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ANNUAL REPORT
2023-24

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Corporate Information

Sify Infinit Spaces Limited

Raju Vegesna
Director

Vegesna Bala Saraswathi
Director

C R Rao
Whole Time Director

Arun Seth
Director

Statutory Auditors

Manohar Chowdhry & Associates
Chartered Accountants
Chennai

V Ramanujan
Chief Financial Officer

D J Poornasandar
Company Secretary

Registered Office

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

Bankers

State Bank of India
HDFC Bank Ltd
Axis Bank Ltd
IndusInd Bank Ltd
IDFC First Bank Ltd
Yes Bank Ltd
Kotak Mahindra Bank Ltd
Standard Chartered Bank
Bank of Baroda
Federal Bank Ltd
DBS Bank Ltd
HSBC Bank

BOARD'S REPORT

Dear Members,

Your Directors hereby submit the report of the business and operations of your Company along with the audited financial statements, for the financial year ended March 31, 2024.

FINANCIAL PERFORMANCE AND STATE OF COMPANY'S AFFAIRS

₹ in lakhs

Particulars	2023-24	2022-23
Revenue from operations	**1,11,417**	**1,02,134**
Earnings Before Finance Costs, Tax, Depreciation & amortization, Other Income and exceptional items	46,220	41,260
Depreciation and Amortization	25,485	20,830
Earnings Before Finance Costs & Tax	**23,183**	**22,203**
Finance Costs	15,394	10,838
Other Income (Including Forex Gain, Gain on sale of PPE)	2,754	1,773
Other Expenses (Including Forex Loss, Loss on Sale of PPE)	13,680	11,235
Profit Before Tax	**7,789**	**11,365**
Profit After Tax	**5,696**	**8,349**

Results of operations for the years ended March 31, 2024 and 2023

Our revenue for FY 2024 was ₹1,11,417 lakhs, higher by 9.09 percent over the previous year's revenue of ₹1,02,134 lakhs in FY 2023. Profit After Tax (PAT) attributable to shareholders in FY 2024 was ₹5,696 lakhs over the PAT of ₹8,349 lakhs in FY 2023.

BUSINESS REVIEW

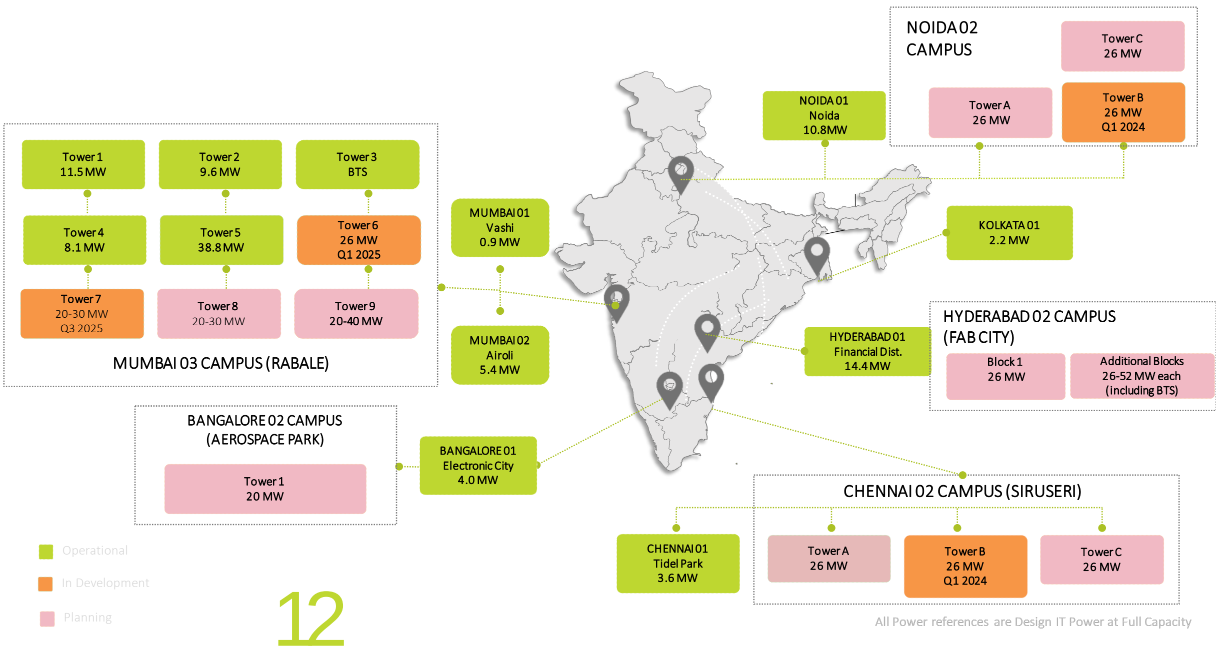
Business strategy and Overview:

India's data center capacity across the top seven cities which currently stands at 819 MW is all set to double to over 1800 MW by 2026 thanks to the quantum growth in data consumption and cloud computing, according to a joint report titled India Data Centers: Entering Quantum Growth Phase by the Confederation of Indian Industries and Colliers.

