

80+  **Platform Migration Projects**

91+ **Managed Mailbox**

100+   **Network Experts**

120  **Certified Security Experts**

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Corporate Information

Directors

Mr. Raju Vegesna, Director

Mrs. Vegesna Bala Saraswathi, Whole-time Director

Mr. C R Rao, Director

Mr. Kamal Nath, Director

Mr. Arun Seth, Independent Director

Statutory Auditors

Manohar Chowdhry & Associates
Chartered Accountants
Chennai

Internal Auditors

Yoganandh & Ram LLP
Chartered Accountants
Chennai

Secretarial Auditor

V Ramasubramanian
Chennai

Mr. V Ramanujan

Chief Financial Officer

Mrs. Meenakshi Jayaraman

Company Secretary

Registered Office

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

Bankers

State Bank of India
Axis Bank
HDFC Bank Limited
Yes Bank Limited
Kotak Mahindra Bank Limited
IDFC First Bank 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, 2025.

FINANCIAL PERFORMANCE AND STATE OF COMPANY'S AFFAIRS

(Amount ₹ in Lakhs)

Particulars	2024-25	2023-24
Revenue from operations	97,655	97,737
Earnings before Finance Costs, Tax, Depreciation & amortization, Other Income and exceptional items (EBITDA)	(7,187)	(2,344)
Depreciation and Amortization	2,963	2,358
Earnings before Finance Costs & Tax	(9,845)	(4,303)
Other Income (Including Forex Gain, Gain on sale of PPE)	320	494
Other Expenses (Including Forex Loss, Loss on Sale of PPE)	8,912	8,682
Finance Costs	3,247	2,581
Profit Before Tax	(13,092)	(6,884)
Profit After Tax	(13,092)	(6,719)

The turnover of the Company for the year was ₹ 97,655 Lakhs as against the turnover ₹ 97,737 Lakhs during the year 2023-24. The net loss after tax of the Company during the financial year was ₹ 13,092 lakhs as against the loss of ₹ 6,719 lakhs in previous year.

Your Company has been continuously investing in skilled manpower and tools adoption across its processes. Your Company has also spent significant amount in upskilling the existing manpower through Learning and Development initiatives. The manpower would be deployed in future customer projects and monetized accordingly.

FINANCIAL INFORMATION OF THE SUBSIDIARY

During the year, your Company invested in M/s. Sify Technologies North America Corporation (STNAC) with the transfer of 34,395,956 numbers of common stock from STL. Consequently, the Company has become the holding company of STNAC.

During the year, the revenue from operations for STNAC was ₹ 7,081 lakhs as against ₹ 7,215 lakhs in the previous year. The profit for the year was ₹ 697 lakhs compared to the profit of ₹ 645 lakhs in the previous year.

In accordance with Section 129 (3) of the Companies Act, 2013 ("the Act") read with Rule 6 of the Companies (Accounts) Rules, 2014, M/s. Sify Technologies Limited, the holding company is filing the consolidated financial statement and hence the financial statement of STNAC is not consolidated with the Company.

BUSINESS REVIEW

India's Information and Communications Technology (ICT) industry stands at a pivotal moment, with 2030 on the horizon promising both transformative growth and evolving challenges. As global markets reel from geopolitical shifts, economic volatility, and rapid technological changes, India is positioned uniquely to lead the digital charge. This era of uncertainty, rather than being a barrier, has emerged as a catalyst for innovation and opportunity. Indian IT companies, particularly agile players like Sify, are not only adapting but actively reshaping their offerings to thrive in this evolving landscape.

SIFY: REENGINEERING FOR A NEW DIGITAL EPOCH

The parent brand, once synonymous with India's early internet revolution, has steadily evolved into a formidable ICT solutions provider. Its digital services portfolio now spans cloud, data center, network, cybersecurity, and digital transformation services. Recognizing the tectonic shifts underway, the Company has embarked on an ambitious reengineering of its service suite, aligning itself with the emerging demands of global and domestic enterprises.

CLOUD-FIRST, PLATFORM-DRIVEN

Cloud computing remains the cornerstone of digital transformation. Your Company is investing significantly in enhancing its multi-cloud and hybrid cloud capabilities. Its partnerships with global hyperscalers are being deepened to offer seamless migration, orchestration, and optimization services.



By 2030, with over 80% of enterprise workloads expected to reside in the cloud, your Company is positioning itself not just as a service provider but as a strategic cloud partner. Its unified management layer offers visibility, governance, and cost control—critical factors in an increasingly complex cloud ecosystem.

CYBERSECURITY AS A CORE

With cyberattacks growing in frequency and sophistication, security is no longer a bolt-on—it is a foundational element. Your Company has revamped its cybersecurity practice to offer integrated threat management, incident response, and compliance-as-a-service.

Its Security Operations Centers (SOCs) now leverage AI and ML to offer proactive threat detection. The company is also investing in Zero Trust frameworks, Secure Access Service Edge (SASE) models, and cyber resilience consulting to meet the stringent demands of global enterprises.

DIGITAL TRANSFORMATION: BEYOND IT

The Company recognizes that true digital transformation transcends IT infrastructure. It is about reimagining business models, enhancing customer experience, and driving operational agility. Through its consultative approach, the Company is helping enterprises modernize legacy systems, adopt AI/ML workflows, and build intelligent automation pipelines.

From smart manufacturing to digital health, your Company's vertical-specific solutions are designed to accelerate time-to-value. Its investments in low-code platforms and digital workplace solutions further cater to the hybrid work paradigm.

INNOVATION AND TALENT: THE TWIN ENGINES

The Company's reengineering efforts are underpinned by a deep commitment to innovation and talent development. The company has established innovation labs focused on emerging technologies like quantum computing, 6G, blockchain, and immersive experiences.

On the talent front, your Company is collaborating with academic institutions and edtech partners to upskill its workforce in cloud-native development, cybersecurity, and AI. With a projected shortfall of over 1 million skilled tech workers by 2027 in India, such initiatives are both timely and strategic.

By fostering a culture of continuous learning and agile experimentation, your Company ensures its teams are future-ready, capable of solving tomorrow's challenges today.

PARTNERING FOR THE FUTURE

No company can scale alone in a rapidly evolving ecosystem. Your Company's partner strategy is focused on co-innovation and co-delivery. It is worthy transforming strategic alliances with hyperscalers, SaaS providers, cybersecurity firms, and niche technology startups to offer holistic solutions.

Its channel ecosystem is also being restructured to focus on vertical-specific value delivery. By nurturing a partner-driven model, your Company is expanding its reach and accelerating customer impact.

BUILDING PLATFORMS, NOT JUST SOLUTIONS

The future of ICT lies in platform-based models—composable, scalable, and intelligent. Your Company is transitioning from being a solution integrator to a platform orchestrator. Whether it is its multi-cloud management console, network-as-a-service offering, or AI-powered security platform, the emphasis is on delivering outcomes at scale.

These platforms are designed to integrate easily with customer environments, provide real-time analytics, and support self-service capabilities. By adopting a product-led growth mindset, your Company is unlocking new revenue streams while enhancing customer stickiness.

LOOKING AHEAD: COMPANY AND INDIA'S ICT FUTURE

As India marches toward a USD 5 trillion economy with digital at its core, the ICT industry will play a critical role in enabling inclusive growth. From powering smart cities to enabling financial inclusion and transforming education, digital infrastructure will be the bedrock of progress.

Your Company, with its reengineered services and renewed strategic focus, is well-poised to be a catalyst in this journey. Its ability to anticipate change, adapt rapidly, and innovate relentlessly positions it as a torchbearer of India's digital future.

In a world defined by disruption, Indian ICT companies have an unprecedented opportunity to lead with resilience and creativity. By embracing the uncertainties of today, they can engineer the certainties of tomorrow. Your Company's transformation story is not just about survival—it is about shaping the future.

GLOBAL UNCERTAINTY: A STRATEGIC OPENING FOR INDIA

The global economic landscape is under significant stress. From inflationary pressures in Western economies to disruptions in supply chains and rising geopolitical tensions, traditional IT powerhouses are being forced to reevaluate their strategies. Companies are now seeking stable, scalable, and cost-effective solutions—and India is responding with strength.

With a deep talent pool, proven service delivery frameworks, and increasing investments in deep tech and R&D, India offers an attractive value proposition. As the world looks to de-risk supply chains and diversify digital operations, India's ICT sector can transition from a cost arbitrage model to one centered on innovation and platform-led delivery.

This shift calls for players who can adapt swiftly and think beyond legacy models. Your Company, with its rich legacy and forward-looking approach, exemplifies how Indian companies can pivot, reengineer, and lead in this global realignment.

TECHNOLOGY TRENDS

Some of the top trends that will shape the Digital landscape over the next couple of years would be:

1. AI and Generative AI Integration

Global Impact: Generative AI is revolutionizing content creation, customer support, coding, and more. Enterprises are embedding AI into core business processes.

- India Perspective: India is rapidly adopting AI for automation, analytics, and personalized services across BFSI, healthcare, and e-commerce.
- Estimated Indian AI Market: Projected to reach \$17 billion by 2027, growing at ~32% CAGR. Generative AI alone is estimated to contribute \$2.5–3 billion by 2026.

2. Cloud-First and Multi-Cloud Adoption

Global Impact: Cloud is the backbone of digital transformation. Enterprises are shifting to hybrid and multi-cloud environments for flexibility and resilience.

- India Perspective: Cloud adoption is accelerating among enterprises, government bodies, and startups.
- Estimated Indian Cloud Market: \$18–20 billion by 2025, projected to hit \$35–40 billion by 2030. 80% of Indian enterprises are expected to adopt a multi-cloud strategy by 2026.

3. Cybersecurity and Zero Trust Architecture

Global Impact: Cyber threats are increasing in sophistication. Zero Trust, SASE, and AI-driven SOCs are now essential.

- India Perspective: The rise in digital services, fintech, and remote work has made cybersecurity a priority.
- Estimated Indian Cybersecurity Market: Set to grow from \$6 billion in 2023 to \$13 billion by 2027. Government policies and data privacy regulations are accelerating enterprise security investments.

4. 5G and Edge Computing platforms

Global Impact: 5G enables ultra-low latency, high-speed connectivity—critical for autonomous vehicles, AR/VR, and smart factories.

India Perspective: India's 5G rollout is boosting edge computing, IoT use cases, and localized data processing.

- Indian 5G Economy: Expected to contribute \$450 billion to GDP by 2040.
- Edge Computing Market in India: Poised to reach \$7 billion by 2027.

5. Data Center Modernization & Green Infrastructure

Global Impact: Demand for low-latency, secure, and sustainable infrastructure is pushing data center investments.

- India Perspective: Data localization laws, cloud adoption, and AI demand are fueling rapid expansion.
- Indian Data Center Market: Expected to reach \$10 billion by 2027.

Investments of \$5–7 billion forecasted in green and hyperscale facilities by 2030.



6. Platform Engineering & Composable Architecture

Global Impact: Platform engineering is enabling developer self-service, scalability, and faster innovation.

India Perspective: Indian IT firms are building platforms to deliver consistent, API-first services across industries.

7. Digital Twin and Industrial IoT (IIoT)

Global Impact: Digital twins allow simulation and real-time optimization of assets. IIoT is transforming manufacturing and logistics.

- India Perspective: Smart factories, predictive maintenance, and supply chain visibility are key use cases.
- IIoT Market in India: Expected to grow to \$12–15 billion by 2030. Digital Twin adoption is still emerging, but likely to be a \$1B+ opportunity by 2028.

8. Sustainable Tech and Green IT

Global Impact: Enterprises are aligning digital strategy with ESG goals—focusing on energy-efficient infrastructure, sustainable coding, and responsible AI.

- India Perspective: Energy efficiency is a driver in cloud, data centers, and manufacturing tech.
- Indian enterprises are expected to spend \$4–5 billion annually by 2027 on green IT and sustainability-focused tech.

