transactions*	-	-	1,901
Lease rentals paid**	1,369	8,054	-
CSR Contribution made	-	24,390	-
Amount of outstanding balances			
6% Non-Cumulative compulsorily convertible preference shares s##	-	500,000	-
Advance lease rentals and refundable deposits made**	-	5,600	-
Lease rentals payable**	114	685	-

All transactions between Sify Technologies Limited and its subsidiaries up to March 31, 2023 of this Annual Report have been in the ordinary course of business

The following is a summary of the related party transactions for the year ended March 31, 2022:

Transactions	Holding Company	Associates	Others	Key Management Personnel
Consultancy services received	-	-	-	300
Sitting fees paid	-	-	-	2,000
Salaries and other short term benefits*	-	-	-	56,006
Contributions to defined contribution plans*	-	-	-	1,850
Share based payment transactions*	-	-	-	4,507
Lease rentals paid**	1,369	-	7,220	-
Preference shares issued#	-	-	500,000	-
CSR Contribution made	-	-	13,220	-
Advances given	-	-	-	-
Amount of outstanding balances				
Advance lease rentals and refundable deposits made**	-	-	5,600	-
Lease rentals payable**	200	-	600	-

* Represents salaries and other benefits of Key Management Personnel comprising of Mr. Kamal Nath - Chief Executive Officer (Sify Technologies Limited), Mr. M P Vijay Kumar – Whole Time Director and Chief Financial Officer and Mr. C R Rao - Chief Operating Officer.

**During the year 2011-2012, the Group had entered into a lease agreement with M/s Raju Vegesna Infotech and Industries Private Limited, the holding Group, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.075 million (Rupees Seventy Five Thousand) per month. Subsequently, the Group entered into an amendment agreement with effect from April 1, 2013, providing for automatic renewal for a further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years. Subsequently on account of expiry of the said agreement, the Group entered into a fresh agreement for a period of three years effective February 1, 2024 on a rent of ₹ 0.160 million (Rupees One Lakh Sixty Thousand Only) per month.

During the year 2011-12, the Group had also entered into a lease agreement with M/s Raju Vegesna Developers Private Limited, a Group in which Mr. Ananda Raju Vegesna, the then Executive Director of the Group and Mr. Raju Vegesna, Chairman and Managing director of the Group, exercise significant influence, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.030 million (Rupees Thirty Thousand) per month. The agreement provides for the automatic renewal for further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years. Subsequently on account of expiry of the said agreement, the Group entered into a fresh agreement for a period of three years effective February 1, 2024 on a rent of ₹ 0.059 million (Rupees Fifty Nine Thousand) per month..

During the year 2010-2011, the Group had entered into a lease agreement with Ms. Radhika Vegesna, daughter of Mr. Anand Raju Vegesna, the then Executive Director of the Group, to lease the premises owned by her for a period of three years effective June 1, 2010 on a rent of ₹ 0.3 million (Rupees Three Lakhs) per month and payment of refundable security deposit of ₹ 2.6 million. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged. Subsequently on account of expiry of the said agreement, the Group entered into a fresh agreement for a period of three years effective June 1, 2019 on a rent of ₹ 0.556 million (Rupees Five Lakhs Fifty Six Thousand) per month and payment of additional refundable security deposit of ₹ 3.0 million. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged.

During the FY 2020-21, Print house (India) Pvt Ltd had issued 9% Cumulative Non-Convertible Redeemable Preference Shares to Raju Vegesna Infotech & Industries Pvt Ltd., on private placement basis. The Preference share capital are redeemable at par value at maturity, i.e. 20 years from the date of allotment. Accordingly these are accounted for Financial instruments. During the year, The terms of the Preference Shares are changed to 6% Non-Cumulative compulsorily convertible preference shares.

33. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by each category as of March 31, 2024 were as follows:

Particulars	Note	Financial assets/ liabilities at amortised costs	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVTOCI	Total carrying value	Total fair value
Assets						
Cash and cash equivalents	8	5,834,634	-	-	5,834,634	5,834,634
Other assets	10	2,162,116	-	-	2,162,116	2,162,116
Trade receivables	13	10,155,223	-	-	10,155,223	10,155,223
Other investments	15	393,453	-	810,409	1,203,862	1,203,862
Liabilities						
Bank overdraft	8	486,888	-	-	486,888	486,888
Lease liabilities	7	3,042,812	-	-	3,042,812	3,042,812
Other liabilities	18	17,945	-	-	17,945	17,945
Borrowings from banks	19	18,794,617	-	-	18,794,617	18,794,617
Borrowings from others	19	3,564,494	-	-	3,564,494	3,564,494
Trade and other payables	20	11,934,100	-	-	11,934,100	11,934,100
Derivative financial liabilities	20	-	-	-	-	-
Other financial liabilities		1,612,496	-	-	1,612,496	1,612,496
6% Compulsory Convertible Debentures		1,200,000	-	-	1,200,000	1,200,000
6% Non Cumulative Compulsory convertible preference shares		500,000	-	-	500,000	500,000

The carrying value and fair value of financial instruments by each category as of March 31, 2023 were as follows:

Particulars	Note	Financial assets/ liabilities at amortised costs	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVTOCI	Total carrying value	Total fair value
Assets						
Cash and cash equivalents	8	4,845,233	-	-	4,845,233	4,845,233
Other assets	10	850,261	-	-	850,261	850,261
Trade receivables	13	11,345,542	-	-	11,345,542	11,345,542
Derivative financial instruments	13	-	25,263	-	25,263	25,263
Other investments	15	372,000	-	671,020	1,044,020	1,044,020
Liabilities						
Bank overdraft	8	951,466	-	-	951,466	951,466
Lease liabilities	7	2,451,179	-	-	2,451,179	2,451,179
Other liabilities	18	19,877	-	-	19,877	19,877
Borrowings from banks	19	14,982,750	-	-	14,982,750	14,982,750
Borrowings from others	19	2,045,239	-	-	2,045,239	2,045,239
Trade and other payables	20	11,267,576	-	-	11,267,576	11,267,576
Other financial liabilities		2,059,524	-	-	2,059,524	2,059,524
6% Compulsory Convertible Debentures		2,000,000	-	-	2,000,000	2,000,000
9% Cumulative Non-convertible preference shares		500,000	-	-	500,000	500,000

Details of financial assets hypothecated as collateral

The carrying amount of financial assets as at March 31, 2024 and 2023 that the Group has provided as collateral for obtaining borrowings and other facilities from its bankers are as follows:

	As of	
	March 31, 2024	March 31, 2023
Cash and cash equivalents	1,667,849	1,194,786
Trade receivables	3,203,345	4,078,466
	<u>4,871,194</u>	<u>5,273,252</u>

Derivative financial instruments

(a) Forwards and options

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 do not qualify for hedge accounting under IFRS 9 and are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The following table gives details in respect of the notional amount of outstanding foreign exchange contracts as at March 31, 2024 and 2023

	As of	
	March 31, 2024	March 31, 2023
Forward contracts		
In U.S. Dollars (Sell)	-	-
In U.S. Dollars (Buy)	-	-

The Company recognized a net loss on the forward contracts of ₹ (1,440) (March 31, 2023: ₹ (1,387)– Net gain) for the year ended March 31, 2024.

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

	As of	
	March 31, 2024 (US \$)	March 31, 2023 (US \$)
Buy:		
Not later than one month	-	-
Later than one month and not later than three months	-	-
Later than three months and not later than six months	-	-
Later than six months and not later than one year	-	-

(b) Cross Currency Swap:

The Group has entered into Cross Currency Swaps in order to hedge the cash flows arising out of the Principal and Interest payments of the underlying External Commercial Borrowing denominated in USD. The period of the swap contracts is co terminus with the period of the underlying ECB. As per the terms of the arrangement, the Company shall pay INR fixed and receive fixed USD principal and interest cash flows during the term of the contract. The swap arrangement is marked to market at the end of every period and losses are recognized in the Statement of Income. The swap contracts outstanding balances as on March 31, 2024 and March 31, 2023 is as follows.

