sify

TRIED
TESTED
TRUSTED

FOR 25 YEARS

ANNUAL REPORT
2023-24

IN THIS REPORT

TRIED
TESTED
TRUSTED

For 25 Years

Since our inception in 1999, Sify Technologies has been at the forefront of the internet revolution in India. Over the last 25 years, we have sustained, grown, and remained relevant to our clients through multiple disruptive shifts in the technology industry, demonstrating our resilience as a company and our ability to adapt to change.

Today, we have evolved into India's only organically grown ICT company, with key assets in Data Centers, Network, Cloud, and related digital services. As organizations continue to unify cross-functional teams and implement frameworks to manage and deploy content, we are their preferred comprehensive ICT solutions provider with global service capabilities. Our focus is on transforming the ICT requirements of the emerging digital economy and the resulting demands from businesses of all sizes and across all verticals.

Driven by an exponential growth in data generated by India Inc, we are augmenting our data center infrastructure and expanding data services capacity, as we embark on digitization and apply AI to business. With a clear roadmap to add 350 MW capacity in the next few years, we are expanding our data center footprint to provide cost efficiency and predictability in the cost of cloud computing requirements of business organizations.

We are also committed to sustainability and advocate for incremental yet mindful strides toward a sustainable future, aiming to foster a lasting positive impact on the environment. Our strategic approach towards sustainability involves meticulous planning and investment in renewable energy sources, steering towards a greener tomorrow.

FY 2024 at a glance

In FY24, our key focus continued to be to augment our core strengths and to proactively support our customers, as they leveraged digital transformation.

Financial

Revenue
INR 3,56,339 Lakh
7%
Up over FY2023

EBITDA
INR 67,568 Lakh
7%
Up over FY2023

PAT
INR 489 Lakh
93%
Up over FY2023

CAPEX
INR 12,377 Lakh

Environment

Energy consumption
FY2024
20,31,166 GJ
FY2023
15,57,689 GJ

Water consumption
FY2024
61,32,323 KL
FY2023
58,35,283 KL

Waste recycled
FY2024
2,21,209 Kgs
FY2023
1,70,542 Kgs

Water efficiency initiatives undertaken
FY2024
12
FY2023
9

Energy leakages
FY2024
20%
FY2023
18%

Water intensity per employee
FY2024
2.77%
FY2023
0.55 KL

Share of renewables
FY2024
23%
FY2023
14%

Social

Total training hours (e-learning)	**CSR spend**
FY2024 **1,38,851**	FY2024 **INR 329 LAKH**
FY2023 **38,592**	FY2023 **INR 331 LAKH**

Beneficiaries of CSR programmes

FY2024

1. Raju Vegesna Foundation, Visakhapatnam
2. Voluntary Health Services, Chennai
3. Sri Hanuman Mani Education & Culture Trust

FY2023

1. Nayaki vidya mandir school (SCC)
2. Guided Fortune Samirti (Overall approval 25 lakhs)
3. CHILD (Project Sakthi)
4. Sri Hanuman Mani Edcuation Trust
5. Sree Anand Charitable Trust
6. CHILD (Project Sakthi)
7. Raju Vegesna Foundation, Visakhapatnam
8. Voluntary Health Services, Chennai

Ratio of women employees

FY2024
2%

FY2023
1%

Governance

A culture of learn, transform and perform

Strong focus on anti-bribery and anti-corruption

No environmental, social or ethical violations

An ethical and fair business

No complaints related to child or forced labour

Operational

At Sify Technologies, we conducted a materiality analysis to identify the issues important to us and to our stakeholders. A formal and thorough materiality assessment helped prioritize issues with the greatest impact on our businesses, communities and the environment, and those that matter the most to our stakeholders.

Our recent materiality assessment reveals how concerns around customer delight, data privacy & IT security, regulatory and compliance, business ethics, product innovation, employee engagement, energy efficiency and management, diversity and inclusion, procurement and supply chain, water management, GHG emissions, and community engagement have become critical elements of our business decisions. The results of our materiality assessment help us identify risks and opportunities and support our decision-making on where to focus our resources.

Environment, Health & Safety

Sify demonstrates its leadership and commitment to EHS Management System by ensuring that the OH&S policy and related OH&S objectives are established, and are also compatible with the strategic direction of the organization. At Sify, we are developing, leading and promoting a culture that supports the intended outcomes of the OH&S management system.

Corporate Initiatives

The replacement of plastic bottles for drinking water across all offices

The replacement of styrofoam cups across all offices

LEAD FREE

Lead-free paints used in all upcoming Data Centers including Tower 5

ABOUT SIFY TECHNOLOGIES LIMITED

Partnering with Enterprises for Digital Transformation

Headquartered in Chennai, India, Sify Technologies Limited is India's first ICT and longest continuously listed company on the Nasdaq.

A comprehensive ICT solutions provider

Sify Technologies is India's most comprehensive ICT service & solutions provider. With Cloud at the core of our solutions portfolio, Sify is focused on the changing ICT requirements of the emerging Digital economy and the resultant demands from large, mid and small-sized businesses.

Sify's infrastructure, comprising state-of-the-art Data Centers, the largest MPLS network, partnership with global technology majors, and deep expertise in business transformation solutions modelled on the cloud, make it the first choice of start-ups, SMEs and even large Enterprises on the verge of a revamp.

We remain focused on continuous evolution to drive digital transformation for businesses across industries. We are India's only organically-grown ICT company with a proven track record of over two decades in the ICT domain. Our integrated ICT ecosystem has helped us emerge as a preferred partner for large enterprises, MNCs and start-ups.

Our Business Value Proposition

Sify Technologies' mission is to enable an environment for the growth of a digital economy, driven by collective digital transformation of enterprises.

Being the First Choice of Enterprises

Our infrastructure comprises the largest enterprise MPLS network, top-of-the-line Data Centers and Cloud interconnects, partnership with global technology majors, vast expertise in business transformation solutions modelled on the cloud.

Key Lines of our Businesses

Our three key lines of businesses are – Sify Technologies Limited for network connectivity, Sify Infinit Spaces Limited for Data Centers, and Sify Digital Services Limited for all the IT and digital services.

Our Vision and Mission Statement

Vision

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

MISSION

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

Defining key metrics

25+
years of experience in securing enterprise IT

4000
skilled associates

Sify Provides services via
1,033
Fiber nodes

Presence in
7
countries Delivery Centers in 5 major cities in India

MPLS network presence in
1,600+
cities

12
operational Tier-3 Data Centers

7,835
SD-WAN
Points across the country

3
Open Cable Landing System

3
No of Submarine cables terminated

Quality Certifications

MEITY Cloud Empaneled

India's 1st Nvidia DGX Ready DC

Rated 3: Concurrently Maintainable Site Infrastructure

Data Center, Cloud & Managed Services

20000-1:2011
IT Service Management

PCI DSS

Telecom Data Center & Managed Services

SOC 1 Type II

SOC 2 Type II

45001:2018
World's International Standard for Occupational Health and Safety

22301
Business Continuity Management System

Environmental Management system

Green Building

Microsoft Hosting Partner

SAP Certified in Hosting Services
SAP Certified in Cloud Services
SAP Certified in SAP Hana Operations Services
SAP Certified in Application Management Services

Our Business Verticals

We provide IT solutions for cloud-only enterprises and enterprises seeking to outsource IT as a business service. Our well-structured business segments are given below.

Sify Technologies

Network Connectivity

Revenue

INR 1,46,620 LAKH

(As on 31st March, 2024)

41%

Share in Total Revenue

- Enterprise connectivity services – MPLS, Internet
- Cloud connect services
- SD-WAN
- EdgeConnect services for IT + OT + People
- Cloud-enabled unified communication services

Sify Infinit Spaces

Data Center Co-location

Revenue

INR 1,10,540 LAKH

(As on 31st March, 2024)

31%

Share in Total Revenue

- DC (Co-location)
- Value-added services (Security/Remote Hands/Cross Connect)

Sify Digital Services

Digital and IT Services

Revenue

INR 99,180 LAKH

(As on 31st March, 2024)

28

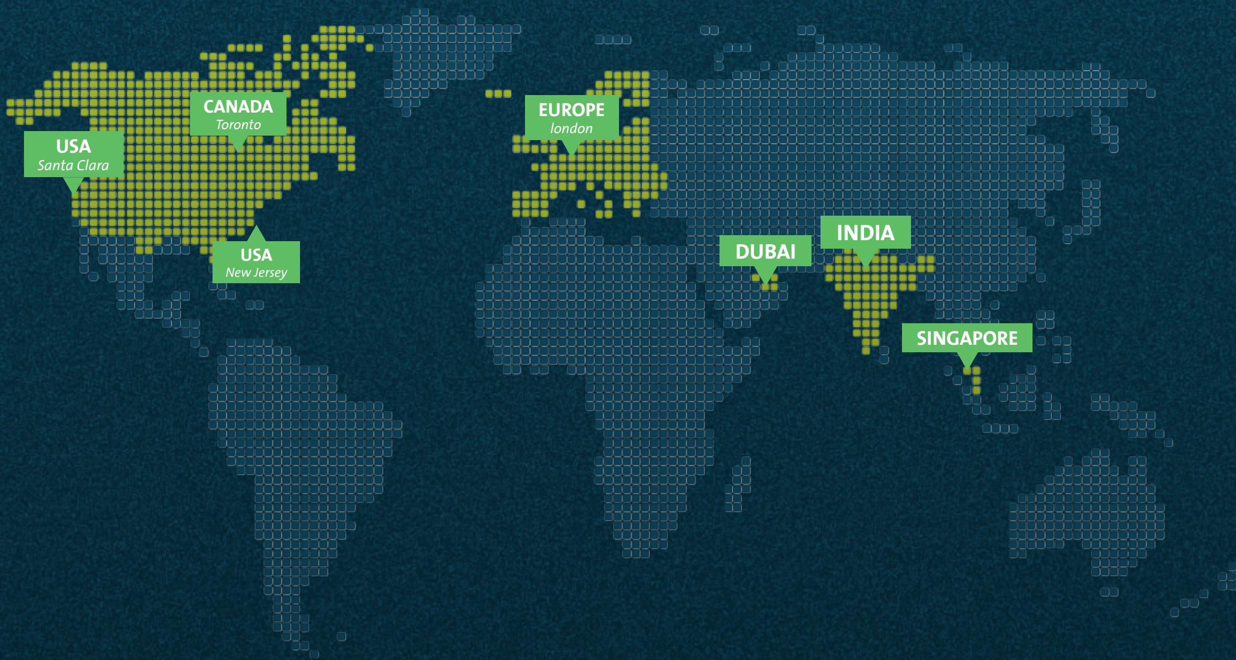
Share in Total Revenue

- Cloud assessment and migration services
- Multi-cloud managed services
- Cloudinfinit enterprise cloud
- Hosted SAP Cloud/Azure stack as a service
- Cloudinfinit Cloud Management Platform
- InfinitDigital Infrastructure Managed Services
- InfinitDigital Network Managed Services
- App modernization (DevSecOps, Kubernetes, Site Reliability Engineering)
- InfinitDigital application managed services
- SAP services
- Oracle services
- Microsoft services
- Digital learning – AR/VR/XR
- Digital asset management
- Digital assessment iTest
- Retail Intelligence ForumDIGITAL
- Digital trust and authentication – Safescrypt
- Internet of Things

An increasing Global Presence

More than 10,000 businesses across multiple verticals have taken advantage of our unassailable trinity of Data Centers, Networks and Security services, and are conducting their business seamlessly from more than 1,600 cities in India.

Internationally, we have presence across North America, the United Kingdom and Singapore.



More than

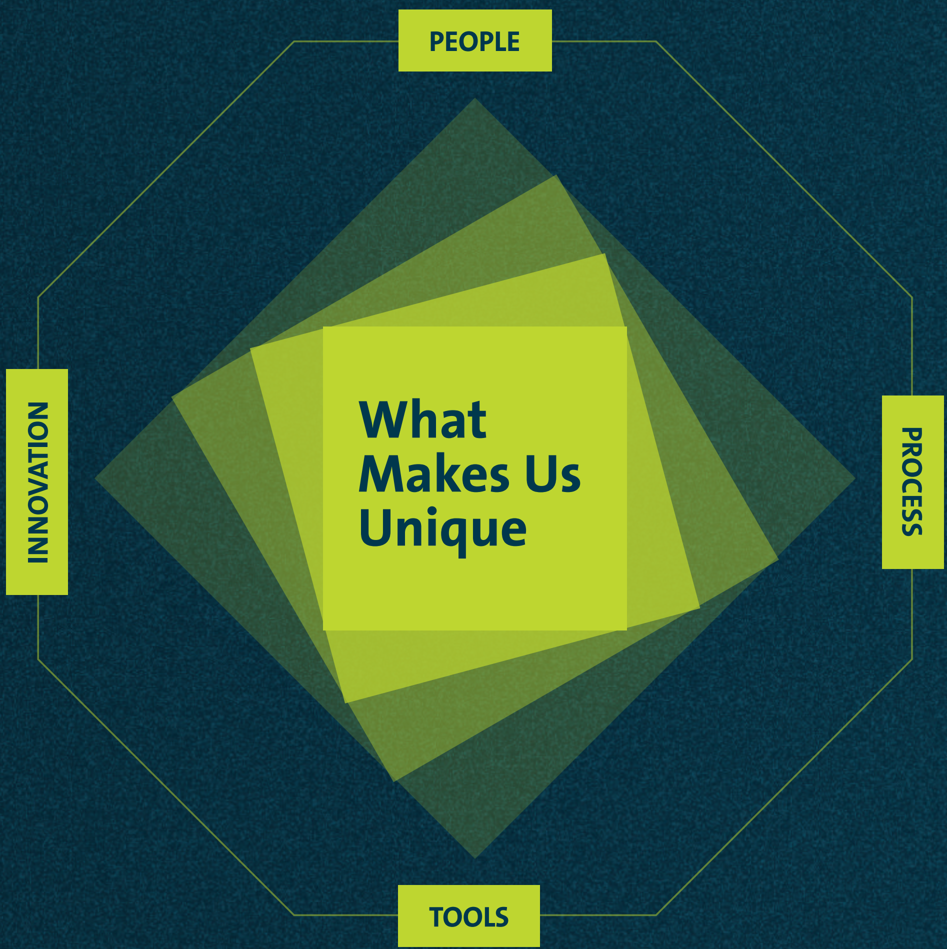
10,000

businesses across multiple verticals have taken advantage of our unassailable trinity of Data Centers, Networks and Security services and conduct their business seamlessly from more than

1,600

cities in India. Internationally, we have presence across North America, the United Kingdom and Singapore.

Our Unique Value Proposition



Single partner for managed services across DC, Cloud, NoC, SoC, EUS, Non-IT

Catalogue driven and optimized hybrid delivery model

Best of breed MSP tools, proactive monitoring, single pane of glass

Full suite of ITIL service elements, process compliance

Partner to address future transformation initiatives

Productivity improvement with automation and event co-relation

SLA-based service with real-time measurements and dashboards

Material Matrix and Analysis

Our material topics play a vital role in our strategy, planning and our disclosure processes. Over the course of the year, Sify Technologies assessed its material topics by analysing its risks and opportunities, identifying stakeholder groups, and engaging with them periodically across multiple channels to determine their concerns and interests.

Post-assessment of our material topics in the earlier year, we took progressive steps in FY2024 to create an unbiased view of our potential material topics (PMT) that have the potential to impact our ability to create value in the short, medium, and long term that are important to our stakeholders.

Engaging with our stakeholders

The materiality matrix that plotted the material topics evolved based on our conversations and deliberations with all our stakeholders and respondents. As we engaged with our stakeholders – our employees, investors, clients, service providers, regulators, and policy influencers – we dug into the vast information collated to draw up materiality topics for each business.

Materiality Prioritisation

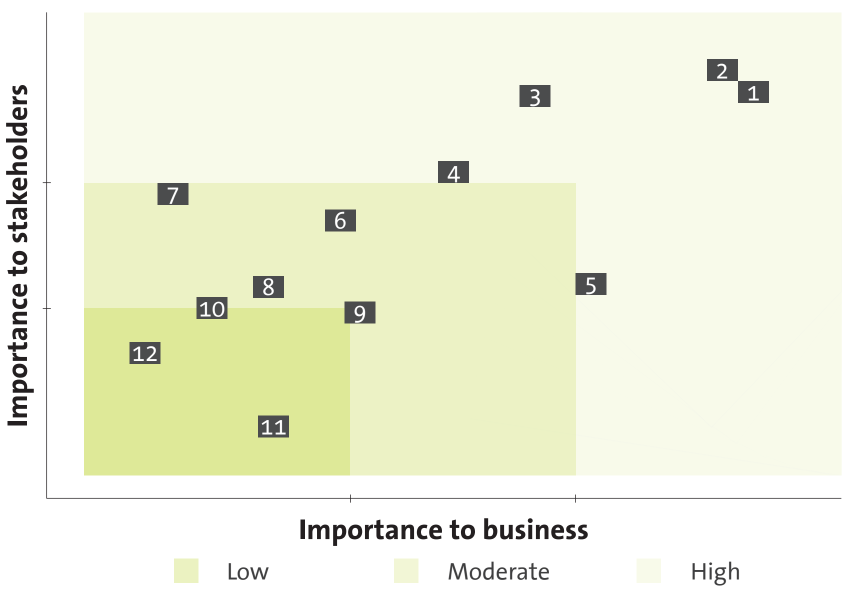
The material topics that impact Sify's business and its stakeholders were ranked from least critical to most critical, and categorized under the fields of Environment, Social and Governance and integrated them into its long-term plans. We established our sustainability goals as an outcome of our deliberations with stakeholders, besides also measuring and accomplishing concrete results.

Materiality Assessment

Material Topics

Based on our discussions with Sify's senior management, 12 key material topics were identified as relevant to operations and these were aligned with the United Nations Sustainable Development Goals (UN SDGs).

Building the Materiality Matrix



Materiality Linkage to Strategy

To create an unbiased view of our materiality topics, Sify dug into a diverse pool of stakeholders; however, they were all acquainted with Sify, be it employees, investors, clients, service providers, regulators, and even policy influencers. This circle of influence then became the go-to pool of information to draw up the materiality topics against each of the businesses.

Not surprisingly, the Company's internal outlook towards these materiality topics changed over the period of study, not just on a broader plane but also on a deeper level. The roadmap of three years was the outcome of these deliberations along with the Company's intent to measure and achieve tangible results.

Recognising links to ESG Frameworks

The stakeholder engagement feedback on material topics, secondary research on regulations, sustainability standards (SASB, GRI, and AA1000AS), and peer analysis were considered for the identification of the material topics. Based on discussions with Sify's senior management, 12 key material topics were identified as relevant to operations and these were aligned with the United Nations Sustainable Development Goals (UN SDGs).

Mapping Progress on Sify's Material Topics

Progress is mapped on the topics across relevant Key Performance Indicators (KPIs), year on year against a baseline year of FY 2022, from which a three-year roadmap was defined.

1

Customer Delight

UN SDGs impacted:

With our robust multi-tier network, we eliminate any downtime in operations, enabling seamless scalability of operations. This network was the first to become IPv6-ready in India with a state-of-the-art backbone on fiber and multiple high-capacity circuits. We continue to invest in strengthening our network capabilities to handle the growing data volumes. Our 100G Metro access ring network with multi-service access nodes (MSANs) covers all the major metros and ensures sustained and uninterrupted high quality traffic delivery.

Goal: To improve the customer-centric approach

Key Performance Indicators (KPIs):	
MTTR - Mean time to restore – only on Sify side (Time taken to resolve an incident ticket)	↑ 3%
Service request login process - ease of logging a case (% of tickets logged in through Web (Sify Aakaash, Ebonding -WhatsApp platform and IVR))	↓ 2%
Interactive Voice Response (% of calls accepted and completed by customers against the cases for IVR FLT)	↑ 4%
Repeat Failure – Reduction (% of links having 2 or more incident tickets raised in a month)	↑ 1%

2

Data Privacy & IT Security

UN SDGs impacted:

To protect the information and systems that support the operations and assets, and mitigate data security risk.

Goal: To protect the information and systems that support the operations and assets, and mitigate data security risk

Key Performance Indicators (KPIs):	
Security incidents	0
Training coverage of the staff on data privacy (man-days)	↓ 255
Safe man-days 58,356	↑ 42,16,860
Average vendor security ratings	B
LTIF (Lost Time Injury Frequency) & TRIR (Total Recordable Injury Rate)	0

3

Regulatory & Compliance

UN SDGs impacted:

At the heart of Sify's corporate governance model is its unwavering adherence to the most ethical business practices. The Company strives to go beyond the required standards and regulatory compliances for the creation of sustainable value for its stakeholders. Its people are aligned with the organization's governance ethos and follow the values of business transparency and integrity.

Goal: To ensure consistent compliance with legal and other requirements

Key Performance Indicators (KPIs):	
Telecom To frame updated and periodic compliance checklists on all applicable telecom regulations and to ensure compliance by the respective business team	100%
Data Center To comply with all the applicable environmental laws related to this business	100%
Digital Services To comply with applicable security controls	100%
Corporate Compliances To ensure compliance with all applicable laws	100%

4

Business Ethics

UN SDGs impacted:

Sify strictly follows global governance standards in line with the NASDAQ mandate. The Companys adherence to global standards is driven by its allegiance to the SOX Act and ethical business standards. Sify's large global client base also necessitates compliance with international standards of business ethics.

Goal: To consistently ensure a moral attitude within the entire value chain

Key Performance Indicators (KPIs):	
Annual review of policies applicable for conducting businesses	↑ 25%
Creating awareness	↑ 25%
Compliance health check and documentation	↑ 25%
Remedial action	↑ 25%

5

Product Innovation

UN SDGs impacted:

As part of its Corporate Venture Capital initiative, Sify makes sustained investments in start-ups in the United States and India. During FY 2023, it invested USD 2.0 Million in start-ups to promote innovation that will drive the creation of pathbreaking products and platforms to meet the future needs of its client; Sify successfully completed the automation of service assurance, asset management, and service provisioning across its network which was a part of its Digital Experience Project. This initiative promises to enhance customer experience significantly and on a sustainable basis.

Goal: To ensure the development and market introduction of new, redesigned, and improved services

Key Performance Indicators (KPIs):	
No. of products under product lifecycle assessment	↑ 1%
No. of new products/technologies/services launched	↑ 1%
No. of patents/case studies/whitepapers released	↑ 1%
% of staff who attended sustainable product design and circular economy products	↑ 5%

6

Preferred Employment Destination

Sify has various employee engagement forums to keep its people motivated and inspired to deliver their best at all times. They help keep the morale of the employees high and ensure their satisfaction. Some initiatives undertaken include talent showcases, sports events, health camps and quarterly town hall meetings.

UN SDGs impacted:

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Goal: To enhance employee satisfaction

Key Performance Indicators (KPIs):	
Employee turnover rate	↑ 12%
Internal promotion rate	↑ 5.5%
Active employee social ambassadors (qualitative %)	↑ 1.5%

7

Energy Efficiency & Management

Notwithstanding their high levels of energy consumption, disregarding data centers is not an option for any country that is on a journey of digital transformation. The only solution is to minimize the carbon footprint resulting from the data centers. To achieve this goal, Sify has forged an agreement for sourcing 231 MW of renewable energy for its upcoming data centers. Another initiative taken even before this impactful agreement was signed, Sify secured 64 MW of renewable power for its DC in Mumbai. As a responsible corporate, Sify also actively pursues the Green Data Center approach in its endeavor to create an eco-friendly environment. A Green Data Center involves the deployment of advanced technologies, along with the formulation and execution of energy-efficient strategies.

UN SDGs impacted:

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Goal: To optimize energy consumption and promote the use of renewable energy source

Key Performance Indicators (KPIs):	
Energy leakages	↓ 20%
Improve the performance of energy utilization by optimizing power utilization effectiveness (Total Power / IT power)	↓ 27%
Entering Green power purchase agreements, purchasing green power through IEX out of total power consumption(India Energy Exchanges) (Investment in INR CR.)	↑ 11%

8

Diversity & Inclusion

It is Sify's constant endeavor to ensure the organization's readiness to meet its business's current and future needs. It continues to improve its people's strengths to keep pace with the growing demands and opportunities and added people during FY 2023. Diversity, equity and inclusion (DEI) is a key enabler of the Company's efforts in this direction. Sify believes that DEI leads to better hiring, better customer and vendor relationships, better perception of innovation, and a better reputation. The Company prioritizes DEI and has consciously focused itself on building an inclusive workplace environment using multiple tools and practices. The Company takes concerted steps to ensure that its leaders model diversity and inclusion. It is also cognizant of the connection between innovation and DEI.

UN SDGs impacted:

5 GENDER EQUALITY
10 REDUCED INEQUALITIES

Goal: To promote Diversity, Inclusion and Equity in the workplace

Key Performance Indicators (KPIs):	
Women staff ratio (F:M) per 100%	↑ 1%
Women in Board-level management	1 (since FY2022)
Women in decision-making roles	↑ 1%
Increase in employing People with Disabilities as employees	↑ 0.4%
Women identified as successors for senior roles	↑ 0.50%
PWD (Person with Disabilities) Staff numbers	↓ 0.4%

9

Sustainable Supply Chain

To establish sustainable procurement systems and ensure their deployment in the Sify supply chain.

UN SDGs impacted:

Goal: To establish sustainable procurement systems and ensure their deployment in the Sify supply chain

Key Performance Indicators (KPIs):	
Average payment deadlines (TAT): Statutory Payments – On time Vendor Payments in % (Dependency on Finance)	↑ 5%
Procurement Management 1) PO turnaround time (in %) 2) Invoice processing through one supplier	↑ 5%
Rise in % of purchases made from SMEs	↑ 5%
Reduction in the % of purchases made outside the procurement process	↑ 5%

10

Water Management

To optimize water consumption and promote water conservation

UN SDGs impacted:

Goal: To optimize water consumption and promote water conservation

Key Performance Indicators (KPIs):	
Water Usage Efficiency (WUE) (liters)	↑ 13.81%
Water intensity/employee (in Kl/Sq.M)	↑ 0.98%
% Of staff attended water awareness program (man days)	↑ 30
No. of water efficiency initiatives launched (Nos)	↑ 3

11

GHG Emissions

To achieve carbon neutrality

UN SDGs impacted:

Goal: To achieve carbon neutrality

Key Performance Indicators (KPIs):	
GHG emissions (tCO_2) Total Green House Gas emission as compared to last year (Tonnes) Total no of carbon emissions due to usage of diesel generator set (tCO2)	3102 mton (132 MW design power)
Scope 1 emissions compared to base year (tCO_2)	↑ 292%
Scope 2 emissions – Energy consumptions (in number of units across offices and DCs)	↓ 2%
Share of renewables	↑ 8%

12

Community Engagement

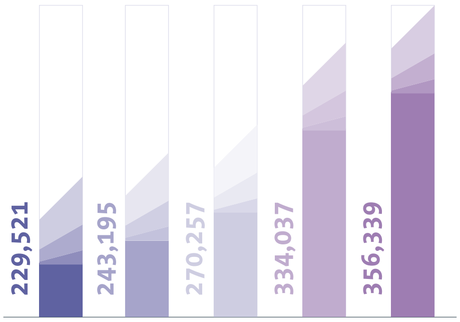
UN SDGs impacted:

Sify continues to invest in expanding its community reach through CSR initiatives in the areas of healthcare, education, sanitation, and general well-being. Contrary to the usual practice of upliftment of the communities around which it operates, Sify chooses to invest in the most backward of communities to positively impact the lives of the people in the long term.

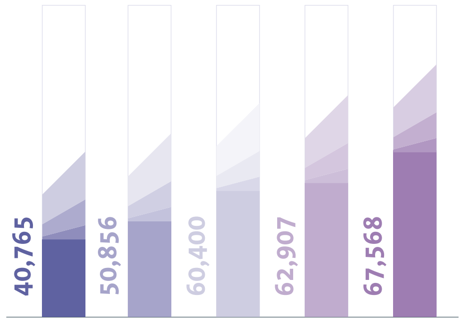
Supporting enterprises in digital transformation

As enterprises pursue their digital transformation and digitalisation objectives, they are also re-calibrating their digital infrastructure across hybrid cloud, network, security and edge infrastructures. Customer experience, business continuity, cyber security, application modernization and overall adoption of AI models are the prime drivers for this recalibration.

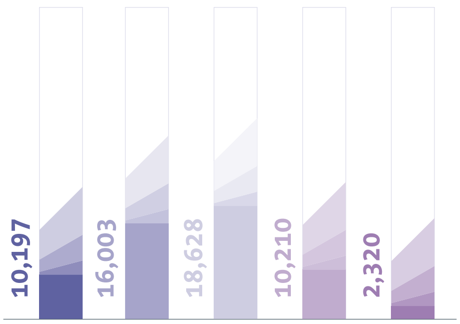
Revenue
(INR in Lakh)



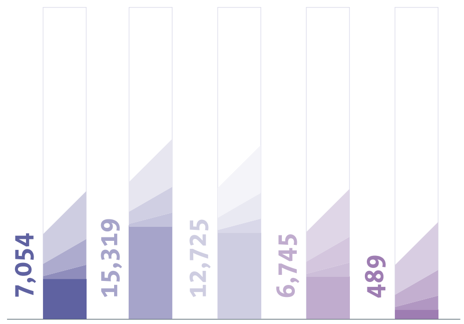
EBITDA
(INR in Lakh)



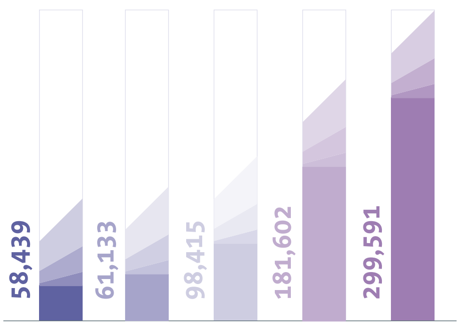
Profit Before Tax
(INR in Lakh)



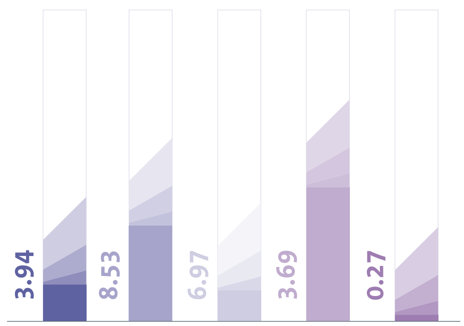
Profit After Tax
(INR in Lakh)



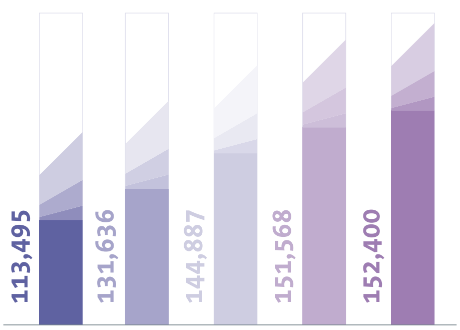
Term Debt
(INR in Lakh)



Earnings Per Share
(Basic) (INR)



Shareholder Funds
(INR in Lakh)



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Corporate Information

Board of Directors

Raju Vegesna
Chairman &
Managing Director

Vegesna Bala Saraswathi
Director

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer

T H Chowdary
Independent Director

C B Mouli
Independent Director

C E S Azariah
Independent Director

Arun Seth
Independent Director

Company Secretary

Meenakshi Jayaraman

Audit Committee

C B Mouli

Chairman

Arun Seth

C E S Azariah

Compensation / Nomination & Remuneration Committee

T H Chowdary

Chairman

C B Mouli

C E S Azariah

Corporate Social Responsibility Committee

Raju Vegesna

Chairman

Vegesna Bala Saraswathi

C E S Azariah

Registered Office

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

Statutory Auditors

Manohar Chowdhry & Associates
Chartered Accountants
Chennai

Internal Auditors

Yoganandh & Ram LLP
Chartered Accountants
Chennai

Secretarial Auditor

V Ramasubramanian
Chennai

Cost Auditor

S Ramachandran
Chennai

Bankers

State Bank of India

Axis Bank Limited

HDFC Bank Limited

Yes Bank Limited

IndusInd Bank Ltd

IDFC First Bank Ltd

Federal Bank Ltd

J P Morgan Chase

DBS Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

BOARD'S REPORT

Dear Shareholders,

The Board of Directors of your Company hereby presents the report of business and operations together with the Audited Financial Statements of your Company for the financial year ended March 31, 2024.

FINANCIAL INFORMATION

(Amount ₹ in lakhs)

Details	Financial Highlights			
	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Income from operations	1,12,541	1,19,028	3,56,339	3,34,037
Earnings before Finance Costs, Tax, Depreciation & amortization, Other Income and exceptional items (EBITDA)	20,111	20,524	67,568	62,907
Depreciation and Amortization	21,088	17,221	47,734	39,719
Finance Costs	7,231	5,156	22,733	16,526
Other Income (Including Forex Gain, Gain on sale of PPE)	7,260	4,607	5,793	3,548
Other Expenses (Including Forex Loss, Loss on sale of PPE)	18,614	18,039	39,431	35,462
Profit / (Loss) Before Tax	(1,117)	2,754	2,320	10,210
Profit / (Loss) After Tax	(871)	2,508	489	6,745

During the financial year, on a standalone basis, your Company registered revenue from operations of ₹1,12,541 lakhs as against ₹1,19,028 lakhs in the previous year, a decline of 5%. The EBITDA for the year was ₹20,111 lakhs as compared to ₹20,524 lakhs in the previous year, a decline of 2%. The Loss for the year was ₹871 lakhs compared to the profit of ₹2,508 lakhs in the previous year, a decline of 135%.

During the financial year, on a consolidated basis, your Company registered revenue from operations of ₹3,56,339 lakhs as against ₹3,34,037 lakhs in the previous year, a growth of 7%. The EBITDA for the year was ₹67,568 lakhs as compared to ₹62,907 lakhs in the previous year, a growth of 7%. The Profit for the year was ₹489 lakhs as compared to ₹6,745 lakhs in the previous year, a decline of 93%.

Financial information of the Subsidiaries

In accordance with Section 129 (3) of the Companies Act, 2013 ("the Act") and the relevant accounting standards the Consolidated Financial Statements have been prepared.