9. Blockchain and Decentralized Technologies

Global Impact: Blockchain is extending beyond crypto into logistics, identity management, and secure transactions.

- India Perspective: Applied in banking, supply chain, digital identity, and government projects.
- India Blockchain Market: Projected to exceed \$7 billion by 2030. State-led projects like IndiaChain and RBI's CBDC are significant drivers.

10. Automation and Hyperautomation

Global Impact: Automation is no longer just about RPA. It includes AI, ML, low-code, and process mining.

- India Perspective: Enterprises are adopting hyperautomation to scale ops, reduce costs, and improve speed.
- Indian Automation Market: Estimated to reach \$23–25 billion by 2030. Low-code/no-code platform adoption is growing at ~40% CAGR.

OUTLOOK: THE GROWTH TRAJECTORY: ICT IN INDIA BY 2030

India's ICT sector has witnessed exponential growth over the past decade. From a market size of \$ 200 billion in 2022, the industry is projected to reach approximately \$ 500 billion by 2030, according to NASSCOM and independent market research. Key drivers include widespread cloud adoption, AI integration, a thriving startup ecosystem, and government-led digital initiatives such as Digital India and BharatNet.

5G rollout, combined with increasing internet penetration in tier-2 and tier-3 cities, is set to bring over 900 million Indians online by 2030. The nation is also emerging as a preferred hub for global capability centers (GCCs), with over 1,800 centers already established and projections to cross 2,500 by the decade's end.

This growth is not without its complexities. Cybersecurity threats, talent reskilling needs, and global economic unpredictability necessitate strategic foresight and agile execution. Amidst this flux, India's robust IT services foundation offers a springboard to build scalable, secure, and world-class platforms.

TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves during the financial year, the accumulated loss as on March 31, 2025, stood at ₹ 21,136 lakhs.

DIVIDEND

In view of the loss, the Company has not recommended any dividend for the year ended March 31, 2025.

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has not declared dividend since inception and hence your Company does not have any unclaimed amount as stipulated under Section 125 of the Act to be transferred to IEPF.

CREDIT RATING

Rating Agency	Type	Rating
ICRA*	LT	ICRA A (Stable)
	ST	ICRA A1
CARE#	LT	CARE A+ (Stable)
	ST	CARE A1+

* ICRA has downgraded Long Term credit rating from "A+" Stable to "A" Stable and Short-Term credit rating from "A1+" to "A1" on October 7, 2024.

CARE has re-affirmed credit rating on March 24, 2025

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 the financial year and the date of this report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not made any loans, investments or guarantees under Section 186 of the Act during the year ended March 31, 2025.

SHARE CAPITAL

During the year, the Company has increased the Authorised Share Capital from ₹ 250.01 crores to ₹ 300 crores consisting of 30,00,00,000 Equity Shares of ₹ 10 each with the approval of members at the extraordinary general meeting held on March 13, 2025 to accommodate the issue of shares under rights offering.

a) Rights offering

Considering the capital required for supporting growth requirements and to scale up business operations, M/s. Sify Technologies Limited (STL), the Holding Company has invested in your Company in the form of equity. Your Company has offered equity shares on a rights basis to the extent of ₹ 49.99 crores to STL. The Company had allotted 1,24,99,625 Equity Shares having face value of ₹ 10 each at an issue price of ₹ 40 each to STL upon receipt of subscription money. The paid-up share capital of the Company has increased on account of the rights issue.

b) Other allotments

During the year, the Company has:

- Not issued any preference shares
- Not issued any equity shares with differential rights as to dividend, voting or otherwise
- Not issued any sweat equity shares
- Not issued any shares to trustees for the benefit of employees
- Not issued any securities which carry a right or option to convert such securities into equity shares.

EMPLOYEES STOCK OPTION

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

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

The members in the extraordinary general meeting of the Company held on January 16, 2025 approved the issuance of 25,000,000 (Twenty-Five Million) Options exercisable into 25,000,000 (Twenty-Five Million) Equity Shares of face value of ₹ 10/- each to Eligible Persons, employees and Directors of the Company including employees of its group company/ies under Sify Digital Employee



Stock Option Plan 2025 and grant of option equal to or more than 1% of the issued capital to Eligible Persons of the Company ("the Plan"). The Board at its meeting held on January 17, 2025 had approved the same.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed and 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 at the end of the financial year 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, 2025.

BOARD OF DIRECTORS

The Board of Directors recommended the following:

- a. Appointment of Mrs. Vegesna Bala Saraswathi (DIN:07237117) as a Whole-time Director of the Company for a period of five years with effect from November 1, 2024, liable to retire by rotation without any remuneration subject to the approval of members;
- b. Re-designation of Mr. Kamal Nath (DIN:09094350), as a Non-executive Director of the Company with effect from November 1, 2024, liable to retire by rotation and payment of professional fees, subject to the approval of members;
- c. Appointment of Mr. C. R. Rao as a Non-executive Director of the Company.

The members in the extraordinary general meeting of the Company held on October 24, 2024, approved the following:

- a. Appointment of Mrs. Vegesna Bala Saraswathi as a Whole-time Director;
- b. Appointment of Mr. C. R. Rao as a Non-executive Director and
- c. Payment of professional fees of ₹ 12,00,000 per month to Mr. Kamal Nath, Non-executive Director with effect from November 1, 2024.

As on March 31, 2025, the Company has five Directors including one Independent Director.

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

ATTENDANCE OF DIRECTORS:

Quarter	S. No.	Date of Board Meeting	No. of Directors entitled to attend the meeting	No. of Directors attended the meeting
Q1	1	April 22, 2024	4	4
Q2	2	July 19, 2024	4	4
Q3	3	October 22, 2024	4	4
Q4	4	January 17, 2025	5*	5*
Q4	5	March 10, 2025	5	5

*Mr. C. R. Rao was appointed as a director of the Company with effect from November 1, 2024.

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. Sankararaman Ganesh, who served as Chief Financial Officer relinquished his position as Chief Financial Officer of the Company with effect from the close of business hours of October 22, 2024. Subsequently, the Company had appointed Mr. V. Ramanujan as the Chief Financial Officer, Key Managerial personnel of the Company with effect from November 1, 2024.

Consequent to the retirement of Mr. Kamal Nath (DIN: 09094350) from M/s. Sify Technologies Limited, the holding company, on October 31, 2024, the Board of Directors approved to re-designate and appoint him as a non-executive director of the Company, who is liable to retire by rotation with effect from November 1, 2024.

Mrs. Meenakshi Jayaraman continued to serve as Company Secretary, Key Managerial personnel of the Company who has been appointed with effect from July 20, 2023.

Mrs. Vegesna Bala Saraswathi, Director of the Company was appointed as a Whole-time director of the Company with effect from November 1, 2024, with the approval of the members in the extraordinary general meeting of the Company held on October 24, 2024.

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 persons are the whole-time Key Managerial Personnel of the Company as on March 31, 2025:

- | | |
|---------------------------------|-------------------------|
| 1. Mrs. Vegesna Bala Saraswathi | Whole-Time Director |
| 2. Mr. V. Ramanujan | Chief Financial Officer |
| 3. Mrs. Meenakshi Jayaraman | Company Secretary |

Retirement by rotation

Mr. Vegesna Ananta Koti Raju (holding DIN: 00529027), retires by rotation at the ensuing annual general meeting and being eligible, has offered himself for re-appointment. Your Directors recommend his re-appointment to the members for approval.

Declaration from Independent Director

Mr. Arun Seth, Independent Director (ID) has submitted his declaration of independence, as required pursuant to Section 149 (7) of the Act, confirming that he meets the criteria of independence as provided in Section 149 (6) of the Act. In the opinion of the Board, Mr. Arun Seth fulfils the conditions specified in the Act and the Rules made there under for appointment as ID including the integrity, expertise and experience and confirm that he is independent of the management and has the proficiency to service the Company as an ID to strengthen the overall composition of the Board. Mr. Arun Seth has registered his name with the data bank of IDs.

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.

Corporate Social Responsibility (CSR)

Pursuant to the provisions of Section 135 of the Act, the Company has formulated CSR policy for undertaking CSR activities as specified under Schedule VII of the Act. 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. The average net profits of the Company during the three immediately preceding financial years is negative. Accordingly, the Company is not required to spend any amount on CSR expenditure during the financial year.

As the CSR spend of 2% of the average net profits of the Company does not exceed the limit of ₹ 50 lakhs, the Company is exempted from the requirement of constituting the Corporate Social Responsibility Committee. The Company has earlier constituted a CSR Committee, due to the requirements of the Act in those years.



CSR Committee

The Corporate Social Responsibility Committee consists of Mr. Raju Vegesna, Mr. Arun Seth and Mr. Kamal Nath, as its members.

Statement of Performance Evaluation by the Board

In compliance with Section 134(3)(p) of the Act and the Rules made there under, the annual evaluation of the performance of the board and of individual directors were carried out during the financial year.

Related Party Transactions

Your Directors draw attention of the members to Note 33 to 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 its 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.

Disclosure of Remuneration

Your Company is an unlisted public Company and hence the disclosure with respect to remuneration as required under Section 197(12) of the Act and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable.

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 financial year.

INTERNAL FINANCIAL CONTROLS AND AUDIT

Adequacy of Internal Financial Controls

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

AUDITORS

Statutory Auditors

M/s. Manohar Chowdhry & Associates, Chartered Accountants were appointed by the members of the Company at their First Annual General Meeting held on August 16, 2021 as the Statutory Auditors for a term of Five years till the conclusion of Sixth Annual General Meeting of the Company scheduled to be held in the year 2026 at a remuneration recommended by the Board of Directors and as such they continue to hold office.

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 at their meeting held on April 22, 2024 to conduct the Internal Audit for the financial year ended March 31, 2025.

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, 2025, forms part of this report which is given as Annexure 1.

The Board has re-appointed Mr. V. Ramasubramanian, Practicing Company Secretary as the Secretarial Auditor of the Company for the financial year 2025-26.

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

Annual Return

In accordance with Sections 134 (3) (a) and 92 (3) of the Act, the annual return in form MGT-7 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.

Joint Ventures / Associates

Your Company does not have any Joint Venture / Associate. The details of M/s. Sify Technologies North America Corporation, subsidiary forms part of the financial information section of this report.

Human Resource Management

Your Company considers its human resources as an important asset and endeavors to nurture, groom and retain talent to meet the current and future needs of its business. The Company has conducted management and supervisory development programs as well as put in place succession plan and long-term career growth 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, 2025, was 3,236.

Independent Directors and Audit Committee

The Company is a wholly owned subsidiary of M/s. Sify Technologies Limited and hence not covered under the provisions of Section 177 of the Act read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Rule 4 of Companies (Appointment and Qualifications of Directors) Rules, 2014. Thus, the requirement of constitution of Audit Committee, and the appointment of two independent directors are not applicable to the Company.

Remuneration Policy

The Company is a wholly owned subsidiary of M/s. Sify Technologies Limited and hence not covered under the provisions of Section 178 (1) of the Act. Thus, the requirement of the constitution of Nomination and Remuneration Committee, formulation of remuneration policy and the criteria for determining qualifications, positive attributes and independence of a director are not applicable to the Company.



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.

Maintenance of Cost Records

The provisions relating to maintenance of Cost records are not applicable to the Company for the financial year 2024-25.

Conservation of Energy, Technology Absorption and Foreign Exchange Outgo

The particulars prescribed under clause (m) of sub section (3) of Section 134 of the Act read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are set out below:

i. Conservation of Energy and Technology Absorption

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

There was no technology absorption during the financial year.

ii. Foreign Exchange Earnings and Outgo

Details of Foreign Exchange Earnings and outgo during the financial year.