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses/ (gain)
Tranche 1	73,500	USD 1,000	-
Tranche 2 (Undrawn)	110,250	USD 1,500	-
Total	183,750	USD 2,500	-

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses/ (gain)
Tranche 1	102,900	USD 1,400	-
Tranche 2 (Undrawn)	154,350	USD 2,100	-
Total	257,250	USD 3,500	-

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

Particulars	As at		As at	
	'March 31, 2024		'March 31, 2023	
	Payable (USD)	Receivable (INR)	Payable (USD)	Receivable (INR)
Less than 1 year	1,000	73,500	1,000	73,500
One to two years	1,000	73,500	1,000	73,500
Two to three years	500	36,750	1,000	73,500
Three to four years	-	-	500	36,750
Four to five years	-	-	-	-
More than five years	-	-	-	-
Total cash flows	2,500	183,750	3,500	257,250

The Group recognized a net loss on the cross currency swaps of ₹ Nil [Previous year : ₹ Nil] for the year ended March 31, 2024.

(c) Interest Rate Swap:

The Group has entered into Interest Rate Swaps in order to hedge the cash flows arising out of the Interest payments of the underlying ECB. The period of the swap contract is co terminus with the period of the underlying ECB. As per the terms of the arrangement, the Company shall pay fixed rate of interest (8.9%) and receive variable rate of interest equal to SOFR + 2.5% on notional amount. The swap arrangement is marked to market at the end of every period and losses are recognized in the Statement of income.

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

	As of			
	March 31, 2024		March 31, 2023	
	Receivable (US \$)	Payable (US \$)	Receivable (US \$)	Payable (US \$)
Less than 1 year	189	13,916	279	20,507
One to two years	101	7,375	189	13,916
Two to three years	*	1,237	101	7,375
Three to four years	-	-	*	1,237
Four to five years	-	-	-	-
More than five years	-	-	-	-
Total cash flows	290	22,528	569	43,035

* Amount below rounding off norm adopted by the Group

Total notional amount outstanding as of March 31, 2024 is US \$ 2,500 (March 31, 2023: US \$ 3,500).

Net Loss on account of interest rate swaps amount to ₹ 8,493 for the year ended March 31, 2024 (March 31, 2023: ₹ 25,263 – Net gain).

Fair value measurements:

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

	Fair value as of March 31, 2024			Fair value as of March 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets – gain on outstanding forward/options contracts	-	-	-	-	-	-
Liabilities						
Derivative financial liabilities – loss on outstanding forward/options contracts	-	-	-	-	-	-
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	-	-	-	-
Derivative financial liabilities - loss on outstanding interest rate swaps	-	-	8,493	-	-	(25,263)

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

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

Recognized in profit or loss

	Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Financial assets at amortised cost			
Interest income on bank deposits	231,377	82,675	45,060
Interest income from other financial assets	29,764	55,511	28,517
Impairment loss of trade receivables	(265,000)	(371,890)	(433,723)
Financial assets at fair value through profit or loss			
Net change in fair value of derivative financial instruments gain/(loss)	8,493	(25,263)	(16,879)
Financial liabilities at amortised cost			
Interest expenses on lease obligations	(249,964)	(191,911)	(185,092)
Interest expenses on borrowings from banks, others and overdrafts	(1,858,301)	(1,313,494)	(805,170)

34. Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

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

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

Trade and other receivables

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Group’s customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Group grants credit terms in the normal course of the business.

Cash and cash equivalents and other investments

In the area of treasury operations, the Group is presently exposed to counter-party risks relating to short term and medium term deposits placed with public-sector banks, and also to investments made in mutual funds.

The Chief Financial Officer is responsible for monitoring the counterparty credit risk and has been vested with the authority to seek Board’s approval to hedge such risks in case of need.