A brief summary of the financial performance of the subsidiaries is given below:

Name of the Subsidiary	Revenue from operations		Profit / (Loss) after tax	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Sify Infinit Spaces Limited (SISL)	1,11,417	1,02,134	5,696	8,349
Sify Digital Services Limited (SDSL)	97,737	97,852	(6,719)	(3,735)
Sify Technologies (Singapore) Pte Limited (Sify Singapore)	34,203	14,712	983	230

Name of the Subsidiary	Revenue from operations		Profit / (Loss) after tax	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Sify Technologies North America Corporation (STNAC)	7,215	7,140	645	(231)
Sify Data and Managed Services Limited (SDMSL)	-	-	14	(7)
Patel Auto Engineering (India) Private Limited (PAEPL)	-	446	247	(915)
SKVR Software Solution Private Limited (SKVR)	-	#	(135)	#

Note: Print House (India) Private Limited merged with SISL effective 1.4.2022, vide Honourable National Company Law Tribunal (NCLT), Chennai Bench Order dated July 10, 2023.

 # Your Company entered into a Share Purchase agreement on September 1, 2023 and paid 51% of the purchase price.

Sify Infinit Spaces Limited (SISL)

During the year, your Company has subscribed to and SISL has allotted 1,00,00,000, 6% unsecured Compulsorily Convertible Debentures (CCDs) of ₹100/- each amounting to ₹100 crores to the Company.

On July 20, 2023, SISL, subsidiary of the Company, entered into a CCD subscription agreement with Kotak Data Center Fund ("KDCF"). Pursuant to this agreement, KDCF invested ₹600 crores in the form of CCDs of SISL. SISL, which operates the data centers has planned to utilize the proceeds from the issue of CCDs for the building of new data centers, including land acquisition, investment in renewable energy and repayment of existing debt.

Sify Digital Services Limited (SDSL)

During the year, your Company subscribed to Equity Shares under rights offering made by SDSL to the extent of ₹49.98 crores. Subsequently, SDSL allotted 4,99,82,499 Equity Shares of ₹10 each to the Company.

Sify Technologies North America Corporation, USA (STNAC)

During the year, your Company invested ₹12.47 crores in the common stock of STNAC for its business growth and to invest in technology start-up entities.

Print House (India) Private Limited (PHIPL)

During the year, the Hon'ble National Company Law Tribunal promulgated the Order on July 10, 2023 for merger of PHIPL with SISL, the wholly owned subsidiary, with effect from April 1, 2022. Consequent to the merger, PHIPL has been liquidated and ceased to be in existence.

Patel Auto Engineering (India) Private Limited (PAEPL)

During the year, the Board of Directors of SISL and PAEPL (Transferor Company and wholly owned subsidiary Company) have mutually agreed for the merger of PAEPL with SISL (Transferee Company and wholly owned subsidiary Company). Subsequently, SISL has filed the application for merger of PAEPL with SISL, with Hon'ble National Company Law Tribunal, Chennai.

SKVR Software Solution Private Limited (SKVR)

During the year, your Company along with SISL had entered into a share purchase agreement dated September 1, 2023 between SKVR, its shareholders, the Company and SISL. Pursuant to the share purchase agreement, the Company and SISL paid 51% and 49% of the purchase price to the shareholders of SKVR, respectively. The Company has nominated its representative Directors on the Board of SKVR. 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). The land is being used for construction of the Data Center.

Your Company has consolidated the financial statements of SKVR as it controls the entity. This control is determined based on Ind AS 110 as the Company has rights to variable return from its involvement with SKVR and has the ability to affect those returns. The Company nor SISL hold any shares in its name in SKVR. Hence, it has been treated as a subsidiary only for consolidation purposes.

Dividend

In view of the loss and future expansion plans, your Company has not recommended any dividend for the year ended March 31, 2024.

Transfer of Amount to Investor Education and Protection Fund

During the financial year, the Company has transferred the unpaid / unclaimed dividend pertaining to financial year 2013-14, amounting to ₹476 to the Investors Education and Protection Fund ("IEPF") Account established by the Central Government. The Company has also uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on August 25, 2023 (date of last Annual General Meeting) on the Company's website https://www.sifytechnologies.com.

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the shares on which dividend remains unpaid / unclaimed for seven consecutive years or more shall be transferred to IEPF after giving due notices to the concerned shareholders. Accordingly, your Company has transferred 376 equity shares to the IEPF during the financial year 2021-22. The details of equity shares transferred are also available on the Company's website https://www.sifytechnologies.com.

The shareholders whose unpaid dividend / shares are transferred to IEPF can request the Company / Registrar and Transfer Agent, as per the applicable provisions in the prescribed Form No. IEPF-5, for claiming the unpaid dividend / shares out of IEPF.

Transfer to Reserves

During the year, your Company has transferred ₹54 Lakhs from Associate Stock Option Outstanding to General Reserve.

Share Capital

During the year, your Company has increased the Authorised Share Capital to ₹1,000 crores consisting of 75 crores equity shares of ₹10 each amounting to ₹750 crores and 25 crores preference shares of ₹10 each amounting to ₹250 crores with the approval of shareholders.

The Board of Directors of your Company in their meeting held on March 18, 2024 considered to offer, issue and allot on rights issue basis up to 25,00,00,000 (Twenty Five Crores only) equity shares and equity shares represented by American Depositary Shares (ADSs) (the "Rights Offering"). The Rights Offering will be made to the existing holders in such ratio / proportion of Equity Shares / ADS held by the existing shareholders as on the record date to be determined by the Board.

Pursuant to the requirements of Securities Exchange Commission (SEC) / NASDAQ Regulations, your Company has filed a Registration Statement with SEC. The Rights Offering will commence after the Registration Statement has been declared effective by the SEC. The net proceeds of the Rights Offering are expected to be utilized for expansion of the business in developing Network Centric services, Data Center services and Digital Services and for general corporate purposes. The Rights Offering will be presented for the approval of shareholders in the ensuing extraordinary general meeting scheduled on May 2, 2024.

The paid-up share capital has increased on account of exercise of stock options by Associates under the Associate Stock Option Plan, 2014 (ASOP).

No employee was issued a stock option during the year equal to or exceeding 1% of the issued capital of the Company. The options issued under ASOP and the disclosures in compliance with the provisions of Section 62 of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, are set out below:

S. No.	Particulars	2023-24		2022-23	
		No. of Options	No. of Employees	No. of Options	No. of Employees
1.	Options granted	Nil	Nil	25,000	1
2.	Options vested	7,51,500	126	12,86,000	133
3.	Options exercised	4,97,091	16	93,000	9
4.	Total number of shares arising as a result of exercise of option	4,97,091	16	93,000	9
5.	Options lapsed	1,46,700	4	1,92,000	10
6.	Exercise price	Varies based on the date of allotment ranging from ₹66.60 to ₹230.97		Varies based on the date of allotment ranging from ₹66.60 to ₹230.97	
7.	Variation of terms of options	Nil	Nil	Nil	Nil
8.	Money realized by exercise of options (in lakhs)	₹418.04	18	₹75	8
9.	Total number of options in force	63,29,187	119	69,72,978	136

Employee-wise details of options granted to:

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

During the year, your Company has:

a. Not issued any preference shares.

b. Not issued any equity shares with differential rights as to dividend, voting or otherwise.

c. Not issued any sweat equity shares.

d. Not issued any shares to trustees for the benefit of employees.

e. Not issued any securities which carry a right or option to convert such securities into equity shares.

Credit Rating

Sify Technologies Limited		
Rating Agency	Type	Rating
ICRA*	LT	AA-
	ST	A1+
CARE#	LT	AA-
	ST	A1+

*** ICRA has re-affirmed credit rating on September 12, 2023**

 # CARE has re-affirmed credit rating on April 1, 2024

Particulars of Loans, Guarantees and Investments

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act forms part of Note 4 in Standalone Financial Statements of the Company for the year ended March 31, 2024.

Deposits

Your Company has not accepted any deposits within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

Material Changes and Commitments affecting the financial position of the Company

There were no significant material changes and commitments affecting the financial position of the Company that occurred between the end of financial year and the date of this report.

BUSINESS REVIEW

Over the years, your Company has come to be accepted as India's only converged ICT solutions and services provider. This milestone led your Company to trifurcate the business based on the principal services it offered. Hence, the network service rests under the parent company, Sify Technologies Limited. The Data Center colocation services rests under Sify Infinit Spaces Limited and the entire stack of digital and IT led services, rests under Sify Digital Services Limited, both wholly owned subsidiaries.

The insight that led to this demarcation was to unlock value, scale and focus. On the ground that translated to attracting industry peers, a focused market penetration and committed investments. The Enterprise world, on the other hand, reaped the corollary of this decision. To them, the parent company, Sify Technologies Limited offered a single pane of oversight immaterial of which subsidiary solicited the business in the first place. From a market and client penetration standpoint, this strategy allows us to broad sell our services, thus ensuring multiple points of revenue and stickiness.

Business Strategy and Overview:

India's digital transformation has gained significant momentum in recent years, driven by factors such as increasing internet penetration, rapid adoption of smartphones, and government initiatives like Digital India. As a result, there has been an exponential rise in the demand for robust network infrastructure to support the burgeoning data traffic. This demand is not only from urban centers but also from semi-urban and rural areas, reflecting the broadening reach of digital services across the country. Amidst this transformative landscape, your Company has emerged as the first choice for network connectivity, offering innovative network solutions tailored to the diverse needs of businesses, government entities, and individuals.

At the core of your Company's success lies a multi-faceted business strategy that encompasses several key elements:

- **Investment in Infrastructure:** Your Company has made substantial investments in expanding and modernizing its network infrastructure, encompassing a mix of fiber-optic cables, data centers, and cloud computing resources. This investment not only enhances the reliability and performance of your Company's services but also enables the Company to cater to a broader customer base with diverse connectivity requirements.

- **Focus on Digital Inclusion:** Recognizing the importance of inclusivity in India's digital journey, your Company has prioritized extending its network reach to underserved regions. Through initiatives like the BharatNet project and partnerships with local governments, your Company has been instrumental in bridging the digital divide and empowering rural communities with access to high-speed internet connectivity.

- **Customized Solutions for Enterprises:** Your Company offers a range of customized network solutions tailored to the specific needs of enterprises across various industries. Through secure connectivity for financial institutions, high-bandwidth solutions for media and entertainment companies, cloud-based services for digital startups, your Company leverages its expertise to deliver scalable and reliable network solutions that drive business growth.

- **Embracing Emerging Technologies:** In a rapidly evolving technological landscape, your Company remains at the forefront by embracing emerging technologies such as Software-Defined Networking (SDN), Network Function Virtualization (NFV), and edge computing. By integrating these technologies into its offerings, your Company enhances agility, flexibility, and scalability, thereby staying ahead of the curve in meeting the evolving demands of its customers.

- **Focus on Quality of Service:** Your Company places a strong emphasis on delivering superior quality of service to its customers. This entails proactive monitoring, rapid response to network issues, and adherence to industry-leading standards for reliability and security. By prioritizing customer satisfaction, your Company fosters long-term partnerships and loyalty within its client base.

Looking Ahead:

As India's digital transformation continues to unfold, your Company is poised to play an even more significant role in shaping the country's network and data connectivity landscape. With a forward-thinking approach, a focus on innovation, and a commitment to customer-centricity, your Company is well-positioned to capitalize on emerging opportunities and address the evolving needs of its customers. By staying true to its strategic vision and core values, your Company is set to chart a path of sustained growth and success in the years to come.

Your Company' network business has emerged as a success story in India's digital transformation journey, driven by a strategic approach that prioritizes infrastructure investment, digital inclusion, customer-centricity, and innovation. By leveraging its expertise and resources, your Company has positioned itself as a leading provider of network solutions, catering to the diverse needs of businesses, government entities, and individuals across the country. As India's network and data connectivity landscape continues to evolve, your Company remains committed to driving positive change and empowering its customers with cutting-edge solutions that enable growth, efficiency, and innovation.

Technology Trends:

Emerging technology trends in the network connectivity business in India are significantly influenced by new technologies and the rapid expansion of internet penetration. Drawing from research papers on digital-physical fusion and full stack observability (FSO), several key trends can be identified:

Digital-Physical Fusion and Network Connectivity:

Research papers on digital-physical fusion highlight the integration of digital technologies with physical infrastructure, shaping the future of network connectivity in India. This fusion facilitates the development of smart infrastructure, autonomous systems, and digital twins, all of which rely on robust network connectivity to function effectively. For instance, digital twins, which are virtual replicas of physical assets or systems, require seamless network connectivity to synchronize data between the digital and physical environments.

Full Stack Observability (FSO) and Network Performance:

Full stack observability (FSO) refers to the comprehensive monitoring and analysis of all layers of an application or system stack, including infrastructure, network, and application layers.

FSO plays a crucial role in ensuring optimal network performance and reliability. By monitoring key metrics such as latency, packet loss, and throughout across the entire network stack, FSO enables network connectivity providers to identify and address performance issues proactively.

A multitude of research papers from various forums across the globe point to a mix of the following factors that influence and dictates emerging trends globally.

- **Enhanced Reliability and Performance:** The integration of FSO into network connectivity solutions enables providers to gain deeper insights into network performance, allowing them to identify potential bottlenecks or failures before they impact user experience. This proactive approach enhances the reliability and performance of network infrastructure, ensuring seamless connectivity for users across India.

- **Optimized Resource Allocation:** FSO enables network connectivity providers to optimize resource allocation by identifying underutilized resources and reallocating them based on demand. By monitoring resource utilization across the network stack in real-time, providers can dynamically allocate bandwidth, compute resources, and storage capacity to ensure efficient use of infrastructure and maximize cost-effectiveness.

- **Predictive Maintenance:** Leveraging FSO, network connectivity providers can implement predictive maintenance strategies to preemptively address potential issues and avoid service disruptions. By analyzing historical data and identifying patterns indicative of impending failures, providers can schedule maintenance activities during off-peak hours or proactively replace faulty components, minimizing downtime and ensuring uninterrupted connectivity for users.

- **Scalability and Flexibility:** FSO enables network connectivity providers to scale their infrastructure dynamically in response to changing demand patterns. By closely monitoring resource usage and performance metrics, providers can identify opportunities to scale up or down their infrastructure capacity as needed, ensuring that they can accommodate fluctuations in user traffic without compromising performance or reliability.

- **Improved Customer Experience:** By leveraging FSO to proactively monitor and optimize network performance, connectivity providers can deliver a superior customer experience to users across India. With enhanced reliability, reduced latency, and improved scalability, users can enjoy seamless connectivity for accessing online services, streaming multimedia content, and conducting business operations, regardless of their location or device.

Key highlights for the year 2023-24:

- Data Center Capacity was expanded with new premises added in Mumbai.
- At the end of the year, your Company has made more than 103 MW of IT Power available at its various Data Centers.
- As on March 31, 2024, Sify provides services via 1033 fiber nodes across the Country, a 16% increase respectively.
- As on March 31, 2024, Sify has deployed 7,835 contracted SDWAN service points across the Country.
- As part of the Corporate Venture Capital initiative, your Company has, to date, invested USD 7.22 Million in start-ups in the Silicon Valley area.

Awards

Your directors are pleased to place on record that your Company was awarded the following during the financial year:

1. Sify Integrated Report 2022-23 was awarded the gold by the League of American Communications Professionals (LACP)
2. Sify recognized with Data Center Innovation Award at Data Center Summit and Awards
3. Sify won The Economic Times - Choice of Tech Leaders award in the category of SD-WAN Service Provider 2023

4. Sify awarded with Cloud Service Provider of the Year - India by Hitachi Vantara
5. Sify was awarded as the “Accelerating Next, FY 2023” Partner by HPE Aruba, at their recently held HPE Aruba Annual Partner event.
6. Sify awarded with Best MSSP Partner by Fortinet

GOVERNANCE AND ETHICS

Corporate Governance

Your Company is compliant with the requirements of SEC / NASDAQ Regulations relating to the independence of Directors in the Board, Audit, Compensation and Nominating Committees.

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

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

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

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

Directors’ responsibility statement

Your directors state:

i) that in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures therefrom.

ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the loss of the Company for the year ended on that date.

iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) that they had prepared the annual accounts on a going concern basis.

v) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended March 31, 2024.

Board of Directors

During the year, there were no appointments / resignation of Directors of the Company.

As on March 31, 2024, the Company has seven Directors out of whom four are Independent Directors.

During the year, the Board of Directors of your Company met 7 times. The details of the meetings and the attendance of the Directors are as follows:

Attendance of Directors:

Quarter	Meeting No.	Date of Board Meeting	No. of Directors entitled to attend the meeting	No. of Directors attended the meeting
Q1	1	April 24, 2023	7	7
Q2	2	July 20, 2023	7	7
Q3	3	October 20, 2023	7	7
	4	December 22, 2023	7	6
Q4	5	January 5, 2024	7	6
	6	January 18, 2024	7	7
	7	March 18, 2024	7	7

The maximum interval between any two meetings did not exceed 120 days as prescribed under Section 173 (1) of the Act and Secretarial Standard on Meetings of the Board of Directors.

Directors and Key Managerial Personnel

Key Managerial Personnel

During the financial year, Mr. V. Ramanujan, Company Secretary, Key Managerial personnel resigned as Company Secretary with effect from July 20, 2023. Subsequently, the Company appointed Ms. Meenakshi Jayaraman as Company Secretary, Key Managerial personnel of the Company with effect from July 20, 2023.

Pursuant to the provisions of Section 203 of the Act read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following employees of the Company are the whole time Key Managerial Personnel of the Company as on March 31, 2024:

Mr. Raju Vegesna	Chairman and Managing Director
Mr. M. P. Vijay Kumar	Whole-Time Director and Chief Financial Officer
Ms. Meenakshi Jayaraman	Company Secretary

Directors

Independent Directors

As per the provisions of the Act read with the Rules made thereunder, the tenure of Dr. T. H. Chowdary, Mr. C. B. Mouli and Mr. C. E. S. Azariah, Independent Directors of the Company is completed, and they shall retire at the close of the business hours of July 4, 2024.

The Board of Directors places on record its deep appreciation for the significant contributions made by Dr. T. H. Chowdary, Mr. C. B. Mouli and Mr. C. E. S. Azariah, Independent Directors towards the success of the Company during their tenure. The Directors retire on completion of two terms of 5 years each as per the Act.

Mr. Arun Seth was appointed as an Independent Director of the Company at the Annual General Meeting held on July 5, 2019, for a period of five consecutive years from the conclusion of that Annual General Meeting. The Board recommends the re-appointment of Mr. Arun Seth as an Independent Director of the Company for another term of five consecutive years from the conclusion of this Annual General Meeting.

The Nomination and Remuneration Committee have recommended the appointment of Dr. Ajay Kumar as a Director categorized as an Independent Director of the Company for a period of 5 years with effect from July 3, 2024 subject to the approval of the shareholders in the ensuing annual general meeting of the Company.

All the independent directors (IDs) have submitted their declaration of independence, as required pursuant to Section 149 (7) of the Act, confirming that they meet the criteria of independence as provided in Section 149 (6) of the Act.

In the Opinion of the Board, all the IDs fulfil the conditions specified in the Act and the Rules made thereunder for appointment as ID including the integrity, expertise and experience and confirm that they are independent of the management and have the proficiency to serve the Company as independent directors that can strengthen the overall composition of the Board. All the IDs have registered their names with the data bank of IDs.

Whole time Directors:

Your Directors based on the recommendations of Nomination and Remuneration Committee, have considered the re-appointment of Mr. Raju Vegesna as the Chairman and Managing Director of the Company for a further period of five years effective July 18, 2024 without any remuneration in accordance with Sections 196, 197, 203 and Schedule V of the Act and subject to the approval of the shareholders in the ensuing annual general meeting of the Company.

Mr. M. P. Vijay Kumar, Chief Financial Officer was appointed as a whole-time director of the Company for a period of 5 years effective November 14, 2022 as approved by the shareholders in the annual general meeting held on August 25, 2023.

Retirement by rotation

Mrs. Vegesna Bala Saraswathi, Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered herself for re-appointment. Your directors recommend her re-appointment to the shareholders for approval.

Disqualification of Directors

Based on the written representations received, none of the Directors are disqualified from being appointed as Directors as specified in Section 164 (2) of the Act.

Committees

Audit Committee

The Audit Committee consists of Mr. C. B. Mouli, Mr. Arun Seth and Mr. C. E. S. Azariah as members. Mr. C. B. Mouli, who is the Financial Expert, is the Chairman of the Audit Committee.

During the year, the Committee met six times. The dates of the meetings are:

- April 24, 2023
- June 28, 2023
- July 20, 2023
- October 20, 2023
- January 18, 2024 and
- March 18, 2024

Attendance of members

Name of the Director	No. of Meetings held	No. of Meetings attended
C. B. Mouli	6	6
C. E. S. Azariah	6	6
Arun Seth	6	6

Compensation / Nomination & Remuneration Committee

The Compensation / Nomination & Remuneration Committee consists of Dr. T. H. Chowdary, Mr. C. B. Mouli and Mr. C. E. S. Azariah as Members. Dr. T. H. Chowdary is the Chairman of the Committee.

The Company has framed a Policy on the Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178 (3) of the Act.

During the year, the Committee met four times. The dates of the meetings are:

- April 24, 2023
- July 20, 2023
- October 20, 2023 and
- January 18, 2024

Attendance of members:

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

The Compensation / Nomination & Remuneration Committee constituted under SEC Regulations consists of Dr. T. H. Chowdary, Mr. C. B. Mouli and Mr. C. E. S. Azariah as members. Dr. T. H. Chowdary is the Chairman of the Committee.

Corporate Social Responsibility Committee

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

During the year, the Committee met three times. The dates of the meetings are:

- April 24, 2023
- July 20, 2023 and
- January 18, 2024

Attendance of members:

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr. Raju Vegesna	3	3
Mrs. Vegesna Bala Saraswathi	3	3
Mr. C. E. S. Azariah	3	3

Statement of Performance Evaluation by the Board

The Board of Directors of your Company, based on procedures (through questionnaires, One to One Meetings and discussion with all the stakeholders), have evaluated its performance and that of its Committees and Individual Directors.

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

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of Whole-time Directors and Non-Executive Directors. The Board and the Nomination and Remuneration Committee reviewed the performance of Individual Directors on the basis of criteria such as the contribution of the Individual Director to the Board and Committee Meetings.

Remuneration Policy

The Board, Compensation / Nomination and Remuneration Committee framed a Policy for selection and appointment of Directors including determining qualifications, independence of a Director, Key Managerial Personnel, Senior Management Personnel and their remuneration as part of its Charter and other matters provided under Section 178 (4) of the Act and the charter have been displayed on the Company's website at www.sifytechnologies.com.

Risk Management

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

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

Vigil Mechanism

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

i. receiving, retaining and treating complaints received.

ii. confidential, anonymous submission by Employees / Directors, of complaints regarding questionable accounting or auditing matters, conduct which results in a violation of law by Company or in a substantial mismanagement of Company resources.

iii. reporting genuine concerns by the Employees and Directors.

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

NASDAQ Listing

Your Company has complied with all the Listing Rules as specified and achieved completion of 24 continuous years of listing on the NASDAQ Stock market.

Related Party Transactions

Your directors draw the attention of the shareholders to Note 35 in the Financial Statements which sets out disclosures on related party transactions.

All transactions with related parties that were entered into during the financial year were in the ordinary course of business and were on an arm's length basis. There were no materially significant transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

There were no contracts or arrangements entered into with related parties during the year to be disclosed under Sections 188 (1) and 134 (3) (h) of the Act in form AOC-2.

Employees' Particulars in terms of Section 197 read with rules therewith of the Act

Your Company is an unlisted public company and hence the provisions of Section 197 (12) of the Act and Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

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

Your Company has a zero-tolerance approach for sexual Harassment of Women at Workplace. A Policy has been framed and adopted for prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. An Internal Complaints Committee has been constituted and there were no complaints reported under the Act during the year.

Annual Return

In accordance with Sections 134 (3) (a) and 92 (3) of the Act, the annual return in form MGT-7 is placed on the website of the Company and is available on the weblink: www.sifytechnologies.com.

Secretarial Standards

During the year, your Company has complied with the provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India in respect of meetings of the board of directors and general meetings held during the year.

INTERNAL FINANCIAL CONTROLS AND AUDIT

Adequacy of Internal Financial Controls

Internal Financial Control is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with applicable reporting requirement standards. Our Internal Financial Control includes:

- that all disclosures as required by law and applicable accounting/reporting standards have been complied with.
- that all policies and procedures of the Company have been adhered to and those policies and procedures relating to safeguarding of assets have been complied with.
- that compliance of such policies and procedures enable prevention and detection of fraud and error.
- that policies and procedures adopted by the Company ensure accuracy and completeness of accounting records.

On account of its inherent limitations, Internal Financial Control may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The assessment of the effectiveness of our Internal Financial Control as of March 31, 2024 was conducted. The assessment of Internal Financial Control was based on the evaluation of the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Tread way Commission (COSO). Based on the assessment, it was concluded that your Internal Financial Control was effective as of March 31, 2024.

Auditors

Statutory Auditors

M/s. Manohar Chowdhry & Associates, Chartered Accountants were appointed by the shareholders of the Company in the Twenty Fifth Annual General Meeting held on September 15, 2021 as the Statutory Auditors for a term of Five years till the conclusion of Thirtieth Annual General Meeting of the Company scheduled to be held in the year 2026 and as such they continue to hold office. The Company has also received written consent from the Statutory Auditors that they satisfy the criteria provided under Section 141 of the Act and that their continued appointment shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

Report

The Report issued by M/s. Manohar Chowdhry & Associates, Chartered Accountants, the Statutory Auditors, forming part of the Annual Report, does not contain any qualification, reservation, adverse remark or disclaimer.

There was no fraud reported by auditors of the Company as given under Section 143 (12) of the Act read with the Companies (Audit and Auditors) Rules, 2014.

Internal Auditors

Pursuant to the provisions of Section 138 of the Act read with the Rule 8 (4) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Yoganandh & Ram LLP was appointed as the Internal Auditor of the Company by the Board of Directors of Companies at their meeting held on April 24, 2023 to conduct the Internal Audit for the financial year ended March 31, 2024.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. V. Ramasubramanian, Company Secretary in Practice to undertake the Secretarial Audit of the Company.

Report

The Report of the Secretarial Auditor in Form MR-3 for the financial year ended March 31, 2024 forms part of this report.

The Board has re-appointed Mr. V. Ramasubramanian, Practicing Company Secretary as the Secretarial Auditor of the Company for the financial year 2024-25.

The Report does not contain any qualification, reservation, adverse remark or disclaimer.

Cost Auditor

Pursuant to the provisions of Section 148 of the Act and the Rules made thereunder, the Company has appointed the Cost Auditor as given below to undertake the Cost Audit of the Company. Pursuant to the recommendation of the Audit Committee, the Board has approved the appointment of Mr. S. Ramachandran, Cost Accountant, as the Cost Auditor, for the financial year 2024-25. As required under the Act, a resolution ratifying the remuneration payable to the cost auditors has been placed before the shareholders for their approval, at the ensuing annual general meeting.

Report and Cost Records

As specified by the Central Government under Section 148 (1) of the Act, the Company has maintained cost accounts and records. The Cost Auditor will submit his report for the financial year 2023-24 before the due date.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Corporate Social Responsibility

The Company believes in alignment of its vision and through its CSR initiatives, to enhance value and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

The Company has put in place a CSR policy. The policy along with composition of CSR Committee and projects approved by the Board are available on the website of the Company (weblink: www.sifytechnologies.com).

As per the provisions of the Act, the Company is required to spend at least 2% of the average net profits of the Company made during the three immediately preceding financial years. This amount aggregated to ₹1.12 crores and the Company spent ₹1.12 crores towards CSR activities during the financial year 2023-24, the details of which are annexed to and forms part of this report.

Human Resource Management

Your Company considers its human resources an important asset and endeavors to nurture, groom and retain talent to meet the current and future needs of its business. The Company has conducted management and supervisory development programs as well as put in place succession plan and long-term career growth plan and has also invested in upskilling our employees to meet the demands of the fast-changing technology landscape by conducting training through Sify MyAcademy. Our training hours went up multifold in the current year. We continue to provide a conducive work environment and opportunities for the development of its employees. The number of employees of the Company as on March 31, 2024 was 1,104.

Conservation of Energy and Technology Absorption

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings and Outgo

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

Foreign Exchange Inflow: ₹ 13,267.03 lakhs

Foreign Exchange Outgo: ₹ 40,055.48 lakhs

OTHER DISCLOSURES

Order of the Court

During the year, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

Change in nature of business of the Company

There is no change in the Company's business activities and its nature of business during the current financial year i.e. the Company continues to carry on the business within the scope of main objects of its Memorandum of Association.

Others

- There was no instance of a one-time settlement with any Bank or Financial Institution.
- There were no proceedings pending under the Insolvency and Bankruptcy Code, 2016.
- There were no mergers made by the Company during the financial year.
- There were no revisions in the financial statements during the year.

ACKNOWLEDGEMENT

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

For and on behalf of the Board
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN : 00529027

Place: Hyderabad
Date: April 22, 2024

Annexure 1

Form AOC - 1

Statement containing the salient features of the financial statements of Subsidiaries / Associates / Joint ventures

(Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014)

Part A: Subsidiaries

Sr. No.	Name of the subsidiary	Financial year ended	Reporting currency	Exchange rate	Share capital	Reserves and surplus	Total assets	Total liabilities	Investments	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend	% of shareholding
1	Sify Technologies (Singapore) Pte Ltd	March 31, 2024	USD	83.3739	341	1,316	6,652	4,995	-	34,203	1,117	(134)	983	Nil	100%
2	Sify Technologies North America Corporation	March 31, 2024	USD	83.3739	8	4,017	10,150	6,125	6,019	7,215	645	-	645	Nil	100%
3	Sify Data and Managed Services Limited (Note 1)	March 31, 2024	INR	-	500	(375)	2,133	2,008	-	-	27	(13)	14	Nil	100%
4	Sify Infinit Spaces Limited	March 31, 2024	INR	-	50,586	27,284	4,05,957	2,17,837	12,980	1,11,417	7,789	(2,093)	5,696	Nil	100%
5	Sify Digital Services Limited	March 31, 2024	INR	-	24,999	(8,523)	1,00,838	84,362	-	97,737	(6,884)	165	(6,719)	Nil	100%
6	Patel Auto Engineering (India) Company Private Limited	March 31, 2024	INR	-	25	(513)	739	1,227	-	-	247	0	247	Nil	100%
7	SKVR Software Solution Private Limited (Note 1&2)	March 31, 2024	INR	-	1	(2,228)	37,915	40,143	-	-	(133)	(2)	(135)	Nil	Nil

Note:

1. The Company has not commenced its operations as of March 31, 2024.
2. Pursuant to the share purchase agreement, the Company and SISL paid 51% and 49% of the purchase price to the shareholders of SKVR, respectively. The Company has consolidated the financial statements of SKVR as it controls the entity. This control is determined based on Ind AS 110 as the Company has rights to variable return from its involvement with SKVR and has ability to affect those returns. The Company nor SISL hold any shares in its name in SKVR. Hence it has been treated as a subsidiary only for consolidation purposes.

Part B: Associates and Joint Ventures - Not Applicable

For and on behalf of the Board of Directors
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

M P Vijay Kumar
Whole Time Director and Chief Financial Officer
DIN: 05170323

J Meenakshi
Company Secretary

Hyderabad
April 22, 2024

Annexure 2

Secretarial Audit Report

For the Financial Year ended 31st March 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members

M/s. Sify Technologies Limited

I have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to Good Corporate Practices by **M/s Sify Technologies Limited** (CIN: U72200TN1995PLC050809) (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate Conducts / Statutory Compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2024 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder.
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder.
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder:
4. Foreign Exchange Management Act (FEMA), 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment (ODI). During the year under review, there were no fresh FDI into the Company or the Company has made any ODI or borrowed any ECB.

   As required under FEMA, the Company has filed the Annual Performance Report for the Financial Year 2022-23 online with SBI on 09.10.2023 and AXIS Bank on 09.10.2023 and Annual Return on Foreign Liabilities and Assets for the Financial Year 2022-23 online with RBI on 11.07.2023.
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and the various Regulations enacted under the said Act are not applicable to the Company as the Company's Equity Shares are not listed in any Stock Exchanges in India.
6. The Company has complied with the following applicable Laws:
   a) Unified License Agreement compliance from Department of Telecommunications for carrying out Internet Service-A, National Long Distance, International Long-Distance and Virtual Network Operation Services.
   b) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.
   c) The Employees State Insurance Act, 1948.
   d) The Maternity Benefit Act, 1961.
   e) The Payment of Bonus Act, 1965.

f) The Payment of Gratuity Act, 1972.

g) The Tamilnadu Labour Welfare Fund Act, 1972.

h) The Tamilnadu Shops and Establishment Act, 1947.

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

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

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

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

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

I further report that:

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

During the year under review, Ms J Meenakshi was appointed as the Company Secretary and designated as Key Managerial Personnel in the place of Mr V Ramanujan, who has resigned, effective 20th July 2023.

(ii) Constituted the Audit Committee of the Board of Directors in terms of the provisions Section 177 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(iii) Constituted Nomination and Remuneration Committee of the Board of Directors and has formulated "Nomination and Remuneration Policy" in terms of the provisions of Section 178 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

(iv) Constituted the Corporate Social Responsibility Committee (CSR) to formulate and recommend to the Board a Corporate Social Responsibility Policy, prepare and recommend the list of CSR Projects / Programs, which the company plans to undertake in compliance with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the year under review, the Company was required to spend Rs.112.00 lakhs and spent the entire amount for the projects recommended by the CSR Committee and approved by the Board of Directors in compliance with the provisions of the Act.

(v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of the provisions of Section 149(8) read with Schedule IV of the Companies Act, 2013.

(vi) Adequate notice was given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

vii) Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the Minutes. However, on perusal of the Minutes of the Board or

Committee Meetings, it was observed that there was no dissenting note made by any of the Director.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

I further report that during the audit period:

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

However, the Company has issued and allotted 4,97,091 Equity Shares under the Employees Stock Option Plan 2014 and the Company has filed the necessary Forms with the MCA.

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

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

a) The Company has created / modified security both on the Movable and Immovable Properties of the Company for the various borrowings made, which were well within the limits approved by the shareholders by Special Resolution at the Twenty Fourth Annual General Meeting held on September 14, 2020.

b) The Company has borrowed funds from Banks and Non-Banking Financial Companies, which were well within the limits approved by the shareholders by Special Resolution at the Twenty Fourth Annual General Meeting held on September 14, 2020.

(iv) There was no merger / amalgamation / reconstruction during the period under review.