Foreign Exchange Inflow: ₹ 4,621 lakhs

Foreign Exchange Outgo: ₹ 5,461 lakhs

Risk Management

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

Business risks are identified based on incident analysis and the environment in which the Company operates and the focus on Risk Management continues to be high. The periodic assessment of 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 Board with a full status of the risk assessment and management of the risks. The Board obtains 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, 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.

OTHER DISCLOSURES

Significant and material orders passed by the Regulators

During the financial 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 the nature of business of the Company

There is no change in the Company's business activities and its nature of business during the financial year.

Others

- There was no instance of 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 financial 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 of Directors

Place: Chennai

Date: April 18, 2025

Raju Vegesna

Director

DIN: 00529027

Vegesna Bala Saraswathi

Whole-time Director

DIN:07237117



Annexure 1

FORM NO MR-3
Secretarial Audit Report

for the Financial Year ended March 31, 2025

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members of
M/s Sify Digital Services Limited

I have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to Good Corporate Practices by M/s Sify Digital Services Limited (CIN: U72900TN2020PLC136420) (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate Conducts / Statutory Compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2025 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 March 31, 2025 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder.
2. The provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made to the extent applicable.
3. As the Shares of the Company are not dematerialized as per exemption given under Rule 9A (11) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the provisions of the Depositories Act, 1996 and the Regulations and bye-laws framed thereunder are not applicable to the Company.
4. During the year under review, there were no Foreign Direct Investment into the Company or made any External Commercial Borrowings and hence the provisions of Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder are not applicable to the Company.

However, the Company has invested in M/s Sify Technologies North America Corporation (STNAC) by acquiring 34,395,956 numbers of common stock on June 20, 2024 from M/s Sify Technologies Limited, Holding Company, in compliance with ODI Regulations and consequently, STNAC has become the wholly-owned Subsidiary of the Company.

5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and the various Regulations enacted under the said Act are not applicable to the Company as the Company's Equity Shares are not listed in any Stock Exchanges in India.
6. The Company has complied with the following applicable Laws:
 - a) The Employees Provident Funds and Miscellaneous Provisions Act, 1952.
 - b) Employees State Insurance Act, 1948.
 - c) Maternity Benefit Act, 1961.
 - d) The Payment of Bonus Act, 1965.
 - e) The Payment of Gratuity Act, 1972.
 - f) The Tamilnadu Labour Welfare Fund Act, 1972.
 - g) 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 the provisions of Section 118(10) of the Act, for the Financial Year under review.
- (ii) As the Company's Shares are not listed in any Stock Exchanges 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.

The changes in the composition of the Board of Directors and Key Managerial Personnel and other terms and conditions that took place during the period under review were carried out in compliance with the provisions of the Act.

- (ii) Constitution of Audit Committee of the Board of Directors as required under the provisions of Section 177 of the Act read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, is not applicable to the Company;
- (iii) Constitution of Nomination and Remuneration Committee of the Board of Directors as required under the provisions of Section 178 of the Act read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, is not applicable to the Company;
- (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 Act read with Schedule VII and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The average Net Profit of the Company during the three immediately preceding Financial Years is negative. Accordingly, as per the provisions of Section 135(5) and Schedule VII of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company is not required to spend any amount for CSR expenditure during the Financial Year 2024-25.

- (v) The Company has complied with the provisions of Section 149(8) read with Schedule IV of the Act on the code for Independent Directors.
- (vi) Adequate Notice was given to all the Directors to schedule the Board and Committee Meetings, Agenda and detailed Notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.
- (vii) Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the Minutes. However, on perusal of the Minutes of the Board Meetings, it was observed that there was no dissenting note made by any of the Directors and Members.

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 / Preferential Issue of Shares / Debentures / Sweat Equity etc.

However, the Company has issued and allotted 1,24,99,625 Equity Shares of Rs.10/- each for cash at a premium of Rs.30/- per Share at an issue price of RS.40/- per Share on Rights Basis to M/s Sify Technologies Limited, the Holding Company, in compliance with the provisions of Section 62 (1)(a) and other applicable provisions of the Act read with the Companies (Share Capital and Debentures) Rules, 2014.

- (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) and (c) of the Act by the Shareholders and with the approval of the Board:



- a) The Company has created security both on the Movable and Immovable Properties of the Company for the various borrowings made, which were within the limits approved by the shareholders by Special Resolution at the Extraordinary General Meeting held on January 29, 2021.
- b) The Company has borrowed funds from Banks and Non-Banking Financial Companies, which were within the limits approved by the shareholders by Special Resolution at the Extraordinary General Meeting held on January 29, 2021.
- (iv) There was no merger / amalgamation / reconstruction of Companies 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: A005890G000061759

Chennai
April 9, 2025

Independent Auditor's Report

To the Members of Sify Digital Services Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Sify Digital Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2025, 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 "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2025, the loss including other 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 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 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 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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, 2025 is ₹ 37,854 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2025 is ₹ 1,200 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: <ul style="list-style-type: none"> 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 verified the appropriateness of the accounting policies as disclosed in Note C(2)(a) to the Standalone financial statements. 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. 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, 2025.

Information Other than the 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 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 Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e. On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control with reference to the financial statements.
 - g. With respect to the matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, the Company has neither paid nor provided remuneration in the books and accordingly the question of exceeding the limits laid down under Section 197 read with Schedule V to the Act doesn't arise.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note D (20)(a) (Contingent liabilities) to the financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer to Note D(34) (a) (Derivative Financial instruments) to the financial statements;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;



- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- 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 D(40) to the financial statements). Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For **Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration No: 001997S

K S Y Suryanandh

Partner

Place: Chennai

Date: April 18, 2025

Membership No: 237830

UDIN: 25237830BMNTLY8572

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 financial statements for the year ended March 31, 2025, we report that:

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| <p>(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.</p> <p>(i) (a) (B) The Company has maintained proper records showing full particulars of intangible assets.</p> <p>(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.</p> <p>(i) (c) According to the information and explanations provided to us, there is no immovable property held by the Company and accordingly, reporting on clause 3(i)(c) of the Order is not applicable to the Company.</p> <p>(i) (d) According to the information and explanations provided to us, the Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2025 and accordingly, reporting on clause 3(i)(d) of the Order is not applicable to the Company.</p> <p>(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.</p> <p>(ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and the procedure of such verification by the Management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.</p> | <p>(ii) (b) As disclosed in Note D(16) to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ 5 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 2024, September 2024 and December 2024 with such banks and financial institutions are in agreement with the books of account of the Company. The returns for the quarter ended March 2025 were not filed by the Company at the time of finalising the audit.</p> <p>(iii) (a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.</p> <p>(iii) (b) In our opinion, the investments made during the year are, prima facie, not prejudicial to the Company's interest. During the year, the Company has not provided guarantees, provided security and granted loans and advances in the nature of loans to the companies, firms, Limited Liability Partnerships or any other parties.</p> <p>(iii) (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships, or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.</p> <p>(iii) (d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships, or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.</p> <p>(iii) (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships, or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.</p> <p>(iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships, or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.</p> |
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- (iv) According to the information and explanations given to us, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Act. In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) According to the information and explanations provided to us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Hence, the requirement to report on clause 3(v) of the Order is not applicable.
- (vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products / services of the Company. Hence, the requirement to report on clause 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and based on the examination of the records of the Company,
- undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities; and
 - no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (vii) (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2025 on account of disputes are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the amount relates	Amount (₹ in Lakhs)
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2021-22	732
Goods and Service Tax Act, 2017*	TN GST	Madras High Court	AY 2020-21	89.29

* Time limit for filing appeal is still available and the Company intends to appeal before the Madras High Court, but the appeal is yet to be filed as on the date of this report.

- (viii) According to the information and explanations provided to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) According to the information and explanations provided to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings 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. The Company does not hold any investment in any associate or joint venture during the year under audit.
- (ix) (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not hold any investment in any associate or joint venture during the year under audit. 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 complied with the provisions of section 42 and 62 of the Companies Act, 2013, in respect of right issue of share during the year. The funds raised, have been used for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of fully or partially or optionally convertible debentures during the year under audit.
- (xi) (a) According to the information and explanations given to us and to the best of our knowledge, no fraud by the company and no material fraud on the company has been noticed during the year.
- (xi) (b) No report under section 143(12) of the Act has been filed in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- (xi) (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations provided to us and based on the examination of the records of the Company, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.
- (xiv) (a) According to the information and explanations provided to us and based on our examination of the records of the Company, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) In our opinion and according to the information and explanations provided to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (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 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)(b) of the Order is not applicable to the Company.
- (xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by 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 incurred cash losses amounting to ₹ 10,221 lakhs in the current year and amounting to ₹ 4,363 lakhs in the immediately preceding financial year respectively.
- (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(43) Clause (xii) to the financial statements, the 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 and considering the Company has been incurred a net loss after tax of ₹ 13,092 for the financial



year ended March 31, 2025 (₹ 6,719 for March 31, 2024) and negative operating cash flows of ₹ 6,148 for the year ended March 31, 2025, the Company has obtained a letter of financial support from the Holding Company, nothing has come to our attention, which causes us to believe 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, further state that this is not an assurance as to the future viability of the Company and 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) The Company has incurred losses (as computed under section 135 of the Act) during the three immediately preceding financial years and hence, it is not required to spend any money under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration No: 001997S

K S Y Suryanandh

Partner

Place: Chennai

Date: April 18, 2025

Membership No: 237830

UDIN: 25237830BMNTLY8572

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls with reference to financial statements under clause (i) of sub section 3 of Section 143 of the Companies Act, 2013.

REFERRED TO IN PARAGRAPH 2(F) UNDER "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" SECTION OF OUR REPORT OF EVEN DATE.

We have audited the internal financial controls with reference to the financial statements of **Sify Digital Services Limited** ("the Company") as of March 31, 2025 in conjunction with our audit of the 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 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 ("the Act").

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to the 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 with reference to 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 Company's internal financial controls system with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial control with reference to 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 with reference to 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 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 WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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, 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based on the criteria for Internal Financial controls with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the ICAI.

For **Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration No: 001997S

K S Y Suryanandh

Partner

Place: Chennai

Date: April 18, 2025

Membership No: 237830

UDIN: 25237830BMNTLY8572

Balance Sheet as at March 31, 2025

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

Particulars	Note No. (D)	As at March 31, 2025	As at March 31, 2024
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	5,339	4,534
(b) Right-of-use Assets	2	989	793
(c) Intangible assets	3	1,661	1,213
(d) Financial assets			
(i) Investments	4A	1,247	-
(ii) Other financial assets	4B	62	166
(e) Deferred Tax assets	28	1,042	1,042
(f) Other non-current assets	5	5,387	5,477
		15,727	13,225
(2) Current assets			
(a) Inventories	6	39,595	33,933
(b) Financial assets			
(i) Trade receivables	7	37,854	38,409
(ii) Cash and cash equivalents	8A	5,565	8,559
(iii) Other bank balances	8B	254	205
(iv) Other financial assets	9	51	2,687
(c) Other current assets	10	4,528	3,820
		87,847	87,613
Total Assets		1,03,574	1,00,838
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	11	26,249	24,999
(b) Other Equity	12	(17,899)	(8,523)
		8,350	16,476
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	13,207	7,530
(ii) Lease liabilities	2	394	236
(b) Provisions	14	1,246	1,014
(c) Other non-current liabilities	15	393	410
		15,240	9,190
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	15,147	14,102
(ii) Lease liabilities	2	206	130
(iii) Trade payables			
Total outstanding dues to micro enterprises and small enterprises	17	188	612
Total outstanding dues to creditors other than micro enterprises and small enterprises		35,815	39,161
(iv) Other financial liabilities	18	6,528	10,771
(b) Other current liabilities	19	21,841	10,164
(c) Provisions	14	259	232
		79,984	75,172
Total Equity and Liabilities		1,03,574	1,00,838