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 of March 31, 2024 and 2023 was as follows:

	March 31, 2024	March 31, 2023
Cash and cash equivalents (Including other bank deposits)	5,394,489	3,650,446
Restricted Cash	440,445	1,194,787
Other assets	2,004,216	825,037
Trade receivables	10,155,223	11,345,542
Other receivables	157,859	100,681
Other investments	1,203,862	1,044,020
	<u>19,356,094</u>	<u>18,160,513</u>

Impairment for financial assets

Allowances for impairment for trade receivables have been provided based on Expected Credit Loss Method adopting a simplified approach provided in IFRS 9. The ageing analysis of trade receivables has been considered from the due date for the practical expedient. The ageing of trade receivables, net of allowances, is given below:

Period (in days)	March 31, 2024	March 31, 2023
Less than 365 days	10,155,222	10,872,340
More than 365 days	-	473,202
	<u>10,155,222</u>	<u>11,345,542</u>

See note 13 for the activity in the allowance for impairment of trade account receivables.

Liquidity risks: Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations. In addition, the Group has concluded arrangements with well reputed Banks, and has unused lines of credit that could be drawn upon should there be a need. The 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 of March 31, 2024

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	>5 years
Non-derivative financial liabilities						
Bank overdrafts	486,888	531,000	531,000	-	-	-
6% Compulsory Convertible Debentures	1,200,000	1,344,000	72,000	1,272,000	-	-
9% Cumulative Non-convertible preference shares	500,000	120,000	30,000	30,000	30,000	30,000
Lease liabilities	3,042,812	8,588,700	587,700	773,500	531,200	6,696,300
Other liabilities	1,612,496	1,612,496	1,594,551	17,945	-	-
Borrowing from banks	18,794,617	22,515,522	5,557,466	7,922,227	5,536,029	3,499,800
Borrowings from others	3,564,494	4,221,692	1,295,437	2,186,476	739,779	-
Trade and other payables	10,225,880	10,225,880	10,225,880	-	-	-
	<u>39,427,187</u>	<u>49,159,290</u>	<u>19,894,034</u>	<u>12,202,148</u>	<u>6,837,008</u>	<u>10,226,100</u>

As of March 31, 2023

			Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	>5 years
Non-derivative financial liabilities								
Bank overdrafts			951,504	951,504	951,504	-	-	-
6%	Compulsory	Convertible						
Debentures			2,000,000	2,160,000	240,000	480,000	480,000	960,000
6%	Non	Cumulative						
Compulsory convertible preference shares			500,000	500,000	-	-	-	500,000
Lease liabilities			2,451,179	5,703,330	585,790	788,588	555,216	3,773,736
Other liabilities			2,059,500	2,059,500	2,039,600	19,900	-	-
Borrowing from banks			14,982,750	19,853,900	5,680,600	5,755,100	4,800,000	3,618,200
Borrowings from others			2,045,239	2,361,800	748,900	1,149,400	463,500	-
Trade and other payables			9,227,900	9,227,900	9,227,900	-	-	-
			34,218,072	42,817,934	19,474,294	8,192,988	6,298,716	8,851,936

As of March 31, 2022

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	>5 years
Non-derivative financial liabilities						
Bank overdrafts	371,995	371,995	371,995	-	-	-
Lease liabilities	2,207,403	4,281,949	507,037	733,287	430,022	2,611,603
Other liabilities	60,742	60,742	60,742	-	-	-
Borrowing from banks	10,400,424	11,485,975	6,706,849	2,832,392	1,499,683	447,051
Borrowings from others	4,479,774	3,853,303	1,106,150	1,042,525	719,827	984,800
Trade and other payables	10,510,409	10,510,409	10,510,409	-	-	-
	28,030,747	30,564,373	19,263,182	4,608,204	2,649,532	4,043,454

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

Currency risk: The Group’s exposure in US \$, Euro and other foreign currency denominated transactions gives rise to Exchange Rate fluctuation risk. Group’s policy in this regard incorporates:

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

The Group’s exposure to foreign currency risk as of March 31, 2024 was as follows:

	US \$	AUD	CHF	EUR	GBP	DHS	HK \$	SG \$
Cash and cash equivalents	600	-	-	5	105	-	-	-
Trade receivables	20,900	-	-	610	85	-	-	-
Trade payables	(8,050)	-	-	(418)		(29)	-	-
Foreign currency loan	(2,200)	-	-	-		-	-	-
Net balance sheet exposure	11,250	-	-	197	190	(29)	-	-