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

V Ramasubramanian
Practising Company Secretary
ACS No: 5890
COP No: 11325
Peer Review Certificate No: 1579/2021
UDIN: A005890F000117980

Chennai
April 15, 2024

Annexure 3

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief Outline on CSR Policy of the Company:
   i. Sify Technologies Limited (STL) believes in alignment of its vision and through its CSR initiatives, to enhance value and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.
   ii. The CSR Policy encompasses the company's philosophy for contributing to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large, is titled as 'Sify CSR Policy'.
2. Composition of the CSR Committee

   The Composition of CSR Committee is as follows:

S. No.	Name of Director	Designation / Nature of Directorship	Number of Meetings held	Number of Meetings attended
1.	Raju Vegesna	Chairman / Managing Director	3	3
2.	Vegesna Bala Saraswathi	Member / Director	3	3
3.	C E S Azariah	Member / Independent Director	3	3

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

   https://www.sifytechnologies.com/investors/company-profile/csr-policy/
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

   Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

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

Financial Year	Net Profit before exceptional items in ₹ Crores
2022-23	29.72
2021-22	63.10
2020-21	73.52
Total	**166.34**

   Average Net Profit = ₹ 55.45 crores
7. A) 2% of average net profit of the Company as per Section 135(5): ₹110.89 lakhs

   B) Surplus arising out of the CSR projects or programmes or activities of the Previous Financial Years: Nil

   C) Amount required to be set off for the Financial Year, if any: Nil

   D) Total CSR obligation for the Financial Year (7A+7B-7C): ₹110.89 lakhs

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

CSR Amount Spent for the Financial Year in ₹	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the fund	Amount	Date of Transfer
112,00,316	Not Applicable				

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

C) CSR Amount spent against other than ongoing Projects for the Financial Year:
Amount spent as on March 31, 2024:

Particulars	Amount in ₹
Raju Vegesna Foundation	77,00,000
Sri Hanuman Mani Education & Culture Trust	10,00,000
Direct contribution in implementing the project	25,00,316
Total (A)	**1,12,00,316**

The details are given as annexure.

D) Amount spent in Administrative Overheads: **Nil**

E) Amount spent on impact Assessment, if applicable: **Not Applicable**

F) Total amount spent for the Financial Year (8B+8C+8D+8E): ₹ 1,12,00,316/-

G) Excess amount for set off if any: ₹ **11,316**

9. a) Details of Unspent CSR amount for the preceding three Financial Years: **Nil**

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding Financial Year(s): **Not Applicable**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **Not Applicable**

a) Date of creation or acquisition of the capital asset(s)

b) Amount of CSR spent for creation or acquisition of capital asset.

c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason, if the Company has failed to spend 2% of the average net profit as per Section 135(5).

Not Applicable

Hyderabad
April 22, 2024

Raju Vegesna
Chairman CSR Committee

C E S Azariah
Member

S. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local Area	Location of the Project	Amount spent for the project in ₹	Mode of Implementation - Direct or Indirect	Contribution made to
1.	NA	Item 2 of the schedule promoting livelihood enhancement	NA	Visakhapatnam	77,00,000	Direct	M/s. Raju Vegesna Foundation
2.	NA	Item 2 of the schedule promoting education	No	Angaluru, Krishna District	10,00,000	Direct	M/s. Sri Hanuman Mani Education & Culture Trust
3.	NA	Item 2 of the schedule promoting livelihood enhancement	No	West Godhavari District, Andra Pradesh	25,00,316	Direct	Not Applicable

Hyderabad
April 22, 2024

Raju Vegesna
Chairman CSR Committee

C E S Azariah
Member

Standalone Financial Statements
for the year ended March 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Sify Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Sify Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, the loss and total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

S No.	Key Audit Matter	Auditor's Response
1	**Valuation of Trade Receivables:** The collectability of the Company's aged Trade Receivables and the valuation of allowance for impairment of Trade Receivables is a Key Audit Matter due to the judgement involved in assessing the recoverability. The Trade Receivables as at March 31, 2024 is INR 37,009 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2024 is INR 1,950 lakhs.	**Principal Audit Procedures Performed:** In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • We evaluated and tested the Company's processes for trade receivables, including the credit control, collection, and provisioning processes. • We evaluated the management view point and estimates used to determine the allowance for bad and doubtful debts. • We have reviewed the ageing, tested the validity of the receivables, the subsequent collections of trade receivables, the past payment and credit history of the customer, disputes (if any) with customers and based on discussion with the Company's management (information and explanation provided by them) and evidences collected, we understood and evaluated the reason for delay in realisation of the receivables and possibility of realisation of the aged receivables.

S No.	Key Audit Matter	Auditor's Response
		• Where there were indicators that trade receivables were unlikely to be collected, we assessed the adequacy of allowance for impairment of trade receivables. • We tested the sufficiency of the allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2024.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the Standalone financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the

   "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

   e. On the basis of the written representa -tions received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g. With respect to the matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      As explained in Note D(35) to the Standalone financial statements, we report that the Company has paid remuneration to its directors in excess of limits laid down under Section 197 read with Schedule V to the Act by INR 209 lakhs, for which approval of the shareholders has been obtained as per the provisions under the Companies Act, 2013.

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements - Refer Note D(21) (a) (Contingent liabilities) and Note D(40) (Legal proceedings) to the Standalone financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note D(37) (a) (Derivative Financial instruments) attached to the Standalone financial statements;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

(c) Based on the audit procedures performed and explanation received, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

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

vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software (refer Note D50 to the Standalone financial statements). Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of Audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 24237830BKGUQI5708

Place: Hyderabad
Date : April 22, 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 in 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report to the members of the Company on the Standalone financial statements for the year ended March 31, 2024, we report that:

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

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

(i) (b) The Company has a program of verification to cover all the items of Property, Plant and Equipment in a phased manner of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(i) (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(i) (d) The Company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year ended March 31, 2024.

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

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(ii) (b) As disclosed in note D(17) to the Standalone financial statements, the Company has been sanctioned working capital limits in excess of INR five crores in aggregate from banks and / or financial institutions during the year on the basis of security of current assets of the Company. Based on our examination of the records of the Company, the quarterly returns / statements filed by the Company for the quarters ending June 2023, September 2023 and December 2023 with such banks and financial institutions are in agreement with the books of account of the Company. The returns for the quarter ending March 2024 were not filed by the Company at the time of finalising the audit.

(iii) (a) During the year the Company has made loans, advances in the nature of loans to Companies as follows:

Particulars	Loans (INR in lakhs)
Aggregate amount granted / provided during the year - Subsidiaries	500
Balance outstanding as at balance sheet date in respect of above cases - Subsidiaries	500

(iii) (b) In our opinion, the investments made, guarantees provided and the terms and conditions of the grant of loans and guarantees provided, during the year are, prima facie, not prejudicial to the Company's interest.

(iii) (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are generally been regular as per stipulation.

(iii) (d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(iii) (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.

(iii) (f) As disclosed in note D(51) clause (v) to the financial statements, the Company has granted loan repayable on demand to a subsidiary company. Following are the details of the aggregate amount of loans granted to related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

Particulars	Related party
Aggregate amount of loans - Repayable on demand (INR in lakhs)	INR 500 lakhs
Percentage of loans to the total loans	24%

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

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India, the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the network services, and are of the opinion that, prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

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

- undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, duty of custom, cess and other statutory dues have generally been regularly deposited with the appropriate authorities; and
- no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income tax, duty of custom, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) According to the information and explanations given to us and based on the examination of the records of the Company, the dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Net Amount (INR Lakhs)*	Period to which dispute relates	Forum in which it is pending
Finance Act, 1994 (Service Tax)	CENVAT	2,315	April 2005 to September 2006, October 2006 to Sep 2007, October 2007 to March 2008	Madras HC
Finance Act, 1994 (Service Tax)	CENVAT	55	March 2007 to March 2010	Madras HC

Name of the statute	Nature of dues	Net Amount (INR Lakhs)*	Period to which dispute relates	Forum in which it is pending
Finance Act, 1994 (Service Tax)	CENVAT	1,390	October 2005 to March 2010	Madras HC
Finance Act, 1994 (Service Tax)	CENVAT	13	April 2008 to May 2008	CESTAT, Chennai
Finance Act, 1994 (Service Tax)	CENVAT	84	July 2012 to March 2013	CESTAT, Chennai
Finance Act, 1994 (Service Tax)	CENVAT	106	April 2013 to March 2014	CESTAT, Chennai
Finance Act, 1994 (Service Tax)	CENVAT	3	April 2015 to March 2016	CESTAT, Chennai
Finance Act, 1994 (Service Tax)	CENVAT	75	April 2014 to March 2015	CESTAT, Chennai
Finance Act, 1994 (Service Tax)	CENVAT	24	April 2011 to March 2012	CESTAT, Chennai
Finance Act, 1994 (Service Tax)	CENVAT	75	April 2010 to March 2011	CESTAT, Chennai
Finance Act, 1994 (Service Tax)	CENVAT	22	April 2010 to March 2011	CESTAT, Chennai
Uttar Pradesh Value Added Tax Act, 2008	VAT	8	2011-12	Commercial tax officer - Uttar Pradesh
West Bengal Value Added Tax Act, 2003	VAT	17	2015-16	Commercial tax officer - West Bengal
Rajasthan Value Added Tax Act, 2003	VAT	28	2016-17	Commercial tax officer - Rajasthan
Central Sales Tax Act, 1956	CST	7	2011-12	Commercial Tax Officer- Tamil Nadu
Tamil Nadu Value Added tax Act, 2006	VAT	1	2014-15	Commercial Tax Officer- Tamil Nadu
Central Sales Tax Act, 1956	VAT	85	2016-17	Commercial Tax Officer- Telangana
Income Tax Act, 1961	Income Tax	152	AY 2014-15	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,099	AY 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	343	AY 2016-17	Assessing Officer
Income Tax Act, 1961	Income Tax	2,444	AY 2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	5,953	AY 2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,995	AY 2018-19	Assessing officer/ Commissioner of Income Tax (Appeals)

Name of the statute	Nature of dues	Net Amount (INR Lakhs)*	Period to which dispute relates	Forum in which it is pending
Income Tax Act, 1961	Income Tax	1	AY 2019-20	Assessing Officer
Income Tax Act, 1961	Income Tax	7,579	AY 2022-23	Assessing officer/ Commissioner of Income Tax (Appeals)
Goods and Services Act, 2017	GST	1,081	AY 2018-19	The Commissioner of Appeals, Tamil Nadu
Goods and Services Act, 2017	GST	301	AY 2018-19	The Commissioner of Appeals, Tamil Nadu
Goods and Services Act, 2017	GST	73	AY 2018-19	The Commissioner of Appeals, Telangana
Goods and Services Act, 2017	GST	24	AY 2018-19	The Commissioner of Appeals, Maharashtra
Goods and Services Act, 2017	GST	16	AY 2018-19	The Commissioner of Appeals, Odisha
Goods and Services Act, 2017	GST	9	AY 2018-19	The Commissioner of Appeals, Delhi
Goods and Services Act, 2017	GST	8	AY 2018-19	The Commissioner of Appeals, Madhya Pradesh
Goods and Services Act, 2017	GST	6	AY 2019-20	The Commissioner of Appeals, Punjab
Goods and Services Act, 2017	GST	2	AY 2018-19	The Commissioner of Appeals UP

* These amounts are net of amount paid/ adjusted under protest INR 141 Lakh

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

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

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

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

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

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

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

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

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

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

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

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

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

(xiii) According to the information and explanations provided to us and based on the examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

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

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

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

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi) (a) of the Order is not applicable to the Company.

(xvi) (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(xvi) (d) The Group has one Core Investment Company as part of the Group.

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

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note D(51) to the Standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII to the Act, in compliance with second proviso to section 135(5) of the Act. This matter has been disclosed in note D(49) to the financial statements.

(xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance with the provision of section 135(6) of the Act. This matter has been disclosed in note D(49) to the financial statements.

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

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 24237830BKGUQI5708

Place: Hyderabad
Date : April 22, 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in the Independent Auditor's Report of even date to the members of Sify Technologies Limited on the Standalone Financial Statements for the year ended March 31, 2024

We have audited the internal financial controls over financial reporting of Sify Technologies Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to the Standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to the Standalone financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India..

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

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 24237830BKGUQI5708

Place: Hyderabad
Date : April 22, 2024

Standalone Balance Sheet as at March 31, 2024

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

	Note No. (D)	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	67,003	61,429
(b) Right-of-use Assets	2	24,335	21,767
(c) Capital work in progress		2,540	1,929
(d) Intangible assets	3	5,148	4,785
(e) Financial assets			
(i) Investments	4	107,955	99,670
(ii) Other financial assets	5	5,090	4,182
(f) Deferred Tax assets	29	3,203	2,740
(g) Other non-current assets	6	7,683	6,859
		222,957	**203,361**
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	7	37,009	48,627
(ii) Cash and Cash equivalents	8.1	13,311	9,266
(iii) Other bank balances	8.2	730	4,408
(iv) Other financial assets	9	11,218	6,824
(b) Other current assets	10	30,090	24,425
		92,358	**93,550**
Total Assets		**315,315**	**296,911**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	11	18,461	18,412
(b) Other Equity	12	110,884	111,312
		129,345	**129,724**
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	13.1	33,845	23,251
(ii) Lease liabilities	13.2	6,373	6,666
(iii) Other financial liabilities	14	379	379
(b) Provisions	15	486	527
(c) Other non-current liabilities	16	29,535	22,599
		70,618	**53,422**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17.1	31,825	24,485
(ii) Lease Liabilities	17.2	2,561	2,168
(iii) Trade payables	18		
Total outstanding dues to micro enterprises and small enterprises		433	203
Total outstanding dues to creditors other than micro enterprises and small enterprises		47,880	54,899
(iv) Other financial liabilities	19	5,098	9,979
(b) Other current liabilities	20	27,403	21,904
(c) Provisions	15	152	127
		115,352	**113,765**
Total Equity and Liabilities		**315,315**	**296,911**

Material accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Balance Sheet
As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

Meenakshi Jayaraman
Company Secretary

Standalone Statement of Profit and Loss for the year ended March 31, 2024

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

	Note No. (D)	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations	22	112,541	119,028
Other income	23	7,260	4,607
Total income		**119,801**	**123,635**
Expenses			
Cost of services rendered	24	60,766	68,460
Employee benefits expense	25	13,219	12,005
Finance costs	26	7,231	5,156
Depreciation and amortisation expense	1,2 and 3	21,088	17,221
Other expenses	27	18,614	18,039
Total expenses		**120,918**	**120,881**
Profit before tax		**(1,117)**	**2,754**
Tax expense			
Current Tax		(217)	(762)
Deferred Tax		463	516
Profit after tax		**(871)**	**2,508**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/(asset)		6	(258)
Total other comprehensive income		**6**	**(258)**
Total comprehensive income for the year		**(865)**	**2,250**
Earnings per equity share (₹ 10 paid up)	31		
Basic		(0.48)	1.37
Diluted		(0.47)	1.35

Material accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Statement of Profit and Loss
As per our report of even date attached.

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

For and on behalf of the Board of Directors
Sify Technologies Limited

K S Y Suryanandh
Partner
Membership No.: 237830

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

Hyderabad
April 22, 2024

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

Meenakshi Jayaraman
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

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

A. Equity Share Capital

	For the year ended	
	March 31, 2024	March 31, 2023
Balance at the beginning of the year	18,412	18,402
Change in Equity Share Capital during the year	49	10
Balance at the end of the year	**18,461**	**18,412**

B. Other Equity

	Reserves and surplus			Other Components of Equity		Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Remeasurements of net defined benefit liability/ (asset)	
<u>2022-23</u>						
Balance as at April 1, 2022*	**199,390**	**776**	**(92,487)**	**1,014**	**134**	**108,827**
Profit for the year			2,508			**2,508**
Other comprehensive income					(258)	**(258)**
Total comprehensive income for the year 2022-23 - **(B)**			2,508		**(258)**	**2,250**
Employee stock compensation cost for the year				98		**98**
Employee stock compensation cost for the year relating to subsidiaries	19			47		**66**
Transferred from stock options outstanding account		15		(15)		**-**
Additions to securities premium on issue of shares on exercise of ASOP	71					**71**
Balance as at March 31, 2023 - (C)	**199,480**	**791**	**(89,979)**	**1,144**	**(124)**	**111,312**
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (41) (a)] - (D)	**(116,264)**		**116,264**			**-**
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (41) (b)] - (E)	**(27,661)**		**27,661**			**-**
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	**55,555**	**791**	**53,946**	**1,144**	**(124)**	**111,312**

B. Other Equity (Continued)

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

	Reserves and surplus			Other Components of Equity		Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Remeasurements of net defined benefit liability/ (asset)	
<u>2023-24</u>						
Balance as at April 1, 2023	199,480	791	(89,979)	1,144	(124)	111,312
Impact of change in accounting policy #						
Adjusted Balance as at April 1, 2019* - (A)	199,480	791	(89,979)	1,144	(124)	111,312
Profit for the year			(871)			(871)
Other comprehensive income						
Total comprehensive income for the Year (B)	-	-	(871)			(871)
Employee stock compensation cost for the year				21		21
Employee stock compensation cost for the year relating to subsidiaries				48	6	54
Transferred from stock options outstanding account	108	54		(162)		-
Additions to securities premium on issue of shares on exercise of ASOP	368					368
Balance as at March 31, 2024 - (C)	199,956	845	(90,850)	1,051	(118)	110,884
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (41) (a)] - (D)	(116,264)		116,264			-
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (41) (b)] - (E)	(27,661)		27,661			-
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	56,031	845	53,075	1,051	(118)	110,884

*Balance at 1.4.2022 and 1.4.2023 of Securities Premium and Retained Earnings are before adjustment of Accumulated Losses with Securities Premium as detailed in Note D (41) (a) and D (41) (b).

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

The accompanying notes referred to above form an integral part of the Statement of Changes in Equity

As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

Meenakshi Jayaraman
Company Secretary

Standalone Cash Flow Statement for the year ended March 31, 2024

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

		For the yearended March 31, 2024	For the yearended March 31, 2023
Profit before tax		**(1,117)**	**2,754**
Adjustments for :			
Depreciation and amortisation expense		21,088	17,221
Finance expenses (considered separately)		7,231	5,156
Allowance for doubtful debts		1,950	2,839
Employee stock compensation expense		21	98
Amortisation of lease prepayments		7	(8)
Unrealised foreign exchange fluctuation loss/(gain), net		229	118
Income from Lease termination		(88)	(609)
Interest income (considered separately)		(2,079)	(1,997)
(Profit) /loss on sale of Property, Plant and Equipment (net)		(26)	(63)
Operating profit / (loss) before working capital changes		**27,216**	**25,509**
(Increase)/decrease in trade receivables - current		10,278	(11,792)
(Increase)/decrease in other financial assets - current		(111)	(433)
(Increase)/decrease in other financial assets - non current		(908)	(1,500)
(Increase)/decrease in other non current assets		(77)	(203)
(Increase)/decrease in other current assets		61	(476)
(Increase)/decrease in other bank balances		3,678	168
Increase/(decrease) in trade payables		(7,602)	6,551
Increase/(decrease) in other non current financial liabilities		-	(350)
Increase/(decrease) in other non current liabilities		6,936	4,956
Increase/(decrease) in other financial liabilities - current		(1,501)	373
Increase/(decrease) in other current liabilities		5,499	4,049
Increase/(decrease) in provisions - non current		(35)	(472)
Increase/(decrease) in provisions - current		25	45
Cash generated from operations		**43,459**	**26,425**
Tax (paid)/refund received		(7,052)	(4,027)
Net cash generated from operating activities	**(A)**	**36,407**	**22,398**
Cash flow from investing activities			
Investment in equity shares of subsidiary/other entities		(8,285)	-
Proceeds from sale of investment		-	110
Investment in Compulsorily Convertible Debentures of subsidiary		-	(12,250)
Purchase of Property, Plant and Equipment		(25,375)	(19,902)
Amount paid for acquisition of right of use assets		(3,874)	(5,874)
Sale proceeds of Property, Plant and Equipment		26	93
Advance to subsidiaries		(4,863)	13,085
Interest income received		2,294	1,525
Net cash used in investing activities	**(B)**	**(40,077)**	**(23,213)**

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

		For the yearended March 31, 2024	For the yearended March 31, 2023
Cash flow from financing activities			
Proceeds from long-term borrowings		24,452	25,913
Repayment of long-term borrowings		(6,444)	(5,005)
Increase/(decrease) in short-term borrowings		195	(12,627)
Repayment of lease liabilities		(3,324)	(3,593)
Proceeds from issue of share capital		418	82
Interest paid		(7,166)	(5,163)
Net cash used in financing activities	**(C)**	**8,131**	**(393)**
Effect of exchange differences on translation of cash and cash equivalents	**(D)**	**(12)**	**3**
Net increase/(decrease) in cash and cash equivalents during the year	**(A) + (B) + (C) + (D)**	**4,449**	**(1,205)**
Cash and cash equivalents at the beginning of the year		**6,040**	**7,245**
Changes in cash and cash equivalents pertaining to discontinued operations			
Cash and cash equivalents at the end of the year# [Refer Note D (8.1)]		**10,489**	**6,040**

Cash and bank balances subject to lien [Refer Note D (8.2)]
Non-Cash financing and investing activities
Purchase of property, plant and equipment by means of financial lease

Disclosure of changes in liabilities arising from financing activities [Refer Note D (28)]
Material accounting policies and notes to the financial statements [(Refer notes C and D)]
This is the cash flow statement referred to in our report of even date

Material accounting policies and notes to the financial statements (Refer notes C and D)
This is the Cash Flow Statement referred to in our report of even date
As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

Meenakshi Jayaraman
Company Secretary

Notes forming part of the Standalone Financial Statements

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

A. COMPANY OVERVIEW

Sify Technologies Limited ('Sify' or 'the Company') is a Company domiciled in India. The address of the Company's registered office is 2nd Floor, Tidel Park, 4, Rajiv Gandhi Salai, Taramani, Chennai – 600113, India. The Company offers converged ICT solutions comprising Network-centric services. The Company has transferred its Data Center business to its wholly owned subsidiary Sify Infinit Spaces Limited and IT services business (Cloud and Managed services, Applications Integration services and Technology Integration services) to its wholly owned subsidiary Sify Digital Services Limited respectively effective from April 01, 2020 vide Business Transfer Agreement dated January 28, 2021.

The Company was incorporated on December 12, 1995 and is listed on the NASDAQ Capital Market in the United States.

B. BASIS OF PREPARATION

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for certain financial instruments which are measured on fair value basis and Cash Flow Statement. GAAP comprises Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act read together with relevant rules of Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set-out in note C (21). Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

1. Statement of Compliance

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity, Cash Flow Statement, together with notes for the year ended March 31, 2024 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on April 22, 2024.

2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value
- Financial assets at fair value through other comprehensive income are measured at fair value
- Financial instruments at fair value through profit or loss are measured at fair value.
- Share-based payments
- The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.
- In relation to lease prepayments, the initial fair value of the security deposit is estimated as the present value of the refundable amount, discounted using the market interest rates for similar instruments. The difference between the initial fair value and the refundable amount of the deposit is recognized as a Right of Use Asset.

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note C (19).

3. New and amended Standards

Issued but not effective

There are no standards that are notified and not yet effective as on date.

4. Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

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

5. Use of estimates and judgements

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

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

- Valuation of financial instruments [Note C(2)]
- Useful lives of property, plant and equipment [Note C(4)]
- Useful lives of intangible assets [Note C(6)]
- Estimate of Lease term and measurement of Right of Use Assets and Lease Liabilities [Note C(7)]
- Measurement of defined employee benefit obligations [Note C (10)]
- Measurement of share-based payments [Note C(11)]
- Provisions [Note C(12)]
- Identification of performance obligation and timing of satisfaction of performance obligation, measurement of transaction price on revenue recognition [Note C(13)]
- Utilization of tax losses and computation of deferred taxes [Note C(16)]
- Expected Credit losses on Financial Assets [Note C(2)]
- Impairment testing [Note C(9)]

C. MATERIAL ACCOUNTING POLICIES

1. Foreign currency

(i) Foreign currency transactions and balances

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

(ii) Foreign operations

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

2. Financial Instruments

a. Financial Assets

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

Initial recognition:

All financial assets are recognised initially at fair value except for trade receivables which are recognised at transaction price. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value on initial recognition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement:

(i) <u>Financial assets measured at amortized cost:</u>

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following financial assets at amortised cost

a) Trade receivable

b) Other financial assets.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends, are recognised in other comprehensive income (OCI).

(iii) Financial assets at fair value through profit or loss (FVTPL):

Financial asset are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the Statement of Profit and Loss.

Derecognition of financial assets:

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the Statement of Profit and Loss.

Impairment of financial assets:

Trade receivables, contract assets, lease receivables under Ind AS 109, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for the respective financial asset.

(i) Trade receivables

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

(ii) Other financial assets

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the lifetime when there is significant increase in credit risk.

b. Financial liabilities

Initial recognition and measurement:

Financial liabilities are initially recognised at fair value and any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

Subsequent measurement:

The financial liabilities are classified for subsequent measurement into following categories:

- at amortised cost

- at fair value through profit or loss

(i) Financial liabilities at amortised cost

The company is classifying the following financial liabilities at amortised cost;

a) Borrowings from banks

b) Borrowings from others

c) Finance lease liabilities

d) Trade payables

e) Other financial liabilities

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

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

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

Financial liabilities held for trading are measured at FVTPL.

Derecognition of financial liabilities:

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

c. Derivative financial instruments

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

d. Offsetting of financial assets and financial liabilities

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

e. Reclassification of financial assets

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

3. Share capital

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

4. Property, Plant and Equipment

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

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

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

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

Subsequent costs

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

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

Depreciation

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment 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:

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

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

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

5. Business combinations

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

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

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

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

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

6. Intangible assets

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

Subsequent expenditure

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

Amortization of intangible assets with finite useful lives

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

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

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

7. Leases

The Company as a lessee

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

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

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

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

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

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

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

The Company as a lessor

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

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

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

8. Contract assets/liability

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

9. Impairment of non financial assets

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

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

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

Reversal of impairment loss

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

10. Employee benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company, as detailed below:

(a) Defined contribution plan (Provident fund)

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Company makes specified monthly contribution towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit and loss in the periods during which the related services are rendered by employees.

(b) Defined benefit plans (Gratuity)

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the HDFC Life Insurance Company Limited and Life Insurance Corporation of India (LIC). The company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting any unrecognized past service cost and the fair value of any plan assets.

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

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

(c) Short term benefits

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

(d) Compensated absences

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

11. Share-based payment transactions

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

12. Provisions

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

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

13. Revenue recognition

The Company derives revenue from converged ICT solutions comprising Network services.

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties.

Network Services:

Revenue from Network services includes Data network services and Voice services. Network services primarily include revenue from connectivity services, NLD/ILD services and to a lesser extent, revenues from the setup and installation of connectivity links. The Company 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.

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

Multiple deliverable arrangements

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

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

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

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

Contract Cost

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

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

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

Significant judgements on applying Ind AS 115

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

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

Trade receivable - unbilled

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

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

14. Finance income

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

15. Finance expense

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

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

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

16. Income taxes

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

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

and that affects neither accounting nor taxable profit or loss,

(ii) differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.

(iii) arising due to taxable temporary differences on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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

17. Earnings per share

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

18. Fair value measurement

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

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

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

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

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

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

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

Level 3 - unobservable inputs for the asset or liability

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

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

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

(i) Investments in equity and debt securities

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

(ii) Trade and other receivables

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

(iii) Derivatives

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

(iv) Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(v) Share-based payment transactions

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

19. Dividend distribution to Equity shareholders

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

20. Related Party transactions (Ind AS 24)

A) Identification of Related Parties and the Related Party Transactions

i. Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,

a. at the time of appointment;

b. periodically – as required by the Company

c. whenever there is any change in the information already submitted, provide requisite information about his / her Relatives and all firms, entities, body corporates, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

B) Review and approval of Related Party Transaction

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

C) Reporting of Related Party Transactions

Every contract or arrangement, which is required to be approved by the Board under this Policy, shall be referred to in the Board's report along with the justification for entering into such contract or arrangement.

21. Current/ non-current classification

An asset is classified as current if:

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

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

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

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

All other assets are classified as non-current.

A liability is classified as current if:

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

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

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

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

All other liabilities are classified as non-current.

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

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

D. Notes forming part of the Standalone Financial Statements

1. PROPERTY, PLANT AND EQUIPMENT

The following table presents the changes in property, plant and equipment during the year ended March 31, 2024

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2023	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at April 1, 2023	For the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Owned assets										
Freehold Land	**2,069**	-	-	2,069	**-**	-	-	-	2,069	**2,069**
Buildings	**22,719**	-	-	22,719	**8,048**	810	-	8,858	13,861	**14,671**
Plant and equipment	**125,642**	17,320	230	142,732	**83,795**	10,200	229	93,766	48,966	**41,847**
Furniture and fittings	**1,125**	3	1	1,127	**1,122**	1	1	1,122	5	**3**
Office equipment	**2,038**	50	6	2,082	**1,630**	39	6	1,663	419	**408**
Leasehold improvements	**7,737**	287	-	8,024	**5,306**	1,035.76	-	6,342	1,683	**2,431**
Motor vehicles	**72**	-	0	72	**72**	-	0	72	-	-
	161,402	**17,660**	**236**	178,826	**99,973**	**12,086**	**236**	111,823	67,003	**61,429**

Note:

(a) Refer note D (13) and D (17) for security given for borrowings

(b) Refer note D (21) (c) for capital commitments

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

The following table presents the changes in property, plant and equipment during the year ended March 31, 2023

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2022	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at April 1, 2022	For the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Owned assets										
Freehold Land	**1,472**	597	-	**2,069**	**-**	-	-	**-**	**2,069**	**1,472**
Buildings	**22,573**	146	-	**22,719**	**7,210**	838	-	**8,048**	**14,672**	**15,363**
Plant and equipment	**105,609**	20,365	332	**125,642**	**76,342**	7,756	303	**83,795**	**41,846**	**29,267**
Furniture and fittings	**1,125**	5	5	**1,125**	**1,123**	4	5	**1,122**	**3**	**2**
Office equipment	**2,014**	24	-	**2,038**	**1,595**	35	-	**1,630**	**407**	**419**
Leasehold improvements	**7,056**	681	-	**7,737**	**4,319**	987	-	**5,306**	**2,432**	**2,737**
Motor vehicles	**72**	-	-	**72**	**72**	-	-	**72**	**-**	**-**
	139,921	**21,818**	**337**	**161,402**	**90,661**	**9,620**	**308**	**99,973**	**61,429**	**49,260**

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT

2. RIGHT OF USE ASSETS AND LIABILITIES

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2024

Particulars	Category of ROU asset				
	Land	Building	P&M	IRU	Total
Balance as of April 1, 2023	7,989	5,283	2,774	5,722	21,768
Additions	-	3,403	529	3,872	7,804
Deletions	-	(87)	(107)	-	(194)
Depreciation	(107)	(2,434)	(1,093)	(1,409)	(5,043)
Balance as of March 31, 2024	**7,882**	**6,165**	**2,103**	**8,185**	**24,335**

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	2,778	6,983	4,021	5,586	19,368
Additions	5,834	2,390	42	855	9,121
Deletions	(584)	(1,774)	-	-	(2,358)
Depreciation	(39)	(2,316)	(1,290)	(719)	(4,362)
Balance as of March 31, 2023	**7,989**	**5,283**	**2,774**	**5,722**	**21,767**

Lease Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	2,557	2,168
Non-current lease liabilities	6,377	6,666
Total	**8,934**	**8,834**

The movement in lease liabilities during the year ended March 31, 2024 and March 31, 2023 are given below

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	8,834	12,072
Additions during the year	3,658	3,157
Finance cost accrued during the year	838	714
Deletions during the year	(195)	(2,380)
Payment of lease liabilities during the year	(4,162)	(4,729)
Fair valuation of Lease liabilities	(39)	-
Balance at the end of the year	**8,934**	**8,834**

Note: Refer Note D (38) for contractual maturities to lease liabilities

Amounts recognised in profit or loss for the year ended March 31, 2024 and March 31, 2023 are given below

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on lease liabilities	838	748
Expenses relating to leases of low-value assets, including short-term leases of low value assets	1,129	1,633

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

3. INTANGIBLE ASSETS

The following table presents the changes in intangible assets during the year ended March 31, 2024

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2023	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at April 1, 2023	For the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Undersea cable capacity	**7,733**	-	-	7,733	**6,825**	892	-	7,717	16	908
System software	**16,201**	4,324	3	20,522	**12,580**	3,036	2	15,614	4,908	3,621
License fees	**780**	-	-	780	**524**	32	-	556	224	256
Customer related intangibles	**655**	-	-	655	**655**	-	-	655	-	-
	25,369	**4,324**	**3**	**29,690**	**20,584**	**3,960**	**2**	**24,542**	**5,148**	**4,785**

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

The following table presents the changes in intangible assets during the year ended March 31, 2023

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2022	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at April 1, 2022	For the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Undersea cable capacity	**7,364**	369	-	**7,733**	**5,872**	953	-	6,825	908	1,492
System software	**13,471**	2,730	-	**16,201**	**10,328**	2,252	-	12,580	3,621	3,143
License fees	**780**	-	-	**780**	**492**	32	-	524	256	288
Customer related intangibles	**655**	-	-	**655**	**655**	-	-	655	-	-
	22,270	**3,099**	**-**	**25,369**	**17,347**	**3,237**	**-**	**20,584**	**4,785**	**4,923**

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

		As at March 31, 2024	As at March 31, 2023
4. INVESTMENT - NON-CURRENT			
Investments in equity instruments			
Investments in subsidiaries - unquoted (carried at cost)			
Sify Technologies (Singapore) Pte Limited			
[2,000 (March 31, 2023 : 2,000) equity shares of S $1 each fully paid up]		1	1
[5,00,000 (March 31, 2023 : 5,00,000) equity shares of ₹ 67.98 (USD 1) each fully paid up]		340	340
Sify Technologies North America Corporation			
[100 (March 31, 2023: 100) Common stock of ₹ 0.006155 (USD 0.0001) each fully paid up]		*	*
[3,43,95,956 (March 31,2023: NIL) Common stock of ₹ 0.008313 each (USD 0.0001 per share) fully paid]		1247	
[8,00,00,000 (March 31, 2023: 8,00,00,000) Preferred stock of ₹ 0.006155 (USD 0.0001) each fully paid up]		3078	3,078
Sify Data and Managed Services Limited			
[50,00,000 (March 31, 2023: 50,00,000) Equity Shares of Rs.10 each fully paid up]		500	500
Sify Digital Services Limited (SDSL)			
[24,99,92,499 (March 31, 2023: 20,00,10,000) Equity Shares of Rs.10 each fully paid up] (Refer note (b) below)		24999	20,001
Sify Infinit Spaces Limited (SISL)			
[50,58,59,762 (March 31, 2023: 50,50,00,000) Equity Shares of Rs.10 each fully paid up] (Refer note (c) below)		51500	50,500
Print House (India) Private Limited (PHIPL)			
[NIL (March 31, 2023: 1,00,00,000) Equity Shares of Rs.10 each fully paid up] (Refer note (c) below)		-	1000
SKVR Software Solutions Private Limited [refer note: 44]		2040	-
Total equity instruments	**A**	**83705**	**75,420**
Investment in preference shares			
Investments in subsidiaries - unquoted (carried at cost)			
Sify Data and Managed Services Limited	**B**		
[2,00,00,000 (March 31, 2023: 2,00,00,000) 7% Non-Cumulative Convertible Preference Shares of Rs.10 each fully paid up]		2000	2,000

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

		As at March 31, 2023	As at March 31, 2022
Investment in Others	**C**		
Sify Infinit Spaces Limited			
[2,22,50,000 (March 31, 2023 : 2,22,50,000) 6% Compulsorily Convertible Debentures of Rs.100 each fully paid up] (Refer note (d) below)		22250	22,250
	(A) + (B) + (C)	**107955**	**99,670**
Aggregate cost of unquoted investments		**107955**	**99,670**

* amount below rounding off norm adopted by the Company

Note:

(a) The Company has classified investments in equity of others - unquoted as at FVTOCI.