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 financial statements

As per our report of even date attached.
for **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 0019975

For and on behalf of the Board of Directors
Sify Digital Services Limited
CIN:U72900TN2020PLC136420

K S Y Suryanandh
Partner
Membership No.: 237830

Raju Vegesna
Director
DIN:00529027

Vegesna Bala Saraswathi
Whole time director
DIN:07237117

Chennai
April 18, 2025

V Ramanujan
Chief Financial Officer

Meenakshi Jayaraman
Company Secretary



Statement of Profit and Loss for the year ended March 31, 2025

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

Particulars	Note No. (D)	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from operations	21	97,655	97,737
Other income	22	320	494
Total income		97,975	98,231
Expenses			
Cost of services rendered	23 A	32,694	31,616
Purchase of stock-in-trade	23 B	33,922	42,502
Changes in inventories	23 C	(5,662)	(14,514)
Employee benefits expense	24	34,991	31,890
Finance costs	25	3,247	2,581
Depreciation and amortisation expense	1,2 and 3	2,963	2,358
Other expenses	26	8,912	8,682
Total expenses		1,11,067	1,05,115
Profit/(Loss) before tax		(13,092)	(6,884)
Tax expense			
Current Tax	28	-	-
Deferred Tax		-	165
Profit/(Loss) after tax		(13,092)	(6,719)
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit (liability)/asset		(34)	(190)
Total other comprehensive income		(34)	(190)
Total comprehensive income/(loss) for the year		(13,126)	(6,909)
Earnings per equity share (₹ 10 paid up)			
Basic	29	(5.23)	(2.99)
Diluted		(5.23)	(2.99)

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 financial statements

As per our report of even date attached.

for **Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration No.: 0019975

K S Y Suryanandh

Partner

Membership No.: 237830

Chennai

April 18, 2025

For and on behalf of the Board of Directors

Sify Digital Services Limited

CIN:U72900TN2020PLC136420

Raju Vegesna

Director

DIN:00529027

V Ramanujan

Chief Financial Officer

Vegesna Bala Saraswathi

Whole time director

DIN:07237117

Meenakshi Jayaraman

Company Secretary

Statement of Cash Flow for the year ended March 31, 2025

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

	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit/(Loss) before tax	(13,092)	(6,884)
Adjustments for :		
Depreciation and amortisation expense	2,963	2,358
Finance expenses (considered separately)	3,247	2,581
Allowance for doubtful debts	1,200	400
Provision for doubtful advances	5	47
Amortisation of lease prepayments	-	4
Unrealised foreign exchange fluctuation loss/(gain), net	(92)	163
Interest income (considered separately)	(20)	(304)
(Profit) /loss on sale of Property, Plant and Equipment (net)	15	-
Operating profit / (loss) before working capital changes	(5,774)	(1,635)
(Increase)/decrease in trade receivables - current	(585)	215
(Increase)/decrease in inventories	(5,662)	(14,514)
(Increase)/decrease in other financial assets - current	2,633	(2,724)
(Increase)/decrease in other financial assets - non current	104	205
(Increase)/decrease in other non current assets	148	(551)
(Increase)/decrease in other current assets	(708)	513
(Increase)/decrease in other bank balances	(49)	(54)
Increase/(decrease) in trade payables	(3,740)	16,012
Increase/(decrease) in other non current liabilities	(17)	396
Increase/(decrease) in other financial liabilities - current	(4,229)	6,123
Increase/(decrease) in other current liabilities	11,677	1,023
Increase/(decrease) in provisions - non current	198	114
Increase/(decrease) in provisions - current	27	65
Cash (used in) /generated from operations	(5,977)	5,188
Tax (paid)/refund received	(171)	850
Net cash (used in) / generated from operating activities (A)	(6,148)	6,038
Cash flow from investing activities		
Purchase of Property, Plant and Equipment	(4,080)	(2,353)
Investment in the Fellow Subsidiary	(1,247)	-
Amount paid for acquisition of right of use assets	-	(270)
Interest income received	18	8
Net cash from/(used) in investing activities (B)	(5,309)	(2,615)
Cash flow from financing activities		
Proceeds from long-term borrowings	248	2,829
Repayment of long-term borrowings	(3,495)	(3,614)
Proceeds from long-term borrowings - Holding Company	9,000	-
Increase/(decrease) in short-term borrowings	433	2,500
Repayment of lease liabilities	(162)	(83)
Proceeds from issue of share capital	5,000	4,998
Interest paid	(3,213)	(2,593)
Net cash (used in)/from financing activities (C)	7,811	4,037
Effect of exchange differences on translation of cash and cash equivalents (D)	-	4
Net increase/(decrease) in cash and cash equivalents during the year (A) + (B) + (C) + (D)	(3,646)	7,464
Cash and cash equivalents at the beginning of the year	7,589	125
Cash and cash equivalents at the end of the year [Refer Note D (8A & 8B)]	3,943	7,589

Disclosure of changes in liabilities arising from financing activities [Refer Note D (27)]

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.: 0019975

For and on behalf of the Board of Directors

Sify Digital Services Limited

CIN:U72900TN2020PLC136420

K S Y Suryanandh

Partner

Membership No.: 237830

Raju Vegesna

Director

DIN:00529027

Vegesna Bala Saraswathi

Whole time director

DIN:07237117

Chennai

April 18, 2025

V Ramanujan

Chief Financial Officer

Meenakshi Jayaraman

Company Secretary



Statement of Changes in Equity for the year ended March 31, 2025

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

A. EQUITY SHARE CAPITAL

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	24,999	20,001
Change in Equity Share Capital due to prior period errors	-	-
Restated Balance at the beginning of the year	24,999	20,001
Change in Equity Share Capital during the year	1,250	4,998
Balance at the end of the year	26,249	24,999

B. OTHER EQUITY

Particulars	Reserves and surplus		Other Components of Equity	Total
	Securities Premium	Retained earnings	Remeasurements of net defined benefit (liability)/asset	
2024-25				
Balance as at April 01, 2024 - (A)	-	(8,044)	(479)	(8,523)
Changes in accounting policy/prior period errors -(B)	-	-	-	-
Restated Balance as at April 01, 2024 - (C = A+B)	-	(8,044)	(479)	(8,523)
Profit/(Loss) for the year - (D)	-	(13,092)	-	(13,092)
Other comprehensive income - (E)	-	-	(34)	(34)
Total comprehensive income for the year 2024-25 - (F=D+E)	-	(13,092)	(34)	(13,126)
Additions to securities premium on rights issue - (G)	3,750	-	-	3,750
Balance as at March 31, 2025 - [(H) = (G)+(F)+(C)]	3,750	(21,136)	(513)	(17,899)
2023-24				
Balance as at April 01, 2023 - (A)	-	(1,325)	(289)	(1,614)
Changes in accounting policy/prior period errors -(B)	-	-	-	-
Restated Balance as at April 01, 2023 - (C = A+B)	-	(1,325)	(289)	(1,614)
Profit/(Loss) for the year -(D)	-	(6,719)	-	(6,719)
Other comprehensive income - (E)	-	-	(190)	(190)
Total comprehensive income for the year 2023-24 - (F = D+E)	-	(6,719)	(190)	(6,909)
Balance as at March 31, 2024 - [(G) = (C)+(F)]	-	(8,044)	(479)	(8,523)

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 financial statements

As per our report of even date attached.

for **Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration No.: 0019975

K S Y Suryanandh

Partner

Membership No.: 237830

Chennai

April 18, 2025

For and on behalf of the Board of Directors

Sify Digital Services Limited

CIN:U72900TN2020PLC136420

Raju Vegesna

Director

DIN:00529027

V Ramanujan

Chief Financial Officer

Vegesna Bala Saraswathi

Whole time director

DIN:07237117

Meenakshi Jayaraman

Company Secretary

Notes forming part of the Financial Statements

A. COMPANY OVERVIEW

Sify Digital Services Limited ('Sify' or 'the Company') is a Company domiciled in India. The address of the Company's registered office is 2nd Floor, Tidel Park, 4, Rajiv Gandhi Salai, Taramani, Chennai – 600113, India. The Company offers IT services which includes Network Managed services, Enterprise Cloud services, Cloud and Managed Services, Security Services and Application services. The Company was incorporated on July 16, 2020. During the Financial year 2020-21, the Company acquired IT services business from its holding company Sify Technologies Limited vide Business Transfer Agreement dated January 28, 2021 which is effective from April 01, 2020.

B. BASIS OF PREPARATION

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for certain financial instruments which are measured on fair value basis and Statement of cash Flow. GAAP comprises Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, (Ind AS) and other accounting policies generally accepted in India. 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 (24). 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, Statement of Cash Flow, together with notes for the year ended March 31, 2025 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on April 18, 2025.

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. Standards issued and not effective:

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

4. Functional and Presentation Currency

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

5. Use of estimates and judgements

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

Notes forming part of the Financial Statements

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)]
- Expected Credit losses on Financial Assets [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)]
- Impairment testing [Note C(10)]
- Measurement of defined employee benefit obligations [Note C (11)]
- Measurement of share-based payments [Note C(12)]
- Provisions [Note C(13)]
- Identification of performance obligation and timing of satisfaction of performance obligation, measurement of transaction price on revenue recognition [Note C(14)]
- Utilization of tax losses and computation of deferred taxes [Note C(17)]

6. Going Concern

The Company has incurred a net loss after tax of ₹ 13,092 for the financial year ended March 31, 2025 (₹ 6,719 for March 31, 2024) and negative operating cash flows of ₹ 6,148 for the year ended March 31, 2025 thus indicating the ability of the Company to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future based on the future business projections. Further, the parent company (Sify Technologies Limited) has through letter of support, agreed to continue to provide financial support to the Company for its operations at least for next 12 months, if the Company is unable to meet its funding requirement. The Company is therefore being viewed as a going concern and the financial statements has been prepared on a going concern basis.

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.

Notes forming part of the Financial Statements

Initial recognition:

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

Subsequent measurement:

(i) Financial assets measured at amortized cost:

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

- a) Trade receivable
- b) Other financial assets.

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

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

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable. Fair value

changes on equity investments at FVTOCI, excluding dividends, are recognised in other comprehensive income (OCI).

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

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

Derecognition of financial assets:

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

Impairment of financial assets:

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

(i) Trade receivables

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

(ii) Other financial assets

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

Notes forming part of the Financial Statements

b. Financial liabilities

Initial recognition and measurement:

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

Subsequent measurement:

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

- at amortised cost
- at fair value through profit or loss

(i) Financial liabilities at amortised cost

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

- a) Borrowings from banks
- b) Borrowings from others
- c) Finance lease liabilities
- d) Trade payables
- e) Other financial liabilities

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

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

Financial liabilities held for trading are measured at FVTPL.

Derecognition of financial liabilities:

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

c. Derivative financial instruments

Foreign exchange forward contracts and options are entered into by the Company to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. The Company also enters into

cross currency and interest rate swaps for hedging the risk against variability in cash flows of its term loan. These derivative contracts do not qualify for hedge accounting under Ind AS 109, and are initially recognized at fair value on the date the contract is entered into and subsequently measured at fair value through profit or loss. Gains or losses arising from changes in the fair value of the derivative contracts are recognized in profit or loss.

d. Offsetting of financial assets and financial liabilities

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

e. Reclassification of financial assets

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

3. Share capital

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

Notes forming part of the Financial Statements

4. Property, Plant and Equipment

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

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

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

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

Subsequent costs

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

Depreciation

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment considering the residual value to be zero. Depreciation on contract-specific assets are charged co-terminus over the contract period. Management's estimated useful lives for the year ended March 31, 2025 and March 31, 2024 were as follows:

Particulars	Estimated useful life in years	Useful life prescribed by Schedule II (in years)
Buildings	28	30
Plant and equipments		
- Tower, telecom ducts, cables and optical fibre	3 – 8	18
- Telecom transceivers	8	13
- Computer servers	5	6
- Computer laptops/desktops	3	3
Furniture and fittings	5	10
Lease Hold Improvements	5	10
Office equipments	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

Notes forming part of the Financial Statements

cost of the group of assets is allocated to such individual identifiable assets and liabilities on the basis of their relative fair values on the date of purchase.