The Group’s exposure to foreign currency risk as of March 31, 2023 was as follows:

	All amounts in respective currencies as mentioned (in thousands)							
	US \$	AUD	CHF	EUR	GBP	DHS	HK \$	SG \$
Cash and cash equivalents	405	-	-	44	69	-	-	-
Trade receivables	28,052	-	-	411	85	-	-	-
Trade payables	(28,575)	-	-	(250)	(34)	(27)	-	-
Foreign currency loan	(6,059)	-	-	-	-	-	-	-
Net balance sheet exposure	(6177)	-	-	205	120	(27)	-	-

The Group’s exposure to foreign currency risk as of March 31, 2022 was as follows:

	All amounts in respective currencies as mentioned (in thousands)							
	US \$	AUD	CHF	EUR	GBP	DHS	HK \$	SG \$
Cash and cash equivalents	3,435	-	-	16	51	-	-	-
Trade receivables	29,093	-	-	222	85	-	-	-
Trade payables	(16,369)	-	-	(196)	(16)	(27)	(4)	-
Foreign currency loan	(9,389)	-	-	-	-	-	-	-
Net balance sheet exposure	6770	-	-	42	120	(27)	(4)	-

All amounts in respective currencies as mentioned (in thousands)

Sensitivity analysis

A 10% strengthening of the rupee against the respective currencies as of March 31, 2024 and March 31, 2023 would have increased / (decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2023.

	Other comprehensive income	Profit or (loss)
March 31, 2024	-	(18,361)
March 31, 2023	-	(47,755)

A 10% weakening of the rupee against the above currencies as of March 31, 2024 and 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest Rate Risk: Interest rate risk is the risk that an upward movement in interest rates would adversely affect the borrowing costs of the group.

Profile

At the reporting date the interest rate profile of the Group’s interest –bearing financial instruments were as follows:

	Carrying amount	
	March 31, 2024	March 31, 2023
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	4,502,312	2,590,530
- Investment in debt securities	3,93,453	372,000
Financial liabilities		
- Borrowings from banks	1,83,589	240,962
- Borrowings from others	54,05,034	4,773,718
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	1,86,11,027	14,741,788
- Bank overdrafts	4,86,888	951,504

Fair value sensitivity for fixed rate instruments

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

Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis as 2023.

	Equity	Profit or (loss)
March 31, 2024	-	(9,245)
March 31, 2023	-	(12,185)

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

35. Issue of shares on a private placement basis to the existing promoter group

On August 4, 2010, the Board of Directors of the Group proposed the issuance, in a private placement, of up to an aggregate of 12,50,00,000 of the company’s equity shares, par value ₹10 per share (“Equity shares”), for an aggregate purchase price of ₹ 40,000, to a group of investors affiliated with the Group’s promoter, including entities affiliated with Mr. Raju Vegesna, the Group’s Chairman and Managing Director and Mr. Ananda Raju Vegesna, Executive Director and brother of Mr Raju Vegesna (the “Offering”). The company’s shareholders approved the terms of the Offering at the Company’s Annual General Meeting held on September 27, 2010.

On October 22, 2010, the Company entered into a Subscription Agreement with Mr. Ananda Raju Vegesna, acting as representative of the acquirers in connection with the offering. Accordingly, the company issued 12,50,00,000 equity shares to Raju Vegesna Infotech and Industries Private Limited, a company affiliated with the promoter group on October 30, 2010. The above shares were subsequently transferred by Raju Vegesna Infotech & Industries Private Limited to Ramanand Core Investment Company Private Limited.

On August 14, 2011, the Company received a letter from RVIPL expressing its intention to transfer the above partly paid shares to its wholly owned subsidiary M/s Ramanand Core Investment Company Private limited (“RCICPL”). The Company, on August 26, 2011, registered such transfer of partly paid shares in the name of RCICPL.