The past few years has seen your Company accelerate the pace of building and delivering fresh capacities across multiple locations in its aim to expand its market share. While the trifurcation resulted in unlocking value, the decentralization of decision-making has led to quicker contract-to-commissioning times. This approach has also enabled your Company to go after multiple audiences; be they hyperscale or retail. The eventual strategy being to be the go-to Data Center service provider for Enterprises in India. In a time of accelerated growth, this enthused approach is sure to aid your Company scale quickly and efficiently.

At close of the financial year, your Company is currently operating 12 Data Centers across India. A majority of these capacities are in the Data Center hotspot of Mumbai accounting for 7 of the 12 Data Centers. Your Company's strategy is to build capacities ahead of the demand and hence the concentration of current and more capacities on the anvil in Mumbai. The large cluster at Mumbai offers your Company another strategic reason. While being in the vicinity of business opportunities, it affords your Company to implement business impacting measures like sustainability across a myriad of capacities while also offering economies of scale.

The image below gives a countrywide view of your Company's capacities, both current and upcoming.

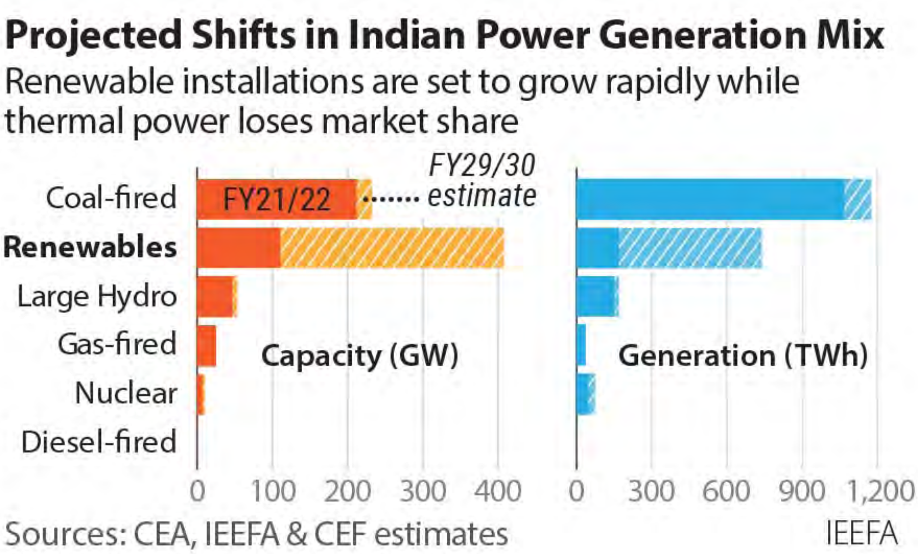


Green data center penetration on the rise

Top data center operators are increasingly prioritizing decarbonization of their data center portfolios, committing towards achieving their net zero targets by 2050. Decarbonization offers significant benefits to operators, in terms of enhanced rental premiums, asset valuation, brand recognition and reduced operational costs. As of 2023, only about 20% of the existing data center stock is LEED certified. However, there has been a 61% rise in green data center capacity compared to 2020 levels, as global operators are increasingly investing in low-carbon and energy efficient technologies to reduce the impact on environment and achieve optimum efficiency.

India's renewable energy installations are projected to grow rapidly with 35-40 gigawatts (GW) added annually through to the fiscal year (FY) 2029/30, according to a new report by the Institute for Energy Economics and Financial Analysis (IEEFA) and Climate Energy Finance (CEF). IEEFA and CEF estimate that renewable energy capacity will reach 405GW in FY2029/30, putting India on track to surpass its target of 50% of its energy from non-fossil fuel sources by 2030.

A 10-year estimate of how the profile of power generation would change in the Country is as below.



Since data centers are typically associated with high energy consumption, there is ample room for more sustainable elements to be adopted. Going forward, energy efficiency will play a critical role in data center demand-supply dynamics. Your Company has already implemented a slew of sustainable features across its facilities. The consolidated knowledge from these learnings is being ploughed back into both the current operations and the design of the future data centers.

Among the earliest adopters of interoperability for both the IT and non-IT elements within the data center architecture, your Company has been successful in adopting the design components to fit the emerging technology with minimal to no-refits. The only variable has been scale. and as the brief expands, your Company will be successful in adopting that architecture to hyperscale or retail demands.

Technology Trends

Emerging technology trends in the data center industry in India are often influenced by global trends, as the industry seeks to stay competitive and aligned with international standards. Here are some prominent emerging technology trends in the data center industry in India, taking cues from global trends:

- **Hybrid and Multi-Cloud Deployments:** Hybrid and multi-cloud environments are becoming increasingly popular as organizations seek to leverage the benefits of both on-premises and cloud-based infrastructure. In India, businesses are adopting hybrid cloud strategies to balance the performance, security, and cost considerations of their workloads. This trend reflects the global shift towards a hybrid IT model, where workloads are distributed across multiple cloud providers and on-premises data centers to optimize flexibility and scalability.
- **Software-Defined Infrastructure (SDI):** Software-defined infrastructure (SDI) abstracts hardware resources and enables automation and orchestration through software control. This trend is transforming data center operations by improving agility, scalability, and efficiency. In India, data center operators are investing in SDI solutions to streamline provisioning, enhance resource utilization, and reduce manual intervention in infrastructure management, aligning with global efforts to modernize data center infrastructure.
- **Artificial Intelligence (AI) and Machine Learning (ML):** AI and ML technologies are being integrated into data center operations to optimize performance, improve energy efficiency, and enhance security. In India, data center operators are leveraging AI/ML algorithms for predictive maintenance, anomaly detection, and workload optimization, enabling proactive management of infrastructure and mitigating risks. This trend mirrors global initiatives to harness AI/ML for data center automation and intelligence-driven decision-making.
- **Green Data Centers:** Sustainability is a growing focus in the data center industry worldwide, driven by environmental concerns and regulatory requirements. In India, there is increasing awareness about the importance of green data centers, which prioritize energy efficiency, renewable energy integration, and eco-friendly practices. Data center operators in India are adopting green technologies such as energy-efficient cooling systems, solar power generation, and water recycling to minimize their environmental footprint and reduce operating costs, aligning with global efforts to build sustainable infrastructure.
- **Security Enhancements:** With the rise in cyber threats and data breaches, security remains a top priority for data center operators globally. In India, data center security is evolving to address emerging threats and compliance requirements. Advanced security technologies such as biometric authentication, encryption, and zero-trust networking are being deployed to safeguard data and infrastructure from cyberattacks. This trend reflects the global imperative to strengthen data center security in an increasingly interconnected and digitally dependent world.
- **Edge Computing:** Edge computing is gaining momentum globally, and India is no exception. With the proliferation of IoT devices and the need for low-latency processing, edge computing brings computation closer to the data source, reducing latency and improving performance. In India, edge data centers are being established to support applications such as autonomous vehicles, smart cities, and industrial IoT, enabling real-time processing and analysis of data at the network edge.

In conclusion, emerging technology trends in the data center industry in India are closely aligned with global trends, reflecting a shared emphasis on innovation, efficiency, and sustainability. From edge computing and hybrid cloud deployments to software-defined infrastructure and AI-driven automation, Indian data center operators are leveraging cutting-edge technologies to meet the evolving needs of businesses and consumers in an increasingly digitalized economy. By staying abreast of global trends and best practices, the data center industry in India is poised to drive continued growth and innovation in the years to come.

Sustainability measures

For use at Your Company's Data Centers, your Company has signed the Power Purchase Agreement for 45 MW Solar and 54 MW Wind. Accordingly, your Company is currently procuring Renewable/Green Power against these PPA.

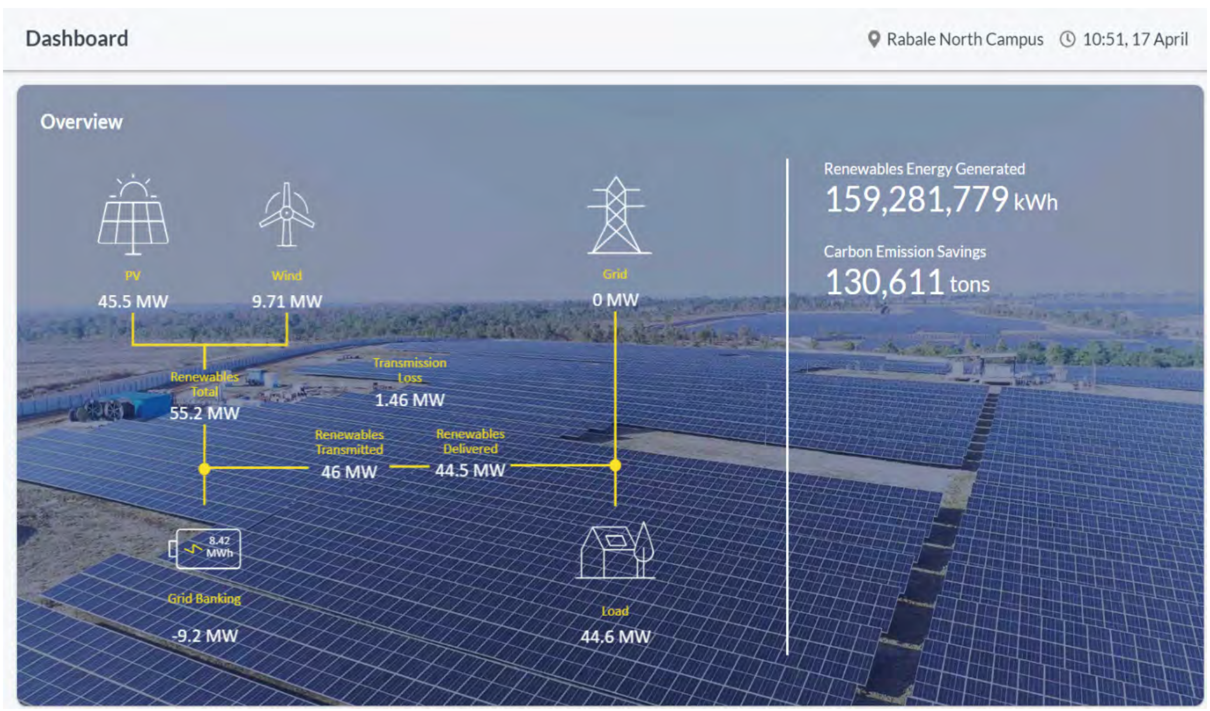
In Phase I, Your Company has implemented the following measures.