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

6. Intangible assets

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

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred. Amortization of intangible assets with finite useful lives Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current year is as follows:

	Estimated useful life in years
System software	1 - 3
Other Intangibles	3 - 5

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

7. Leases

As a lessee:

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

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in

which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

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

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

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

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

Notes forming part of the Financial Statements

right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.”

8. Inventories

Inventories (Including Project inventory) comprising traded hardware and software are measured at the lower of cost (determined using first-in first-out method) and net realizable value. Cost comprises cost of purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

9. Contract liability

Contract Liability (Unearned income) represents unserved portion of billed contracts. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

10. Impairment of non financial assets

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

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

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

Reversal of impairment loss

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

11. Employee benefits

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

(a) Defined contribution plan (Provident fund)

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

(b) Defined benefit plans (Gratuity)

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

The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company’s obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit

Notes forming part of the Financial Statements

to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

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

(c) Short term benefits

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

(d) Compensated absences

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

12. Share-based payment transactions

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

13. Provisions

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

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

14. Revenue recognition

The Company derives revenue from IT services which includes Network Managed services, Enterprise Cloud services, Cloud and Managed Services, Security Services and Application services.

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

(a) Network Managed, Enterprise Cloud, Cloud and Managed Services:

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

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

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

Notes forming part of the Financial Statements

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

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

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

(b) Security and Application services :

Revenue from Security and Applications 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 Security and Applications 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.

Contracts from this segment are fixed and could also be based on a time and material basis (T&M). Turnkey projects like DC build, SoC/NoC build etc is recognised based on completion of projects and could also be based on T & M."

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

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

Digital Certification revenues include income received on account of Web certification. Generally the Company does not hold after sale service

commitments after the activation of the Digital Certificates sold and accordingly, revenue is recognised fully on the date of activation of the respective certificate.

Multiple deliverable arrangements

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

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

The Company allocate the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. Standalone selling price is the price at which Company 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.

Notes forming part of the Financial Statements

Significant judgements on applying Ind AS 115

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

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

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

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

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

15. Finance income

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

16. Finance expense

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

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

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

17. Income taxes

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

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- (i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,

Notes forming part of the Financial Statements

- (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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

18. Earnings per share

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

19. Fair value measurement

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

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

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

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

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

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

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

Level 3 - unobservable inputs for the asset or liability

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

Notes forming part of the Financial Statements

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

20. Dividend distribution to Equity shareholders

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

21. Related Party transactions

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.

Notes forming part of the Financial Statements

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.

22. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

23. Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses if any.

24. Current/ non-current classification

An asset is classified as current if:

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

All other assets are classified as non-current.

A liability is classified as current if:

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

All other liabilities are classified as non-current.

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



Notes forming part of the Financial Statements

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, 2025

Particulars	ORIGINAL COST			DEPRECIATION			NET BOOK VALUE	
	As at April 1, 2024	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2025	As at April 1, 2024	Additions during the year	As at March 31, 2025	As at March 31, 2024
Owned assets								
Plant and equipments	15,098	2,597	1	17,694	10,690	1,738	12,427	4,408
Furniture and fittings	18	-	-	18	17	-	17	1
Office equipments	924	2	-	926	799	56	855	125
Leasehold improvements	403	-	-	403	403	-	403	-
	16,443	2,599	1	19,041	11,909	1,794	13,702	4,534

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	Additions during the year	As at March 31, 2024	As at March 31, 2023
Owned assets								
Plant and equipments	13,757	1,344	3	15,098	9,482	1,210	10,690	4,275
Furniture and fittings	18	-	-	18	17	-	17	1
Office equipments	879	45	-	924	725	74	799	154
Leasehold improvements	403	-	-	403	403	-	403	-
	15,057	1,389	3	16,443	10,627	1,284	11,909	4,430

Notes

- Refer note D (20)(b) for capital commitments.
- Refer note D (13) and D(16) for assets provided as security against borrowings.

Notes forming part of the Financial Statements

2. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2025

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	793	679
Additions	379	270
Deletions	-	-
Depreciation expenses	(183)	(156)
Balance as of Mar 31, 2025	989	793

Lease Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Current lease liabilities	206	130
Non-current lease liabilities	394	236
Total	600	366

The movement in lease liabilities during the years ended March 31, 2025 and March 31, 2024 are given below

Particulars	March 31, 2025	March 31, 2024
Balance at the beginning of the year	366	191
Additions during the year	379	270
Finance cost accrued during the year	9	-
Deletions	-	-
Fair value adjustment	8	(12)
Payment of lease liabilities	(162)	(83)
Balance at the end of the year	600	366

- These are primarily taken from NBFCs and are secured by lease of relevant assets.
- These are repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.
- Refer note D(35) for the contractual maturities of lease liabilities.

Amounts recognised in Statement of profit or loss account

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on lease liabilities	11	2
Depreciation Expenses	183	156
Expenses relating to leases of low-value assets, including short-term leases of low value assets	726	1,108

Notes forming part of the Financial Statements

3. INTANGIBLE ASSETS

The following table presents the changes in intangible assets during the year ended March 31, 2025

Particulars	ORIGINAL COST			AMORTISATION			NET BOOK VALUE	
	As at April 1, 2024	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2025	As at April 1, 2024	Additions during the year	As at March 31, 2025	As at March 31, 2024
System software	6,237	1,448	37	7,648	5,024	986	5,987	1,213
Customer related intangibles	1,168	-	-	1,168	1,168	-	1,168	-
	7,405	1,448	37	8,816	6,192	986	7,155	1,213

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	Additions during the year	As at March 31, 2024	As at March 31, 2023
System software	5,515	722	-	6,237	4,107	917	5,024	1,408
Customer related intangibles	1,168	-	-	1,168	1,168	-	1,168	-
	6,683	722	-	7,405	5,275	917	6,192	1,408

Notes forming part of the Financial Statements

4A. INVESTMENTS - NON-CURRENT

Particulars	As at March 31, 2025	As at March 31, 2024
Investment in equity instruments - unquoted		
Investment in equity of Subsidiary (at cost)		
Sify Technologies North America Corporation		
[3,43,96,056 (March 31,2024: NIL) Common stock of ₹ 0.008313 each (USD 0.0001 per share) fully paid]	1,247	-
	1,247	-
Aggregate cost of unquoted investments	1,247	-

4B. OTHER FINANCIAL ASSETS - NON-CURRENT

Particulars	As at March 31, 2025	As at March 31, 2024
Security deposits (refer note below)	62	166
	62	166

Note : Security deposits over and above ₹ 50 is fair valued as per Ind AS 109

5. OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2025	As at March 31, 2024
Prepaid expenses	1,935	2,196
Advance tax and tax deducted at source	3,452	3,281
	5,387	5,477

6. INVENTORIES

Particulars	As at March 31, 2025	As at March 31, 2024
Inventories (refer note below)*	39,595	33,933
	39,595	33,933

Note : Includes project inventory of ₹ 36,597 (previous year: ₹ 30,343)

* refer note D (13) & D(16) for Inventories provided as security against borrowings

7. TRADE RECEIVABLES

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured (refer note (a) & (c) below)	37,854	38,409
Trade receivables which have significant increase in Credit Risk	2,304	1,505
Trade Receivables - credit impaired	-	-
Total	40,158	39,914
Loss Allowance [refer note (b) below]	(2,304)	(1,505)
Net Trade receivables	37,854	38,409

- (a) This amount also includes receivable towards customer contracts novation pursuant to BTA which is in progress and other customer receivables as on March 31, 2025 transferred from holding company ₹ 10,341 (previous year ₹ 10,196). Also refer note D (33).

Notes forming part of the Financial Statements

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	1,505	1,543
Add: allowance made during the year	1,200	400
Less: Bad debts written off	(401)	(438)
Balance at the end of the year	2,304	1,505

(c) refer note D (13) & D(16) for Trade Receivables provided as security against borrowings

The following table presents the ageing of the Trade Receivables as at March 31, 2025

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	18,459	8,501	3,239	3,913	239	-	34,351
Which have significant increase in credit risk	404	157	27	105	517	1,094	2,304
Credit impaired	-	-	-	-	-	-	-
	18,863	8,658	3,266	4,018	756	1,094	36,655
Trade receivables - Disputed							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Allowance for doubtful receivables	-	-	-	-	-	-	(2,304)
Trade receivable - Unbilled	-	-	-	-	-	-	3,503
Total	-	-	-	-	-	-	37,854

The following table presents the ageing of the Trade Receivables as at March 31, 2024

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	15,736	9,470	5,552	1,776	1,458	-	33,992
Which have significant increase in credit risk	365	157	100	74	554	255	1,505
Credit impaired	-	-	-	-	-	-	-
	16,101	9,627	5,652	1,850	2,012	255	35,497
Trade receivables - Disputed							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
Allowance for doubtful receivables	-	-	-	-	-	-	(1,505)
Trade receivable - Unbilled	-	-	-	-	-	-	4,417
Total	-	-	-	-	-	-	38,409

Notes forming part of the Financial Statements

8. CASH AND BANK BALANCES

	As at March 31, 2025	As at March 31, 2024
8A. Cash and cash equivalents		
(a) Balance with banks in current accounts*	5,565	8,559
(A)	5,565	8,559
8B. Other bank balances		
	254	205
Bank deposits subject to lien (B)	254	205
(A)+(B)	5,819	8,764

Bank deposits subjected to lien which are restricted cash and bank balances of ₹ 254 (Previous year ₹ 205) is reclassified from Cash and bank balance to other Bank balances for better presentation of financial statements.

*refer note D(13) & D(16) for cash and cash equivalents given as security against borrowings

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

Particulars	As at March 31, 2025	As at March 31, 2024
Cash and cash equivalents as above	5,565	8,559
Less: Bank overdraft used for cash management purposes [Refer note 16 (e)]	(1,622)	(970)
	3,943	7,589

9. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2025	As at March 31, 2024
Amounts receivable from fellow-subidiaries (Refer Note (b) below)	-	2,680
Security Deposit [Net of doubtful allowance] [Refer note (a) below]	42	-
Interest accrued on advances and deposits	9	7
	51	2,687

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	220	220
Add: Additional provision during the year	-	-
Balance at the end of the year	220	220

- (b) ₹ Nil (previous year ₹ 2680) is receivable from fellow subsidiary company on account of transfer of assets/liabilities, transfer of revenue and expenses, customer receipts received and vendor payments made by or for fellow subsidiary pertaining to the services rendered by and for the company. Also Refer Note D (33)

Notes forming part of the Financial Statements

10. OTHER CURRENT ASSETS

Particulars	As at March 31, 2025	As at March 31, 2024
Advances other than capital advances:		
Balances with Government Authorities	1,184	955
Prepaid expenses	3,088	2,662
Deferred contract costs	183	183
Other advances	73	20
	4,528	3,820

11. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2025	As at March 31, 2024
Authorized		
30,00,00,000 (March 31, 2024: 25,00,10,000) equity shares of ₹ 10 each	30,000	25,001
Issued, Subscribed and fully paid		
26,24,92,124 (March 31, 2024: 24,99,92,499) equity shares of ₹ 10 each	26,249	24,999
	26,249	24,999

- (a) The equity shares are the only class of share capital having a par value of ₹ 10 per share.
- (b) Equity shares carry voting rights proportionate to the paid-up value per share. In the event of liquidation of the company, holders of the equity shares are entitled to be repaid the amounts credited as paid up on those equity shares. All surplus assets after settlement of liabilities as at the commencement of winding-up shall be paid to the holders of equity shares in proportion to their shareholdings. The above payment is subject to the rights of creditors, employees, taxes, if any, and any other sums as may be prescribed under the Companies Act, 2013.
- (c) The Company has increased its Authorised Share Capital from ₹ 25,001 lakhs to ₹ 30,000 lakhs vide shareholders' approval at the Extraordinary General Meeting held on March 13, 2025.