(b) During the year, The company has made additional investment for 4,99,82,499 shares at face value ₹ 10 each

(c) SISL has issued 0.0859762 equity shares for every 1 equity shares held by the shareholders of PHIPL on account of order of amalgamation from Hon'ble NCLT on July 10, 2023

(d) The conversion ratio shall be "₹ 100/ (Equity Valuation/ total number of shares outstanding on a Fully Diluted Basis as on agreed date) ", Equity Valuation shall be Enterprise Value less Net Debt as on 31st March of Next Financial Year.

5. OTHER FINANCIAL ASSETS - NON-CURRENT

Security deposits **	3,006	2,432
Bank deposits*	4	-
Loan to subsidiaries	2,080	1,750
	5,090	**4,182**

* Represents deposits with more than 12 months maturity, ₹ 4 is free deposits (previous year ₹ Nil) and ₹ Nil (previous year ₹ Nil) subject to lien in favour of banks for obtaining bank guarantees /letters of credit.

Loan to subsidiaries includes ₹ 900 (previous year ₹ 900) given to Sify Infinit Spaces Limited and ₹ 1,180 (Previous year ₹ 850) to Patel Auto Engineering Company (India) Limited

** We have fair valued the Security Deposit as per Ind AS 109 which are more than ₹ 50

6. OTHER NON-CURRENT ASSETS

Capital advances	141	718
Prepaid expenses	832	735
Deferred Contract cost*	94	121
Balances with GST, service tax and sales tax authorities	754	754
Other Advances	250	250
Advance tax and tax deducted at source	5,612	4,281
	7,683	**6,859**

* Refer note D (47) for the movement in Contract cost

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

	As at March 31, 2024	As at March 31, 2023
7. TRADE RECEIVABLES		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	37,009	48,627
Trade receivables which have significant increase in Credit Risk	2,628	1,630
Trade Receivables - credit impaired		-
Total	**39,637**	**50,257**
Loss Allowance [Refer note below]	(2,628)	(1,630)
Net Trade receivables	**37,009**	**48,627**

	For the year ended March 31, 2024	For the year ended March 31, 2023
The activity in loss allowance for doubtful receivables is given below:		
Balance at the beginning of the year	1,630	1,349
Add: Additional provision during the year	1,950	2,839
Less: Bad debts written off	(952)	(2,558)
Balance at the end of the year	**2,628**	**1,630**

The following table presents the ageing of the Trade Receivables for the year ended March 31, 2024

		Outstanding for following periods from due date of payment					
Particulars	Not Due	< 6 Months	6 Months - 1 Year	1 - 2 Years	2-3 Years	> 3 Years	Total
Trade receivables - Undisputed							
Considered good	17,062	11,130	1,686	1,101	-	-	30,979
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
	17,062	**11,130**	**1,686**	**1,101**	**-**	**-**	**30,979**
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Provision for doubtful debts							2,628
Trade receivable - unbilled							8,658
Total							**37,009**

The following table presents the ageing of the Trade Receivables for the year ended March 31, 2023

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		< 6 Months	6 Months - 1 Year	1 - 2 Years	2-3 Years	> 3 Years	
Trade receivables - Undisputed							
Considered good	32,786	3,937	4,374	7,001	-	-	48,098
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
	32,786	**3,937**	**4,374**	**7,001**	**-**	**-**	**48,098**
Trade receivables - Disputed							
Considered good		-	-	-	-	-	-
Which have significant increase in credit risk		-	-	-	-	-	-
Credit impaired		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Provision for doubtful debts							1,630
Trade receivable - unbilled							2,159
Total							**48,627**

8.1 CASH AND CASH EQUIVALENTS

(a) Balance with banks			
(i) in current accounts		6,299	9,256
(ii) Deposits with maturity of less than three months		7,003	6
(b) Cash on hand		9	4
	(A)	**13,311**	**9,266**

8.2. OTHER BANK BALANCES

Bank deposits subject to lien		730	4,408
Unpaid dividend account		*	*
	(B)	**730**	**4,408**
	(A) +(B)	**14,041**	**13,674**

Cash and cash equivalents for the purpose of Cash Flow Statement:		
Cash and cash equivalents as above	13,311	9,266
Less: Bank overdraft used for cash management purposes [Refer note 17 (i)]	(2,822)	(3,226)
	10,489	**6,040**

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

		As at March 31, 2024	As at March 31, 2023
9. OTHER FINANCIAL ASSETS			
Amounts receivable from subsidiaries [Refer note (a) below]		11,030	6,167
Security deposits [Net of doubtful allowance of ₹ 924 (previous year ₹ 924)]		146	236
Interest accrued on advances and deposits		42	421
	(A)	**11,218**	**6,824**
Unsecured, considered doubtful			
Advances other than capital advances		924	924
Less: Provision for doubtful advances [Refer note (b) below]		(924)	(924)
	(B)	-	-
	(A) +(B)	**11,218**	**6,824**

(a) Includes ₹ 958 (previous year ₹ 1,509) receivable from Sify Infinit Spaces Limited, ₹ 9,925 (previous year ₹ 4,025) receivable from Sify Digital Services Limited, ₹ 2 (previous year ₹ 2) receivable from Sify Data and Managed Services Ltd and ₹ 16 (Previous year Nil) receivable from Patel Auto Engineering Company India Private Limited, wholly owned subsidiaries of the company on account of transfer of assets/liabilities, transfer of revenue and expenses, customer receipts received and vendor payments made by or for the subsidiaries pertaining to the services rendered by and for the company. Also refer note D (35).

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

	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	924	924
Add: Additional provision during the year	-	-
Balance at the end of the year	**924**	**924**

	As at March 31, 2024	As at March 31, 2023
10. OTHER CURRENT ASSETS		
Balances with GST, service tax and sales tax authorities	6,699	8,413
Prepaid expenses	3,919	3,197
Advance tax and tax deducted at source (Net of Provision for Tax ₹ 10,120; Previous year: ₹ 10,120)	16,727	11,223
Deferred contract costs*	396	545
Other advances	2,349	1,047
	30,090	**24,425**

*Refer note D (47) for the movement in Contract cost

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

	As at March 31, 2024	As at March 31, 2023
11. EQUITY SHARE CAPITAL		
Authorized		
75,00,00,000 (March 31, 2023: 20,40,00,000) equity shares of ₹10 each	75,000	20,400
25,00,00,000 (March 31, 2023: NIL) preference shares of ₹10 each	25,000	-
Issued		
19,61,55,662 (March 31, 2023: 19,56,58,571) equity shares of ₹10 each	19,616	19,566
Subscribed and fully paid		
18,33,32,460 (March 31, 2023: 18,28,35,369) equity shares of ₹10 each fully paid up	18,333	18,284
	18,333	18,284
Forfeited shares		
Amount originally paid up on 1,28,23,202 (March 31, 2023: 1,28,23,202) equity shares	128	128
	18,461	**18,412**

(a) The equity shares of the company having a par value of ₹10 per share. Of the above, 4,38,01,808 (Previous year : 4,33,04,717) shares are represented by American Depository Shares ('ADS') issued by the Company in accordance with applicable laws and regulations.

(b) Equity shares carry voting rights proportionate to the paid-up value per share. In the event of liquidation of the Company, holders of the equity shares are entitled to be repaid the amounts credited as paid up on those equity shares. All surplus assets after settlement of liabilities as at the commencement of winding-up shall be paid to the holders of equity shares in proportion to their shareholdings. The above payment is subject to the rights of creditors, employees, taxes, if any, and any other sums as may be prescribed under the Companies Act, 2013. Of the above ADS, 1,39,02,860 (March 31, 2023: 1,39,02,860) ADS held by M/s Infinity Capital Ventures LP are not tradable and are restricted.

(c) In 2010-11, the Company approved the issuance, in a private placement, of upto an aggregate of 12,50,00,000 of the Company's equity shares at a price of ₹32 per share aggregating to ₹40,000. These shares carry a face value of ₹10. During the financial year ended March 31, 2019, these shares are fully paid to the extent of ₹10.

(d) Of the total outstanding shares,12,50,00,000 shares (March 31, 2023: 12,50,00,000) are held by M/s Ramanand Core Investment Company Private Limited, holding company

(e) Of the total outstanding shares, 2,50,00,000 shares are reserved for issue to eligible employees under Associate Stock Option Plans. Refer note D (36) for activities in Associate Stock Option plan.

(f) The Company has one class of preference shares having a par value of Rs. 10 each.

11.1 RECONCILIATION OF NUMBER OF SHARES IN THE BEGINNING AND AT THE END OF THE YEAR

	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount paid- up	Number of shares	Amount paid- up
Number of shares outstanding at the beginning of the year	182,835,369	18,412	182,742,369	18,402
Add:Shares issued on exercise of ASOP	497,091	49	93,000	10
Number of shares outstanding at the end of the year	**183,332,460**	**18,461**	**182,835,369**	**18,412**

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

11.2. Shareholders holding more than 5% of the shares of the Company:

	As at March 31, 2024		As at March 31, 2023	
	Number of Shares held	% holding	Number of Shares held	% holding
Ramanand Core Investment Company Private Limited	125,000,000	68.18%	125,000,000	68.37%
Infinity Satcom Universal Private Limited	14,530,000	7.93%	14,530,000	7.95%
Infinity Capital Ventures, LP	13,902,860	7.58%	13,902,860	7.60%

11.3 SHAREHOLDING OF PROMOTERS

Shareholding of the promoters during the year ended March 31, 2024

Promoter name	No. of share	Percentage of total shares	Percentage of change during the period
Infinity Capital Ventures, LP, USA (Unlisted)	13,902,860	8%	(0.00)%
Vegesna Family Trust, USA (Listed)	620,466	0%	(0.00)%
Infinity Satcom Universal Private Limited	14,530,000	8%	(0.00)%
Ramanand Core Investment Company Private Limited	125,000,000	68%	(0.00)%
Total	154,053,326	84%	

Shareholding of the promoters during the year ended March 31, 2023

Promoter name	No. of share	Percentage of total shares	Percentage of change during the period
Infinity Capital Ventures, LP, USA (Unlisted)	13,902,860	8%	(0.00)%
Vegesna Family Trust, USA (Listed)	620,466	0%	(0.00)%
Infinity Satcom Universal Private Limited	14,530,000	8%	(0.00)%
Ramanand Core Investment Company Private Limited	125,000,000	68%	(0.00)%
Total	154,053,326	84%	

		As at March 31, 2024	As at March 31, 2023
12. OTHER EQUITY			
12.1 RESERVES AND SURPLUS			
Securities premium			
Balance at the beginning of the year		199,480	199,390
Add: Transfer from stock option outstanding account in respect of options exercised during the year		108	19
Add: Additions during the year		368	71
	(A)	**199,956**	**199,480**

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

		As at March 31, 2024	As at March 31, 2023
General reserve			
Balance at the beginning of the year		791	776
Add: transferred from stock options outstanding account		54	15
	(B)	**845**	**791**
Retained earnings			
Balance at the beginning of the year		53,946	51,438
Adjustments:			
Add: Profit for the year		(871)	2,508
	(C)	**53,075**	**53,946**
	(D) = (A)+(B)+(C)	**253,876**	**254,217**
Less: Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (41) (a)]		(116,264)	(116,264)
Less: Accumulated losses dealt with vide scheme of merger [Refer Note D (41)(b)]		(27,661)	(27,661)
	(E)	**109,951**	**110,292**

12.2 OTHER COMPONENTS OF EQUITY

		As at March 31, 2024	As at March 31, 2023
Stock option outstanding account			
Balance at the beginning of the year		1,144	1,013
Add: Employee stock compensation cost for the year		21	98
Add: Employee stock compensation cost for the year relating to subsidiaries		48	67
Less: Transfer to securities premium in respect of options exercised during the year		(108)	(19)
Less: Transfer to general reserve in respect of grants lapsed during the year		(54)	(15)
	(F)	**1,051**	**1,144**
Remeasurement of net defined benefit liability/asset			
Balance at the beginning of the year		(124)	134
Add: Additions during the year		6	(258)
	(G)	**(118)**	**(124)**
	(E)+(F)+(G)	**110,884**	**111,312**

Nature and purpose of Reserves

a) Securities Premium

Securities Premium used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013

b) General Reserve

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

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

	As at March 31, 2024	As at March 31, 2023

c) Retained Earnings

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

d) Stock Option Outstanding Account

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

e) Remeasurement of Defined benefit Liability / Asset

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

13. BORROWINGS

13.1. TERM LOANS

	As at March 31, 2024	As at March 31, 2023
Secured		
From banks [Refer Note (a) (e) and (f) below]	16,263	17,443
From others [Refer Note (a) and (f) below]	12,000	
Unsecured		
From others [Refer Note (b) to (c) below]	5,582	5,808
	33,845.00	**23,251**

13.2. LEASE LIABILITIES

	As at March 31, 2024	As at March 31, 2023
Long term maturities of finance lease obligations[Refer Note (d) to (e) below]	80.00	856
Other Lease Liabilities - Non Current	6,293.08	5,810
	6,373.08	**6,666**
(A) + (B)	**40,218**	**29,917**

a. Of total term loan balance ₹ 36,718 (previous year ₹ 19,575), ₹ 7,697 (previous year ₹ 4,750) are primarily secured by a cover of 1.25 times charge on identifiable movable fixed assets, ₹ 4,021 (previous year ₹ 4,825) and are primarily secured by movable fixed assets funded out of term loan, ₹ 10,000 (previous year ₹ NIL) Exclusive Charge on assets created out of the capex for which reimbursement is sought and ₹ 15,000 (previous year ₹ 10,000) 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.

b. These are primarily taken from NBFCs and are unsecured

c. These bear interest rate ranging from 0% to 9.50% (Previous Year: 0% to 10.50%) and repayable over a period of 24 to 60 months on quarterly instalments.

d. The current maturities of the above borrowings, carrying the aforesaid security and repayment terms are grouped under Note D (17)

e. The Company has adjusted the processing charges paid with respect to borrowings from borrowings from banks ₹ 330 (Previous year ₹ 328)

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

		As at March 31, 2024	As at March 31, 2023
f. The current maturities of borrowings are as under:			
Secured			
Term loan from banks		4,880	1,551
Current maturities of finance lease obligations		738	1,046
Unsecured			
Loan from others		6,658	2,468
Current portion of lease obligation		1,823	1,122
		14,099	**6,187**
14. OTHER FINANCIAL LIABILITIES - NON-CURRENT			
Security deposits		379	379
Other liabilities		-	0
		379	**379**
15. PROVISIONS			
Provisions for employee benefits - current			
Compensated absences		152	127
	(A)	**152**	**127**
Provisions for employee benefits - non-current			
Gratuity		44	152
Compensated absences		442	375
	(B)	**486**	**527**
	(A) + (B)	**638**	**654**
16. OTHER NON-CURRENT LIABILITIES			
Contract liability (Unearned income)		29,535	22,599
		29,535	**22,599**

*includes unearned income from Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary ₹ 293 (previous year ₹ 137)

Refer note D (47) for the movement in Contract liability (Unearned income)

17. BORROWINGS AND LEASE LIABILITIES (SHORT-TERM)

17.1. BORROWINGS

	As at March 31, 2024	As at March 31, 2023
Loans repayable on demand from banks - Secured [Refer notes (a) to (d) below]		
Working capital facilities	18,451	15,706
Buyers' credit from banks	-	0
Loans repayable on demand from banks - Unsecured		
Working capital facilities		2,350

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

	As at March 31, 2024	As at March 31, 2023
Buyers' credit from banks [refer note (e) below]	1,836	2,410
Current maturities of Long Term Loans		
Current maturities of long term debt* (refer note (h))	4,880	1,551
Current maturities of other loans*	6,658	2,468
	31,825	**24,485**

*Also refer note D (13)

17.2. LEASE LIABILITIES

Current maturities of Lease obligation		
Current maturities of finance lease obligations* (Refer note (f) and (g))	738	1,046
Current portion of other lease obligations*	1,823	1,122
	2,561	**2,168**

*Also refer note D(13)

(a) Of the above, facilities amounting to ₹ 15,751 (Previous Year : ₹ 16,590), availed by the Company are primarily secured by way of pari-passu charge on the entire current assets of the Company to all working capital bankers under consortium.

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

(i) exposure amounting to ₹ 12,751 (previous Year : ₹ 13,290) 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 ₹ 6,486 (previous Year : ₹ 6,571) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai, Vashi 6th floor, Vile Parle at Mumbai and Hyderabad Property.

(iii) exposure amounting to ₹ 3,000 (Previous Year : ₹ 3,300) is collaterally secured by equitable mortgage over the land and building at Noida and also covered by WDV of specific movable fixed assets funded out of their Term loan (since closed) at Noida DC, Uttar Pradesh.

(iv) the exposure amounting to ₹ 4,260 (previous Year : ₹ 4,260) is collaterally secured by equitable mortgage over the Vashi 5th floor property at Mumbai.

(c) Of the above, facilities amounting to ₹ 2,700 (Previous Year : ₹ NIL), availed by the Company are primarily secured by way of pari-passu charge on the current assets of the Company and collaterally by way of pari-passu charge on the unencumbered movable fixed assets of the Company, both present and future.

(d) These working capital facilities bear interest ranging from 8.00% p.a. to 8.95%. [Previous year: 5.4% p.a. to 9.30% p.a.] and these facilities are subject to renewal annually.

(e) The loans in the nature of Buyers Credit bear interest rate 2.97% to 6.23% (previous year 0.67% to 1.10%).

(f) These are primarily taken from NBFCs and are secured by lease of relevant assets.

(g) These bear interest rate ranging from 5.04% to 9.50% (Previous Year: 9% to 10.50%) and repayable over a period of 24 to 60 months on quarterly instalments.

(h) The Company has adjusted the processing charges paid with respect to borrowings from banks ₹ 245 (Previous year ₹ 253)

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

	As at March 31, 2024	As at March 31, 2023
(i) Working capital facilities comprises the following:		
Bank overdraft	2,822	3,226
Other working capital facilities	17,465	14,830
	20,287	**18,056**

18. TRADE PAYABLES

	As at March 31, 2024	As at March 31, 2023
Towards purchase of goods and services		
(A) Total outstanding dues to micro enterprises and small enterprises	433	203
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	47,880	54,899
Other payables	-	-
	48,313	**55,102**

* Includes :

(a) This amount include payables relating to services received from subsidiary companies ₹ Nil (Previous year ₹ Nil). This amount also includes ₹ Nil (Previous year ₹ Nil) transferred to subsidiary companies on account of amount payable towards vendor contracts novation pursuant to BTA. Pending confirmation from vendors, the invoices have been booked in parent company and subsequently transferred.Also refer note D (36).

(b) There are no dues payable to micro, small and medium enterprises as on March 31, 2023 (Previous year ₹ Nil) - Refer note D(47)

Trade Payables ageing schedule

The following table presents the ageing of the Trade payables for the period ended March 31, 2024

Particulars	< 1 Year	1- 2 Years	2 - 3 Years	> 3 Years	Total
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises *	433	-	-	-	433
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	41,502	1,041	3,199	2,138	47,879
Total	**41,935**	**1,041**	**3,199**	**2,138**	**48,313**
Disputed Trade payables :					
(c) Total outstanding dues to micro enterprises and small enterprises					
(d) Total outstanding dues of creditors other than micro enterprises and small enterprises					
	-	-	-	-	-
Total	**41,935**	**1,041**	**3,199**	**2,138**	**48,313**

*** Out of the above, 433 pertains to not due as on March' 31 2024**

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

The following table presents the ageing of the Trade payables for the year ended March 31, 2023

Particulars	< 1 Year	1- 2 Years	2 - 3 Years	> 3 Years	Total
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises*	203	-	-	-	203
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	33,153	9,455	847	11,444	54,899
Total	**33,356**	**9,455**	**847**	**11,444**	**55,102**
Disputed Trade payables :					
(c) Total outstanding dues to micro enterprises and small enterprises					
(d) Total outstanding dues of creditors other than micro enterprises and small enterprises					
	-	-	-	-	-
Total	**33,356**	**9,455**	**847**	**11,444**	**55,102**

Note: Outstanding for above periods is from the date of Invoice .

*** Out of the above, 203 pertains to not due as on March' 31 2023**

	As at March 31, 2024	As at March 31, 2023
19. OTHER FINANCIAL LIABILITIES		
Capital creditors	4,042	7,400
Interest accrued	175	110
Deposits from customers	0	330
Other payables	881	2,139
Unpaid dividends	*	*
	5,098	**9,979**

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

20. OTHER CURRENT LIABILITIES		
Advances received from customers	11,454	7,851
Statutory payables	323	540
Contract liability (Unearned income)*	14,305	12,099
Other payables	1,321	1,414
	27,403	**21,904**

*includes Unearned income from Sify Technologies (Singapore) Pte Limited, a wholly owned subsidiary ₹ 31 (Previous year ₹ 16)

*Refer note D (47) for the movement in Contract liability (Unearned income)

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

	As at March 31, 2024	As at March 31, 2023

21. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

(i) Claims against the Company not acknowledged as debts include demands from Indian Income Tax authorities for payment of tax amounting to ₹ Nil (Previous Year - ₹ Nil).

(ii) Contingencies due to certain Service Tax claims as at March 31, 2024 amounted to ₹ 4,162 (previous year: ₹ 4,162).

(iii) Contingencies due to certain Sales Tax claims as at March 31, 2024 amounted to ₹ 147(Previous Year: ₹ 2,238).

(iv) Contingencies due to certain Goods And Services Tax claims as at Mar 31, 2024 amounted to ₹ 240 (Previous Year: ₹ NIL).

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

(vi) The Company has provided letter of support to its subsidiary, SKVR Software Solution Limited ('SKVR') extending financial support in order to meet the shortfall in SKVR's fund requirements to complete the project in progress and to meet other liabilities for a period of not less than 12 months from the date of financial closure of accounts of SKVR for the year ended March 31, 2024.

(b) 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 ₹ 20,200 with subsequent subscription of ₹ 19,800 during the year 2021-2022 and 2022-23 and an option to request additional ₹ 60,000. On July 20 2023, ₹ 60,000 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.

(c) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for	11,993	16,937

Notes:

(a) Refer note D (40) in respect of contingencies arising on legal proceedings.

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

	For the Year ended March 31, 2024	AFor the Year ended March 31, 2023
22. REVENUE FROM OPERATIONS		
Revenue from operations		
- Domestic	99,770	86,814
- Export	12,771	32,214
	112,541	**119,028**
Revenue arising from Voice services	2,063	18,092
Revenue arising from others	110,478	100,936
	112,541	**119,028**

Note : Performance obligations and remaining performance obligations

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

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

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
To be recognised:		
Within one year	6,565	11,832
One to three years	3,808	8,484
Three years or more	33,467	14,382
Total	**43,840**	**34,698**

23. OTHER INCOME		
Interest income		
From banks	97	212
Others*	1,982	1,785
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	26	63
Gain on foreign exchange fluctuation (Net)		179
Rental income	2,362	1,617
Income from Lease termination	88	609
Miscellaneous income	2,705	142
	7,260	**4,607**

*Interest from others includes interest income from Income tax refund ₹ 487 Lakhs (Previous year : ₹ 847 Lakhs)

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

	For the Year ended March 31, 2024	AFor the Year ended March 31, 2023
24. COST OF SERVICES RENDERED		
Cost of services rendered		
Networking costs	47,356	54,852
Other direct costs	13,410	13,608
	60,766	68,460
	60,766	68,460
25. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	12,017	10,937
Contribution to provident and other funds	928	794
Staff welfare expenses	253	176
Share-based payments to employees [Note D(36)]	21	98
	13,219	12,005
26. FINANCE COSTS		
Interest	5,548	3,611
Other finance costs	870	831
Interest on lease liability	813	714
	7,231	5,156
27. OTHER EXPENSES		
Commission expenses	1,078	836
Communication expenses	127	105
Rent	1,129	1,633
Rates and taxes	387	243
Travelling expenses	786	691
Power and fuel expenses	1,345	1,221
Legal and professional	1,633	1,284
Payment to auditors		
- For Statutory audit fees	23	20
- For Other services	32	32
- For Reimbursement of Expenses	0	1
Repairs and maintenance expenses		
- Plant and machinery	2,122	1,516
- Buildings	1,165	1,527
- Others	3,435	3,188
Insurance	222	202
Outsourced manpower costs	837	864
Advertisement, selling and marketing expenses	1,112	706
Loss on foreign exchange fluctuation (net)	169	0
Contribution towards corporate social responsibility [Refer note D(49)]	112	161
Allowance for bad and doubtful debts (refer note D(7) for bad debts written off)	1,950	2,839
Miscellaneous expenses	950	970
	18,614	18,039

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

28. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2024

(i) Long term borrowings*

Particulars	As at April 01, 2023	Proceeds	Repayment	Non cash movement: Assets acquired on lease	Non cash movement: Foreign exchange movement	Fair value changes	Re-Classification	As at March 31, 2024
Term loans from Bank	18,994	20,000	(2,857)	-	-	-	(14,993)	21,143
Term loans from Others	8,276	4,452	(3,618)	-	-	129	15,000	24,240
Finance lease obligations	1,902	-	(1,045)	-	-	(39)	-	818
Total	**29,172**	**24,452**	**(7,520)**	-	-	**91**	**7**	**46,201**

*including current maturities

Note: The Axis Finance Limited Rs.15000 is reclassified to Term Loan from Others

*The Company has adjusted the processing charges paid with respect to borrowings from banks ₹ 573

(ii) Short term borrowings

Particulars	As at April 01, 2023	Cash flow	Foreign exchange movement	As at March 31, 2024
Working capital facilities excluding overdraft*	14,830	2,635	-	17,465
Other short term borrowing	2,410	(574)	-	1,836
Total	**17,240**	**2,061**	**-**	**19,301**

* Bank overdrafts are used for cash management purposes [Refer Note D (8)]

RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2023

(i) Long term borrowings *

Particulars	As at April 01, 2022	Proceeds	Repayment	Non cash movement: Assets acquired on lease	Non cash movement: Foreign exchange movement	Fair value changes	Re-Classification	As at March 31, 2023
Term loans from Bank*	1,725	20,261	(2,411)	-	-	-	(581)	18,994
Term loans from Others*	4,975	5,624	(2,421)	-	-	98	-	8,276
Finance lease obligations	2,591	28	(1,028)	-	-	311	-	1,902
Total	**9,291**	**25,913**	**(5,860)**	-	-	**409**	**(581)**	**29,172**

*including current maturities

*The Company has adjusted the processing charges paid with respect to borrowings from banks ₹ 581

(ii) Short term borrowings

Particulars	As at April 01, 2022	Cash flow	Foreign exchange movement	As at March 31, 2023
Working capital facilities excluding overdraft*	27,950	(13,120)	-	14,830
Other short term borrowing	1,732	662	16	2,410
Total	**29,682**	**(12,458)**	**16**	**17,240**

* Bank overdrafts are used for cash management purposes [Refer Note D (8)]

29. DEFERRED TAX ASSETS AND LIABILITIES

The tax effects of significant temporary differences that resulted in deferred tax assets/ (liabilities) and a description of the items that created these differences is given below :

Recognised deferred tax assets/(liabilities)		
Deferred tax assets on temporary deductible differences		
Property, Plant and Equipment	3,040	2,703
Leases under Ind AS 116	477	487
Provision for employee benefits	175	191
Accounts receivable	662	410
Provision for Doubtful Advances	152	152
Payment to the MSME Vendors	8	-
	4,514	**3,943**
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(1,131)	(985)
Finance lease obligations	(180)	(218)
	(1,312)	**(1,203)**
Net deferred tax asset recognised in Balance Sheet	**3,203**	**2,740**

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

	As at March 31, 2024	As at March 31, 2023

In assessing the realizability of the deferred income tax assets, management considers whether some portion or all of deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which deferred tax assets are deductible, management recognizes deferred tax assets on deductible temporary differences to the extent of deferred tax liabilities on taxable temporary differences. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

Movement in temporary differences during current and previous year

	Provision for employee benefits	Accounts receivable	Provision for Doubtful Advances	Property, Plant and Equipment	Intangible assets	Finance lease obligations	Leases under Ind AS 116	Payment to MSME Vendors
Balance as at March 31, 2022	**228**	**340**	**152**	**2,330**	**(1,078)**	**(282)**	**533**	
Recognised in income statement	(37)	70	-	373	93	64	(46)	-
Recognised in Equity	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	**191**	**410**	**152**	**2,703**	**(985)**	**(218)**	**487**	
Recognised in income statement	(16)	252	-	337	(147)	38	(9)	8
Recognised in Equity	-	-	-	-	-	-	-	-
Balance as at March 31, 2024	**175**	**662**	**152**	**3,040**	**(1,132)**	**(180)**	**478**	**8**

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

	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Income tax expense recognized in profit or loss		
Current tax expense/ (reversal)	217	762
Deferred tax expense / (asset)	(463)	(516)
	(246)	**246**
Reconciliation of effective tax rates		
A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:		
Profit before taxes	(1,117)	2,754
Enacted tax rates in India	25.17%	25.17%
Expected tax expense/(benefit)	(281)	693
Effect of :		
Effect of expenses that are not deductible in determining taxable profit	42	41
Recognition of previously unrecognised deferred tax asset on temporary differences	(6)	(488)
	(246)	**246**

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

Sitting fees	20	19
Consultancy fees	3	3

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

(a) Weighted average number of shares - Basic		
Issued fully paid up ordinary shares as on April 1,	182,835,369	182,742,369
Effect of shares issued on exercise of stock options	198,581	60,820
Effect of partly paid shares (Refer note below)		-
Weighted average number of equity shares outstanding	**183,033,950**	**182,803,189**
Profit for the Period	**(87,158,366)**	**250,836,120**
Basis Earnings per Share	**(0.48)**	**1.37**

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

(b) Weighted average number of shares - Diluted		
Weighted average number of equity shares outstanding	183,033,950	182,803,189
Dilutive impact of associated stock options*	2,164,419	2,869,403
Weighted average number of equity shares for diluted earnings per share	**185,198,369**	**185,672,592**
Profit for the Period	**(87,158,366)**	**250,836,120**
Diluted Earnings per Share	**(0.47)**	**1.35**

*The Company has issued Associate Stock Options of which 63,29,187 (Previous year - 69,72,978) options are outstanding as at March 31, 2024. These could potentially dilute basic earnings per share in future. Refer Note D(36).

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

32. FOREIGN CURRENCY EXPOSURE

The details of foreign currency exposure as at March 31, 2024 are as follows:

Particulars	As at March 31, 2024		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	3	240
	GBP	1	111
	EUR	*	5
			356
Trade Receivables	USD	131	10,923
	EUR	5	408
			11,331
Amounts payable in foreign currency on account of:			
Trade Payables	EUR	4	377
	USD	67	5,576
	DHS	-	7
	GBP	-	48
			6,008
Foreign currency borrowings	USD	22	**1,836**

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

The details of foreign currency exposure as at March 31, 2023 are as follows:

Particulars	As at March 31, 2023		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	2	201
	GBP	1	71
	EUR	*	40
			312
Trade Receivables	USD	220	18,053
	EUR	3	307
			18,360
Amounts payable in foreign currency on account of:			
Trade Payables	EUR	2	224
	USD	233	19,127
	DHS	-	6
	GBP	-	35
			19,392
Foreign currency borrowings	USD	29	**2,410**

* amount below rounding-off norm adopted by the Company

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

33. EMPLOYEE BENEFITS

a. Defined benefit plans (Gratuity)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (Gratuity)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Projected benefit obligation at the beginning of the year	1,444	1,138
Service cost	207	170
Interest cost	106	72
Remeasurement (gain)/losses	5	217
Benefits paid	(81)	(153)
Projected benefit obligation at the end of the year	**1,681**	**1,444**

Change in the fair value of plan assets

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Fair value of plan assets at the beginning of the year	1,292	685
Interest income	95	43
Employer contributions	320	802
Benefits paid	(81)	(197)
Return on plan assets, excluding amount recognised in net interest expense	11	(41)
Fair value of plan assets at the end of the year	**1,637**	**1,292**

Amount recognised in the Balance Sheet

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Present value of projected benefit obligation at the end of the year	1,681	1,444
Fair value of plan assets at the end of the year	(1,637)	(1,292)
Funded status amount of liability recognised in the Balance Sheet	**44**	**152**

Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Service cost	207	170
Interest cost	106	72
Interest income	(95)	(43)
Net gratuity costs	**218**	**199**
Actual return on plan assets	**106**	**2**

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

Summary of actuarial assumptions

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate	7.15%	7.30%
Expected rate of return on plan assets	5.00% p.a.	5.00% p.a.
Salary escalation rate	8.00%	8.00%
Average future working life time	21.46 years	21.68 years

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

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

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

Contributions: The Company expects to contribute ₹ 246.75 (previous year ₹ 801.82) to its gratuity fund during the year ending March 31, 2025.