1. A customized dashboard has been developed for the first cluster of 3 data centers.
2. Real time data about the Solar and Wind generation has been integrated into this Dashboard on a monthly basis.

This real time data gives your Company a picture of the real time consumption data of the different sources of power allowing the engineers to modulate the type of energy needed based on the input traffic of data or the volume of data to be processed. The dashboard helps your Company to know the real time generation, total Renewable Energy Generated till date and Carbon Emission Saving till date from both Solar & Wind.

In case there are less generation from Solar/Wind plant, then it also shows that how much power currently your Company is drawing from State Grid to meet its total power demand. In case of any data error/outage of generation, this software also indicates the alarm for prompt action allowing for instant switch to other forms of energy.

Currently, the carbon offset because of these measures is as follows.



Transfer to Reserves

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

Dividend

a) **Equity Shareholders:**

The Board of Directors of your company, after considering the relevant circumstances, has decided that it would be prudent not to recommend any Dividend to the equity Shareholders of the Company for the Financial Year under review.

b) **Preference shareholders:**

During the year, your company has paid a Dividend of Rs. 14,41,23,288/- being the Preferential Dividend of 9% per annum for 5,00,00,000 Cumulative Non-Convertible Redeemable Preference Shares (NCRPS) of Rs.10/- for the period from October 2020 to December 2023.

Variation of Terms:

Subsequently, based on the approval of the Members of the Company and the consent of M/s Raju Vegesna Infotech & Industries Private Limited, the Preference Shareholder, the Company has varied the terms of the said Preference Shares from 9% 5,00,00,000 Cumulative Non-Convertible Redeemable Preference Shares (NCRPS) of Rs.10/- each into 6% Compulsory Convertible Preference Shares (CCPS).

Consequent to this corporate action, the Board of Directors have recommended a pro rata dividend of Rs. 74,59,016/- to the holders of CCPS at 6% p.a. on 5,00,00,000 Compulsory Convertible Preference Shares (CCPS) of Rs. 10/- each for the three months period from January 2024 to March 2024 for the Financial Year 2023-24, subject to approval of the Members at the ensuing Annual General Meeting

Change in nature of business:

The Company is currently engaged in the business of operating Data Centers. There is no change in nature of the business during the year under review.

Details and status of acquisition, merger, expansion, modernization and diversification

a) **Merger of M/s Print House (India) Private Limited, fellow subsidiary Company**

During the year, Hon'ble National Company Law Tribunal, Chennai approved the merger of M/s Print House (India) Private Limited into the Company vide its order dated 10th July 2023.

Pursuant to the Merger Order, in accordance with the Scheme, your Company has issued and alloted to the equity shareholders and preference shareholders of the Company, in the following share exchange ratio ("Share Exchange Ratio")

Type of Share	Share held in Transferor Company		Consideration from the Transferee Company		
	No of Shares	Exchange Ratio	Type of Shares	No of Shares	Exchange Ratio
Equity Shares	1,00,00,000	1	Equity Shares	8,59,762	0.0859762
Redeemable Preference Shares	5,00,00,000	1	Redeemable Preference Shares	5,00,00,000	1

Accordingly, the paid-up share capital of the Company has been increased to that extent.

b) **Merger of M/s Patel Auto Engineering Company India Private Limited, fellow subsidiary Company**

During the year under review, the Company filed an application with Hon'ble National Company Law Tribunal, Chennai for merger of M/s Patel Auto Engineering Company India Private Limited, with the Company and awaiting the approval.

c) **M/s SKVR Software Solution Private Limited**

During the year, your Company along with Sify Technologies Limited (STL), the Holding Company had entered into a share purchase agreement dated September 1, 2023 between SKVR, its shareholders. Pursuant to the share purchase agreement, the Company and STL paid 49% and 51% of the purchase price to the shareholders of SKVR, respectively. STL has nominated its representative Directors on the Board of SKVR. SKVR holds 19,305 square meters of land allotted by the New Okhla Industrial Development Authority ("NOIDA") for a period of 90 years (which began in the year 2006). The land is being used for construction of Data Centre.

STL has consolidated the Financial statements of SKVR as it controls the entity. This control is determined based on Ind AS 110 as the Company has rights to variable return from its involvement with the SKVR and has ability to affect those returns. The Company nor STL hold any shares in its name in SKVR. Hence it has been treated as a subsidiary only for consolidation purposes in the books of STL and the same is disclosed in Form AOC-1.

During the year, the Company invested Rs. 50,00,00,000/- (Rupees Fifty Crores Only) in the 9% Non-Cumulative Redeemable Preference Shares of SKVR.