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

	As at March 31, 2025		As at March 31, 2024	
	Number of shares	Amount paid-up	Number of shares	Amount paid-up
Number of shares outstanding at the beginning of the year	24,99,92,499	24,999	20,00,10,000	20,001
Add: Shares issued on Rights Issue basis*	1,24,99,625	1,250	4,99,82,499	4,998
Number of shares outstanding at the end of the year	26,24,92,124	26,249	24,99,92,499	24,999

* During the year 2023-24, The Company has raised funds by issue of equity shares on Right Issue basis to Holding company M/s. Sify Technologies Limited. Shares are allotted on October 3, 2023.

* During the year 2024-25, The Company has raised funds by issue of equity shares on Right Issue basis to Holding company M/s. Sify Technologies Limited. Shares are allotted on March 25, 2025.

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

	As at March 31, 2025		As at March 31, 2024	
	Number of Shares held	% holding	Number of Shares held	% holding
Sify Technologies Limited*	26,24,92,124	100%	24,99,92,499	100%

*Includes 6 (Previous year: 6) shares held by nominees of Sify Technologies Limited (Holding Company) to comply with the provisions of the Companies Act, 2013

Notes forming part of the Financial Statements

11.3 Shareholding of Promoters

Shares held by promoters as at March 31, 2025

Promoter name	No. of shares	Percentage of total shares	Percentage of change during the period
Sify Technologies Limited	26,24,92,124	100%	0%
Total	26,24,92,124	100%	0%

Shares held by promoters as at March 31, 2024

Promoter name	No. of shares	Percentage of total shares	Percentage of change during the period
Sify Technologies Limited	24,99,92,499	100%	0%
Total	24,99,92,499	100%	0%

11.4 Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

- The Company allotted 20,00,10,000 equity shares as fully paid up shares on January 28, 2021 through business transfer agreement.

12. OTHER EQUITY

12.1 Reserves and surplus

Particulars	As at March 31, 2025	As at March 31, 2024
Retained earnings		
Balance at the beginning of the year	(8,044)	(1,325)
Changes in accounting policy/prior period errors	-	-
Restated Balance at the beginning of the year	(8,044)	(1,325)
Add: Profit/(Loss) for the year	(13,092)	(6,719)
Balance at the end of the year (A)	(21,136)	(8,044)
Remeasurement of net defined benefit (liability)/asset		
Balance at the beginning of the year	(479)	(289)
Changes in accounting policy/prior period errors	-	-
Restated Balance at the beginning of the year	(479)	(289)
Add: Additions during the year	(34)	(190)
Balance at the end of the year (B)	(513)	(479)
Securities premium		
Balance at the beginning of the year	-	-
Changes in accounting policy/prior period errors	-	-
Restated Balance at the beginning of the year	-	-
Add: Additions during the year	3,750	-
Balance at the end of the year (C)	3,750	-
(A)+(B)+(C)	(17,899)	(8,523)

a) Retained Earnings

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

Notes forming part of the Financial Statements

b) Remeasurement of Defined benefit liability / Asset

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

c) 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.

13. BORROWINGS

Term Loans

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured		
From others [Refer Note (a), (b) and (c) below]	4,207	7,530
Loan payable to the holding company [Refer Note d below]	9,000	-
	13,207	7,530

- These loans are primarily taken from NBFCs.
- The loans bear interest rate ranging from 0.00% p.a. to 9.56% p.a. (previous year 0.0% p.a. to 9.9% p.a.) and repayable over a period of 12 to 60 months on equated monthly / quarterly instalments.
- The current maturities of the above borrowings, carrying the aforesaid security and repayment terms are grouped under Note D (16).
- During the year, the company received loan from Sify Technologies Limited (Holding Company) at an interest rate of 8.50% p.a. The loan is repayable with in a period of three years from the date of disbursement.

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

Particulars	As at March 31, 2025	As at March 31, 2024
Secured		
Current maturities of finance lease obligations	206	130
Unsecured		
Loan from others	3,325	3,365
	3,531	3,495

14. PROVISIONS

Particulars	As at March 31, 2025	As at March 31, 2024
Provisions for employee benefits - current		
Compensated absences	259	232
(A)	259	232
Provisions for employee benefits - non-current		
Gratuity [Refer note D (31)]	309	180
Compensated absences	937	834
(B)	1,246	1,014
(A) + (B)	1,505	1,246

Notes forming part of the Financial Statements

15. OTHER NON-CURRENT LIABILITIES

Particulars	As at March 31, 2025	As at March 31, 2024
Contract liability (Unearned income)*	393	410
	393	410

* Refer note D (38) for the movement in Contract liability (Unearned income)

16. SHORT TERM BORROWINGS

Particulars	As at March 31, 2025	As at March 31, 2024
Loans repayable on demand from banks – Secured [Refer notes (a) to (e) below]		
Working capital facilities	11,822	10,737
Current maturities of Long Term Loans		
Current maturities of other loans (refer Note D (13))	3,325	3,365
	15,147	14,102

- (a) The above facilities amounting to ₹ 11,642 (previous year ₹ 10,670), 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,
- exposure amounting to ₹ 11,822 (previous year ₹ 10,737) is secured collaterally by way of pari-passu charge on the unencumbered movable fixed assets and current assets of the Company, both present and future.
 - exposure amounting to ₹ 5,176 (previous year ₹ 6,188) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai, Vashi 6th floor, Vile Parle at Mumbai
 - exposure amounting to ₹ 864 (previous year ₹ 600) is collaterally secured by equitable mortgage over the land and building at Noida and also covered by WDV of specific movable fixed assets funded out of their Term loan (since closed) at Noida DC, Uttar Pradesh.
- (c) These working capital facilities bear interest ranging from 8.45% p.a. to 9.25% p.a. (previous year: 7.60% p.a. to 9.00% p.a.) and these facilities are subject to renewal annually.
- (d) Borrowings from banks is net off processing charges amounting to ₹ 198 (Previous year ₹ 117)
- (e) Working capital facilities comprises the following:

Particulars	As at March 31, 2025	As at March 31, 2024
Bank overdraft	1,622	970
Other working capital facilities	10,200	9,767
	11,822	10,737



Notes forming part of the Financial Statements

17. TRADE PAYABLES

Particulars	As at March 31, 2025	As at March 31, 2024
Towards purchase of goods and services*		
Undisputed Trade payables :		
(A) Total outstanding dues to micro enterprises and small enterprises [refer note (b) below]	188	612
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	35,815	39,161
	36,003	39,773

* Includes:

(a) This amount include payables relating to services received from fellow subsidiary ₹ Nil (previous year ₹ 2,707). This amount also includes ₹ 1,127 (previous year ₹ 945) transferred from holding company on account of amount payable towards vendor contracts novation pursuant to BTA, which is in progress. Pending confirmation from vendors, the invoices have been booked in parent company and subsequently transferred. Also refer note D (33).

(b) The amount payable to Medium, Micro enterprises and Small enterprises of ₹ 188 (Previous year ₹ 612) as on March 31, 2025. Refer note D (39).

Trade Payables ageing schedule

The following table presents the aging of the Trade payables as at March 31, 2025

Particulars	Outstanding for following periods from date of Invoice				Total
	< 1 Year	1- 2 Years	2 - 3 Years	> 3 Years	
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises [#]	188	-	-	-	188
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	21,451	542	762	1,598	24,353
	21,639	542	762	1,598	24,541
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	-	-	-	-	-
	-	-	-	-	-
Trade Payable - Unbilled	-	-	-	-	11,462
Total	21,639	542	762	1,598	36,003

[#]Out of the above, ₹ 188 pertains to MSME dues not more than 45 days as on March 31, 2025

The following table presents the aging of the Trade payables as at March 31, 2024

Particulars	Outstanding for following periods from date of Invoice				Total
	< 1 Year	1- 2 Years	2 - 3 Years	> 3 Years	
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises [#]	612	-	-	-	612
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	24,962	1,833	1,165	561	28,521
	25,574	1,833	1,165	561	29,133

Notes forming part of the Financial Statements

Particulars	Outstanding for following periods from date of Invoice				Total
	< 1 Year	1- 2 Years	2 - 3 Years	> 3 Years	
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	-	-	-	-	-
	-	-	-	-	-
Trade Payable - Unbilled	-	-	-	-	10,640
Total	25,574	1,833	1,165	561	39,773

* Out of the above, ₹ 612 pertains to MSME dues not more than 45 days as on March 31, 2024

18. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2025	As at March 31, 2024
Amounts payable to holding company (refer note below)	5,359	9,926
Amounts payable to fellow-subsiidiaries (refer note below)	10	-
Capital creditors	145	178
Interest accrued	170	146
Deposits from customers	159	159
Other payables	685	362
	6,528	10,771

Note: ₹ 5,359 (previous year ₹ 9,926) is payable to holding company and ₹ 10 (previous year ₹ Nil) payable to fellow subsidiary company on account of transfer of assets/liabilities, transfer of revenue and expenses, customer receipts received and vendor payments made by or for the parent company and fellow subsidiary pertaining to the services rendered by and for the company.

19. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2025	As at March 31, 2024
Advances received from customers	17,544	6,519
Statutory payables	575	456
Contract liability (Unearned income)*	3,635	3,141
Other payables	87	48
	21,841	10,164

* Refer note D (38) for the movement in Contract liability (Unearned income)

20. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

- Disputed amount in respect of Goods and service tax which are contested in appeal and not provided for ₹ 8,929 (Previous year - ₹ Nil).
- 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.

Notes forming part of the Financial Statements

(b) Capital commitments:

Particulars	As at March 31, 2025	As at March 31, 2024
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,871	1,641

21. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of Services:		
- Domestic	65,974	74,133
- Export	4,621	5,501
Sale of Products:		
- Domestic	27,060	18,103
	97,655	97,737

Note :1 Performance obligations and remaining performance obligations

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

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Within one year	3,614	3,126
One to three years	311	124
Three years or more	103	301
Total	4,028	3,551

22. OTHER INCOME

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income		
From banks	20	11
Others	144	293
Other non-operating income		
Gain on foreign exchange fluctuation (Net)	90	-
Miscellaneous income	66	190
	320	494

Notes forming part of the Financial Statements

23. COST OF GOODS SOLD AND SERVICES RENDERED

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
23A. Cost of services rendered		
Direct costs	32,694	31,616
	32,694	31,616
23B. Purchases of Stock in Trade	33,922	42,502
23C. Changes in inventories - Stock in Trade		
Opening inventory	33,933	19,419
Less: closing inventory	(39,595)	(33,933)
	(5,662)	(14,514)

24. EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries and wages	32,465	29,590
Contribution to provident and other funds	2,157	1,909
Staff welfare expenses	365	354
Share-based payments to employees	4	37
	34,991	31,890

25. FINANCE COSTS

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest	3,077	2,430
Other finance costs	161	151
Interest on Operating lease liability	9	-
	3,247	2,581

26. OTHER EXPENSES

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Communication expenses	131	104
Rent	726	1,108
Rates and taxes	120	168
Travelling expenses	1,029	1,160
Power and fuel expenses	537	421
Legal and professional	1,529	2,006
Payment to auditors		
- For Statutory audit fees	14	14
- For Other services	1	1
Repairs and maintenance expenses		
- Plant and machinery	848	520
- Buildings	357	290
- Others	255	286
Insurance	942	846
Outsourced manpower costs	665	747
Advertisement, selling and marketing expenses	15	32