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

	As at	
Year	March 31, 2024	March 31, 2023
1 year	359	311
2 to 5 years	1,047	902
6 to 10 years	655	568
More than 10 years	310	281

Plan assets: The Gratuity plan's weighted-average asset allocation as at March 31, 2024 and March 31, 2023 by asset category is as follows:

	March 31, 2024	March 31, 2023
Funds managed by insurers	100%	100%

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

Amount recognised in other comprehensive income for the years ended March 31, 2024 and March 31, 2023 are as follows:

	March 31, 2024	March 31, 2023
Remeasurement (gain) /loss arising from		
- change in demographic assumptions	-	(12)
- change in financial assumptions	10	107
- experience variance	(5)	122
- return on plan assets, excluding amount recognised in net interest expense/income	(11)	41
	(6)	**258**

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

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

	March 31, 2024		March 31, 2023	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	1,754	1,612	1,507	1,385
(% change compared to base due to sensitivity)	4.4%	(4.0)%	4.4%	(4.1)%
Attrition Rate (- / + 50% of attrition rates)	1,722	1,646	1,476	1,417
(% change compared to base due to sensitivity)	2.5%	(2.0)%	2.2%	(1.8)%
Mortality Rate (- / + 10% of mortality rates)	1,680	1,681	1,443	1,444
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%
Salary Growth rate (-/+ 1%)	1,623	1,739	1,392	1,497
(% change compared to base due to sensitivity)	(3.4)%	3.5%	(3.6)%	3.7%

b. Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The company has no further obligations under the plan beyond its monthly contributions. The company contributed ₹ 710 and ₹ 598 for the year ended March 31, 2024 and March 31, 2023 respectively.

34. SEGMENT REPORTING

Based on review by chief operating decision makers (CODM) there is only one segment i.e,. Network Centric services.

35. RELATED PARTIES AND TRANSACTIONS

(a) Related parties

The related parties where control / significant influence exists are subsidiaries and associates. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel includes the board of directors and other senior management executives. The other related parties are those with whom the Company has had transaction during the year ended March 31, 2024 and March 31, 2023 are as follows:

Particulars	Related Parties	Country of Incorporation	% of ownership interest
Holding companies	Ramanand Core Investment Company Private Limited (subsidiary of Raju Vegesna Infotech and Industries Private Limited)	India	
Subsidiaries	Sify Technologies (Singapore) Pte. Limited	Singapore	100%
	Sify Technologies North America Corporation	USA	100%
	Sify Data and Managed Services Limited	India	100%
	Sify Infinit Spaces Limited	India	100%
	Sify Digital Services Limited	India	100%
	Patel Auto Engineering Company India Private Limited	India	100%
	SKVR Software Solution Private Limited*	India	
Key Managerial Personnel	Mr. Raju Vegesna		
	Mr. M P Vijay Kumar		
	Mr. C R Rao		
	Mrs.Meenakshi Jayaraman		
Trust controlled by KMP of Holding Company	Raju Vegesna Foundation	India	

* Refer Note 44

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

(b) Related party transactions and balances

Following is a summary of related party transactions for the year ended March 31, 2024 :

Transactions	Holding Company	Subsidiaries	Others	Key Management Personnel
Consultancy services received	-	-	-	3
Sitting fees paid	-	-	-	20
Salaries and other short term benefits*	-	-	-	795
Contributions to defined contribution plans*	-	-	-	34
Share based payment transactions*	-	-	-	25
Lease rentals paid**	14	20	86	-
Lease rentals received***	-	2,362	-	-
Loan repaid by subsidiary	-	170	-	-
Receipt of services	-	3,459	-	-
Rendering of services	-	567	-	-
Interest received	-	1,458	-	-
Loan given	-	500	-	-
Security Deposit Transfer	-	10	-	-
Investment made in subsidiaries	-	8,305	-	-
Advances repaid by subsidiaries	-	3,541	-	-
Asset transfer	-	4,860	-	-
Revenue transferred	-	20,759	-	-
Other income transfer	-	14	-	-
Expenses transferred	-	26,140	-	-
Amount of outstanding balances				-
Advance lease rentals and refundable deposits made**	-		59	-
Loans given	-	2,080	-	-
Investment made in subsidiaries	-	-	-	-
Amounts Receivable	-	945	-	-
Amounts Payable	-	11,314	-	-
Trade Payable	-	303	-	-
Trade receivable	-	221	-	-
Lease Deposit received	-	345	-	-
Lease rentals payable**	2	-	8	-

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

Additional information - Subsidiary wise breakup for the year ended March 31, 2024

<u>Particulars</u>	SDSL	SISL	Sify NA@	Sify SGP	Patel	SKVR
Receipt of services	2,215	303	-	941	-	-
Rendering of services	-	-	14	553	-	-
Lease rentals received***	-	2,362	-	-	-	-
Lease rentals paid	-	20	-	-	-	-
Interest received	-	1,398	-	-	60	-
Other Income transfer	14	-	-	-	-	-
Loans repaid for subsidiaries	3,541	-	-	-	-	-
Loans given	-	-	-	-	500	-
Loan repaid by subsidiary	-	-	-	-	170	-
Security Deposit transfer	-	10	-	-	-	-
Asset transfer	4,855	5	-	-	-	-
Investment made in subsidiaries	4,998	-	1,247	-	-	2,060
Revenue transfer	19,628	1,131	-	-	-	-
Expenses transfer	21,859	4,273	7	1	-	-
Outstanding Balances						
Trade payable	-	-	-	303	-	-
Trade receivable	-	-	52	169	-	-
Loans given	-	900	-	-	1,180	-
Amounts Receivable	945	-	-	-	-	-
Amounts Payable	10,196	1,118	-	-	-	-
Advances Payable/Receivable	9,926	958	41	86	16	-
Lease Deposit	-	345	-	-	-	-
					-	
Unearned income	-	-	-	324	-	-
Right of use Asset	-	-	-	520	-	-

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

Following is a summary of related party transactions for the year ended March 31, 2023:

	Holding Company	Subsidiaries	Others	Key Management Personnel
Transactions				
Consultancy services received	-	-	-	3
Sitting fees paid	-	-	-	22
Salaries and other short term benefits*	-	-	-	559
Contributions to defined contribution plans*	-	-	-	22
Share based payment transactions*	-	-	-	19
Lease rentals paid**	14	-	82	-
Lease rentals received***	-	1,599	-	-
Receipt of services	-	3,330	-	-
Rendering of services	-	66	-	-
Interest received	-	785	-	-
Loan given	-	175	-	-
Security Deposit Transfer	-	360	-	-
Investment made in Compulsory Convertible Debentures	-	12,250	-	-
Advances repaid by subsidiaries	-	1,318	-	-
Asset transfer	-	5,704	-	-
Revenue transferred	-	32,279	-	-
Other income transfer	-	221	-	-
Expenses transferred	-	26,808	-	-
Amount of outstanding balances				
Advance lease rentals and refundable deposits made**	-	-	56	-
Loans given (Includes loan given to Patel Auto Engineering Company India Private Limited of ₹ 850 (Previous year : Nil))	-	1,750	-	-
Amounts Receivable	-	7,706	-	-
Amounts Payable	-	15,726	-	-
Trade Payable	-	433	-	-
Trade receivable	-	4	-	-
Lease Deposit received	-	345	-	-
Lease rentals payable**	1	-	7	-

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

Additional information - Subsidiary wise breakup for the year ended March 31, 2023

Particulars	SDSL	SISL	SDMS	Sify NA@	Sify SGP
Receipt of services	2,198	303	-	-	829
Rendering of services	-	-	-	-	66
Lease rentals received***	-	1,599	-	-	-
Interest received	-	765	20	-	-
Other Income transfer	221	-	-	-	-
Advances repaid by subsidiaries	-	-	1,318	-	-
Loans given	-	100	75	-	-
Loan repaid by subsidiary	-	210	385	-	-
Security Deposit transfer	-	360	-	-	-
Sale of Leasehold land		584	-	-	-
Asset transfer	5,669	35	-	-	-
Investment made in Compulsory Convertible Debentures	-	12,250	-	-	-
Revenue transfer	31,225	1,054	-	-	-
Expenses transfer	23,319	3,464	13	11	-
Outstanding Balances					
Trade payable	-	-	-	-	433
Trade receivable	-	-	-	-	4
Loans given	-	900	-	-	-
Investment made in Compulsory Convertible Debentures	-	22,250	-	-	-
Amounts Receivable	5,499	2,174	-	33	-
Amounts Payable	14,455	1,271	-	-	-
Lease Deposit received from SISL	-	345	-	-	-
Net Receivable / (Payable)	**(8,956)**	**23,708**	**-**	**33**	**(429)**
Unearned income					153
Right of use Asset					430

#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

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

**During the year 2011-12, the Company had entered into a lease agreement with M/s Raju Vegesna Infotech and Industries Private Limited, the holding Company, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.75 (Rupees Seventy Five Thousand Only) per month. Subsequently, the Company entered into an amendment agreement with effect from April 1, 2013, providing for automatic renewal for a further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years. Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective February 1, 2024 on a rent of ₹ 1.60 per month.

During the year 2011-12, the Company had also entered into a lease agreement with M/s Raju Vegesna Developers Private Limited, a Company in which Mr Ananda Raju Vegesna, Executive Director of the Company and Mr Raju Vegesna, Chairman and Managing director of the Company exercise significant influence, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.30 (Rupees Thirty Thousand Only) per month. The agreement provides for the automatic renewal for further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years.Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective February 1, 2024 on a rent of ₹ 0.59 per month.

During the year 2010-11, the Company had entered into a lease agreement with Ms Radhika Vegesna, daughter of Mr Anand Raju Vegesna, Executive Director of the company, to lease the premises owned by her for a period of three years effective June 1, 2010 on a rent of ₹ 3 per month and payment of refundable security deposit of ₹ 26. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged. Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective June 1, 2019 on a rent of ₹ 6.39 per month and payment of additional refundable security deposit of ₹ 30. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged.

* Represents salaries and other benefits of Key Management Personnel comprising of Mr. Kamal Nath - CEO, Mr. M P Vijay Kumar - WTD & CFO and Mr. C R Rao - COO.

* During the Current year, the Managerial Remuneration paid to Mr. M P Vijay Kumar, Whole-time Director is in excess of the limits laid down under section 197 of the Companies Act, 2013 by ₹ 209 lakhs for which the Company has obtained approval from its shareholders as per the provisions of the Companies Act, 2013.

***During the year 2020-21, the Company had entered into a lease agreement with Sify Infinit Spaces Limited, the Subsidiary Company, to lease the premises at Chennai, Noida and Hyderabad owned by the company for a period of ten years effective April 1, 2020 on a rent of ₹ 7.20 (Rupees Seven lakhs Twenty Thousand), ₹ 57.37 (Rupees Fifty Seven Lakhs Thirty Seven Thousand) & ₹ 38.59 (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.

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

36. ASSOCIATE STOCK OPTION PLAN

The Company had issued stock options under Associate Stock Option Plan (ASOP) 1999, ASOP 2000, ASOP 2002, ASOP 2005, ASOP 2007 and ASOP 2014. The Compensation Committee grants the options on the basis of performance, criticality and potential of the employees as identified by the management. Each option entitles the holder to purchase one American Depository Share (ADS) at an exercise price determined by the Compensation committee on the date of the grant. There are no options outstanding in respect of ASOP 1999, ASOP 2000, ASOP 2002, ASOP 2005 and ASOP 2007 as at March 31, 2024. The plan details of ASOP 2014 are as follows:

(i) ASOP 2014

During July 2014, the shareholders of the Company approved a new scheme for allotment of shares to employees i.e. Associate Stock Option Plan 2014. 2,50,00,000 shares are reserved for this plan. Consequently 58,70,800 options were granted to the employees on January 20, 2015. The Company has granted additional 25000, 1,95,000, 465,000, 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 :

No of Options	Category	Vesting Pattern
4,304,600	Category I	3/5th of the options vest at the end of one year from the date of grant. The remaining 2/5th vests at the end of every half year during second and third years from the date of grant in 4 equal instalments
6,612,700	Category II	2/5th of the options vest at the end of one year from the date of grant. The remaining 3/5th vests at the end of every half year during second, third and fourth years in 6 equal instalments
4,052,800	Category III	2/5th of the options vest at the end of two years from the date of grant. The remaining 3/5th vests at the end of every half year during third, fourth and fifth years in 6 equal instalments.

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

No. of options granted, exercised and forfeited	For the year ended	
	March 31, 2024	March 31, 2023
Outstanding at the beginning of the year	6,972,978	7,232,978
Granted during the year	-	25,000
Forfeited and expired during the year	(146,700)	(192,000)
Exercised during the year	(497,091)	(93,000)
Outstanding at the end of the year	**6,329,187**	**6,972,978**
Vested and exercisable at the end of the year	5,183,587	5,584,478
Weighted average exercise price in ₹	90.12	92.60
Remaining contractual period	0.05-3.82 Years	0.06-4.82 Years

The fair value of stock options granted has been measured using the Black Scholes model at the date of the grant. The Black Scholes model includes assumptions regarding dividend yields, expected volatility, expected term (or “option life”) and risk free interest rates. In respect of the options granted, the expected term is estimated based on the vesting term, contractual term as well as expected exercise behaviour of the employees receiving the option. Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of the Company’s publicly traded equity shares. Share prices for the year 2011-12 have been eliminated in determining volatility as there had been extra ordinary price movements during the said period on account of capital infusion by promoters. Dividend yield of the options is based on the recent dividend activity. Risk-free interest rates are based on the Government securities yield in effect at the time of the grant. These assumptions reflect management’s best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside the Company’s control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in the future periods, stock compensation expense could be materially impacted in future years.

The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

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

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2024 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2024	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	66.6 - 230.97	6,329,187	90.12	0.05-3.82 Years

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2023 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2022	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	66.6 - 230.97	6,972,978	92.60	0.06-4.82 Years

37. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

i. Forward and option contracts

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2024 and March 31, 2023 are given below:

Particulars	Currency	As at March 31, 2024	As at March 31, 2023
Forward/Option contracts (Sell)	USD	Nil	Nil
Forward/Option contracts (Buy)	USD	Nil	Nil
Net (gain) / loss on mark to market in respect of forward/option contracts outstanding	INR	Nil	Nil

The Company recognized a profit/(loss) on the forward contracts of ₹ 1 (Previous year : Net profit of ₹ (14)) 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 at March 31, 2024	As at March 31, 2023
Forward/Option contracts	(USD) (Sell)	(USD) (Sell)
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	-	-

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

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2024 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	-	-	-
Trade receivables	37,009	-	-	37,009	37,009
Cash and bank balances	13,311	-	-	13,311	13,311
Other financial assets	16,308	-	-	16,308	16,308
Liabilities					
Borrowings from banks	38,608	-	-	38,608	38,608
Borrowings from others	24,240	-	-	24,240	24,240
Bank overdraft	2,822	-	-	2,822	2,822
Lease Liabilities	8,934	-	-	8,934	8,934
Trade payables	47,880	-	-	47,880	47,880
Other financial liabilities	5,477	-	-	5,477	5,477
Derivative financial instruments	-	-	-	-	-

The carrying value and fair value of financial instruments by each category as at March 31, 2023 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Trade receivables	48,627	-	-	48,627	48,627
Cash and bank balances	13,674	-	-	13,674	13,674
Other financial assets	11,006	-	-	11,006	11,006
Liabilities					
Borrowings from banks	36,234	-	-	36,234	36,234
Borrowings from others	8,276	-	-	8,276	8,276
Bank overdraft	3,226	-	-	3,226	3,226
Lease Liabilities	8,834	-	-	8,834	8,834
Trade payables	55,102	-	-	55,102	55,102
Other financial liabilities	10,358	-	-	10,358	10,358

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

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2024 and March 31, 2023 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at	
	March 31, 2024	March 31, 2023
Trade receivables	18,451	18,056
Cash and bank balances	734	4,408
	19,185	**22,464**

- 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

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

	Year ended	
	March 31, 2024	March 31, 2023
(a) Financial assets at amortised cost		
Interest income on bank deposits	97	212
Interest income on other financial assets	1,494	938
Impairment on trade receivables	(1,950)	(2,839)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net (gains)/losses on fair valuation of derivative financial instruments	-	-
(c) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(813)	(714)
Interest expenses on borrowings from banks, others and overdrafts	(5,548)	(3,611)

38. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables, treasury operations and other activities that are in the nature of leases.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

Cash and cash equivalents and other investments

In the area of treasury operations, the Company is presently exposed to counter-party risks relating to short term and medium term deposits placed with public-sector banks, and also to investments made in mutual funds. The Chief Financial Officer is responsible for monitoring the counterparty credit risk, and has been vested with the authority to seek Board's approval to hedge such risks in case of need.

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2024 and March 31, 2023 was as follows:

	As at	
	March 31, 2024	March 31, 2023
Other investments	-	-
Trade receivables	37,009	48,627
Cash and bank balances	13,311	13,674
Other financial assets	16,308	11,006
	66,628	73,307

Financial assets that are neither past due nor impaired

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations. In addition, the Company has concluded arrangements with well reputed Banks, and has unused lines of credit that could be drawn upon should there be a need. The Company is also in the process of negotiating additional facilities with Banks for funding its requirements.

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

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

As at March 31, 2024

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	38,608	42,975	23,730	12,402	6,843	-
Borrowings from others	24,240	29,486	8,753	13,916	6,817	-
Bank overdraft	2,822	3,003	3,003	-	-	-
Lease Liabilities	8,934	11,891	3,465	3,720	1,812	2,894
Trade payables	47,880	38,922	38,922	-	-	-
Other financial liabilities	5,477	5,807	5,807		-	-
	127,961	**132,084**	**83,680**	**30,038**	**15,472**	**2,894**

As at March 31, 2023

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	36,234	44,072	21,241	11,124	9,588	2,119
Borrowings from others	8,276	9,519	3,039	4,532	1,948	-
Bank overdraft	3,226	1,726	1,726	-	-	-
Lease Liabilities	8,834	11,592	3,422	3,629	1,423	3,118
Trade payables	55,102	38,922	38,922	-	-	-
Other financial liabilities	10,358	10,359	9,988	371	-	-
	122,030	**116,190**	**78,338**	**19,657**	**12,959**	**5,237**

Market risk:

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

Currency risk:

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

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

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

The Company's exposure to foreign currency risk as at March 31, 2024 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loans	Net Balance Sheet exposure
USD	3	131	(67)	(22)	45
GBP	1	-	*	-	1
EUR	*	5	(4)	-	1
DHS	-	-	*	-	
HKD	-	-	*	-	

The Company's exposure to foreign currency risk as at March 31, 2023 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loans	Net Balance Sheet exposure
USD	2	220	(233)	(30)	(40)
GBP	1	-	*	-	1
EUR	*	3	(2)	-	1
DHS	-	-	*	-	-
HKD	-	-	*	-	-

A 10% strengthening of the rupee against the respective currencies as at 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.

	Other comprehensive income	Profit/(loss)
March 31, 2024	-	384
March 31, 2023	-	313

A 10% weakening of the rupee against the above currencies as at March 31, 2024 and March 31, 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 Company.

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

Profile

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

	Carrying amount	
	March 31, 2024	March 31, 2023
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	7,737	6
Financial liabilities		
- Borrowings from banks	1,836	2,410
- Borrowings from others	25,058	10,178
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	36,772	33,824
- Bank overdrafts	2,822	3,226

Fair value sensitivity for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for 2023.

	Equity	Profit or (loss)
March 31, 2024	-	(46)
March 31, 2023	-	(52)

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

39. CAPITAL MANAGEMENT

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2024 is ₹ 1,29,345 (Previous Year: ₹ 1,29,724).

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

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

		As at	
		March 31, 2024	March 31, 2023
Debt		65,670	47,736
Less: cash and bank balances		(14,041)	(13,674)
Net debt	A	**51,629**	**34,062**
Equity	B	129,345	129,724
Net debt to Equity ratio	**A/B**	**40%**	**26%**

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

40. LEGAL PROCEEDINGS

a) Proceedings before Department of Telecommunications

(i) License fees

DoT issued a demand notice on 22.08.2023 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 final outcome of the adjudication is expected in the month of April, 2024.

TDSAT vide its Order dated 28.02.2022 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 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 Madras High Court.

It is important to note that Supreme Court had by its Order dated 10.06.2020, accepted the stand 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.

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

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 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 24.10.2019 is not applicable to Internet Service Providers and the license conditions are different. The Company which had received notices for earlier years from DoT claiming 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

b) DoT has issued a notification calling upon all the licensees to pay license fee on pure internet services effective from 01.04.2022 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 Supreme Court. The Company has appropriately accounted for any adverse effect that may arise in this regard in the books of account. However TDSAT by its order dated 18.10.2019 held that license fee is not chargeable on the Internet Service Providers. DoT has filed appeal before Supreme Court and the appeal is pending for final hearing. However the company has started paying AGR on pure internet effective from 01.04.2022 pursuant to the notification issued by DOT.

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

c) 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 12.04.2016 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 21.02.2018, screenshots of 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 vested interest 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 Govt of India directed the investigating authority to conduct enquiry into the allegations. PIL was also filed before Hon'ble Court for cancellation of the examination process. However, Hon'ble 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 Court, 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.

d) 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.

e) The company has received an adverse arbitration award for a sum of ₹ 200 million in the petition filed by one of the vendor and the company is in the process of filing the appeal challenging the Award before High Court of Madras as the counter claim was rejected without any basis or reasoning.

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

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

g) During the financial year 2019-20, Directorate General of Goods and Services Tax Intelligence (DGGI) did an inspection based on the analysis of service tax returns filed by the company in the past. The company has been categorising services relating to e-Learning and Infrastructure Management Services provided to foreign customers billed in convertible foreign currency under OIDAR services while filing its half-yearly service tax return. However, based on the Place of Provision of Services Rules then applicable under the Finance Act, 1994, Service Tax has to be paid for OIDAR services provided to foreign customers even if the conditions for qualifying as export of services are met. Hence, the DGGI contended that Service Tax should be paid on the services classified as OIDAR services in the returns. The total contended during the period April 2014 to November 2016 of Service Tax was ₹ 1,618 and the Interest & Penalty as applicable. The company believes that the services relating to e-learning and infrastructure management services will not fall under OIDAR services and also the activities covered under E-learning and IMS does not meet the conditions for taxation under the provisions applicable as OIDAR and hence there is no liability. However, during the investigation, the Company has paid ₹ 646 under protest to continue the proceeding with the relevant adjudicating authorities. Thereafter, the DGGI has issued Show Cause Notice and the company has replied on the same. The matter is pending with the Adjudicating Authority. The company believes that no provision is required to be made against this demand.

41. ADJUSTMENT TO THE SECURITIES PREMIUM ACCOUNT

a) Pursuant to the approval of the shareholders of the Company at the eleventh annual general meeting held on September 24, 2007 and confirmation by the Honourable High Court of Madras vide its Order dated December 13, 2007, accumulated losses of ₹ 116,264 as on April 1, 2007 has been adjusted against the balance in the securities premium account.

b) The company had an accumulated loss of ₹ 19,783 as on March 31, 2013. Consequent to scheme of amalgamation of two subsidiary companies, the accumulated loss stood at ₹ 27,661. As part of the said scheme of amalgamation, it was proposed to set off the accumulated losses of the Company and subsidiaries with the Securities Premium account of the company. Accordingly the debit balance in the “Profit and Loss Statement as on the Appointed Date was ₹ 27,661 representing the losses carried forward by the Company and the two subsidiaries (the Transferor Companies). The details of loss incurred/profit earned by the Transferee Company over the last five years prior to the scheme are given below:

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

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

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

42. ACQUISITION OF PRINT HOUSE (INDIA) PRIVATE LIMITED

During FY 2020-21, the company has acquired Print House India Private Limited ('PHIPL') through Corporate Insolvency Resolution Process. The company emerged as successful Resolution Applicant (RA) vide Hon'ble National Company Law Tribunal ('NCLT') order dated June 23, 2020. Pursuant to the Resolution Plan submitted, the management of affairs of the company vested with Monitoring Committee consisting of Resolution Professional and the Financial Creditor of PHIPL. The company took over the management of affairs of PHIPL after dissolution of Monitoring Committee on October 16, 2020 as per the Resolution Plan. The existing share capital of PHIPL would be reduced to Nil. Fresh capital has been issued to the company. The company has implemented the Resolution Plan in terms of settlement of financial creditors, operational creditors, absorbing of employees as appropriate to the continuance of proposed business and reviving the operations of the company by converting the facility into world class data centers as per the order of Hon'ble NCLT and the orders dismissing appeals by both Hon'ble NCLT and Hon'ble National Company Law Appellate Tribunal ('NCLAT').

During FY2022-23, 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 of Amalgamation to 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

43. ACQUISITION OF PATEL AUTO ENGINEERING COMPANY (INDIA) PRIVATE LIMITED

During the year 2022-23, Sify Technologies Limited (Company) has acquired Patel Auto Engineering Company (India) Private Limited ("PAECIPL") with its registered office in Rabale, Navi Mumbai through Share Purchase agreement dated March 22nd 2023 for a consideration of INR 5,250 Lakhs paid to Shareholders of PAECIPL. The Company has also given an Intercorporate Deposit of INR 850 Lakhs to PAECIPL. PAECIPL have only the Land allocated by MIDC on their books as on the date of Acquisition. The standalone financial statement of the Company shall account for leasehold rights of the land under Right to use asset for the fair value of leasehold rights with a description that the value of consideration is towards investment in Patel Auto Engineering Company (India) Private Limited ("PAECIPL") and to represent this would comply with the requirement in the relevant standards as well as Conceptual Framework for Financial Reporting. Scheme of Amalgamation of PAECIPL with SISL is filed with Hon'ble NCLT on 9th Feb 2024.

44. SKVR SOFTWARE SOLUTION PRIVATE LIMITED

Sify Technologies Limited (Company) has acquired SKVR Software Solution Private Limited ("SKVR"), an Indian software company, through a Share Purchase Agreement dated 1st Sep 2023. Company has paid Rs.4000 lakhs as consideration to shareholders of SKVR with 51% and 49% of the purchase price paid by Sify Technologies Limited and Sify Infint Spaces Limited, 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). The Company has consolidated the Financial statements of SKVR as it controls the entity. This control is determined based on Ind AS 110 as the Company has rights to variable return from its involvement with the SKVR and has ability to affect those returns. The Company nor SISL hold any shares in its name in SKVR. Hence it has been treated as a subsidiary only for consolidation purposes.

45. EUROPE INDIA GATEWAY

The Company has entered into a contract with Emirates Integrated Telecom ('the Emirates') for the construction and supply of undersea cable capacity from the Europe India Gateway. As per the contract with Emirates, the Company is required to pay its share of decommissioning costs, if any, that may arise in the future. No provision has been made by the Company for such decommissioning costs as the amount of provision cannot be measured reliably as at March 31, 2024.The capacity under the mentioned facility would be upgraded over a period of time.

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

46. IPO LISTING

In 2006, The Ministry of Finance (MoF), issued a press release by which Indian companies cannot raise new capital abroad unless, the securities of the company are listed on a stock exchange in India. However, by virtue of notification issued by the MoF on October 21, 2014, the issuance of depository receipts has been taken out of the 1993 Scheme and is now regulated by the Depository Receipts Scheme, 2014. The 2014 Scheme allows Indian companies, whether listed or unlisted, to access the international capital markets using depository receipts. Such issuances can either be through a public offering of depository receipts or through a preferential allotment or qualified institutional placement. They can also either be sponsored by the issuer company or unsponsored (such as when an existing shareholder sells its holding through the issue of depository receipts). These issuances are subject to the usual foreign investment regime, including in relation to sectoral caps as well as pricing. Moreover, such issuances are permitted only to investors in certain specific jurisdictions as listed in the 2014 Scheme, which currently consists of a list of 34 countries. The earlier condition of mandatory listing in India is dispensed with.

47. CONTRACT BALANCES

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

Particulars	March 31, 2024		March 31, 2023	
Trade Receivables		37,009		48,627
Contract Assets – Unbilled Revenue		-		-
Contract liabilities – Deferred Income				
Current contract liabilities	14,305		12,099	
Non current contract liabilities	29,535		22,599	
Total Contract liabilities - Deferred Income		**43,840**		**34,698**

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	**34,698**	**28,711**
Less: Revenue recognized during the year from the balance outstanding at the beginning of the year	16,236	11,590
Add: Invoiced during the year but revenue not recognised	25,378	17,577
Balance at the end of the year	**43,840**	**34,698**

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 ₹ 226 (previous year ₹ 654) and amortised ₹ 519 (previous year ₹ 509). There was no impairment loss in relation to the capitalised cost.

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

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

48. DUES TO MICRO, SMALL OR MEDIUM ENTERPRISES

As per the Office memorandum issued by the Ministry of Micro, Small and Medium Enterprises dated August 26, 2008 recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2024 and March 31, 2023 has been made in the financial statements based on information received and available with the Company. As the records available with the company, there are dues payable to micro, small and medium enterprises as on March 31, 2024 (Previous year - Nil). The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at March 31, 2024	As at March 31, 2023
a. the principal amount and the interest due thereon remaining unpaid at the end of accounting year	501	268
b. the amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d. the amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
e. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

49. CONTRIBUTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY

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

	For the year ended March 31, 2024	For the year ended March 31 2023
Amount required to be spent by the company during the year	112	161
Amount of expenditure incurred	112	161
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall (if any)	-	-

Nature of CSR activities:

The details of CSR activities carried out by the Company are as follows:

Organisation	Nature of activity	2023-24	2022-23
Sri Venkateswara institute of Research and Rehabilitation for the disabled trust, Dwarakha Tirumala	Promotion of health care	25	-
Raju Vegesna Foundation, Visakhapatnam*	Livelihood enhancement	77	123
Guided Fortune Samirti	Rural development projects	-	25
Sri Hanuman Mani Education & Culture Trust	Promotion of education	10	8
CHILD (Project Sakthi)	Livelihood enhancement	-	5
Total		**112**	**161**

* Amount below the rounding off norm adopted by the Company

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

50. AUDIT TRAIL

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, there are no instance of audit trail feature being tampered with. [Additionally, the audit trail has been preserved as per the statutory requirements for record retention.]

51. ADDITIONAL REGULATORY INFORMATION

Clause (i)

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

Clause (ii)

The Company does not hold any investment property. Hence, disclosure under said clause does not apply.

Clause (iii)

The Company has not done any revaluation of Property, Plant and Equipment. Hence the disclosure under this clause does not apply.

Clause (iv)

The Company has not done any revaluation of intangible assets and hence the disclosure under this clause does not apply.

Clause (v)

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

Type of Borrower	As at March 31, 2024		As at March 31, 2023	
	Amount Outstanding	Percentage to the total Loans	Amount Outstanding	Percentage to the total Loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Related Parties :				
Patel Auto Engineering Company India Private Limited**	1,180	57%	850	49%
Sify Infinit Spaces Limited**	900	43%	900	51%
Total	2,080	100%	1,750	100%

** a. above loan carry a rate of interest of 7% (Previous Year 7%)

Clause (vi)

The following table presents the aging of the Capital Work in progress for the year ended March 31, 2024

Particulars	Amount in CWIP for a period of				Total
	< 1 Year	1 to 2 Years	2- 3 Years	> 3 Years	
Projects in progress	785	-	1,755		2,540
Projects temporarily suspended					-
Total	**785**	**-**	**1,755**	**-**	**2,540**

The following table presents the aging of the Capital Work in progress for the year ended March 31, 2023

Particulars	Amount in CWIP for a period of				Total
	< 1 Year	1 to 2 Years	2- 3 Years	> 3 Years	
Projects in progress	173	1,756	-		1,929
Projects temporarily suspended					-
Total	**173**	**1,756**	**-**	**-**	**1,929**

Project execution plans are mandated based on capacity assessments and customer requirements on a periodical basis and all projects are executed as per rolling annual plan.

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

Clause (vii)

There are no intangible assets under development and hence disclosure under said clause does not apply.

Clause (viii)

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

Clause (ix)

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

Clause (x)

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

Clause (xi)

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

Clause (xii)

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

Clause (xiii)

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

Clause (xiv) : Analytical Ratios:

S. No	Ratio	Numerator	Denominator	FY 2023-24	FY 2022-23	% Variance	Reasons for variance (where variance is > 25%)
1	Current Ratio (in times)	Current assets	Current Liabilities	0.83	0.88	(6)%	
2	Debt Equity Ratio (in times)	Total Debt = Total of current and non current portion of term loans and lease liabilities	Shareholder's funds	0.42	0.28	50%	Due to availment of new term loan during the period.
3	Debt service coverage ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments	1.62	1.84	(12)%	
4	Return on equity ratio (in %)	Net Profits after taxes less preference dividend (if any)	Average total Equity	-1%	2%	(150)%	Due to decrease in Profit on account of increase in depreciation and finance cost.
5	Trade receivables turnover ratio (in times)	Revenue from operations (considered inclusive of GST since trade receivables is inclusive of GST)	Average receivables	3.05	3.08	(1)%	
6	Trade payables turnover ratio (in times)	Net Credit Purchases = Cost of services rendered	Average payables	1.18	1.33	(11)%	
7	Net capital turnover ratio (in times)	Revenue from operations	Average Working capital	-7.09	-9.54	(26)%	Due to increase in borrowings during the year.
8	Net profit ratio (in %)	Profit for the year	Revenue from operations	-1%	2%	(150)%	Due to decrease in Profit on account of increase in depreciation and finance cost.
9	Return on capital employed (in %)	EBIT	Capital Employed = Shareholder funds + Total Debt + Deferred Tax Liability	3%	5%	(40)%	
10	Debt to EBIDTA Ratio (in times)	Debt	EBITDA	270%	176%	53%	Due to decrease in Profit on account of increase in operational cost.

Clause (xv)

There are no scheme(s) of arrangements that are approved by the Competent Authority in terms of Section 230 to 237 of the Companies Act, 2013 during the year.