Material Changes and commitments affecting the financial position of the Company

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

CAPITAL AND DEBT STRUCTURE

Change in authorized capital of the Company

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

Particulars	Amount (in Rs)
Authorised Share Capital	
80,00,00,000 Equity shares of Rs. 10/- Each	800,00,00,000
27,00,00,000 Preference shares of Rs. 10/- Each	270,00,00,000
TOTAL	1070,00,00,000
Issued, Subscribed and Paid-up Share Capital	
50,58,59,762 Equity shares of Rs. 10/- Each*	505,85,97,620
50,000,000 Preference shares of Rs. 10/- Each	50,00,00,000
TOTAL	555, 85,97,620

***Outstanding shares includes 8,59,762 shares which was issued to PHIPL shareholders, on account of the merger of PHIPL & SISL,.**

b) Issue of Compulsorily Convertible Debentures

1) Issue of Compulsorily Convertible Debentures to M/s Sify Technologies Limited (STL)

Pursuant to the approval of the Members, your Company has issued and allotted One Crore 6% Compulsorily Convertible Debentures (CCDs) of Rs. 100/- each amounting to Rs. 100 Crores to M/s. Sify Technologies Limited, the Holding Company.

The details of the allotment are as follows

Particulars	Remarks
Date of issue and allotment	April 24, 2023
Method of allotment	Preferential Allotment
Issue Price	Rs 100 per Debenture
Conversion price	Based on the EBITDA of the Financial Year ending March 31, 2025 at the agreed multiple
Number of shares allotted or to be allotted in case the right or option is exercised by all the holders of such securities	
Number of shares or securities allotted to the promoter group (including shares represented by depository receipts)	To be determined at the time of Conversion.
In case, shares or securities are issued for consideration other than cash, a confirmation that price was determined on the basis of a valuation report of a registered valuer	The CCD is issued for cash, hence the disclosure is not applicable.
Coupon Rate	6% p.a payable half yearly
Maturity Date	March 31, 2033

2) Issue of Compulsorily Convertible Debentures to Kotak Data Center Fund (KDCF)

Pursuant to the Debenture Subscription Agreement (DSA) entered with M/s. Kotak Data Centre Fund (KDCF), the Company issued and allotted 6,00,00,000 (Six crore only) Compulsorily Convertible Debentures having face value of Rs. 100/- each as follows:

Particulars	No. of CCD	Face Value INR	Paid-up value INR	Paid-up value INR
KDCF - Series 4 CCDs	4,80,00,000	100	100	480,00,00,000
KDCF - Series 5 CCDs	1,20,00,000	100	100	120,00,00,000
TOTAL				**600,00,00,000**

The details of the allotment are as follows

Particulars	Remarks
Date of issue and allotment	August 30, 2023
Method of allotment	Preferential Allotment
Issue Price	Rs 100 per Debenture
Conversion price	Based on the EBITDA of the Financial Year ending March 31, 2025 at the agreed multiple
Number of shares allotted or to be allotted in case the right or option is exercised by all the holders of such securities	
Number of shares or securities allotted to the promoter group (including shares represented by depository receipts)	To be determined at the time of Conversion.
In case, shares or securities are issued for consideration other than cash, a confirmation that price was determined on the basis of a valuation report of a registered valuer	The CCD is issued for cash, hence the disclosure is not applicable.
Coupon Rate	6% p.a payable half yearly
Maturity Date	March 31, 2033

Other allotments

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

Credit Rating

The leading rating agencies CARE, ICRA and CRISIL assigned the following rating to the company.

Rating Agency	Type	Rating
ICRA	Long Term	AA-
	Short Term	A1+
CARE	Long Term	AA-
	Short Term	A1+
CRISIL	Long Term	AA-
	Short Term	A1+

Investor Education and Protection Fund (IEPF)

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

Directors and Key Managerial Personnel

a) Directors:

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

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

b) Retirement by Rotation

Mr Vegesna Ananta Koti Raju (DIN: 00529027), Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Subsequently, Your Directors recommend his re-appointment.

c) Independent Directors

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

In order to achieve better Corporate Governance M/s. Sify Technologies Limited, the holding company has appointed Mr Arun Seth as an Independent Director (Additional Director) of the Company effective from September 6, 2022 and appointed by the members in the last AGM dated 30th June 2023.

d) Declaration from Independent Director

The Company has received the necessary declaration from the Independent Director of the Company under Section 149(7) of the Act confirming that they continue to meet the criteria of their Independence laid down in Section 149(6) of the Act. For the purpose of Rule 8 (5) (iiia) of the Companies (Accounts) Rules, 2014, there were no Independent Directors appointed during the year ended March 31, 2024.

Independent Director of your Company has enrolled with Indian Institute of Corporate Affairs and complied with the provisions therewith.

e) 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.

f) Board Meetings and attendance of Directors

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

Quarter	Meeting No.	Date of Board Meeting	No. of Directors entitled to attend the meeting	No. of Directors attended the meeting
Q1	1	April 24, 2023	4	4
Q2	2	July 20, 2023	4	4
	3	August 09, 2023	4	4
Q3	4	October 20, 2023	4	4
	5	December 22, 2023	4	4
Q4	6	January 18, 2024	4	4
	7	March 25, 2024	4	4

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

g) Key Managerial Personnel

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

1. Mr. C R Rao - Whole Time Director
2. Mr V Ramanujan - Chief Financial Officer
3. Mr D J Poornasandar - Company Secretary

h) Observer on the Board

Pursuant to the provisions of Debenture Subscription Agreement executed with Kotak Special Situations Fund (KSSF) and Kotak Data Center Fund (KDCF) your company has appointed Mr Subramanian Sriniwasan as an Observer on the Board.

i) Committees

i) Audit Committee

The Audit Committee consists of Mr C R Rao, Mr Arun Seth and Mrs Vegesna Bala Saraswathi as Members. Mr Arun Seth is the Chairman of the Audit Committee.