On September 7, 2011, the parties entered into an amendment to the Subscription Agreement (the “Amendment”) extending the validity of the agreement period to September 26, 2013. This Amendment provides the Board of Directors of the Company with additional time to call upon the purchasers to pay the balance money, in accordance with the terms of the Subscription Agreement.

During the year ended March 31, 2019, the Company has called–up and received a sum of ₹ 10 per share and hence the shares have become fully paid up.

As of March 31, 2024, entities affiliated with our CEO, Chairman and Managing Director, Raju Vegesna, beneficially owned approximately 84.03% of our outstanding equity shares.

36. Corporate Social Responsibility (CSR) expenditure

Section 135 of the Companies Act, 2013, requires Company to spend towards Corporate Social Responsibility (CSR). The Company is expected to spend ₹ 32,850 towards CSR in compliance of this requirement. A sum of ₹ 32,850 has been spent during the current year towards CSR activities as per details given below.

Organization	Amount (₹)	
	March 31, 2024	March 31, 2023
Sri Venkateswara institute of Research and Rehabilitation for the disabled trust, Dwarakha Tirumala	2,500	-
Voluntary Health Services Hospital, Taramani	1,500	1,800
Raju Vegesna Foundation, Visakapatanam	27,850	24,390
Shree Anand Charitable Trust, Mumbai		2,500
Sri Hanuman Mani Education & Culture Trust	1,000	800
CHILD (Project Sakthi)	-	800
Guided Fortune Samirti	-	2,500
Nayaki vidya mandir school	-	300
Total	32,850	33,090

37. Capital Management

The Group's capital comprises equity share capital, share premium, and other equity attributable to equity holders. The primary objective of Group's capital management is to maximize shareholders value. The Group manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Group does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2024 is ₹ 24,029,666 (Previous Year: ₹ ₹ 17,145,688). No changes were made in the objectives, policies or processes for managing capital of the Group during the current and previous year.

Item 19. Exhibits

Number	Description
1.1	Amended Articles of Association of Sify Technologies Limited. (1)
1.2	Memorandum of Association of Sify Technologies Limited. (2)
1.3	Amendment of Memorandum of Association. (3)
2.1	Description of Securities registered under Section 12 of the Exchange Act
2.2	Deposit Agreement, dated as of October 18, 1999, among Sify Technologies Limited, Citibank, N.A. and holders from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder (including, as an exhibit, the form of American Depositary Receipt). (4)
2.3	Amendment No. 1 to Deposit Agreement among Sify Technologies Limited, Citibank, N.A. and holders from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder (including, as an exhibit, the form of American Depositary Receipt). (4)
2.4	Amendment No. 2 to Deposit Agreement among Sify Technologies Limited, Citibank, N.A. and holders from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder (including, as an exhibit, the form of American Depositary Receipt). (4)
2.5	Supplemental Letter Agreement, dated as of November 2, 2007, to Deposit Agreement among Sify Technologies Limited, Citibank, N.A. and holders from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder (18)
2.6	Amendment No. 3 to Deposit Agreement among Sify Technologies Limited, Citibank, N.A. and holders from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder (including, as an exhibit, the form of American Depositary Receipt). (18)
2.7	Subscription Agreement dated November 10, 2005 between Sify Technologies Limited and Infinity Capital Ventures, LP. (8)
2.8	Standstill Agreement dated November 10, 2005 by and among Sify Technologies Limited, Infinity Capital Ventures, LP and Mr Raju Vegesna. (8)
2.9	Shareholders’ Agreement dated December 20, 2005 between Sify Technologies Limited, Infinity Satcom Universal (P) Limited, and Sify Communications Limited (erstwhile subsidiary). (9)
2.10	Shareholders’ Agreement dated November 25, 2005 between Sify Technologies Limited and Man Financial. (10)
4.1	Associate Stock Option Plan 2000. (5)
4.2	Associate Stock Option Plan 2002. (5)
4.3	Associate Stock Option Plan 2005. (11)
4.4	Associate Stock Option Plan 2007. (13)
4.5	Associate Stock Option Plan 2014. (17)
4.6	Form of Indemnification Agreement. (6)
4.7	License Agreement for Provision of Internet Service, including Internet Telephony dated as of April 1, 2002 by and between Sify Technologies Limited and the Government of India, Ministry of Communications and Information Technology, Department of Telecommunications, Telecom Commission. (2)
4.8	Bank Guarantee, dated as of November 4, 1998. (2)
4.9	Agreement, dated November 10, 2004, between Sify Technologies Limited, Satyam Computer Services Limited, SAIF Investment Company Limited and Venture Tech Solutions Pvt. Ltd. (7)
4.10	Subscription Agreement dated March 24, 2008 between Sify Technologies Limited and Infinity Satcom Universal Private Limited. (12)