Clause (xvi)

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

As per our report of even date attached.

for **Manohar Chowdhry & Associates**
Chartered Accountants

Firm Registration No.: 001997S

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

Meenakshi Jayaraman
Company Secretary

Consolidated Financial Statements
for the year ended March 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Members of Sify Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of Sify Technologies Limited ("the Holding Company") and its subsidiaries (collectively referred to as 'the Company' or 'the Group'), which comprise the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated financial statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as the "Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, and their consolidated profit, their consolidated total comprehensive income, their Consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

S No.	Key Audit Matter	Auditor's Response
1	**Valuation of Trade Receivables:** The collectability of the Group's aged Trade Receivables and the valuation of allowance for impairment of Trade Receivables is a Key Audit Matter due to the judgement involved in assessing the recoverability. The Trade Receivables as at March 31, 2024 is INR 1,01,552 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2024 is INR 2,650 lakhs.	**Principal Audit Procedures Performed:** In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • We evaluated and tested the 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 Company's management (information and explanation provided by them) and evidences collected, we understood and evaluated the reason for delay in realisation of the receivables and possibility of realisation of the aged receivables.

S No.	Key Audit Matter	Auditor's Response
		• Where there were indicators that trade receivables were unlikely to be collected, we assessed the adequacy of allowance for impairment of trade receivables. • We tested the sufficiency of the allowance for bad and doubtful debts charged in the Consolidated Statement of Profit and Loss for the year ended March 31, 2024.

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the Consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated financial statements by the directors of the Holding company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the Consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of INR 7,390 lakhs as at March 31, 2024, total revenues of INR 34,203 lakhs and net cash flows (increase in cash and cash equivalents) amounting to INR 1,105 lakhs for the year ended on that date, as considered in the Consolidated financial statements. The Consolidated financial statements also include the Group's share of profit of INR 1,230 lakhs for the year ended March 31, 2024, as considered in the Consolidated financial statements, whose financial statements have not been audited by us. These financial statements have been audited by other auditors, whose reports have been furnished to us by the Management and our opinion on the Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the report of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to the preparation of the aforesaid Consolidated financial statements have been kept by the Group so far as it appears from our examination of those books.

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

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

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal controls over financial reporting of those companies.

   g. With respect to the matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      As explained in Note 38 to the Consolidated financial statements, we report that the Holding Company has paid remuneration to its directors in excess of limits laid down under Section 197 read with Schedule V to the Act by INR 209 lakhs, which is subject to approval of the Shareholders has been obtained as per the provisions under the Companies Act, 2013.

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

   i. The Group has disclosed the impact of pending litigations on its Consolidated financial position in its Consolidated financial statements - Refer Note 24 (a) (Contingent liabilities) and Note 43 (legal proceedings) to the Consolidated financial statements;

   ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 40 (a) (Derivative Financial instruments) to the Consolidated financial statements;

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

   iv. (a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Holding Company or any of the subsidiaries to or in any other person or entity, outside the Group, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

   v. The subsidiary incorporated in India has paid preference dividend during the year and until the date of this audit report is in accordance with section 123 of the Act.

   vi. Based on our examination which included test checks and that performed by the respective auditor of one subsidiary, which is a company incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the Holding Company and the subsidiaries have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit Log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of audit, we and respective auditor of the above referred one subsidiary did not come across any instance of audit trail feature being tampered with.

Particulars	Nature of Exception
Instances of accounting software for maintaining its books of account which did not had a feature of recording audit trail (edit log) facility and the same was not operated throughout the year for all relevant transactions recorded in the software.	Two subsidiaries migrated to a higher version of accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility from January 30, 2024. This higher version of accounting software used by the two subsidiaries to maintain books of accounts has operated through the period from January 30, 2024 to March 31, 2024 - refer note D(54) to the consolidated financial statements.

As per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and 4 of its subsidiaries and based on the CARO reports issued by other auditors of the 1 subsidiaries, included in the Consolidated financial statements of the Holding Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports except for the following:

S.No	Name of the Company	CIN	Holding company / subsidiary / associate / joint venture	Clause number of the CARO report which is qualified or is adverse
1	Sify Infinit Spaces Limited	U74999TN2017PLC119607	Subsidiary	Clause 3(i)(c)
2	SKVR Software Solution Private Limited	U70100DL2005PTC131993	Subsidiary	Clause 3(vii)(a); Clause 3(ix)(d)
3	Sify Data and Managed Services Limited	U74999TN2017PLC115498	Subsidiary	Clause 3(vii)(a)

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

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 24237830BKGUQN1345

Place: Hyderabad
Date : April 22, 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause(i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

Referred to in the Independent Auditor's Report of even date to the members of Sify Technologies Limited on the Consolidated Financial Statements for the year ended March 31, 2024

In conjunction with our audit of the Consolidated financial statements of Sify Technologies Limited as of and for the year ended March 31, 2024, we have audited the internal financial controls over financial reporting of Sify Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting with reference to these Consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated financial statements of the Holding company and its subsidiaries companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated financial statements and such internal financial controls over financial reporting with reference to these Consolidated financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated financial statements of the Holding Company, insofar as it relates to subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India".

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

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 24237830BKGUQN1345

Place: Hyderabad
Date : April 22, 2024

Consolidated Balance Sheet as at March 31, 2024

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

	Note No. (D)	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	198,482	170,112
(b) Right-of-use Assets	2	72,628	56,946
(c) Capital work in progress		123,713	53,042
(d) Intangible assets	3	6,389	6,197
(e) Financial assets			
(i) Investments	4	12,039	10,440
(ii) Other financial assets	5	20,042	8,503
(f) Deferred Tax assets	32	11,973	8,656
(g) Other non-current assets	6	22,619	37,269
		467,885	**351,165**
(2) Current assets			
(a) Inventories	7	33,933	19,419
(b) Financial assets			
(i) Trade receivables	8	101,552	113,455
(ii) Cash and Cash equivalents	9	41,055	36,505
(iii) Other bank balances	10	17,291	11,948
(iv) Other financial assets	11	1,579	1,007
(c) Other current assets	12	46,640	40,653
		242,050	**222,987**
Total Assets		**709,935**	**574,152**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	18,461	18,412
(b) Compulsorily Convertible Debentures	14	88,000	20,000
(c) Other Equity	15	133,939	133,155
		240,400	**171,567**
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	16.1	176,085	138,176
(ii) Lease liabilities	16.2	26,630	18,661
(iii) Other financial liabilities	17	179	199
(b) Provisions	18	1,599	1,299
(c) Other non-current liabilities	19	30,894	23,600
		235,387	**181,935**
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	20.1	69,374	66,621
(ii) Lease liabilities	20.2	3,799	5,851
(iii) Trade payables	21		
'Total outstanding dues to micro enterprises and small enterprises		1,137	291
'Total outstanding dues to creditors other than micro enterprises and small enterprises		102,259	91,988
(iv) Other financial liabilities	22	15,946	20,396
(b) Other current liabilities	23	41,226	35,192
(c) Provisions	18	407	311
		234,148	**220,650**
Total Equity and Liabilities		**709,935**	**574,152**

Material accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Consolidated Balance Sheet
As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

Meenakshi Jayaraman
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

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

	Note No. (D)	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations	25	356,339	334,037
Other income	26	5,793	3,548
Total income		**362,132**	**337,585**
Expenses			
Cost of services rendered	27 A	168,781	158,515
Purchase of stock-in-trade	27 B	42,502	28,034
Changes in inventories	27 C	(14,514)	4,587
Employee benefits expense	28	53,145	44,532
Finance costs	29	22,733	16,526
Depreciation and amortisation expense	1,2 and 3	47,734	39,719
Other expenses	30	39,431	35,462
Total expenses		**359,812**	**327,375**
Profit before tax		**2,320**	**10,210**
Tax expense	32		
Current Tax		5,148	5,259
Deferred Tax		(3,317)	(1,794)
Profit after tax		**489**	**6,745**
<u>Other comprehensive income</u>			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/(asset)	36	(197)	(558)
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		54	246
Total other comprehensive income		**(143)**	**(312)**
Total comprehensive income for the year		**346**	**6,433**
Earnings per equity share (₹ 10 paid up)	34		
Basic		0.27	3.69
Diluted		0.26	3.63

Material accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Consolidated Statement of Profit and Loss
As per our report of even date attached.

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

For and on behalf of the Board of Directors
Sify Technologies Limited

K S Y Suryanandh
Partner
Membership No.: 237830

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

Hyderabad
April 22, 2024

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

Meenakshi Jayaraman
Company Secretary

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

A. Equity Share Capital

	For the year ended	
	March 31, 2024	March 31, 2023
Balance at the beginning of the year	18,412	18,402
Change in Equity Share Capital during the year	49	10
Balance at the end of the year	18,461	**18,412**

B. Other Equity

	Reserves and surplus			Other Components of Equity			Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Exchange differences on translation of foreign operations	Remeasurements of net defined benefit liability/ (asset)	
2022-23							
Balance as at April 1, 2022 - (A)	**199,390**	**776**	**(75,379)**	**1,013**	**611**	**75**	**126,485**
Profit for the year			6,745				**6,745**
Other comprehensive income					246	(558)	**(312)**
Total comprehensive income for the year ended March 31, 2023 - (B)			**6,745**		**246**	**(558)**	**6,433**
Employee stock compensation cost for the year				165			**165**
Transferred from stock options outstanding account	19	15	-	(34)			
Call money received		-	-	-			
Additions to securities premium on issue of shares on exercise of ASOP	71	-	-	-			**71**
Balance as at March 31, 2023 - (C)	**199,480**	**791**	**(68,634)**	**1,144**	**857**	**(483)**	**133,155**
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (44) (a)] - (D)	**(116,264)**	-	116,264	-			-
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (44) (b)] - (E)	**(27,661)**	-	**27,661**				-
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	**55,555**	**791**	**75,291**	**1,144**	**857**	**(483)**	**133,155**

B. Other Equity (Continued)

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

	Reserves and surplus			Other Components of Equity			Total
	Securities Premium	General Reserve	Retained earnings	Stock Options Outstanding	Exchange differences on translation of foreign operations	Remeasurements of net defined benefit liability/ (asset)	
2023-24							
Balance as at April 1, 2023 - (A)	199,480	791	(68,634)	1,144	857	(483)	133,155
Profit for the year			489				489
Other comprehensive income					54	(197)	(143)
Total comprehensive income for the year ended March 31, 2024 - (B)			489		54	(197)	346
Employee stock compensation cost for the year				69			69
Transferred from stock options outstanding account	108	54		(162)			-
Additions to securities premium on issue of shares on exercise of ASOP	369						369
Balance as at March 31, 2024 - (C)	199,957	845	(68,145)	1,051	911	(680)	133,939
Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (44) (a)] - (D)	(116,264)	-	116,264	-			-
Accumulated losses dealt with vide scheme of merger as per contra [Refer note D (44) (b)] - (E)	(27,661)	-	27,661				-
Amount carried forward to Balance Sheet [(F) = (C)+(D)+(E)]	56,032	845	75,780	1,051	911	(680)	133,939

Material accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Consolidated Statement of Changes in Equity
As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

C B Mouli
Director
DIN: 00042949

Meenakshi Jayaraman
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2024

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

		For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax		2,320	**10,210**
Adjustments for :			
Depreciation and amortisation expense		47,734	39,719
Finance expenses (considered separately)		22,733	16,526
Allowance for doubtful debts		2,650	3,719
Employee stock compensation expense		69	165
Amortisation of lease prepayments		14	(15)
Unrealised foreign exchange fluctuation loss/(gain), net		694	(427)
Interest income (considered separately)		(3,377)	(2,229)
(Profit) /loss on sale of Property, Plant and Equipment (net)		4	(108)
Operating profit / (loss) before working capital changes		72,841	**67,560**
(Increase)/decrease in trade receivables - current		8,313	(7,817)
(Increase)/decrease in trade receivables - non current		-	20
(Increase)/decrease in inventories		(14,514)	4,587
(Increase)/decrease in other financial assets - current		(279)	(527)
(Increase)/decrease in other financial assets - non current		(11,108)	(3,534)
(Increase)/decrease in other non current assets		(380)	(2,184)
(Increase)/decrease in other current assets		(1,283)	4,389
(Increase)/decrease in other bank balances		(5,343)	(4,028)
Increase/(decrease) in trade payables		11,676	17,501
Increase/(decrease) in other non current financial liabilities		(20)	(403)
Increase/(decrease) in other non current liabilities		7,293	5,625
Increase/(decrease) in other financial liabilities -current		(3,207)	14,405
Increase/(decrease) in other current liabilities		6,031	(2,038)
Increase/(decrease) in provisions - non current		104	(709)
Increase/(decrease) in provisions - current		96	138
Cash generated from operations		70,220	**92,985**
Tax (paid)/refund received		(12,843)	(13,630)
Net cash generated from operating activities	**(A)**	57,377	**79,355**
Cash flow from investing activities			
Purchase of Property, Plant and Equipment		(111,215)	(120,336)
Investments in corporate debt securities		(161)	(1,428)
Investments in equity instruments of other entities		(1,375)	(4,041)
Amount paid for acquisition of right of use assets		(12,556)	(11,783)
Sale proceeds of Property, Plant and Equipment		22	108
Interest income received		2,654	1,558
Net cash used in investing activities	**(B)**	(122,631)	**(135,922)**

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

		For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flow from financing activities			
Proceeds from long-term borrowings		85,185	90,750
Proceeds from issue of Compulsorily convertible debentures		60,000	19,800
Repayment of long-term borrowings		(33,952)	(27,051)
Increase/(decrease) in short-term borrowings		(4,949)	(15,203)
Repayment of lease liabilities		(3,772)	(2,653)
Proceeds from issue of share capital		418	81
Interest paid		(28,491)	(16,279)
Net cash generated used in financing activities	**(C)**	**74,439**	**49,445**
Effect of exchange differences on translation of cash and cash equivalents	**(D)**	**11**	**13**
Net increase/(decrease) in cash and cash equivalents during the year	**(A) + (B) + (C) + (D)**	**9,196**	**(7,109)**
Cash and cash equivalents at the beginning of the year		**26,990**	**34,100**
Cash and cash equivalents at the end of the year [Refer Note D (10)]		**36,186**	**26,990**
# Cash and cash equivalents subject to lien [Refer Note D (10)]		4,404	11,948

Disclosure of changes in liabilities arising from financing activities [Refer Note D (31)]
Material accounting policies and notes to the financial statements (Refer notes C and D)
As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

Meenakshi Jayaraman
Company Secretary

A. GROUP OVERVIEW

Sify Technologies Limited ('Sify' or 'the Company') is a Company domiciled in India. The address of the Company's registered office is 2nd Floor, Tidel Park, 4, Rajiv Gandhi Salai, Taramani, Chennai - 600113, India. The Company and its subsidiaries Sify Technologies (Singapore) Pte. Limited, Sify Technologies North America Corporation, Sify Data and Managed Services Limited, Sify Infinit Spaces Limited, Sify Digital Services Limited and Print House (India) Private Limited (are together referred to as the 'Group' and individually as 'Group entities'). The Group offers converged ICT solutions comprising Network centric services, Data Center services and Digital services which includes cloud and managed services, network managed services, technology integration services and applications integration services.

During the FY 2020-21, the Company has transferred its Data Center business to its wholly owned subsidiary Sify Infinit Spaces Limited and IT services business (Cloud and Managed services, Applications Integration services and Technology Integration services) to its wholly owned subsidiary Sify Digital Services Limited respectively effective from April 01, 2020 vide Business Transfer Agreement dated January 28, 2021. The Company was incorporated on December 12, 1995 and its ADRs are listed on the NASDAQ Capital Market. The financial statements are for the Group consisting of Sify Technologies Limited (the 'Company') and its subsidiaries.

B. BASIS OF PREPARATION

The Consolidated financial statements of the Group have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for certain financial instruments which are measured on fair value basis and Cash Flow Statement. GAAP comprises Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act read together with relevant rules as amended from time to time, pronouncements of regulatory bodies applicable to the Group and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

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

1. Statement of Compliance

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity, Cash Flow Statement, together with notes for the year ended March 31, 2024 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on April 22, 2024.

2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value
- Financial assets at fair value through other comprehensive income are measured at fair value
- Financial instruments at fair value through profit or loss are measured at fair value.
- Share-based payments
- The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.
- In relation to lease prepayments, the initial fair value of the security deposit is estimated as the present value of the refundable amount, discounted using the market interest rates for similar instruments. The difference between the initial fair value and the refundable amount of the deposit is recognized as a Right of Use Asset.

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note C (20).

3. New and amended Standards

3A. Standards issued and not effective

There are no standards that are notified and not yet effective as on date.

4. Functional and Presentation Currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Indian rupee is the functional currency of Sify Technologies Limited and its Indian subsidiaries viz., Sify Infinit

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

Spaces Limited, Sify Digital Services Limited, Print House (India) Private Limited and Sify Data and Managed Services Limited. The U.S. dollar is the functional currency of Sify's foreign subsidiaries located in Singapore and the United States of America.

The Consolidated Financial Statements are presented in Indian Rupees (₹) which is the Group's presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest lakhs except where otherwise indicated.

5. Use of estimates and judgements

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

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

- Valuation of financial instruments [Note C(3)]
- Useful lives of property, plant and equipment [Note C(5)]
- Useful lives of intangible assets [Note C(7)]
- Estimate of Lease term and measurement of Right of Use Assets and Lease Liabilities [Note C(8)]
- Measurement of defined employee benefit obligations [Note C (12)]
- Measurement of share-based payments [Note C(13)]
- Provisions [Note C(14)]
- Identification of performance obligation and timing of satisfaction of performance obligation, measurement of transaction price on revenue recognition [Note C(15)]
- Utilization of tax losses and computation of deferred taxes [Note C(18)]
- Expected Credit losses on Financial Assets [Note C(3)]
- Impairment testing [Note C(11)]

C. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements except for the changes in accounting policies mentioned in Note B (3)

1. Basis of consolidation

The financial statements of the Group companies are consolidated on a line-by-line basis. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Company controls an investee if and only if the Company has all the following:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect the amount of the Company's returns.

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of voting of similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

2. Foreign currency

(a) Foreign currency transactions and balances

Transactions in foreign currencies are initially recognized in the financial statements using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and

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

measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognized in the income statement for determination of net profit or loss during the period.

(b) Foreign operations

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

3. Financial Instruments

(a) Financial Assets

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

Initial recognition:

All financial assets are recognised initially at fair value except for trade receivables which are recognised at transaction price. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value on initial recognition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement:

<u>(i) Financial assets measured at amortized cost:</u>

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

The Group while applying above criteria has classified the following financial assets at amortised cost:

a) Trade receivable

b) Investment in debt securities

c) Other financial assets

<u>(ii) Financial assets at fair value through other comprehensive income (FVTOCI):</u>

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the Group classifies the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends, are recognised in other comprehensive income (OCI).

<u>(iii) Financial assets at fair value through profit or loss (FVTPL)</u>:

Financial asset are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the Statement of Profit and Loss.

Derecognition of financial assets:

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the Statement of Profit and Loss.

Impairment of financial assets:

Trade receivables, contract assets, lease receivables under Ind AS 109, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for the respective financial asset.

(i) Trade receivables

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach, assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

(ii) Other financial assets

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the lifetime when there is a significant increase in credit risk.

(b) Financial liabilities

Initial recognition and measurement:

Financial liabilities are initially recognised at fair value and any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

Subsequent measurement:

The financial liabilities are classified for subsequent measurement into following categories:

- at amortised cost

- at fair value through profit or loss

(i) Financial liabilities at amortised cost

The Group is classifying the following financial liabilities at amortised cost;

a) Compulsory convertible debentures

b) Borrowings from banks

c) Borrowings from others

d) Lease liabilities

e) Trade payables

f) Other financial liabilities

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

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

Financial liabilities held for trading are measured at FVTPL.

Convertible Instruments:

Convertible instruments are classified as either equity or liability based on the contractual terms. When the conversion terms are fixed resulting in non-derivative instrument which is settled by issuing fixed number of entity's own equity instruments, the instrument is classified as equity. In other cases instrument is classified as liability.

Derecognition of financial liabilities:

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

(c) Derivative financial instruments

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

(d) Offsetting of financial assets and financial liabilities

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

(e) Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets (which are categorised as equity instruments) and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

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

Changes to the business model are expected to be infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

4. Share capital

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

5. Property, Plant and Equipment

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

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

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

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

Subsequent costs:

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

Depreciation:

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment considering residual value to be zero. Depreciation on contract-specific assets are charged co-terminus over the contract period. Management's estimated useful lives for the year ended March 31, 2024 and March 31, 2023 were as follows:

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

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

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

6. Business combinations

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

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

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

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

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

7. Intangible assets

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

Subsequent expenditure:

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

Amortization of intangible assets with finite useful lives:

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

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

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

8. Leases

The Group as a lessee

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

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

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

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

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

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

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

The Group as a lessor

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

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

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

9. Inventories

Inventories comprising traded hardware and software are measured at the lower of cost (determined using first-in first-out method) and net realizable value. Cost comprises cost of purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

10. Contract assets/liability

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

11. Impairment of non financial assets

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

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

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

Reversal of impairment loss:

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

12. Employee benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Group, as detailed below:

(a) Defined contribution plan (Provident fund):

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Group makes specified monthly contribution towards Government administered provident fund scheme. The Group also contributes to 401(K) plan on behalf of eligible employees. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit and loss in the periods during which the related services are rendered by employees.

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

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

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

(c) Short term benefit:

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

(d) Compensated absences:

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

13. Share-based payment transactions

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

14. Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under

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

the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

15. Revenue recognition

The Group derives revenue from converged ICT solutions comprising Network-centric services, Data Center services and 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 as follows

(a) Network-centric Services:

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

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

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

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

(b) Data Center Services (DC):

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

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

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

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

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 recognised over a period of time and progress is measured based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract.

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

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

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

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

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

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

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

Multiple deliverable arrangements

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

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

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

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

Contract Cost

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

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

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

Significant judgments on applying Ind AS 115

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

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

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

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

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

16. Finance income

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

17. Finance expense

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

Borrowing costs

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

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

18. Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. 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)v 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)v differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.

(iii) arising due to taxable temporary differences on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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

Deferred taxation on temporary differences arising out of undistributed earnings of the equity method accounted investee is recorded only when it is expected to be distributed in foreseeable future based on the management's intention.

19. Earnings per share

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

20. Fair value measurement

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

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

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

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

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

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

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

Level 3 - unobservable inputs for the asset or liability.

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

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

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

(i) Investments in equity and debt securities

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

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

(ii) Trade and other receivables

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

(iii) Derivatives

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

(iv) Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(v) Share-based payment transactions

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

21. Dividend distribution to equity shareholders

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

22. Current/ non-current classification

An asset is classified as current if:

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

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

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

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

All other liabilities are classified as non-current.

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

D. Notes to Accounts

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

1. PROPERTY, PLANT AND EQUIPMENT

The following table presents the changes in property, plant and equipment during the year ended March 31, 2024

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2023	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at April 1, 2023	For the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Owned assets										
Freehold Land	2,069	-	-	2,069	-	-	-	-	2,069	2,069
Buildings	49,630	18,573	-	68,203	12,464	2,012	-	14,476	53,727	37,166
Plant and equipment	233,936	28,742	286	262,392	141,826	20,944	260	162,510	99,882	92,110
Furniture and fittings	1,611	27	2	1,636	1,581	7	2	1,586	50	30
Office equipment	21,004	2,656	6	23,654	11,838	2,895	6	14,727	8,927	9,166
Leasehold improvements	56,958	14,159	-	71,117	27,387	9,934	-	37,321	33,796	29,571
Motor vehicles	72	31	-	103	72	-	-	72	31	-
	365,280	**64,188**	**294**	**429,174**	**195,168**	**35,792**	**268**	**230,692.49**	**198,482**	**170,112**

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

The following table presents the changes in property, plant and equipment during the year ended March 31, 2023

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2022	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at April 1, 2022	For the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Owned assets										
Freehold Land	1,472	597	-	**2,069**	0	-	-	-	**2,069**	**1,472**
Buildings	49,484	146	-	**49,630**	**10,796**	1,668	-	**12,464**	**37,166**	**38,688**
Plant and equipment	194,290	40,313	667	**233,936**	**124,810**	17,683	667	**141,826**	**92,110**	**69,480**
Furniture and fittings	1,601	15	5	**1,611**	**1,577**	9	5	**1,581**	**30**	**24**
Office equipment	16,887	4,117	-	**21,004**	**9,133**	2,705	-	**11,838**	**9,166**	**7,754**
Leasehold improvements	44,162	12,899	103	**56,958**	**19,991**	7,499	103	**27,387**	**29,571**	**24,171**
Motor vehicles	72	-	-	**72**	**72**	-	-	**72**	-	-
	307,968	**58,087**	**775**	**365,280**	**166,379**	**29,564**	**775**	**195,168**	**170,112**	**141,589**

Notes

(a) Refer note D (16) and D (20) for security given for borrowings.

(b) Refer note D (24)(c) for capital commitments.

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

2. RIGHT OF USE ASSETS AND LIABILITIES

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2024

Particulars	Category of ROU asset				
	Land	Building	P&M	IRU	Total
Balance as of April 1, 2023	28,558	19,274	3,498	5,616	**56,946**
Additions	8,613	10,179	269	3,871	**22,932**
Deletions	-	(87)	(108)	-	**(195)**
Depreciation	(400)	(3,958)	(1,221)	(1,476)	**(7,055)**
Balance as of March 31, 2024	**36,771**	**25,408**	**2,438**	**8,011**	**72,628**

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	17,890	15,939	4,804	5,546	44,179
Additions	10,853	6,815	75	855	18,598
Deletions	-	-	-	-	-
Depreciation	(185)	(3,480)	(1,381)	(785)	(5,831)
Balance as of March 31, 2023	**28,558**	**19,274**	**3,498**	**5,616**	**56,946**

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	3,799	5,851
Non-current lease liabilities	26,630	18,661
Total	**30,428**	**24,512**

The movement in lease liabilities during the year ended March 31, 2024 and March 31, 2023 are given below

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	24,512	22,074
Additions	9,937	5,968
Finance cost accrued during the year	2,533	2,787
Deletions	(195)	-
Payment of lease liabilities	(6,334)	(6,407)
Fair value adjustment	(39)	46
Translation difference	14	44
Balance at the end of the year	**30,428**	**24,512**

Refer note D (41) for the contractual maturities of lease liabilities

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

3. INTANGIBLE ASSETS

The following table presents the changes in intangible assets during the year ended March 31, 2024

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2023	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at April 1, 2023	For the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Undersea cable capacity	7,732	-	-	7,732	6,826	892	-	7,718	14	906
System software	22,479	5,085	3	27,557	17,444	3,963	1	21,406	6,149	5,035
License fees	780	-	-	780	524	32	-	556	225	256
Customer related intangibles	1,824	-	-	1,824	1,824	-	-	1,824	-	-
	32,815	5,085	3	37,893	26,618	4,887	1	31,504	6,389	6,197

The following table presents the changes in intangible assets during the year ended March 31, 2023

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 1, 2022	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at April 1, 2022	For the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Undersea cable capacity	7,363	369	-	7,732	5,873	953	-	6,826	906	1,490
System software	18,644	3,835	-	22,479	14,105	3,339	-	17,444	5,035	4,539
License fees	780	-	-	780	492	32	-	524	256	288
Customer related intangibles	1,824	-	-	1,824	1,824	-	-	1,824	-	-
	28,611	4,204	-	32,815	22,294	4,324	-	26,618	6,197	6,317

Notes

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

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

	As at March 31, 2024	As at March 31, 2023
4. INVESTMENTS - NON-CURRENT		
Investment in equity of others - unquoted [Refer note (a) below]		
Investment in Vashi Railway Station Commercial Complex Limited	2	2
[15,000 (March 31, 2023: 15,000) equity shares of ₹ 10 each fully paid up]		
Investment in Sarayu Clean Gen Pvt Ltd	15	15
[1,56,000 (March 31, 2023: l,56,000) equity shares of ₹10 each fully paid up]		
Investment in Tasoula Energy Private Limited	2,250	2,250
[70,31,250 (March 31, 2023: 70,31,250) equity shares of ₹10 each fully paid up]		
Investment in VEH Srishti Energy Private Limited	3,753	3,753
[1,50,12,000 (March 31, 2023: 1,50,12,000) equity shares of Rs.10 each fully paid up]		
Investment in Padvest Corporation	42	41
Investment in Digifresh Corporation	167	165
Investment in Chatter Inc	125	124
Investment in The Gizmo App company	208	206
Investment in Passerine technologies Inc	167	164
Investment in Cloudfabrix Software Inc	1,250	-
Investment in Sylvie Unlimited Inc	125	
	3,935	3,720
Investment in Elevo Corporation (Erstwhile Attala Systems Corporation)	**12,039**	**10,440**
Aggregate cost of unquoted investments	**12,039**	**10,440**

Note:

a. The Group has classified Investments in equity of others - unquoted as at FVTOCI.

b. The Group has classified Investments in debt securities - unquoted as at amortised cost.

	As at March 31, 2024	As at March 31, 2023
5. OTHER FINANCIAL ASSETS - NON-CURRENT		
Security deposits**	6,205	4,810
Interest accrued on investments	883	684
Bank deposits	12,274	2,159
Loans to subsidiaries	680	850
	20,042	**8,503**

** We have fair valued the Security Deposit as per Ind AS 109 which are more than ₹ 50

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

	As at March 31, 2024	As at March 31, 2023
6. OTHER NON-CURRENT ASSETS		
Capital advances	10,658	28,824
Others:		
Prepaid expenses	3,181	2,522
Deferred Contract costs*	94	121
Advance tax and tax deducted at source	7,682	4,798
Balances with service tax and sales tax authorities	754	754
Other Advances	250	250
	22,619	**37,269**

*Refer D(47) for the movement in Deferred Contract costs

7. INVENTORIES

Inventories*	33,933	19,419
	33,933	**19,419**

* Includes project inventory of ₹30,342 (previous year: ₹16,924)

8. TRADE RECEIVABLES

Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	107,348	118,259
Trade receivables which have significant increase in Credit Risk	-	-
Trade Receivables - credit impaired	-	-
Total	107,348	118,259
Loss Allowance *	(5,796)	(4,804)
Net Trade receivables	**101,552**	**113,455**

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

	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	4,804	4,805
Add: Additional allowance during the year	2,650	3,719
Less: Bad debts written off	(1,658)	(3,720)
Balance at the end of the year	**5,796**	**4,804**

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

The following table presents the aging of the Trade Receivables for the year ended March 31, 2024

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		less than 6 months	6 months - 1 year	1-2 years	2-3 years	greater than 3 years	
Trade receivables - Undisputed							
Considered good	44,156	32,229	7,338	2,951	2,243	498	**89,415**
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
	44,156	**32,229**	**7,338**	**2,951**	**2,243**	**498**	**89,415**
Trade receivables - Disputed							
Considered good							
Which have significant increase in credit risk							
Credit impaired							
		-	-	-	-	-	-
Provision for doubtful debts							(5,738)
Trade receivable - Unbilled							17,875
Total							**101,552**

The following table presents the aging of the Trade Receivables for the year ended March 31, 2023

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		less than 6 months	6 months - 1 year	1-2 years	2-3 years	greater than 3 years	
Trade receivables - Undisputed							
Considered good	63,766	28,977	5,793	8,980	271	285	108,072
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
	63,766	**28,977**	**5,793**	**8,980**	**271**	**285**	**108,072**
Trade receivables - Disputed							
Considered good							
Which have significant increase in credit risk							
Credit impaired							
	-	-	-	-	-	-	-
Provision for doubtful debts							(4,804)
Trade receivable - Unbilled							10,187
Total							**113,455**

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

		As at March 31, 2024	As at March 31, 2023
9. CASH AND CASH EQUIVALENTS			
(a) Balance with banks			
(i) in current accounts		25,587	24,701
(ii) Deposits with maturity of less than three months		15,458	11,799
(b) Cheques on hand		0	0
(c) Cash on hand		10	5
	(A)	**41,055**	**36,505**
10. OTHER BANK BALANCES			
Other bank balances			
(i) Bank deposits [Refer Note below]		4,404	11,948
(ii) Deposits with maturity of more than three months		12,887	
(ii) Unpaid dividend account		*	*
	(B)	**17,291**	**11,948**
	(A) + (B)	**58,346**	**48,453**
*Amount below rounding off norm adopted by the Group			
Note			
Balances in deposit accounts subject to lien in favour of banks for obtaining bank guarantees /letter of credits		**4,404**	**11,948**
Cash and cash equivalents for the purpose of Cash Flow Statement:			
Cash and cash equivalents as above		41,055	36,505
Less: Bank overdraft used for cash management purposes [Refer note 20 (j)]		(4,869)	(9,515)
		36,186	**26,990**
11. OTHER FINANCIAL ASSETS			
Security deposits		169	292
Interest accrued on advances and deposits		652	360
Derivative financial asset		270	355
Other receivables		488	0
		1,579	**1,007**

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

Note

The activity in allowance for doubtful advances are given below:

	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	1,160	1,171
Add: Additional provision during the year	(202)	(11)
Less: Advance written off / adjustments	-	-
Balance at the end of the year	**958**	**1,160**

	As at March 31, 2024	As at March 31, 2023
12. OTHER CURRENT ASSETS		
Balances with GST, service tax and sales tax authorities	13,510	13,202
Prepaid expenses	6,855	7,408
Advance tax and tax deducted at source (Net of Provision for Tax ₹ 27,086; Previous year: ₹ 22,085)	21,541	16,649
Accrued income	265	526
Deferred Contract costs*	1,618	1,276
Other advances	2,851	1,591
	46,640	**40,653**

*Refer D(47) for the movement in Contract assets and Deferred Contract costs

13. EQUITY SHARE CAPITAL

Authorized		
75,00,00,000 (March 31, 2023: 20,40,00,000) equity shares of ₹10 each	75,000	20,400
25,00,00,000 (March 31, 2023: NIL) preference shares of ₹10 each	25,000	-
Issued		
19,61,55,662 (March 31, 2023: 19,56,58,571) equity shares of ₹10 each	19,616	19,566
Subscribed and fully paid		
18,33,32,460 (March 31, 2023: 18,28,35,369) equity shares of ₹10 each fully paid up	18,333	18,284
Forfeited shares		
Amount originally paid up on 1,28,23,202 (March 31, 2023: 1,28,23,202) equity shares	128	128
	18,461	**18,412**

(a) The authorized share capital of the Group was enhanced by an amount of ₹ 1,890 divided into 1,89,00,000 equity shares of ₹ 10 each during the year ended March 31, 2015.

(b) The equity shares are the only class of share capital having a par value of ₹10 per share. Of the above, 4,38,01,808 (Previous year : 4,33,04,717) shares are represented by American Depository Shares ('ADS') issued by the Company in accordance with applicable laws and regulations.