During the year, the Committee met five times. The dates of Meetings are April 24, 2023, July 20, 2023, August 9, 2023, October 20, 2023, and January 18, 2024.

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr Arun Seth	5	5
Mr C R Rao	5	5
Mrs Vegesna Bala Saraswathi	5	5

ii) Nomination & Remuneration Committee

The Nomination & Remuneration Committee consists of Mr C R Rao, Mr Arun Seth and Mrs Vegesna Bala Saraswathi as Members. Mr Arun Seth is the Chairman of the Nomination & Remuneration Committee.

During the year, the committee met four times. The dates of Meetings are April 24, 2023, July 20, 2023, October 20, 2023, and January 18, 2024.

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr Arun Seth	4	4
Mr C R Rao	4	4
Mrs Vegesna Bala Saraswathi	4	4

iii) Corporate Social Responsibility Committee

The Nomination & Remuneration Committee consists of Mr C R Rao, Mr Vegesna Ananta Koti Raju and Mr Arun Seth as Members. Mr Vegesna Ananta Koti Raju is the Chairman of the Nomination & Remuneration Committee.

During the year, the committee met three times. The dates of Meetings are April 24, 2023, July 20, 2023 and January 18, 2024.

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr C R Rao	3	3
Mr Vegesna Ananta Koti Raju	3	3
Mr Arun Seth	3	3

j) Statement of Performance Evaluation by the Board

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

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

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

k) Details of Remuneration to Directors

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

l) Directors' responsibility statement

Your Directors state:

i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;

iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

v) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Adequacy of Internal Financial Controls

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

➢ that all disclosures as required by law and applicable accounting/reporting standards have been complied with;

➢ that all policies and procedures of the Company have been adhered to and those policies and procedures relating to safeguarding of assets have been complied with;

➢ that compliance of such policies and procedures enable prevention and detection of fraud and error;

➢ that policies and procedures adopted by the Company ensure accuracy and completeness of accounting records.

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

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

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

In terms of Section 129(3) of the Companies Act, 2013 and Rule 5 of the Companies (Accounts) Rules, 2014, a statement related to Associate Company in Form AOC-1 is annexed herewith as **Annexure-A.**

Auditors

a. Statutory Auditors:

Name and Address

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

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

b. Secretarial Auditor:

Name and address:

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

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr V Ramasubramanian was appointed as the Secretarial Auditor of the Company by the Board of Directors of Companies at their meeting held on April 24, 2023 to conduct the Secretarial Audit for the financial year ended March 31, 2024.

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

c. Internal Auditor:

Name and address:

M/s Yoganandh & Ram LLP, Chartered Accountant (FRN: 005157S) 12/11, 12th Cross Street, Dhandeeswaram, Velachery, Chennai, Tamil Nadu 600042

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Rule 8 (4) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Yoganandh & Ram LLP was appointed as the Internal Auditor of the Company by the Board of Directors of Companies at their meeting held on April 24, 2023 to conduct the Internal Audit for the financial year ended March 31, 2024.

Deposits

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

Particulars of Loans, Guarantees and Investments

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

Particulars of Contracts or Arrangements with Related Parties:

Your Directors draw attention of the shareholders to Note 35 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 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.

Corporate Social Responsibility (CSR)

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, the Policy on Corporate Social Responsibility (CSR) as approved by the Board and composition of CSR Committee are available on the website of the Company.

Pursuant to the various amendments by the Ministry of Corporate Affairs from time to time, the CSR Committee has recommended changes in CSR Policy to the Board and the same has been approved by the Board at its meeting held on January 18, 2024.

For the Financial Year 2023-24, the Company had spent ₹ 2.17 Crores towards CSR Projects.

Annual Report on CSR is provided as **Annexure-C.**

Human Resource Management

Cognizant of the importance of keeping its people aligned to the transformations taking place in the business ecosystem, particularly in the context of technology, Sify has put in place a well-defined system of learning and development for its teams. Sify believes that continuous learning towards skill development and a commitment to smartly execute the goals of the organization.

The focus of the learning program is on skill upgradation in a culture of continuous learning. It is crafted to drive excellence in performance, along with growth for the individual and the Company. The aim is to build a skilled and motivated workforce that can adapt to new challenges and opportunities. The Company's learning and development programs are designed to support this goal, providing a wide range of learning opportunities to employees at all levels.

The number of employees as on March 31, 2024 was 226.

Conservation of Energy, Technology Absorption and Foreign Exchange Outgo

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

i. Conservation of Energy & Technology Absorption

1. A customised dashboard has been developed for the first cluster of 3 data centers.
2. Real time data about the Solar and Wind generation has been integrated into this Dashboard on a monthly basis.