Notes forming part of the Financial Statements

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Loss on foreign exchange fluctuation (net)	-	95
Loss on sale of property, plant and equipment (Net)	15	-
Allowance for bad and doubtful debts (refer note D(7) for bad debts written off)	1,200	400
Miscellaneous expenses	528	484
Total	8,912	8,682

27. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES AND NON CASH FINANCING AND INVESTING ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2025

(i) Long term borrowings*

Particulars	As at April 01, 2024	Availed	Repayment	Fair value adjustment	Non cash movement			As at March 31, 2025
					Interest	Net of Additions/ (Deletions)	Re- classification	
Term loans from Others	10,895	248	(3,495)	(5)	-	-	(111)	7,532
Loan from Holding Company	-	9,000	-	-	-	-	-	9,000
Lease Liabilities	366	-	(162)	8	9	379	-	600
Total	11,261	9,248	(3,657)	3	9	379	(111)	17,132

*Borrowings from banks is net off processing charges amounting to ₹ 180

(ii) Short term borrowings

Particulars	As at April 01, 2024	Net Availment	Foreign exchange movement	As at March 31, 2025
Working capital facilities excluding overdraft*	9,767	433	-	10,200
Other short term borrowing	-	-	-	-
Total	9,767	433	-	10,200

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

Reconciliation of liabilities from financing activities and non cash financing and investing activities for the year ended March 31, 2024

Particulars	As at April 01, 2023	Availed	Repayment	Non cash movement			As at March 31, 2024
				Interest	Net of Additions/ (Deletions)	Re- classification	
Term loans from Others	11,993	2,560	(3,614)	5	-	(49)	10,895
Lease Liabilities	191	270	(83)	(12)	-	-	366
Total	12,184	2,830	(3,697)	(7)	-	(49)	11,261

*Borrowings from banks is net off processing charges amounting to ₹ 67

(ii) Short term borrowings

Particulars	As at April 01, 2023	Net Availment	Foreign exchange movement	As at March 31, 2024
Working capital facilities excluding overdraft*	7,200	2,567	-	9,767
Other short term borrowing	-	-	-	-
Total	7,200	2,567	-	9,767

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

Notes forming part of the Financial Statements

28. 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 :

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax assets on temporary deductible differences		
Property, Plant and Equipment	623	623
Provision for employee benefits	285	285
Provision for Doubtful Advances	67	67
Accounts receivable	379	379
Payment to MSME Vendors	95	95
	1,449	1,449
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(303)	(303)
Finance lease obligations	(104)	(104)
	(407)	(407)
Net deferred tax asset recognised in Balance Sheet	1,042	1,042

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. Given the above basis, deferred tax asset in relation to tax losses for FY 2024-25 is not being recognised as management does not foresee sufficient future taxable income as on the date of signing these numbers.

Movement in temporary differences

Particulars	Property, Plant and Equipment	Provision for employee benefits	Provision for Doubtful Advances	Accounts receivable	Payment to MSME Vendors	Intangible assets	Finance lease obligations
Balance as at April 01, 2023	664	245	55	388	-	(352)	(123)
Recognised in income statement	(41)	40	12	(9)	95	49	19
Recognised in Equity	-	-	-	-	-	-	-
Balance as at March 31, 2024	623	285	67	379	95	(303)	(104)
Recognised in income statement	-	-	-	-	-	-	-
Recognised in Equity	-	-	-	-	-	-	-
Balance as at March 31, 2025	623	285	67	379	95	(303)	(104)

Income tax expense recognized in profit or loss

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current tax expense/(reversal)	-	-
Deferred tax liability / (asset)	-	(165)
	-	(165)

Notes forming part of the Financial Statements

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:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit before taxes	(13,092)	(6,884)
Enacted tax rates in India	25.17%	25.17%
Expected tax expense/(benefit)	(3,295)	(1,733)
Effect of :		
Recognition of previously unrecognised deferred tax asset/ reversal of previously recognized liability on temporary differences	-	(17)
Effect of Unrecognised business loss including reversal of previously recognised DTA on business loss	3,285	1,571
Expenses that are not deductible in determining taxable profit	10	14
	-	(165)

The expiry schedule of Unrecognised losses is as follows:

Expiry date

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
With in five years	-	-
Above five years	5,732	1,950
Unlimited	4,412	2,180
	10,144	4,130

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

(a) Weighted average number of shares

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Issued fully paid up ordinary shares at the beginning of the year	24,99,92,499	20,00,10,000
Issued fully paid up ordinary shares at the end of the year	26,24,92,124	24,99,92,499
Weighted average number of equity shares outstanding- (I)	25,01,97,972	22,45,91,557

(b) Basic Earnings Per Share

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit attributable to the equity holders - (II)	(13,092)	(6,719)
Basic Earnings Per Share - (II)/(I)	(5.23)	(2.99)

Notes forming part of the Financial Statements

30. FOREIGN CURRENCY EXPOSURE

The details of foreign currency exposure as at March 31, 2025 are as follows:

Particulars	As at March 31, 2025		
	Foreign Currency	Amount in Foreign Currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent	USD	*	35
Trade Receivables	GBP	*	13
	USD	63	5,349
	EUR	*	35
			5,397
Amounts payable in foreign currency on account of:			
Trade Payables			
	EUR	*	19
	GBP	*	27
	USD	17	1,454
			1,500

* Amount below rounding off norm adopted by the Company

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	*	40
Trade Receivables	GBP	1	87
	USD	59	4,932
	EUR	2	143
			5,162
Amounts payable in foreign currency on account of:			
Trade Payables			
	USD	25	2,053
			2,053

* Amount below rounding off norm adopted by the Company

31. 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, 2025	Year ended March 31, 2024
Projected benefit obligation at the beginning of the year	1,937	1,367
Service cost	432	385
Interest cost	139	100
Remeasurement (gain)/losses	58	194
Benefits paid	(252)	(109)
Projected benefit obligation at the end of the year	2,314	1,937

Notes forming part of the Financial Statements

Change in the fair value of plan assets

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Fair value of plan assets at the beginning of the year	1,757	1,251
Interest income	126	92
Employer contributions	350	519
Benefits paid	(252)	(109)
Return on plan assets, excluding amount recognised in net interest expense	24	4
Fair value of plan assets at the end of the year	2,005	1,757

Amount recognised in the Balance Sheet

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Present value of projected benefit obligation at the end of the year	2,314	1,937
Fair value of plan assets at the end of the year	(2,005)	(1,757)
Funded status amount of liability recognised in the Balance Sheet	309	180

Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Service cost	432	385
Interest cost	13	100
Net gratuity costs	445	485

Summary of actuarial assumptions

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Discount rate	6.65% p.a.	7.15% p.a.
Salary escalation rate	8.00% p.a.	8.00% p.a.
Average future working life time	24.82 years	24.69 years

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

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

Contributions: The Company expects to contribute ₹ 761 to its gratuity fund during the year ending March 31, 2026

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

Year	Year ended March 31, 2025	Year ended March 31, 2024
1 year	367	328
2 to 5 years	1,415	1,189
6 to 10 years	969	839
More than 10 years	597	521

Notes forming part of the Financial Statements

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

Amount recognised in other comprehensive income for the year ended March 31, 2025 and March 31, 2024 are as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Remeasurement (gain) /loss arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	55	13
- experience variance	3	181
- return on plan assets, excluding amount recognised in net interest expense/income	(24)	(4)
	34	190

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, 2025		March 31, 2024	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	2,431	2,207	2,034	1,849
(% change compared to base due to sensitivity)	5.1%	(4.6)%	5.0%	(4.6)%
Salary Growth rate (-/+ 1%)	2,214	2,420	1,854	2,025
(% change compared to base due to sensitivity)	(4.3)%	4.6%	(4.3)%	4.5%
Attrition Rate (- / + 50% of attrition rates)	2,536	2,157	2,094	1,819
(% change compared to base due to sensitivity)	9.6%	(6.8)%	8.1%	(6.1)%
Mortality Rate (- / + 10% of mortality rates)	2,314	2,314	1,937	1,937
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

b. Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The company has no further obligations under the plan beyond its monthly contributions. The company contributed ₹ 1,712 and ₹ 1,516 for the year ended March 31, 2025 and March 31, 2024 respectively.

32. SEGMENT REPORTING

The Company is in the business of providing Digital services which is the primary segment. Accordingly there are no separate reportable segments as per Ind AS 108 - Operating Segments, based on review by Chief Operating Decision Makers (CODM).

Major Customer

Revenue from one customer of Digital services represents approximately ₹13,483 (March 31, 2024 ₹ Nil) of the company's total revenue.

Notes forming part of the Financial Statements

33. RELATED PARTIES AND TRANSACTIONS

(a) Related parties

The related parties where control / significant influence exists are holding company, fellow subsidiaries and associates. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel includes the board of directors and other senior management executives. The other related parties are those with whom the Company has had transaction during the years ended March 31, 2025 and March 31, 2024 are as follows:

Particulars	Related Parties	Country of Incorporation	% of ownership interest
Ultimate Holding company	Ramanand Core Investment Company Private Limited (subsidiary of Raju Vegesna Infotech and Industries Private Limited)	India	
Holding company	Sify Technologies Limited	India	100%
Fellow Subsidiaries	Sify Technologies (Singapore) Pte. Limited	Singapore	
	Sify Technologies North America Corporation	USA	
	Sify Data and Managed Services Limited	India	
	Sify Infinit Spaces Limited	India	
	SKVR Software Solution Private Limited	India	
Key Managerial Personnel	Mrs. Vegesna Bala Saraswathi - Whole time director (w.e.f. 01.11.2024)		
	Mr. Kamal Nath - Whole time director (till. 31.10.2024)		
	Mr. S Ganesh - Chief Financial Officer (till 21.10.2024)		
	Mr. V Ramanujan - Chief Financial Officer (w.e.f. 01.11.2024)		
	Mrs. Meenakshi Jayaraman - Company Secretary		
Trust controlled by KMP of holding company^{##}	Raju Vegesna Foundation, Visakhapatnam	India	

(b) Related party transactions and balances

Following is a summary of related party transactions for the year ended March 31, 2025

Transactions	Sify Technologies Limited	Sify Infinit Spaces Limited	Sify Technologies North America Corporation	Sify Technologies (Singapore) Pte Ltd
NBFC loan repaid	1,393	-	-	-
Receipt of services [#]	-	574	925	43
Purchase of goods	-	-	-	-
Rendering of services	2,215	-	2,766	-
Rent Paid	-	132	-	-
Interest Paid	320	-	-	-
Loan received ^{***}	9,000	-	-	-
Revenue transfers [*]	23,887	-	-	-
Expenses transfers [*]	21,350	146	-	-
Investment	-	-	1,247	-
Other Income transfer	66	-	-	-
Asset Transfer	2,745	-	-	-
Amount of outstanding balances				
Amount payable [*]	(1,127)	-	-	-
Advances receivable/(payable)	(5,359)	(4)	-	-
Amount receivable [*]	10,341	-	-	-

Notes forming part of the Financial Statements

Transactions	Sify Technologies Limited	Sify Infinit Spaces Limited	Sify Technologies North America Corporation	Sify Technologies (Singapore) Pte Ltd
Trade payable	-	-	(936)	-
Trade receivable	-	-	4,624	-
Loan Outstanding	9,000	-	-	-

[#]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.

^{##}Nil (previous year ₹ Nil) contributed to Raju Vegesna Foundation, Visakhapatnam which is controlled by KMP of holding company.

^{*}On account of Business Transfer agreement executed in 2020-21, The customer and vendor contracts novation was in progress during the financial year ended March 31, 2025 and hence the invoices related to vendor and customer pertaining to the company have been booked in parent / fellow subsidiary company and subsequently transferred to subsidiary companies as expenses and revenue transfers. The Expenses Transfer from Sify Technologies Limited for the FY 2024-25 includes ₹ 68 of KMP remuneration cross-charged to the Company.