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

(c) Equity shares carry voting rights proportionate to the paid-up value per share. In the event of liquidation of the company, holders of the equity shares are entitled to be repaid the amounts credited as paid up on those equity shares. All surplus assets after settlement of liabilities as at the commencement of winding-up shall be paid to the holders of equity shares in proportion to their shareholdings. The above payment is subject to the rights of creditors, employees, taxes, if any, and any other sums as may be prescribed under the Companies Act, 2013. Of the above ADS, 1,39,02,860 (previous year: 1,39,02,860) ADS held by M/s Infinity Capital Ventures LP are not tradable and are restricted.

(d) In 2010-11, the Company approved the issuance, in a private placement, of upto an aggregate of 12,50,00,000 of the Company's equity shares at a price of ₹32 per share aggregating to ₹ 40,000. These shares carry a face value of ₹10.

(e) Of the total outstanding shares,12,50,00,000 shares (March 31, 2023: 12,50,00,000) are held by M/s Ramanand Core Investment Company Private Limited, holding company

(f) Of the total outstanding shares, 2,50,00,000 shares are reserved for issue to eligible employees under Associate Stock Option Plans. Refer note D (39) for activities in Associate Stock Option plan.

13.1 RECONCILIATION OF NUMBER OF SHARES IN THE BEGINNING AND AT THE END OF THE YEAR

	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount paid- up	Number of shares	Amount paid- up
Number of shares outstanding at the beginning of the year	182,835,369	18,412	182,742,369	18,402
Add: Shares issued on exercise of ASOP	497,091	49	93,000	10
Number of shares outstanding at the end of the year	**183,332,460**	**18,461**	**182,835,369**	**18,412**

13.2 SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES OF THE COMPANY:

	As at March 31, 2024		As at March 31, 2023	
	Number of Shares held	% holding	Number of Shares held	% holding
Ramanand Core Investment Company Private Limited	125,000,000	68.18%	125,000,000	68.37%
Infinity Satcom Universal Private Limited	14,530,000	7.93%	14,530,000	7.95%
Infinity Capital Ventures, LP	13,902,860	7.58%	13,902,860	7.60%

13.3 SHAREHOLDING OF PROMOTERS

Shareholding of the promoters as at year ended March 31, 2024

Name of the promoter	No. of share	Percentage of total shares	Percentage of change during the period
Ramanand Core Investment Company Private Limited	125,000,000	68.18%	0.00%
Infinity Satcom Universal Private Limited	14,530,000	7.93%	0.00%
Infinity Capital Ventures, LP	13,902,860	7.58%	0.00%
Vegesna Family Trust	620,466	0.34%	0.00%
Total	**154,053,326**	**84.03%**	

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

Shareholding of the promoters as at the year ended March 31, 2023

Name of the promoter	No. of share	Percentage of total shares	Percentage of change during the period
Ramanand Core Investment Company Private Limited	125,000,000	68.37%	0.00%
Infinity Satcom Universal Private Limited	14,530,000	7.95%	0.00%
Infinity Capital Ventures, LP	13,902,860	7.60%	0.00%
Vegesna Family Trust	620,466	0.34%	0.00%
Total	**154,053,326**	**84.26%**	

	As at March 31, 2024	As at March 31, 2023
14. FULLY PAID COMPULSORILY CONVERTIBLE DEBENTURES		
Compulsorily convertible Debentures issued to Kotak Special Securities Fund	40,000	20,000
Compulsorily convertible Debentures issued to Kotak Data Center Fund	48,000	-
	88,000	20,000

SERIES 1 : 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 INR 100 each amounting to ₹ 20,000 ("series 1 CCD") and 1% of 2,00,00,000 (two crore) Series 2 Compulsorily Convertible Debentures (CCD) with face value of INR 100 each amounting to ₹ 200.

These CCD's carry a coupon rate of 6% p.a 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, at 0.8112 in relation to series 1 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.

SERIES 2: During the previous year 2022-23, Kotak Special Situations Fund (KSSF) subscribed to additional 1,98,00,000 Series 2 Compulsorily Convertible Debentures (CCD) with face value of INR 100 each amounting to ₹ 19,800. 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 ₹ 60,000. 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 ₹ 60,000 to Kotak Data Center Fund ("KDCF").

During the current financial year 2023-24, the Company has valued the share price and fixed the conversion ratio, at 0.8026 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.

SERIES 4: During the current financial year, Kotak Data Center Fund (KSSF) subscribed to 4,80,00,000 (Four crore and Eighty Lacs only) Series 4 Compulsorily Convertible Debentures (CCDs) with face value of INR 100 each amounting to ₹ 48,000 ("series 4 CCD") carrying a coupon rate of 6% p.a payable half-yearly with the conversion ratio at 0.543483. Since 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.

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

		As at March 31, 2024	As at March 31, 2023
15. OTHER EQUITY			
15.1 RESERVES AND SURPLUS			
Securities premium			
Securities premium account balance		199,480	199,390
Add: Transfer from Stock option outstanding account in respect of options exercised during the year		108	19
Add: Amounts received in respect of options exercised during the year		369	71
	(A)	**199,956**	**199,480**
General reserve			
Balance at the beginning of the year		791	776
Add: Transferred from stock options outstanding account		54	15
	(B)	**845**	**791**
Retained earnings			
Opening balance		75,291	68,546
Impact of change in accounting policy		-	-
Adjusted Opening balance		75,291	68,546
Adjustments:			
Add: Profit for the year		489	6,745
	(C)	**75,780**	**75,291**
		276,582	**275,562**
Less:Accumulated losses dealt with vide order of Honourable High Court of Madras [Refer Note D (44)(a)]	(D) = (A)+(B)+(C)	(116,264)	(116,264)
Less: Accumulated losses dealt with vide scheme of merger [Refer Note D (44)(b)]		(27,661)	(27,661)
	(E)	**132,657**	**131,637**
15.2 OTHER COMPONENTS OF EQUITY			
Stock option outstanding account			
Opening Balance		1,144	1,013
Add: Employee stock compensation cost for the year		69	165
Less: Transfer to securities premium in respect of options exercised during the year		(108)	(19)
Less: Transfer to general reserve in respect of grants lapsed during the year		(54)	(15)
	(F)	**1,051**	**1,144**

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

		As at March 31, 2024	As at March 31, 2023
Exchange differences on translation of foreign operations			
Balance at the beginning of the year		857	611
Add: Additions during the year		54	246
	(G)	**911**	**857**
Remeasurement of net defined benefit liability/asset			
Opening Balance		(483)	75
Add: Additions during the year		(197)	(558)
	(H)	**(680)**	**(483)**
	(E)+(F)+(G)+(H)	**133,939**	**133,155**

Nature and purpose of Reserves

a) Securities Premium

Securities Premium used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013

b) General Reserve

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

c) Retained Earnings

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

d) Stock Option Outstanding account

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

e) Exchange differences on translation of foreign operations

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

f) Remeasurement of Defined benefit liability / Asset

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

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

	As at March 31, 2024	As at March 31, 2023
16. BORROWINGS AND LEASE LIABILITIES		
16.1 LONG TERM BORROWINGS		
Secured		
Term loan from banks [Refer Note (a) to (e) and (h) below]	130,765	98,745
6% Compulsory convertible debentures [Refer Note (g) below]	12,000	20,000
From others [Refer Note (b) & (d) below]	15,208	10,000
Unsecured		
Term Loan from banks [Refer Note (e) below]	-	-
Loan from others [Refer Note (i) to (j) below]	13,112	4,431
6% Non-Cumulative compulsorily convertible Preference shares [Refer Note (k) below]	5,000	5,000
	176,085	**138,176**
16.2. Lease Liabilities		
Long term maturities of finance lease obligations [Refer Note (i) to (j)]	316	991
Other Lease Liabilities - Non Current	26,314	17,670
	26,630	**18,661**

(a) Of the above, facilities amounting to ₹ 30,762 (Previous Year : ₹ 16,351) 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 ₹ 18,106 (Previous Year : ₹ 7,474) 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 ₹ 3,455 is loan availed from others (NBFC).

(c) Of the above, facilities amounting to ₹ 50,016 (Previous Year : ₹ 28,048) 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 ₹ 38,992 (previous year ₹ 38,672) 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 ₹ 1022 (previous year ₹ 3,065) including current maturity is primarily secured against the specific project receivables of the company and ₹ 3,336 (previous year ₹ 5,529) is secured by moveable fixed assets funded out of Term Loan.

ii.Of total term loan balance ₹ 36,718 (previous year ₹ 19,575), ₹ 7,697 (previous year ₹ 4,750) and are primarily secured by a cover of 1.25 times charge on identifiable movable fixed assets and 4,021. (previous year ₹ 4,825) and are primarily secured by movable fixed assets funded out of term loan ₹ 10,000 (previous year ₹ NIL) Exclusive Charge on assets created out of the capex for which reimbursement is sought, an amount of ₹ 15,000 (previous year ₹ 10,000) 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.

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

	As at March 31, 2024	As at March 31, 2023

(e) During the FY 2020-21, the company has entered into External Commercial Borrowing (ECB) facility agreement for $50 and drawn down $50 out of sanctioned loan during FY 2020-21 and repaid $ 5 in FY 2021-22, $ 10 in FY 2022-23 & $ 10 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 7.20% 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). **SERIES 1:** 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 INR 100 each amounting to ₹ 20,000 and 1% of 2,00,00,000 (two crore) Series 2 Compulsorily Convertible Debentures (CCD) with face value of INR 100 each amounting to ₹ 200.

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

SERIES 2: During the financial year 2022-23, Kotak Special Situations Fund (KSSF) subscribed to additional 1,98,00,000 Series 2 Compulsorily Convertible Debentures (CCD) with face value of INR 100 each amounting to ₹ 19,800. 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 ₹ 60,000. 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 ₹ 60,000 to Kotak Data Center Fund ("KDCF").

SERIES 5: During the financial year 2023-24, Kotak Data Center Fund (KDCF) subscribed to additional 1,20,00,000 Series 5 Compulsorily Convertible Debentures (CCD) with face value of INR 100 each amounting to ₹ 12,000. 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.

h. The Company has adjusted the processing charges paid with respect to borrowings from borrowings from banks ₹ 1,622 (Previous year ₹ 1,851)

i. These are primarily taken from NBFCs.

j. 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.

k.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.

l. The current maturities of the above borrowings, carrying the aforesaid security and repayment terms are grouped under Note D (20)

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

		As at March 31, 2024	As at March 31, 2023
The current maturities of borrowings are as under:			
Secured			
Term loan from banks		28,181	17,403
Current maturities of finance lease obligations		881	1,102
Unsecured			
Loan from others		7,324	6,023
Current portion of lease obligation		2,918	4,749
		39,304	**29,277**

17. OTHER FINANCIAL LIABILITIES - NON-CURRENT

		As at March 31, 2024	As at March 31, 2023
Security deposits		179	199
Other liabilities		-	
		179	**199**

18. PROVISIONS

		As at March 31, 2024	As at March 31, 2023
Provisions for employee benefits - current			
Compensated absences		407	311
	(A)	**407**	**311**
Provisions for employee benefits - non-current			
Gratuity		251	277
Compensated absences		1,348	1,022
	(B)	**1,599**	**1,299**
	(A) + (B)	**2,006**	**1,610**

19. OTHER NON-CURRENT LIABILITIES

		As at March 31, 2024	As at March 31, 2023
Contract Liability (Unearned income)*		30,534	23,240
Security Deposit		360	360
		30,894	**23,600**

*Refer D(47) for the movement in Contract Liability

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

	As at March 31, 2024	As at March 31, 2023
20. BORROWINGS AND LEASE LIABILITITES (SHORT-TERM)		
20.1 BORROWINGS		
Loans repayable on demand from banks - Secured [Refer notes (a) to (g) below]		
Working capital facilities	32,033	38,435
Loans repayable on demand from banks - Unsecured [Refer notes (f) & (h) below]		
Working capital facilities	-	2,350
Buyers' credit from banks	1,836	2,410
Current maturities of Long Term Loans		
Current maturities of long term debt* (refer note (i))	28,181	17,403
Current maturities of other loans*	7,324	6,023
	69,374	**66,621**

*Also refer note D (16)

20.2 LEASE LIABILITIES

Current maturities of Lease liabilities		
Current maturities of finance lease obligations*	881	1,102
Other Lease Liabilities -Current	2,918	4,749
	3,799	**5,851**

*Also refer note D (16)

(a) Of the above, facilities amounting to ₹ 15,751 (Previous Year : ₹ 16,590), availed by the Company are primarily secured by way of pari-passu charge on the entire current assets of the Company to all working capital bankers under consortium.

(b) The above facilities amounting to ₹ 2,795 (previous year ₹ 7,319), 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.

(c) The above facilities amounting to ₹ 7,287 (previous year ₹ 7,154), 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.

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

(i) exposure amounting to ₹ 22,235 (previous year ₹ 25,860) is secured collaterally by way of pari-passu charge on the unencumbered movable fixed assets of the Company, both present and future.

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

	As at March 31, 2024	As at March 31, 2023

(ii) exposure amounting to ₹ 12,868 (previous year ₹ 13,347) 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 ₹ 3,600 (previous year ₹ 4,700) 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 ₹ 4,260 (previous year ₹ 8,760) is collaterally secured by equitable mortgage over the Vashi 5th floor property at Mumbai.

(e) Of the above, facilities amounting to ₹ 6,200 (previous year ₹ Nil) are primarily secured by way of pari-passu charge on current assets of the Company, both present and future.

(f) Of the above, facilities amounting to ₹ Nil (previous year ₹ 3,740) are secured by way of pari-passu charge on current assets. Out of which ₹ Nil (previous year ₹ 250) has first pari-passu charge on unencumbered movable fixed assets of the Company.

(g) These working capital facilities bear interest ranging from 7.60% p.a. to 9.30%. [Previous year: 5.40% p.a. to 9.30% p.a.] and these facilities are subject to renewal annually.

(h) The loans in the nature of Buyers Credit bear interest rate 2.97% to 6.23% (previous year 0.79% to 1.73%).

(i). The Company has adjusted the processing charges paid with respect to borrowings from borrowings from banks ₹ 648 (Previous year ₹ 532)

(j) Working capital facilities comprises the following:

Bank overdraft	4,869	9,515
Other working capital facilities	27,165	31,270
	32,034	**40,785**

21. TRADE PAYABLES

Towards purchase of goods and services		
Undisputed Trade payables		
(A) Total outstanding dues to micro enterprises and small enterprises	1,137	291
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	102,259	91,988
	103,396	**92,279**

Note

The amount payable to micro enterprises and small enterprises of ₹ 1137 (previous year ₹ 291) are not due for payment as on March 31, 2024. - Refer note D (48)

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

21.1 TRADE PAYABLES AGEING SCHEDULE

The following table presents the aging of the Trade payables for the year ended March 31, 2024

Particulars	< 1 Year	1- 2 Years	2 - 3 Years	> 3 Years	Total
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises#	1,137				1,137
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	90,995	4,115	4,377	2,772	102,259
	92,132	4,115	4,377	2,772	103,396
Disputed Trade payables :					
(c) Total outstanding dues to micro enterprises and small enterprises					
(d) Total outstanding dues of creditors other than micro enterprises and small enterprises					
	-	-	-	-	-
Total	**92,132**	**4,115**	**4,377**	**2,772**	**103,396**

 # Out of the above, INR 1,137 pertains to not due as on March 31 2024

The following table presents the aging of the Trade payables for the year ended March 31, 2023

Particulars	< 1 Year	1- 2 Years	2 - 3 Years	> 3 Years	Total
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises#	291	-	-	-	291
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	68,493	10,463	1,460	11,572	91,988
	68,784	10,463	1,460	11,572	92,279
Disputed Trade payables :					
(c) Total outstanding dues to micro enterprises and small enterprises					
(d) Total outstanding dues of creditors other than micro enterprises and small enterprises					
	-	-	-	-	-
Total	**68,784**	**10,463**	**1,460**	**11,572**	**92,279**

 # Out of the above, INR 291 pertains to not due as on March 31 2023

Note: Outstanding for above periods is from the date of Invoice .

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

	As at March 31, 2024	As at March 31, 2023
22. OTHER FINANCIAL LIABILITIES		
Capital creditors	13,795	14,366
Interest accrued but not due on borrowings	745	1300
Deposits from customers	159	489
Other payables	1,247	4,241
Derivative financial liabilities	-	-
Unpaid dividends	*	*
	15,946	**20,396**

* Amount below the rounding off norm adopted by the Group

	As at March 31, 2024	As at March 31, 2023
23. OTHER CURRENT LIABILITIES		
Advances received from customers	18,048	12,383
Statutory payables	853	1,199
Contract liability (Unearned income) *	20,839	19,723
Other payables	1,486	1,887
	41,226	**35,192**

* Refer Note D (47) for the movement in Contract liability (Unearned income)

24. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

(i) Claims against the Company not acknowledged as debts include demands from Indian Income Tax authorities for payment of tax amounting to ₹ Nil (Previous Year - ₹ Nil).

(ii) Contingencies due to certain Service Tax claims as at Mar 31, 2024 amounted to ₹ 4,162 (previous year: ₹ 4,162).

(iii) Contingencies due to certain Sales Tax claims as at Mar 31, 2024 amounted to ₹ 147 (Previous Year: ₹ 2,238).

(iv) Contingencies due to certain Goods And Services Tax claims as at Mar 31, 2024 amounted to ₹ 240 (Previous Year: ₹ NIL).

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

(b) 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 ₹ 20,200 with subsequent subscription of ₹ 19,800 during the year 2021-2022 and 2022-23 and an option to request additional ₹ 60,000. On July 20 2023 ₹ 60,000 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.

(c) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for	93,526	106,788

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

	For the year ended March 31 2024	For the year ended March 31 2023
25. REVENUE FROM OPERATIONS		
Sale of Services	339,504	304,500
Sale of Products	16,835	29,537
	356,339	**334,037**
Revenue attributable to Unified license [Refer Note D (43)(a)]		
Revenue from voice services	2,063	18,092
Revenue from others	110,478	100,936
Revenue not attributable to Unified license	243,798	215,009
	356,339	**334,037**

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

Note :2 Performance obligations and remaining performance obligations

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

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

Particulars	March 31, 2024	March 31, 2023
Within one year	13,676	11,832
One to three years	3,932	8,484
Three years or more	33,766	14,382
	51,374	**34,698**

	For the year ended March 31 2024	For the year ended March 31 2023
26. OTHER INCOME		
Interest income		
From banks	2,314	827
Others*	1,063	1,402
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	-	108
Gain on foreign exchange fluctuation (Net)	-	858
Income from Lease termination	88	
Rental income	1	1
Miscellaneous income	2,327	352
	5,793	**3,548**

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

	For the year ended March 31 2024	For the year ended March 31 2023
27. COST OF GOODS SOLD AND SERVICES RENDERED		
A. Cost of services rendered		
Networking costs	79,405	69,022
Voice carriage costs		
Other direct costs	43,143	45,661
Power expenses	46,233	42,832
	1,68,781	**1,58,515**
B. Purchases of Stock in trade	42,502	28,034
C. Changes in inventories - Stock in Trade		
Opening inventory	19,419	24,006
Less: Closing inventory	(33,933)	(19,419)
	(14,514)	**4,587**
	1,96,769	**1,91,136**
28. EMPLOYEE BENEFIT EXPENSE		
Salaries and wages	49,080	41,228
Contribution to provident and other funds*	3,291	2,636
Staff welfare expenses	705	503
Share-based payments to employees [Note D (39)]	69	165
	53,145	**44,532**
29. FINANCE COSTS		
Interest	18,583	13,136
Other borrowing costs (including letters of credit and bill discounting charges)	1,650	1,471
Interest on lease liability	2,500	1,919
	22,733	**16,526**

₹5,140 (Previous year ₹1,493) has been capitalised to Capital work in Progress, considering the capitalisation rate of 9.12%

	For the year ended March 31 2024	For the year ended March 31 2023
30. OTHER EXPENSES		
Commission expenses	1,132	733
Communication expenses	268	240
Rent	1,749	2,137
Rates and taxes	1,128	924
Travelling expenses	2,274	1,830
Power and fuel expenses	2,078	1,748
Legal and professional	3,302	2,170

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

	For the year ended March 31 2024	For the year ended March 31 2023
Payment to auditors		
- For Statutory audit fees	61	56
- For Other services	40	35
- For Reimbursements	1	1
Repairs and maintenance expenses		
- Plant and machinery	4,208	3,421
- Buildings	2,153	2,702
- Others	9,070	8,067
Insurance	1,577	1,198
Outsourced manpower costs	1,865	1,754
Advertisement, selling and marketing expenses	1,599	1,089
Loss on foreign exchange fluctuation (net)	570	-
Loss on sale of property, plant and equipment (Net)	4	-
Contribution towards Corporate Social Responsibility [Refer note D (50)]	329	331
Allowance for bad and doubtful debts (refer note D(8) for baddebts written off)	2,650	3,719
Miscellaneous expenses	3,373	3,279
	39,431	35,462

31. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES FOR THE YEAR ENDED MAR 31, 2024

(i) Long term borrowings*

Particulars	As at April 01, 2023	Proceeds	Repayment	Non cash movement: Foreign exchange movement	Non cash movement: Fair value changes	Non cash movement: Re-classification	As at March 31, 2024
Term loans from Bank*	115,768	77,904	(20,186)	240	-	(14,780)	158,946
6% Compulsory convertible debentures	20,000	60,000	-	-	-	(68,000)	12,000
Term loans from Others	20,454	7,012	(7,328)	-	134	15,372	35,644
6% Non Cumulative Compulsory Convertible Preference Shares	5,000	-	-	-	-	-	5,000
Finance lease obligations	2,093	269	(1,127)	-	(39)	-	1,196
Total	**163,315**	**145,185**	**(28,641)**	**240**	**95**	**(67,408)**	**212,786**

*including current maturities

*The Company has adjusted the processing charges paid with respect to borrowings from borrowings from banks ₹ 115

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

(ii) Short term borrowings

Particulars	As at April 01, 2023	Cash flow	Foreign exchange movement	As at March 31, 2024
Working capital facilities excluding overdraft*	31,270	(4,105)	-	27,165
Other short term borrowing	2,410	(574)	-	1,836
Total	**33,680**	**(4,679)**	**-**	**29,001**

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

<u>Reconciliation of liabilities from financing activities for the year ended March 31, 2023</u>

(i) Long term borrowings*

Particulars	As at April 01, 2022	Proceeds	Repayment	Non cash movement			As at March 31, 2023
				Foreign exchange movement	Fair value changes	Re-classification	
Term loans from Bank*	53,617	79,624	(15,423)	244	91	(2,385)	115,768
6% Compulsory convertible debentures	20,200	19,800	-	-	-	(20,000)	20,000
Term loans from Others	24,598	11,036	(10,258)	-	78	-	25,454
Finance lease obligations	3,016	90	(1,370)	209	148	-	2,093
Total	**101,431**	**110,550**	**(27,051)**	**453**	**317**	**(22,385)**	**163,315**
*including current maturities	98,415	110,460	(25,681)	244	169	(22,385)	161,223
	48,682						33,680

*The Company has adjusted the processing charges paid with respect to borrowings from borrowings from banks ₹ 2,385

(ii) Short term borrowings

Particulars	As at April 01, 2022	Cash flow	Foreign exchange movement	As at March 31, 2023
Working capital facilities excluding overdraft*	46,950	(15,680)	-	31,270
Other short term borrowing	1,732	477	201	2,410
Total	**48,682**	**(15,203)**	**201**	**33,680**

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

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

	As at March 31, 2024	As at March 31, 2023

32. DEFERRED TAX ASSETS AND LIABILITIES

The tax effects of significant temporary differences that resulted in deferred tax assets and a description of the items that created these differences is given below :

Recognised deferred tax assets/liabilities

Deferred tax assets on temporary deductible difference

	As at March 31, 2024	As at March 31, 2023
Property, Plant and Equipment	9,748	7,147
Leases under Ind AS 116	1,815	1,476
Provision for employee benefits	489	454
Accounts receivable	1,311	1,046
Provision for Doubtful Advances	228	212
Payment to the MSME Vendors	109	-
	13,700	**10,335**
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(1,442)	(1,338)
Finance lease obligations	(285)	(341)
	(1,727)	**(1,679)**
Net deferred tax asset (liability) recognised in Balance Sheet	**11,973**	**8,656**

Movement in temporary differences during current and previous year

	Provision for employee benefits	Accounts receivable	Provision for Doubtful Advances	Property, Plant and Equipment	Intangible assets	Finance lease obligations	Leases under Ind AS 116	Payment to MSME Vendors
Balance as at March 31, 2022	462	1,115	210	**5,566**	**(1,435)**	**(357)**	**1,301**	**-**
Recognised in income statement	(8)	(69)	2	1,581	97	16	175 -	
Balance as at March 31, 2023	454	1,046	212	**7,147**	**(1,338)**	**(341)**	**1,476**	**-**
Recognised in income statement	35	265	16	2,601	(104)	56	339	109
Balance as at March 31, 2024	**489**	**1,311**	**228**	**9,748**	**(1,442)**	**(285)**	**1,815**	**109**

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

	year ended March 31 2024	year ended March 31 2023
Income tax expense recognized in profit or loss		
Current tax expense/ (reversal)	5,148	5,259
Deferred tax liability / (asset)	(3,317)	(1,794)
	1,831	**3,465**

Reconciliation of effective tax rates

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

	year ended March 31 2024	year ended March 31 2023
Profit before income taxes	2,320	10,210
Enacted tax rates in India	25.17%	25.17%
Computed expected tax expense/(benefit)	584	2,570
Effect of :		
Recognition of previously unrecognised deferred tax asset on temporary differences	(17)	(425)
Difference on account of differential tax rates in different jurisdictions	(229)	185
Effect on account of the consolidation at group level	(101)	
Effect of Unrecognised business loss including reversal of previously recognised DTA on business loss	1,571	1,055
Effect of expenses that are not deductible in determining taxable profit	270	17
Unrecognised temporary differences	-	-
Utilisation of previously unrecognised temporary differences	-	-
Reversal of previously recognised temporary differences	-	-
Others	(247)	63
	1,831	**3,465**

33. PAYMENTS TO DIRECTORS

(other than managing director and executive director)

	year ended March 31 2024	year ended March 31 2023
Sitting fees	27	22
Consultancy fees	3	3

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

	year ended March 31 2024	year ended March 31 2023
(a) Weighted average number of shares - Basic		
Issued fully paid up ordinary shares as on April 1,	182,835,369	182,742,369
Effect of shares issued on exercise of stock options	198,581	60,820
Weighted average number of equity shares outstanding	**183,033,950**	**182,803,189**
Profit for the Period	**489**	**6,745**
Basis Earnings per Share	**₹ 0.27**	**₹ 3.69**

Note: During the year 2010-11, 12,50,00,000 ordinary shares were issued to the existing promoter group on a private placement basis. Refer note D(49).

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

	year ended March 31 2024	year ended March 31 2023
(b) Weighted average number of shares - Diluted		
Weighted average number of equity shares outstanding	183,033,950	182,803,189
Dilutive impact of associated stock options*	2,164,419	2,869,403
Weighted average number of equity shares for diluted earnings per share	**185,198,369**	**185,672,592**
Profit for the Period	**489**	**6,745**
Diluted Earnings per Share	**₹ 0.26**	**₹ 3.63**

*The Company has issued Associate Stock Options of which 63,29,187 (Previous year : 69,72,978) options are outstanding as at March 31, 2024. These could potentially dilute basic earnings per share in future. Refer Note D (39).

35. FOREIGN CURRENCY EXPOSURE

The details of foreign currency exposure as at March 31, 2024 are as follows:

Particulars	Year ended March 31, 2024		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalents	USD	6	486
	GBP	1	111
	EUR	*	5
			602
Trade Receivables	GBP	1	87
	USD	209	17,453
	DHS	*	*
	EUR	6	550
			18,090
Amounts payable in foreign currency on account of:			
Trade Payables	EUR	4	377
	USD	81	6,712
	DHS	*	7
	GBP	*	48
	AUD	*	*
	SGD	-	4
			7,148
Buyer's credit	USD	22	**1,836**

*Amount below rounding off norm adopted by the Group

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

The details of foreign currency exposure as at March 31, 2023 are as follows:

Particulars	Year ended March 31, 2023		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalents	USD	4	335
	GBP	1	71
	EUR	*	40
Trade Receivables	GBP	1	88
	USD	281	23,063
	EUR	4	369
			23,520
Amounts payable in foreign currency on account of:			
Trade Payables	EUR	2	224
	USD	286	23,495
	DHS	*	6
	GBP	*	35
	HKD	*	*
			23,760
ECB & Buyer's credit	USD	61	**4,982**

*Amount below rounding off norm adopted by the Group

36. EMPLOYEE BENEFITS

a. Defined benefit plans (Gratuity)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (Gratuity)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Projected benefit obligation at the beginning of the year	2,989	2,160
Service cost	622	471
Interest cost	219	139
Remeasurement (gain)/losses	211	477
Benefits paid	(216)	(258)
Projected benefit obligation at the end of the year	**3,825**	**2,989**

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

Change in the fair value of plan assets

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Fair value of plan assets at the beginning of the year	2,712	1,382
Interest income	201	88
Employer contributions	863	1,577
Benefits paid	(216)	(253)
Return on plan assets, excluding amount recognised in net interest expense	14	(82)
Fair value of plan assets at the end of the year	**3,574**	**2,712**

Amount recognised in the Consolidated Balance Sheet

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Present value of projected benefit obligation at the end of the year	3,825	2,989
Fair value of plan assets at the end of the year	(3,574)	(2,712)
Funded status amount of liability recognised in the Balance Sheet	**251**	**277**

Expense recognised in the Consolidated Statement of Profit and Loss

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Service cost	622	471
Interest cost	219	139
Interest income	(201)	(88)
Net gratuity costs	**640**	**522**

Summary of actuarial assumptions

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate	7.15%	7.30%
Expected rate of return on plan assets	5.00% p.a.	5.00% p.a.
Salary escalation rate	8%	8.00%
Average future working life time	21.46 years	21.68 years

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

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

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

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

Contributions: The Company expects to contribute ₹ 890.83 to its gratuity fund during the period ending March 31, 2025

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

Year	As at March 31, 2024	As at March 31, 2023
1 year	729	580
2 to 5 years	2,372	1878
6 to 10 years	1,572	1218
More than 10 years	865	676

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2024 and March 31, 2023, by asset category is as follows:

	March 31, 2024	March 31, 2023
Funds managed by insurers	100%	100%

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

Amount recognised in other comprehensive income for the years ended March 31, 2024 and March 31, 2023 are as follows:

	March 31, 2024	March 31, 2023
Remeasurement (gain) /loss arising from		
- change in demographic assumptions		-50
- change in financial assumptions	24	248
- experience variance	185	278
- return on plan assets, excluding amount recognised in net interest expense/income	(12)	82
	197	**558**

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

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	March 31, 2024		March 31, 2023	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	4,004	3,660	3,126	2,860
(% change compared to base due to sensitivity)	4.5%	(4.2)%	4.5%	(4.2)%
Attrition Rate (- / + 50% of attrition rates)	4,029	3,668	3,122	2,881
(% change compared to base due to sensitivity)	4.40%	-3.43%	2.2%	(1.8)%
Mortality Rate (- / + 10% of mortality rates)	3,824	3,825	2,987	2,987
(% change compared to base due to sensitivity)	0%	0%	0.0%	0.0%
Salary Growth rate (-/+ 1%)	3,678	3,978	2,871	3,108
(% change compared to base due to sensitivity)	(3.6)%	3.7%	(3.6)%	3.8%

b. Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The group has no further obligations under the plan beyond its monthly contributions. The group contributed ₹ 2,444 and ₹ 1,945 for the year ended March 31, 2024 and March 31, 2023 respectively.

The Group has contributed to 401(K) plan on behalf of eligible employees amounting to ₹ 199 (March 31, 2023: ₹ 175) during the year ended March 31 2024.

37. SEGMENT REPORTING

The operating segments of the Group has been reclassified in the previous year with effect from April 1, 2021 pursuant to the business reorganisation 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 centric 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-centric services: The Network services consist of network services addressing the domestic connectivity needs of Indian enterprises and international inward and outward connectivity needs of International Enterprises. The services include a comprehensive range of Internet protocol based Virtual Private Network, offerings, including intranets, extranets and remote access applications to both small and large corporate customers. The Group provides MPLS-enabled 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)

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

Data center services: The Group operates 11 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:

a. 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.

b. Remote and Onsite Infrastructure Management services which provide management and support of customer operating systems, applications and database layers.

c. Network Operations Center (NOC) services, managed SDWAN and manged Wi-Fi solutions.

d. Data Center Build, Network Integration, Information security and End User computing.

e. web-applications which include sales force automation, supply chain management, intranet and extranets, workflow engine and knowledge management systems.

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

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

The Group also offers value-added services to organizations such as website design, development, content management, digital certification services, Online assessment tools, search engine optimization, including domain name management, secure socket layer (SSL) certificate for websites, and server space in required operating system and database. It provides messaging and collaboration services and solutions such as e-mail servers, LAN mail solutions, anti-spam appliances, bulk mail services, instant messaging, and also offer solutions and services to enable data and access security over the Internet, Infrastructure-based services on demand, including on-line testing engine and network management. On-line testing services include test management software, required servers and proctored examination facilities at Sify's franchisee points. On-line exam engine offered allows a secure and flexible way of conducting examinations involving a wide range of question patterns.

Accordingly, revenues represented by nature of service rendered comprise the primary basis of segmental information.

The Chief Operating Decision Maker ("CODM"), i.e, The Board of Directors and the senior management, evaluate the Group's performance and allocate resources to various strategic business units that are identified based on the products and services that they offer and on the basis of the market served. The measure of profit / loss reviewed by the CODM is "Profit/loss before interest, taxes, depreciation and amortization" also referred to as "segment operating income / loss". Revenue in relation to segments is categorized based on items that are individually identifiable to that segment.

Bandwidth costs, which form a significant part of the total expenses, are of three kinds – international, domestic and last mile. These are allocated primarily to the Network services.