This real time data gives the company a picture of the real time drawl/consumption data of the different sources of power allowing the engineers to modulate the type of energy needed based on the input traffic of data or the volume of date to be processed.

The dashboard helps us to know the real time generation, total Renewable Energy Generated till date, Carbon Emission Saving till date from both Solar & Wind.

ii. Technology absorption

The technology was commissioned this financial year and uses data that is fed from the individual tower based on the type of energy used and the time it is used.

Foreign Exchange Earnings and Outgo

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

Foreign Exchange Inflow: Rs. 4,847.85 lakhs

Foreign Exchange Outgo: Rs. 7,151.62 lakhs

Risk Management

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

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

Vigil Mechanism

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

i. receiving, retaining and treating complaints received;

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

iii. reporting genuine concerns by the Employees and Directors;

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

Disclosure of orders passed by the Regulators or Courts or Tribunals

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

Maintenance of Cost Records

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

Secretarial Standards

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

Annual Return

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

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

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

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

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

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 revisions in the financial statements during the year.

Acknowledgement

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

For and on behalf of Board of Directors
Sify Infinit Spaces Limited

Hyderabad	**C R Rao**	**Raju Vegesna**
April 22, 2024	*Whole Time Director*	*Director*
	DIN: 02624863	DIN: 00529027

Annexure A

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

(Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 - AOC - 1)

Part A: Subsidiaries - Not Applicable

Part B: Associates and Join Ventures

Sr. No.	Name of the subsidiary	Financial year ended	Reporting currency	Exchange rate	Share capital	Reserves and surplus	Total assets	Total liabilities	Investments	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend	% of shareholding
1	SKVR Software Solution Private Limited (Note 1)	March 31, 2024	INR	-	1	(2,228)	37,915	40,143	-	-	(133)	(2)	(135)	NIL	NIL

Note:

1. The company has not commenced its operations as of March 31, 2024. Sify Technologies Limited (STL), Holding Company has consolidated the Financial statements of SKVR as it controls the entity. This control is determined based on Ind AS 110 as the Company has rights to variable return from its involvement with the SKVR and has ability to affect those returns. SISL nor STL hold any shares in its name in SKVR. Hence it has been treated as a subsidiary only for consolidation purposes in the financial statements of STL.

For and on behalf of the Board of Directors

Raju Vegesna
Director

C R Rao
Whole-time Director

Hyderabad
April 22, 2024

V Ramanujan
Chief Financial Officer

D J Poornasandar
Company Secretary

Annexure B

Form No MR-3

Secretarial Audit Report

For the Financial Year ended 31st March 2024

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

To

The Members

M/s Sify Infinit Spaces Limited

I have conducted the Secretarial Audit on the compliances of the applicable statutory provisions and adherence to Good Corporate Practices by **M/s Sify Infinit Spaces Limited** (CIN: U74999TN2017PLC119607) (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate Conducts / Statutory Compliances and expressing my opinion thereon.

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

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

1. The Companies Act, 2013 (the Act) and the Rules made thereunder.
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder.
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder:
4. During the year under review, there were no FDI into the Company or the Company has made any ODI. However, the Company has been filing the required returns in connection with the ECB availed earlier.
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and the various Regulations enacted under the said Act are not applicable to the Company as the Company's Equity Shares are not listed in any Stock Exchanges in India.
6. The Company has complied with the following applicable Laws:
   a) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.
   b) The Employees State Insurance Act, 1948.
   c) The Maternity Benefit Act, 1961.
   d) The Payment of Bonus Act, 1965.
   e) The Payment of Gratuity Act, 1972.
   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 Board Meetings and SS-2 for General Meetings issued by The Institute of Company Secretaries of India in terms of Section 118(10) of the Companies Act, 2013, for the Financial Year under review.

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

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

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

I further report that:

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

(ii) Constitution of Audit Committee of the Board of Directors is not applicable to the Company as required under the provisions of Section 177 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014. However, the Company has voluntarily constituted the Audit Sub-Committee effective January 2023 in order to ensure higher standards of Corporate Governance in conducting and managing business activities.

(iii) Constitution of Nomination and Remuneration Committee of the Board of Directors is not applicable to the Company read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014. However, the Company has voluntarily constituted the NRC Sub-Committee effective January 2023 in order to ensure higher standards of Corporate Governance in conducting and managing business activities.

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

During the year under review, the Company was required to spend Rs.2.16 crores and the Company has spent the entire amount for the projects recommended by the CSR Committee and approved by the Board of Directors in compliance with the provisions of the Act.

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

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

vii) Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the Minutes. However, on perusal of the Minutes of the Board Meetings, it was observed that there was no dissenting note made by any of the Director.