^{***} Refer Note D(13).

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

Transactions	Sify Technologies Limited	Sify Infinit Spaces Limited	Sify Technologies North America Corporation	Sify Technologies (Singapore) Pte Ltd
NBFC Loan repaid	3541	-	-	-
Receipt of services [#]	-	574	911	175
Rendering of services	2,215	-	2,958	-
Rent Paid	-	132	-	-
Interest received	-	-	-	-
Loan received back	-	-	-	-
Revenue transfers [*]	19,628	-	-	-
Expenses transfers [*]	21,859	132	-	-
Security Deposit	-	13	-	-
Other Income transfer	14	-	-	-
Asset Transfer	4,855	-	-	-
Amount of outstanding balances				
Amount payable [*]	945	2,707	-	-
Amount receivable [*]	10,196	-	-	-
Advances receivable	9,926	2,708	-	-
Trade payable	-	-	-	-
Trade receivable	-	-	351	5
Loan Outstanding	-	-	-	-

[#]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.

^{##}Nil (previous year ₹ 31) contributed to Raju Vegesna Foundation, Visakhapatnam which is controlled by KMP of holding company.

^{*}On account of Business Transfer agreement executed in 2020-21, The customer and vendor contracts novation was in progress during the financial year ended March 31, 2024 and hence the invoices related to vendor and customer pertaining to the company have been booked in parent / fellow subsidiary company and subsequently transferred to subsidiary companies as expenses and revenue transfers. The Expenses Transfer from Sify Technologies Limited for the FY 2023-24 includes ₹ 88 of KMP remuneration cross-charged to the Company.

Notes forming part of the Financial Statements

(c) Payments to directors (other than Whole time Director)

Particulars	For the year ended March 31, 2025	For the year ended March 31 2024
Sitting fees	3	4
	3	4

34. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

i. Forward and option contracts

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. There are no forward contracts outstanding as at March 31, 2025.

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2025 were as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	1,247	-	-	1,247	1,247
Trade receivables	37,854	-	-	37,854	37,854
Cash and cash equivalents	5,565	-	-	5,565	5,565
Other bank balances	254	-	-	254	254
Other financial assets	113	-	-	113	113
Liabilities					
Borrowings from banks	10,200	-	-	10,200	10,200
Borrowings from others	16,532	-	-	16,532	16,532
Bank overdraft	1,622	-	-	1,622	1,622
Lease Liabilities	600	-	-	600	600
Trade payables	36,003	-	-	36,003	36,003
Other financial liabilities	6,528	-	-	6,528	6,528

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 cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	-	-	-
Trade receivables	38,409	-	-	38,409	38,409
Cash and cash equivalents	8,559	-	-	8,559	8,559
Other bank balances	205	-	-	205	205
Other financial assets	2,853	-	-	2,853	2,853

Notes forming part of the Financial Statements

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Liabilities					
Borrowings from banks	9,767	-	-	9,767	9,767
Borrowings from others	10,895	-	-	10,895	10,895
Bank overdraft	970	-	-	970	970
Lease Liabilities	366	-	-	366	366
Trade payables	39,773	-	-	39,773	39,773
Other financial liabilities	10,771	-	-	10,771	10,771

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2025 and March 31, 2024 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables	37,854	38,409
Cash and cash equivalents	5,565	8,559
Other financial assets	51	2,687
	43,470	49,655

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Financial assets at amortised cost		
Interest income on bank deposits	20	11
Interest income on other financial assets	144	293
Impairment on trade receivables	(1,200)	(400)
(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	(34)	(2)
Interest expenses on borrowings from banks, others and overdrafts	(3,213)	(2,579)

35. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Board of Directors are assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

Notes forming part of the Financial Statements

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. 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, 2025 and March 31, 2024 was as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Investments	1,247	-
Trade receivables	37,854	38,409
Cash and cash equivalents	5,565	8,559
Other bank balances	254	205
Other financial assets	113	2,853
	45,033	50,026

See note D (7) for the 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.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations. In addition, the Company has concluded arrangements with well reputed Banks, and has unused lines of credit that could be drawn upon should there be a need. The Company is also in the process of negotiating additional facilities with Banks for funding its requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Notes forming part of the Financial Statements

As at March 31, 2025

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	10,200	10,389	10,389	-	-	-
Borrowings from others	16,532	19,690	4,847	14,262	581	-
Bank overdraft	1,622	1,622	1,622	-	-	-
Lease Liabilities	600	710	255	289	166	-
Trade payables	36,003	36,003	36,003	-	-	-
Other financial liabilities	6,528	6,528	6,528	-	-	-
	71,485	74,942	59,644	14,551	747	-

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	9,767	9,842	9,842	-	-	-
Borrowings from others	10,895	12,731	4,201	7,949	581	-
Bank overdraft	970	970	970	-	-	-
Lease Liabilities	366	417	159	258	-	-
Trade payables	39,773	39,773	39,773	-	-	-
Other financial liabilities	10,771	10,771	10,771	-	-	-
	72,542	74,504	65,716	8,207	581	-

Market risk:

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

Currency risk:

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

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

Notes forming part of the Financial Statements

The Company's exposure to foreign currency risk as at March 31, 2025 was as follows:

Particulars	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loans	Net Balance Sheet exposure
USD	*	63	(17)	-	46
GBP	-	*	-	-	*
EUR	-	*	-	-	*
DHS	-	-	*	-	-

The Company's exposure to foreign currency risk as at March 31, 2024 was as follows:

Particulars	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loans	Net Balance Sheet exposure
USD	*	59	(25)	-	34
GBP	-	1	-	-	1
EUR	-	2	-	-	2
DHS	-	-	-	-	-

* Amount below rounding off norm adopted by the Company

A 10% strengthening of the rupee against the respective currencies as at March 31, 2025 and March 31, 2024 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.

Particulars	Other comprehensive income	Profit/(loss)
March 31, 2025	-	(393)
March 31, 2024	-	(315)

A 10% weakening of the rupee against the above currencies as at March 31, 2025 and March 31, 2024 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk:

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

Profile

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

Particulars	Carrying amount March 31, 2025	Carrying amount March 31, 2024
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	-	-
Financial liabilities		
- Borrowings from banks	-	-
- Borrowings from others	16,532	10,895
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	10,200	9,767
- Bank overdrafts	1,622	970

Notes forming part of the Financial Statements

Fair value sensitivity for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity	Profit or (loss)
March 31, 2025	-	(21)
March 31, 2024	-	(23)

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.

36. CONTRIBUTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY

The Company has incurred losses (as computed under section 135 of the Act) during the three immediately preceding financial years and hence, it is not required to spend any money under sub-section (5) of section 135 of the Act.

37. 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, 2025 is ₹ 8,350 (previous year: ₹ 16,476).

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:

Particulars		As at March 31, 2025	As at March 31, 2024
Debt		28,354	21,632
Less: cash and bank balances		(5,819)	(8,764)
Net debt	A	22,535	12,868
Equity	B	8,350	16,476
Net debt to Equity ratio	A/B	270%	78%

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

Notes forming part of the Financial Statements

38. CONTRACT BALANCES

Particulars	March 31, 2025		March 31, 2024	
Trade Receivables	-	37,854	-	38,409
Contract liabilities – Deferred Income	-	-	-	-
Current contract liabilities	3,635	-	3,141	-
Non current contract liabilities	393	-	410	-
Total Contract liabilities – Deferred Income	-	4,028	-	3,551

Significant changes in deferred revenue balances during the year are as follows

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue recognised that was included in the deferred revenue at the beginning of the year	3,426	3,681

39. 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, 2025 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, 2025 ₹ 188 (previous year ₹ 612). The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at March 31, 2025	As at March 31, 2024
a. the principal amount and the interest due thereon remaining unpaid at the end of accounting year	188	612
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.	-	-

40. 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.

41. EVENTS AFTER THE REPORTING PERIOD

There are no significant events that have occurred after the reporting period till the date of these financial statements that requires adjustments/disclosure in these financial statements.

Notes forming part of the Financial Statements

42. ASSOCIATE STOCK OPTION PLAN

The Holding Company Sify Technologies Limited had issued stock options under Associate Stock Option Plan (ASOP) ASOP 2014. The Compensation Committee of the Holding Company grants the options on the basis of performance, criticality and potential of the employees as identified by the management of Holding Company. 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.

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. Stock Compensation Expenses is reimbursed to the Holding Company.

43. ADDITIONAL REGULATORY INFORMATION

Clause - (i):

There is no immovable property held by the company, hence this clause is not applicable.

Clause - (ii):

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

Clause - (iii):

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

Clause - (iv):

There is no capital work in progress for the years ended March 31, 2025 and March 31, 2024

Clause - (v):

There are no intangibles under development.

Clause - (vi):

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

Clause - (vii):

The quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts. The returns for the quarter ended March 2025 will be filed post the date of signing of financial statements.

Notes forming part of the Financial Statements

Clause - (viii):

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

Clause - (ix):

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

Clause - (x):

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

Clause - (xi):

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

Clause - (xii):

Key Ratios

S. no	Ratio	Numerator	Denominator	FY 2024-25	FY 2023-24	% Variance	Reason for variance
1	Current Ratio (in times)	Current assets	Current Liabilities	1.10	1.19	(8)%	
2	Debt Equity Ratio (in times)	Total Debt = Total of current and non current term loans	Shareholder's funds	3.40	1.31	160%	
3	Debt service coverage ratio (in times)	Earning for Debt Service= Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets	Debt service = Interest & Lease Payments + Principal Repayments	(0.84)	(0.23)	265%	
4	Return on equity ratio (in %)	Net Profits after taxes	Average Shareholder's Equity ((Opening+Closing)/2)	(105)%	(39)%	169%	Due to increase in loss in the current year
5	Net profit ratio (in %)	Net Profits after taxes	Net sales	(13)%	(7)%	86%	
6	Return on capital employed (in %)	EBIT	Capital Employed = Shareholder funds + Total Debt + Deferred Tax Liability	(28)%	(15)%	87%	
7	Inventory Turnover ratio (in times)	COGS = Purchase of stock-in-trade+ Change in Inventory	Average inventory is (Opening + Closing balance / 2)	0.77	1.05	(27)%	Due to increase in Average Inventory
8	Trade receivables turnover ratio (in times)	Sales	Average receivables is (Opening + Closing balance / 2)	3.00	2.95	2%	
9	Trade payables turnover ratio (in times)	Net Credit Purchases=Cost of services rendered+Purchase of stock-in-trade+Changes in inventories	Average payables is (Opening + Closing balance / 2)	1.61	1.88	(14)%	

Notes forming part of the Financial Statements

S. no	Ratio	Numerator	Denominator	FY 2024-25	FY 2023-24	% Variance	Reason for variance
10	Net capital turnover ratio (in times)	Net Sales	Average Working capital = (Opening + Closing balance / 2)	9.62	6.01	60%	Due to decrease in average working capital
11	Debt to EBITDA (in times)	Debt	EBITDA	(3.95)	(9.23)	(57)%	

Clause - (xiii):

Utilisation of Borrowed funds and share premium

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. The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Clause - (xiv):

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

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

Chennai

April 18, 2025

For and on behalf of the Board of Directors

Sify Digital Services Limited

CIN:U72900TN2020PLC136420

Raju Vegesna

Director

DIN:00529027

V Ramanujan

Chief Financial Officer

Vegesna Bala Saraswathi

Whole time director

DIN:07237117

Meenakshi Jayaraman

Company Secretary

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Notes

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Sify Digital Services Limited

CIN: U72900TN2020PLC136420

2nd Floor, TIDEL Park

No. 4, Rajiv Gandhi Salai Taramani

Chennai - 600 113, India

www.sifytechnologies.com/investors

sify.secretarial@sifycorp.com