4.11	Scheme of Amalgamation between Sify Communications Limited with Sify Technologies Limited and their respective shareholders (14)
4.12	Subscription agreement dated October 22, 2010 between Sify Technologies Limited and Mr. Ananda Raju Vegesna, Representative of the entities and affiliates in India of Mr. Raju Vegesna, CEO, Chairman and Managing Director of the Company. (15)
4.13	Amendment to subscription agreement dated September 7, 2011 between Sify Technologies Limited and Mr. Ananda Raju Vegesna, Representative of the entities and affiliates in India of Mr. Raju Vegesna, CEO, Chairman and Managing Director of the Company. (16)
8.1	List of Subsidiaries.
11.1	Code of Conduct and Conflict of Interest Policy (5)
11.2	Insider Trading Policy.
12.1	Rule 13a-14(a) Certification of Chief Executive Officer
12.2	Rule 13a-14(a) Certification of Chief Financial Officer
13.1	Section 1350 Certification of Chief Executive Officer
13.2	Section 1350 Certification of Chief Financial Officer
15.1	Consent of Manohar Chowdhry & Associates in respect of Sify Technologies Limited
97.1	Policy relating to recovery of erroneously awarded compensation.

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- (1)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on October 17, 2007 and incorporated herein by reference.
- (2)

Previously filed as an exhibit to the Annual Report on Form 20-F filed with the SEC on July 1, 2002 and incorporated herein by reference.
- (3)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on October 17, 2007 and incorporated herein by reference.
- (4)

Previously filed as an exhibit to the Registration Statement on Form F-6 filed with the Commission on May 11, 2009 and incorporated herein by reference.
- (5)

Previously filed as an exhibit to the Annual Report on Form 20-F filed with the Commission on June 29, 2004 and incorporated herein by reference.
- (6)

Previously filed as an exhibit to Amendment No. 2 to the Registration Statement on Form F-1 filed with the Commission on October 13, 1999 and incorporated herein by reference.
- (7)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on November 30, 2004 and incorporated herein by reference.
- (8)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on November 21, 2005 and incorporated herein by reference.
- (9)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on December 7, 2005 and incorporated herein by reference.
- (10)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on December 23, 2005 and incorporated herein by reference.
- (11)

Previously filed as an exhibit to the Annual Report on Form 20-F filed with the Commission on June 30, 2006 and incorporated herein by reference.
- (12)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on April 14, 2008 and incorporated herein by reference.
- (13)

Previously filed as an exhibit to the Report on Form 20-F filed with the Commission on October 11, 2008 and incorporated herein by reference.
- (14)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on January 23, 2009 and incorporated herein by reference.
- (15)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on November 15, 2010 and incorporated herein by reference.
- (16)

Previously filed as an exhibit to the Report on Form 6-K filed with the Commission on September 8, 2011 and incorporated herein by reference.
- (17)

Previously filed as an exhibit to the Report on Form 20-F filed with the Commission on June 19, 2015 and incorporated herein by reference.
- (18)

Previously filed as an exhibit to the Registration on Form F-1 filed with the Commission on March 21, 2024 and incorporated herein by reference.

SIGNATURES

The Company hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

SIFY TECHNOLOGIES LIMITED

By: /s/ Raju Vegesna
Name: Raju Vegesna
Title: CEO & Managing Director

By: /s/ M P Vijay Kumar
Name: M P Vijay Kumar
Title: Whole time director and Chief Financial Officer

Date: May 07, 2024