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

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

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

The Group's operating segment information for the year ended March 31, 2024 is presented below:

Particulars	Network centric Services	Data center Services	Digital Services	Total (A)+(B)+(C)
	(A)	(B)	(C)	
Revenue from operations				
External customers	146,611	110,540	99,188	**356,339**
Intersegment revenues	-	877	2,215	**3,092**
Total Revenue	**146,611**	**111,417**	**101,403**	**359,431**
Operating expenses	(123,194)	(64,254)	(101,049)	**(288,496)**
Intersegment Expenses	(2,518)	-	(574)	**(3,092)**
Segment operating income / (loss)	**20,899**	**47,163**	**(220)**	**67,842**
Unallocable Expenses (Support Service Unit Costs)				(2,499)
Unallocable (expenses)/Income				1,846
Foreign exchange gain / (loss), net				570
Profit / (loss) before interest, depreciation and tax				**67,760**
Net interest expense				(17,705)
Depreciation & Amortisation				(47,734)
Profit before tax				**2,320**
Income tax (expense) / recovery				(1,831)
Profit after taxes				**489**

The Group's operating segment information for the year ended March 31, 2023 is presented below:

Particulars	Network centric Services	Data center Services	Digital Services	Total (A)+(B)+(C)
	(A)	(B)	(C)	
Revenue from operations				
External customers	132,905	101,256	99,876	**334,037**
Intersegment revenues	-	877	2,198	**3,075**
Total Revenue	**132,905**	**102,133**	**102,074**	**337,112**
Operating expenses	(111,258)	(60,856)	(98,991)	**(271,105)**
Intersegment Expenses	(2,501)	-	(574)	**(3,075)**
Segment operating income / (loss)	**19,146**	**41,277**	**2,508**	**62,932**
Unallocable expenses				(1,496)
Other income				461
Foreign exchange gain / (loss), net				858
Profit / (loss) before interest, depreciation and tax				**62,755**
Net interest expense				(12,826)
Depreciation & Amortisation				(39,719)
Profit before tax				**10,210**
Income tax (expense)/recovery				(3,465)
Profit after taxes				**6,745**

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

Geographic segments

The Group has two geographic segments viz., India and rest of the world. Revenues from the geographic segments based on domicile of the customer are as follows:

Description	India	Rest of world	Total
Revenues			
Year ended March 31, 2024	333,040	23,299	356,339
Year ended March 31, 2023	273,493	60,544	334,037

The Group does not disclose information relating to non-current assets located in India and rest of the world as the necessary information is not available and the cost to develop it would be excessive.

Major Customer

During the year under review revenue from one customer of the Group's Data center services segment is ₹ 41,713 which is more than 10% of the Group's total revenue.

38. RELATED PARTY TRANSACTIONS

(a) Related parties

The related parties where control / significant influence exists are subsidiaries and associates. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel includes the board of directors and other senior management executives. The other related parties are those with whom the Group has had transaction during the year ended March 31, 2024 and March 31, 2023 are as follows:

Particulars	Related Parties	Country of Incorporation	% of ownership interest
Holding companies	Infinity Satcom Universal Private Limited.	India	
	Raju Vegesna Infotech and Industries Private Limited (subsidiary of Infinity Satcom Universal Private Limited)	India	
	Ramanand Core Investment Company Private Limited (subsidiary of Raju Vegesna Infotech and Industries Private Limited)	India	
Subsidiaries	Sify Technologies (Singapore) Pte. Limited	Singapore	100%
	Sify Technologies North America Corporation	USA	100%
	Sify Infinit Spaces Limited	India	100%
	Sify Data and Managed Services Limited	India	100%
	Sify Digital Services Limited	India	100%
	SKVR Software Solution Private Limited*	India	100%
	Patel Auto Engineering Private Limited	India	100%
Trust controlled by KMP	Raju Vegesna Foundation	India	

*The Company has consolidated the Financial statements of SKVR as it controls the entity. This control is determined based on Ind AS 110 as the Company has rights to variable return from its involvement with the SKVR and has ability to affect those returns. The Company nor SISL hold any shares in its name in SKVR. Hence it has been treated as a subsidiary only for consolidation purposes.

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

(b) Related party transactions and balances

Following is a summary of related party transactions for the year ended March 31, 2024:

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	3
Sitting fees paid	-	-	27
Salaries and other short term benefits*	-	-	795
Contributions to defined contribution plans*	-	-	34
Share based payment transactions*	-	-	25
Lease rentals paid**	14	86	-
CSR Contribution made	-	329	-
Amount of outstanding balances			
6% Non-Cumulative compulsorily convertible Preference shares #	-	5,000	-
Advance lease rentals and refundable deposits made**	-	56	-
Lease rentals payable**	1	7	-

Following is a summary of related party transactions for the year ended March 31, 2023:

Transactions	Holding Company	Others	Key Management Personnel
Consultancy services received	-	-	3
Sitting fees paid	-	-	22
Salaries and other short term benefits*	-	-	559
Contributions to defined contribution plans*	-	-	22
Share based payment transactions*	-	-	19
Lease rentals paid**	14	81	-
CSR Contribution made	-	244	-
Amount of outstanding balances			
9% Cumulative Non-convertible preference shares#	-	5,000	-
Advance lease rentals and refundable deposits made**	-	56	-
Lease rentals payable**	1	7	-

* 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 Current year, the Managerial Remuneration paid to Mr. M P Vijay Kumar, Whole-time Director is in excess of the limits laid down under section 197 of the Companies Act, 2013 by ₹ 209 lakhs for which the Company has obtained approval from its shareholders as per the provisions of the Companies Act, 2013.

**During the year 2011-12, the Company had entered into a lease agreement with M/s Raju Vegesna Infotech and Industries Private Limited, the holding Company, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.75 (Rupees Seventy Five Thousand Only) per month. Subsequently, the Company entered into an amendment agreement with effect from April 1, 2013, providing for automatic renewal for a further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years. Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective February 1, 2024 on a rent of ₹ 1.60 per month.

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

During the year 2011-12, the Company had also entered into a lease agreement with M/s Raju Vegesna Developers Private Limited, a Company in which Mr Ananda Raju Vegesna, Executive Director of the Company and Mr Raju Vegesna, Chairman and Managing director of the Company exercise significant influence, to lease the premises owned by it for a period of three years effective February 1, 2012 on a rent of ₹ 0.30 (Rupees Thirty Thousand Only) per month. The agreement provides for the automatic renewal for further period of two blocks of 3 years with an escalation of 15% on the last paid rent after the end of every three years.Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective February 1, 2024 on a rent of ₹ 0.59 per month.

During the year 2010-11, the Company had entered into a lease agreement with Ms Radhika Vegesna, daughter of Mr Anand Raju Vegesna, Executive Director of the company, to lease the premises owned by her for a period of three years effective June 1, 2010 on a rent of ₹ 3 per month and payment of refundable security deposit of ₹ 26. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged. Subsequently on account of expiry of the said agreement, the company entered into a fresh agreement for a period of three years effective June 1, 2019 on a rent of ₹ 6.39 per month and payment of additional refundable security deposit of ₹ 30. This arrangement will automatically be renewed for a further period of two blocks of three years with all the terms remaining unchanged.

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

39. ASSOCIATE STOCK OPTION PLAN

The Group had issued stock options under Associate Stock Option Plan (ASOP) 1999, ASOP 2000, ASOP 2002, ASOP 2005, ASOP 2007 and ASOP 2014. The Compensation Committee grants the options on the basis of performance, criticality and potential of the employees as identified by the management. Each option entitles the holder to purchase one American Depository Share (ADS) at an exercise price determined by the Compensation committee on the date of the grant. There are no options outstanding in respect of ASOP 1999, ASOP 2000, ASOP 2002, ASOP 2005 and ASOP 2007 as at March 31, 2024. The plan details of ASOP 2014 are as follows:

(i) ASOP 2014

During July 2014, the shareholders of the Company approved a new scheme for allotment of shares to employees i.e. Associate Stock Option Plan 2014. 2,50,00,000 shares are reserved for this plan. Consequently 58,70,800 options were granted to the employees on January 20, 2015. The Company has granted additional 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 :

No of Options	Category	Vesting Pattern
4,304,600	Category I	3/5th of the options vest at the end of one year from the date of grant. The remaining 2/5th vests at the end of every half year during second and third years from the date of grant in 4 equal instalments
6,612,700	Category II	2/5th of the options vest at the end of one year from the date of grant. The remaining 3/5th vests at the end of every half year during second, third and fourth years in 6 equal instalments.
4,052,800	Category III	2/5th of the options vest at the end of two years from the date of grant. The remaining 3/5th vests at the end of every half year during third, fourth and fifth years in 6 equal instalments.

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

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

No. of options granted, exercised and forfeited	**For the year ended**	
	March 31, 2024	**March 31, 2023**
Outstanding at the beginning of the year	6,972,978	7,232,978
Granted during the year	-	25,000
Forfeited and expired during the year	(146,700)	(192,000)
Exercised during the year	(497,091)	(93,000)
Outstanding at the end of the year	**6,329,187**	**6,972,978**
Vested and exercisable at the end of the year	5,183,587	5,584,478
Weighted average exercise price in ₹	90.12	92.60
Remaining contractual period	0.05-3.82 Years	0.06-4.82 Years

The fair value of stock options granted has been measured using the Black Scholes model at the date of the grant. The Black Scholes model includes assumptions regarding dividend yields, expected volatility, expected term (or "option life") and risk free interest rates. In respect of the options granted, the expected term is estimated based on the vesting term, contractual term as well as expected exercise behaviour of the employees receiving the option. Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of the Group's publicly traded equity shares. Share prices for the year 2011-12 have been eliminated in determining volatility as there had been extra ordinary price movements during the said period on account of capital infusion by promoters. Dividend yield of the options is based on the recent dividend activity. Risk-free interest rates are based on the Government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside the Group's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in the future periods, stock compensation expense could be materially impacted in future years.

The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2024 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2024	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	66.6 - 230.97	6,329,187	90.12	0.05-3.82 Years

A summary of information about fixed price stock options outstanding with respect to ASOP 2014 as at March 31, 2023 is furnished below:

	Range of exercise price in ₹	Number outstanding at March 31, 2023	Weighted average exercise price in ₹	Weighted average remaining contractual life
ASOP 2014	66.6 - 230.97	6,972,978	92.60	0.06-4.82 Years

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

40. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

i. Forward and option contracts

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2024 and March 31, 2023 are given below:

Particulars	Currency	As at March 31, 2024	As at March 31, 2023
Forward/Option contracts (Sell)	USD	Nil	Nil
Forward/Option contracts (Buy)	USD	Nil	Nil
Gain / (loss) on mark to market in respect of forward contracts outstanding	INR	Nil	Nil

The Company recognized a net gain/(loss) on the forward contracts of ₹ 1.44 (previous year : ₹ (13.87) for the period ended March 31, 2024.

ii. Cross Currency Swap:

The Group has entered into Cross Currency Swaps in order to hedge the cash flows arising out of the Principal and Interest payments of the underlying External Commercial Borrowing 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 fixed INR and receive fixed USD principal and interest cash flows during the term of the contract. The swap arrangement is marked to market at the end of every period and losses are recognised in the Statement of Profit and Loss. The swap contracts outstanding balances as on March 31, 2024 is as follows.

Particulars	Value of the outstanding INR term loan	Value of the outstanding USD principal	Mark to Market losses/ (gain)
Tranche 1	735	USD 10	-
Tranche 2	1,103	USD 15	-
Total	**1,838**	**USD 25**	-

The swap contracts outstanding balances as on 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	1,029	USD 14	-
Tranche 2 (Undrawn)	1,544	USD 21	-
Total	**2,573**	**USD 35**	-

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

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

	As at March 31, 2024		As at March 31, 2023	
	Payable (USD)	Receivable (INR)	Payable (USD)	Receivable (INR)
Less than 1 year	10	735	10	735
One to two years	10	735	10	735
Two to three years	5	368	10	735
Three to four years	-	-	5	368
Four to five years	-	-	-	-
More than five years	-	-	-	-
Total cash flows	**25**	**1,838**	**35**	**2,573**

The Group recognized a net loss on the cross currency swaps of ₹ Nil [previous year : ₹ Nil] for the year ended March 31, 2024.

iii. Interest rate swap:

The Group has entered into Interest Rate Swaps in order to hedge the cash flows arising out of the Interest payments of the underlying ECB. The period of the swap contract is co terminus with the period of the underlying ECB. As per the terms of the arrangement, the Company shall pay fixed rate of interest (8.9%) and receive variable rate of interest equal to SOFR + 2.5% on notional amount. The swap arrangement is marked to market at the end of every period and losses are recognised in the Statement of Profit and Loss.

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

	As at March 31, 2024		As at March 31, 2023	
	Receivable (USD)	Payable (INR)	Receivable (USD)	Payable (USD)
Less than 1 year	2	139	3	205
One to two years	1	74	2	139
Two to three years	*	12	1	74
Three to four years	-	-	*	12
Four to five years	-	-	-	-
More than five years	-	-	-	-
Total cash flows	**3**	**225**	**6**	**430**

* Amount below rounding off norm adopted by the Group

Total notional amount outstanding as on March 31, 2024 is USD 25 (previous year: USD 35)

The Group recognized a net mark to market gain on the interest rate swaps of ₹ 85 during the year ended March 31, 2024 (Previous year : net mark to market gain on the interest rate swaps of ₹ 253.

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

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2024 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	3,935	-	8,104	12,039	12,039
Trade receivables	101,552	-	-	101,552	101,552
Cash and bank balances	41,055	-	-	41,055	41,055
Other financial assets	21,621	-	-	21,621	21,621
Liabilities					
Borrowings from banks	187,946	-	-	187,946	187,946
6% Compulsory Convertible Debentures	12,000	-	-	12,000	12,000
6% Non-Cumulative Compulsorily Convertible Preference Shares	5,000	-	-	5,000	5,000
Borrowings from others	35,645	-	-	35,645	35,645
Bank overdraft	4,869	-	-	4,869	4,869
Lease Liabilities	30,429	-	-	30,429	30,429
Trade payables	102,259	-	-	102,259	102,259
Other financial liabilities	16,125	-	-	16,125	16,125
Derivative financial instruments	-	85	-	85	85

The carrying value and fair value of financial instruments by each category as at March 31, 2023 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	3,720	-	6,720	10,440	10,440
Trade receivables	113,455	-	-	113,455	113,455
Cash and bank balances	48,453	-	-	48,453	48,453
Other financial assets	9,257	-	-	9,257	9,257
Derivative financial instruments	-	253	-	253	253
Liabilities					
Borrowings from banks	149,827	-	-	149,827	149,827
6% Compulsory Convertible Debentures	20,000	-	-	20,000	20,000
9% Cumulative Non-convertible preference shares	5,000	-	-	5,000	5,000
Borrowings from others	20,454	-	-	20,454	20,454
Bank overdraft	9,515	-	-	9,515	9,515
Lease Liabilities	24,512	-	-	24,512	24,512
Trade payables	92,279	-	-	92,279	92,279
Other financial liabilities	20,595	-	-	20,595	20,595

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

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2024 and March 31, 2023 that the Group has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	March 31, 2024	March 31, 2023
Trade receivables	32,033	40,785
Cash and bank balances	16,678	11,948
	48,711	**52,733**

c. Fair value measurements:

The details of assets and liabilities that are measured on fair value on recurring basis are given below:

	Fair value as of March 31, 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 option/forward contracts	-	-	-	-	-	-
Liabilities						
Derivative financial liabilities – loss on outstanding option/ forward contracts	-	-	-	-	-	-
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	-	-	-	-
Derivative financial liabilities - loss on outstanding interest rate swaps	-	-	85	-	-	(253)

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

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

	For the year ended	
	March 31, 2024	March 31, 2023
(a) Financial assets at amortised cost		
Interest income on bank deposits	2,314	827
Interest income on other financial assets	298	555
Impairment on trade receivables	(2,650)	(3,719)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net (gains)/losses on fair valuation of derivative financial instruments	85	(253)
(c) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(2,500)	(1,919)
Interest expenses on borrowings from banks, others and overdrafts	(18,583)	(13,136)

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

41. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Group's activities. The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the risk management framework. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk: Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables, treasury operations and other activities that are in the nature of leases.

Trade and other receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Group grants credit terms in the normal course of the business.

Cash and cash equivalents and other investments:

In the area of treasury operations, the Group is presently exposed to counter-party risks relating to short term and medium term deposits placed with banks.

The Chief Financial Officer is responsible for monitoring the counterparty credit risk, and has been vested with the authority to seek Board's approval to hedge such risks in case of need.

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2024 and March 31, 2023 was as follows:

	As at	
	March 31, 2024	**March 31, 2023**
Trade investments	12,039	10,440
Trade receivables	101,552	113,455
Cash and bank balances	41,055	48,453
Other financial assets	21,621	9,257
	176,267	**181,605**

Financial assets

There is no other class of financial assets that is past due but not impaired other than trade receivables. The age analysis of trade receivables have been considered from the date of invoice. Refer Note D (9) for ageing of trade receivables and for activity in the allowance for impairment of trade receivables.

Financial assets that are neither past due nor impaired

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

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations. In addition, the Group has concluded arrangements with well reputed Banks, and has unused lines of credit that could be drawn upon should there be a need. The Group is also in the process of negotiating additional facilities with Banks for funding its requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

As at March 31, 2024

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	187,946	225,155	55,575	79,222	55,360	34,998
6% Compulsory Convertible Debentures	12,000	13,440	720	12,720	0	0
6% Non-Cumulative compulsorily convertible Preference shares	5,000	1,200	300	300	300	300
Borrowings from others	35,645	42,217	12,954	21,865	7,398	0
Bank overdraft	4,869	5,310	5,310	-	-	-
Lease Liabilities	30,428	85,887	5,877	7,735	5,312	66,963
Trade payables	102,259	102,259	102,259	-	-	-
Other financial liabilities	16,125	16,125	15,946	179	-	-
	394,272	**491,593**	**198,941**	**122,021**	**68,370**	**102,261**

As at March 31, 2023

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	149,827	198,539	56,806	57,551	48,000	36,182
6% Compulsory Convertible Debentures	20,000	21,600	2,400	4,800	4,800	9,600
9% Cumulative Non-convertible preference shares	5,000	5,000	-	-	-	5,000
Borrowings from others	20,454	23,618	7,489	11,494	4,635	-
Bank overdraft	9,515	9,470	9,470	-	-	-
Lease Liabilities	24,512	57,033	5,858	7,886	5,552	37,737
Trade payables	92,279	92,279	92,279	-	-	-
Other financial liabilities	20,595	20,595	20,396	199	-	-
	342,182	**428,134**	**194,698**	**81,930**	**62,987**	**88,519**

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

Market risk:

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

Currency risk:

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

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

The Group's exposure to foreign currency risk as at March 31, 2024 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loan	Net Balance Sheet exposure
USD	6	209	(81)	(22)	112
GBP	1	1	*	-	2
EUR	*	6	(4)	-	2
HKD	-	-	*	-	*
DHS	-	-	*	-	*

The Group's exposure to foreign currency risk as at March 31, 2023 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loan	Net Balance Sheet exposure
USD	4	281	(286)	(61)	(62)
GBP	1	1	*		2
EUR	*	4	(2)		2
HKD		-	*		*
DHS	-	-	*		*

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

A 10% strengthening of the rupee against the respective currencies as at March 31, 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/(loss)
March 31, 2024	-	184
March 31, 2023	-	478

A 10% weakening of the rupee against the above currencies as at March 31, 2024 and March 31, 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	45,023	25,906
- Investment in debt securities	3,935	3,720
Financial liabilities		
- Borrowings from banks	1,836	2,410
- Borrowings from others	54,050	47,737
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	186,110	147,418
- Bank overdrafts	4,869	9,515

Fair value sensitivity for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for 2023.

	Equity	Profit or (loss)
March 31, 2024		(92)
March 31, 2023		(122)

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

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

42. CAPITAL MANAGEMENT

The Group's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Group's capital management is to maximise shareholders value. The Group manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Group does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2024 is ₹ 2,40,400 (Previous Year: ₹ 1,71,567).

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

		As at	
		March 31, 2024	March 31, 2023
Debt		245,460	204,797
Less: cash and bank balances		(41,055)	(48,453)
Net debt	A	**204,405**	**156,344**
Equity	B	**240,400**	**171,567**
Net debt to Equity ratio	**A/B**	**85%**	**91%**

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

43. LEGAL PROCEEDINGS

a) Proceedings before Department of Telecommunications

(i) License fees

DoT issued a demand notice on 22.08.2023 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 final outcome of the adjudication is expected in the month of April, 2024.

TDSAT vide its Order dated 28.02.2022 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 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 Hon'ble Madras High Court.

It is important to note that Supreme Court had by its Order dated 10.06.2020, accepted the stand 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 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 24.10.2019 is not applicable to Internet Service Providers and the license conditions are different. The Company which had received notices for earlier years from DoT claiming 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

b) DoT has issued a notification calling upon all the licensees to pay license fee on pure internet services effective from 01.04.2022 and since then Sify has been paying the license fee on the Pure Internet on account of level playing filed.

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 Supreme Court. The Company has appropriately accounted for any adverse effect that may arise in this regard in the books of account. However TDSAT by its order dated 18.10.2019 held that license fee is not chargeable on the Internet Service Providers. DoT has filed appeal before Supreme Court and the appeal is pending for final hearing. However the company has started paying AGR on pure internet effective from 01.04.2022 pursuant to the notification issued by DOT.

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

c) 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 12.04.2016 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 21.02.2018, screenshots of 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 vested interest 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 Govt of India directed the investigating authority to conduct enquiry into the allegations. PIL was also filed before Hon'ble Court for cancellation of the examination process. However, Hon'ble 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 Court, 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.

d) 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.

e) The company has received an adverse arbitration award for a sum of ₹ 200 million in the petition filed by one of the vendor and the company is in the process of filing the appeal challenging the Award before High Court of Madras as the counter claim was rejected without any basis or reasoning.

f) The Company has received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to ₹ 64 on special allowances paid to employees. The company has filed a writ petition before High court of Madras and obtained the stay of demand. In February 2019, the Supreme Court held, in a similar case, that Special allowances paid by the employer to its employee will be included in the scope of basic wages and subject to provident fund contribution. However, the Supreme Court has not fixed the effective date of order g)During the financial year 2019-20, Directorate General of Goods and Services Tax Intelligence (DGGI) did an inspection based on the analysis of service tax returns filed by the company in the past. The company has been categorising services relating to e-Learning and Infrastructure Management Services provided to foreign customers billed in convertible foreign currency under OIDAR services while filing its half-yearly service tax return. However, based on the Place of Provision of Services Rules then applicable under the Finance Act, 1994, Service Tax has to be paid for OIDAR services provided to foreign customers even if the conditions for qualifying as export of services are met. Hence, the DGGI contended that Service Tax should be paid on the services classified as OIDAR services in the returns. The total contended during the period April 2014 to November 2016 of Service Tax was ₹ 1,618 and the Interest & Penalty as applicable. The company believes that the services relating to e-learning and infrastructure management services will not fall under OIDAR services and also the activities covered under E-learning and IMS does not meet the conditions for taxation under the provisions applicable as OIDAR and hence there is no liability. However, during the investigation, the Company has paid ₹ 646 under protest to continue the proceeding with the relevant adjudicating authorities. Thereafter, the DGGI has issued Show Cause Notice and the company has replied on the same. The matter is pending with the Adjudicating Authority. The company believes that no provision is required to be made against this demand.

44. ADJUSTMENT TO THE SECURITIES PREMIUM ACCOUNT

a) Pursuant to the approval of the shareholders of the Group at the eleventh annual general meeting held on September 24, 2007 and confirmation by the Honourable High Court of Madras vide its Order dated December 13, 2007, accumulated losses of ₹ 1,16,264 as on April 1, 2007 has been adjusted against the balance in the securities premium account.

b) The Group had an accumulated loss of ₹ 19,783 as on March 31, 2013. Consequent to scheme of amalgamation of two subsidiary companies, the accumulated loss stood at ₹ 27,661. As part of the said scheme of amalgamation, it was proposed to set off the accumulated losses of the Group and subsidiaries with the Securities Premium account of the Group. Accordingly the debit balance in the "Profit and Loss Statement as on the Appointed Date is ₹ 27,661 representing the losses carried forward by the Group and the two subsidiaries (the Transferor Companies). The details of loss incurred/profit earned by the Transferee Company over the last five years prior to the scheme are given below:

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

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

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

45. EUROPE INDIA GATEWAY

The Group has entered into a contract with Emirates Integrated Telecom ('the Emirates') for the construction and supply of undersea cable capacity from the Europe India Gateway. As per the contract with Emirates, the Group is required to pay its share of decommissioning costs, if any, that may arise in the future. No provision has been made by the Group for such decommissioning costs as the amount of provision cannot be measured reliably as at March 31, 2024. The capacity under the mentioned facility would be upgraded over a period of time.

46. IPO LISTING

In 2006, The Ministry of Finance (MoF), issued a press release by which Indian companies cannot raise new capital abroad unless, the securities of the company are listed on a stock exchange in India. However, by virtue of notification issued by the MoF on October 21, 2014, the issuance of depository receipts has been taken out of the 1993 Scheme and is now regulated by the Depository Receipts Scheme, 2014. The 2014 Scheme allows Indian companies, whether listed or unlisted, to access the international capital markets using depository receipts. Such issuances can either be through a public offering of depository receipts or through a preferential allotment or qualified institutional placement. They can also either be sponsored by the issuer company or unsponsored (such as when an existing shareholder sells its holding through the issue of depository receipts). These issuances are subject to the usual foreign investment regime, including in relation to sectoral caps as well as pricing. Moreover, such issuances are permitted only to investors in certain specific jurisdictions as listed in the 2014 Scheme, which currently consists of a list of 34 countries. The earlier condition of mandatory listing in India is dispensed with.

47. CONTRACT BALANCES

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

Particulars	March 31, 2024		March 31, 2023	
Trade Receivables		101,552		113,455
Contract Assets – Unbilled Revenue		265		526
Contract liabilities – Deferred Income		-		-
Current contract liabilities	20,839		19,723	
Non current contract liabilities	30,534		23,240	
Total Contract liabilities - Deferred Income		**51,374**		**42,963**

The following table provides the movement in contract assets (unbilled revenue) for the year ended March 31, 2024

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Balance at the beginning of the year	526	513
Add: Revenue recognized during the year but not yet billed	272	511
Less: Invoiced during the year from the balance outstanding at the beginning of the period.	533	513
Add: Translation gain or (loss)	-	15
Balance at the end of the year	265	526

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

The following table provides the movement in contract liabilities (Deferred Income) for the year ended March 31, 2024

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	**42,963**	**35,900**
Less: Revenue recognized during the year from the balance at the beginning of the period.	25,750	17,025
Add: Invoiced during the year but revenue not recognised	34,123	24,209
Add: Translation gain or (loss)	38	(121)
Balance at the end of the year	**51,374**	**42,963**

Contract Cost and Amortisation

Costs to fulfil customer contracts are deferred and amortized over the contract period. For the period ended March 31, 2024 the Company has capitalised ₹ 237 (Previous year ₹ 1,193) and amortised ₹ 371 (Previous year ₹ 3,110). There was no impairment loss in relation to the capitalised cost.

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

48 DUES TO MICRO, SMALL OR MEDIUM ENTERPRISES

As per the Office memorandum issued by the Ministry of Micro, Small and Medium Enterprises dated August 26, 2008 recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2024 and March 31, 2023 has been made in the financial statements based on information received and available with the Company. As per the records available with the company, there are dues payable to micro, small and medium enterprises as on March 31, 2024 . The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at March 31, 2024	As at March 31, 2023
a. the principal amount and the interest due thereon remaining unpaid at the end of accounting year	1,490	445
b. the amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d. the amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
e. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

49. ISSUE OF SHARES TO THE PROMOTER GROUP

On August 4, 2010, the Board of Directors of the Group proposed the issuance, in a private placement, of upto an aggregate of 12,50,00,000 of the company's equity shares, par value ₹10 per share ("Equity shares"), for an aggregate purchase price of ₹ 40,000, to a group of investors affiliated with the Group's promoter, including entities affiliated with Mr Raju Vegesna, the Group's Chairman and Managing Director and **Mr Ananda Raju Vegesna, the then Executive Director and brother of Mr Raju Vegesna (the "Offering").** The company's shareholders approved the terms of the Offering at the Company's Annual General Meeting held on September 27, 2010.

On October 22 2010, the company entered into a Subscription Agreement with **Mr Ananda Raju Vegesna**, acting as representative of the acquirers in connection with the offering. Accordingly, the company issued 12,50,00,000 equity shares to Raju Vegesna Infotech and Industries Private Limited, a company affiliated with the promoter group on October 30, 2010. The above shares were subsequently transferred by Raju Vegesna Infotech & Industries Private Limited to Ramanand Core Investment Company Private Limited.

During the Financial 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.

50. CONTRIBUTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY

	For the year ended March 31, 2024	For the year ended March 31 2023
Amount required to be spent by the company during the year	329	331
Amount of expenditure incurred	329	331
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-

Nature of CSR activities

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

Name of the Organisation	Nature of activity	For the year ended March 31, 2024	For the year ended March 31, 2023
Raju Vegesna Foundation, Visakapatanam	Livelihood enhancement	279	244
Sri Venkateswara institute of Research and Rehabilitation for the disabled trust, Dwarakha Tirumala	Promotion of health care	25	-
Voluntary Health Services, Chennai	Promotion of health care	15	18
Shree Anand Charitable Trust, Mumbai	Livelihood enhancement		25
Sri Hanuman Mani Education & Culture Trust	Promotion of Education	10	8
CHILD (Project Sakthi)	Livelihood enhancement	-	8
Guided Fortune Samirti	Rural development projects	-	25
Nayaki vidya mandir school	Promotion of Education	-	3
Total		**329**	**331**

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

51. BID PRICE DEFICIENCY NOTICE RECEIVED FROM NASDAQ :

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

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

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

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

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

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

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

52. ACQUISITION OF PRINT HOUSE (INDIA) PRIVATE LIMITED

During FY 2020-21, the company has acquired Print House India Private Limited ('PHIPL') through Corporate Insolvency Resolution Process. The company emerged as successful Resolution Applicant (RA) vide Hon'ble National Company Law Tribunal ('NCLT') order dated June 23, 2020. Pursuant to the Resolution Plan submitted, the management of affairs of the company vested with Monitoring Committee consisting of Resolution Professional and the Financial Creditor of PHIPL. The company took over the management of affairs of PHIPL after dissolution of Monitoring Committee on October 16, 2020 as per the Resolution Plan. The existing share capital of PHIPL would be reduced to Nil. Fresh capital has been issued to the company. The company has implemented the Resolution Plan in terms of settlement of financial creditors, operational creditors, absorbing of employees as appropriate to the continuance of proposed business and reviving the operations of the company by converting the facility into world class data centers as per the order of Hon'ble NCLT and the orders dismissing appeals by both Hon'ble NCLT and Hon'ble National Company Law Appellate Tribunal ('NCLAT').

During the year under review The final approval of Scheme for merger of PHIPL with SISL is expected during the month of May 2023 from NCLT as Auditor appointed by NCLT has completed the review of PHIPL. The scheme is with effective date of April 1, 2022. The Hon'ble NCLT has discretion to prescribe an alternate effective date; Post merger shareholders of PHIPL will become shareholders of SISL

53. ACQUISITION OF PATEL AUTO ENGINEERING COMPANY (INDIA) PRIVATE LIMITED

During the year 2022-23, Sify Technologies Limited (Company) has acquired Patel Auto Engineering Company (India) Private Limited ("PAECIPL") with its registered office in Rabale, Navi Mumbai through Share Purchase agreement dated March 22nd 2023 for a consideration of INR 5,250 Lakhs paid to Shareholders of PAECIPL. The Company has also given an Intercorporate Deposit of INR 850 Lakhs to PAECIPL. PAECIPL have only the Land allocated by MIDC on their books as on the date of Acquisition. The standalone financial statement of the Company shall account for leasehold rights of the land under Right to use asset for the fair value of leasehold rights with a description that the value of consideration is towards investment in Patel Auto Engineering Company (India) Private Limited ("PAECIPL") and to represent this would comply with the requirement in the relevant standards as well as Conceptual Framework for Financial Reporting. Scheme of Amalgamation of PAECIPL with SISL is filed with Hon'ble NCLT on 9th Feb 2024.

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

54. AUDIT TRAIL

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except in case of two subsidiaries, namely SKVR Software Solution Private Limited and Sify Data and Managed Services Limited, where the audit trail was implemented on January 30 2024. Further, there are no instance of audit trail feature being tampered with. [Additionally, the audit trail has been preserved as per the statutory requirements for record retention.]

55. ADDITIONAL DISCLOSURE AS PER PART III OF DIVISION II OF SCHEDULE III TO COMPANIES ACT 2013

	For the year ended March 31, 2024							
Name of the entity	Net assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Parent Sify Technologies Ltd	81%	195,048	1%	5	(4)%	5	3%	11
Indian Subsidiaries								
Sify Data and Managed Services Limited	*	(375)	*	14	*	-	*	14
Sify Infinit Spaces Limited	21%	49,534	1164%	5,696	8%	(12)	1640%	5,684
Sify Digital Services Limited	(4)%	(8,523)	(1373)%	(6,719)	133%	(190)	(1994)%	(6,909)
SKVR Software Solution Private Limited#	2%	3,699	(28)%	(135)	*	-	(39)%	(135)
Foreign subsidiaries								
Sify Technologies (Singapore) Pte Limited	*	1,316	201%	983	(11)%	16	288%	999
Sify Technologies North America Corporation	(0)%	(299)	132%	645	(27)%	38	197%	683

Name of the entity	For the year ended March 31, 2023							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Parent Sify Technologies Ltd	75%	1,29,344	34%	2,288	71%	(222)	32%	2,066
Indian Subsidiaries								
Sify Data and Managed Services Limited	*	(368)	*	(7)	*	-	*	(7)
Sify Infinit Spaces Limited	26%	45,284	132%	8,906	14%	(43)	138%	8,863
Sify Digital Services Limited	(1)%	(1,614)	(55)%	(3,735)	82%	(257)	(62)%	(3,992)
Print House (India) Private Limited #	*	(413)	(10)%	(707)	*	-	(11)%	(707)
Foreign subsidiaries								
Sify Technologies (Singapore) Pte Limited	*	317	3%	230	(11)%	34	4%	264
Sify Technologies North America Corporation	(1)%	(983)	(3)%	(231)	(57)%	176	(1)%	(54)

The post acquisition profits and Net Assets consolidated are presented above.

* Amount below rounding off norm adopted by the Group

As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors
Sify Technologies Limited

Raju Vegesna
Chairman and Managing Director
DIN: 00529027

C B Mouli
Director
DIN: 00042949

M P Vijay Kumar
Whole Time Director and
Chief Financial Officer
DIN: 05170323

Meenakshi Jayaraman
Company Secretary

IN THIS REPORT

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