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

I further report that during the audit period:

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

Further, during the year,

(a) The Company has issued and allotted 6% - 1,00,00,000 Compulsorily Convertible Unsecured Debentures of Rs.100/- each for cash at par aggregating to Rs.100,00,00,000/- (Rs. One Hundred Crores) to M/s Sify Technologies Limited, the Holding Company, in compliance with the provisions of Section 39 and 71 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014,

(b) Pursuant to the Order dated July 10, 2023 passed by the Hon'ble National Company Law Tribunal, Division Bench II, Chennai and in accordance with the Scheme of Amalgamation for the merger of M/s Print House (India) Private Limited (Transferor Company) with the Company, the Company has issued and allotted 8,59,762 Equity Shares of Rs.10/- each and 5,00,00,000 Redeemable Preference Shares of Rs.10/- each to M/s Sify Technologies Limited, the Holding Company and M/s Raju Vegesna Infotech and Industries Private Limited, the Ultimate Holding Company respectively towards consideration in compliance with the provisions of Section 39 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 12 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and

(c) The Company has also issued and allotted (a) 6% - 4,80,00,000 Compulsorily Convertible Unsecured Debentures of Rs.100/- each for cash at par amounting to Rs.480,00,00,000/- (Rs. Four Hundred Eighty Crores) **(Investor Series 4 CCDs)** and (b) 6% - 1,20,00,000 Compulsorily Convertible Unsecured Debentures of Rs.100/- each for cash at par amounting to Rs.120,00,00,000/- (Rs. One Hundred Twenty Crores) **(Investor Series 5 CCDs)**, totalling to Rs.600 Crores (Rs. Six Hundred Crores) **(Investor CCDs)** in compliance with the provisions of Sections 23(1)(b), 39, 42, 62(1)(c), 71 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014.

(d) The Company has also made an Investment of Rs. 50,00,00,000/- (Rs. Fifty Crores Only) in 9% Non-Cumulative Redeemable Preference Shares of M/s SKVR Software Solutions Private Limited, in compliance with the provisions of Section 179(3), 185, 186 other applicable provisions, if any, of the Companies Act, 2013 read with the relevant Rules made thereunder.

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

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

a) The Company has created / modified the security both on the Movable and Immovable Properties of the Company for the various borrowings made, which were well within the limits approved by the shareholders by Special Resolution at the Extraordinary General Meeting held on 25th July 2024.

b) The Company has borrowed funds from Banks, Financial Institutions and Non-Banking Financial Companies, which were well within the limits approved by the shareholders by Special Resolution at the Extraordinary General Meeting held on 25th July 2024.

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

V Ramasubramanian
Company Secretary
ACS No: 5890
COP No: 11325
UDIN: A005890E000124789

Chennai
April 15, 2024

Annexure C

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief Outline on CSR Policy of the Company:

i. Sify Infinit Spaces Limited (SISL) believes in alignment of its vision and through its CSR initiatives, to enhance value and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged persons.

ii. The CSR Policy encompasses the company's philosophy for contributing to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large, is titled as the 'Sify CSR Policy'.

2. Composition of the CSR Committee

The following are the Members of CSR Committee.

i. Mr Raju Vegesna - Chairman
ii. Mr C R Rao - Member
iii. Mr Arun Seth - Member

The Committee met three times during the year to adopt the CSR policy of the Company and laid down the annual action plan to be complied by the Company for spending its CSR amount as follows:

S. No	Date of the Committee Meeting
1.	24th April 2023
2.	20th July 2023
3.	18th January 2024

S. No	Name of Director	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr Raju Vegesna	Chairman	3	3
2.	Mr C R Rao	Member	3	3
3.	Mr Arun Seth	Member	3	3

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

Not Applicable

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

Not Applicable

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

Nil

6. a) Average net profit of the company as per sub-section (5) of section 135:-

Financial Year	Net Profit before exceptional items in (Rs. In Lakhs)
2022-23	12,082
2021-22	12,621
2020-21	7,741
Total	32,444

Average Net Profit = Rs. 10,814.67 lakhs

b) **Two percent of average net profit of the Company as per Section 135(5):-** Rs. 216.29 lakhs

c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:- Nil

d) Amount required to be set off for the financial year, if any:- Nil

e) Total CSR obligation for the financial year (b+c-d):- Rs. 216.29 lakhs

f) Excess amount for set off if any: Nil

S. No	Particular	Amount (Rs. in lakhs)
(1)	(2)	(3)
	Two percent of average net profit of the company as per sub-section (5) of section 135	216.29
	Total amount spent for the Financial Year	216.29
	Excess amount spent for the Financial Year [(ii)-(i)]	Nil
	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

7. a) Spent on CSR Projects (other than Ongoing Project) Amount spent as on March 31, 2024: Rs. 216.29 lakhs

Particulars	Amount in Rs.
Voluntary Health Services	15,00,000
Raju Vegesna Foundation	2,01,50,000
Total (A)	2,16,50,000

(The details are given as annexure.)

b) Amount spent in Administrative Overheads: - Nil

c) Amount spent on Impact Assessment, if applicable: - Nil

d) Total amount spent for the Financial Year [(a)+(b)+(c)]:- Rs. 216.29 lakhs

e) CSR amount spent or unspent for the Financial Year:

CSR Amount Spent for the Financial Year in Rs.	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the fund	Amount.	Date of Transfer
2,16,50,000	Not Applicable				

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
Not Applicable							

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

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

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of Creation	Amount of CSR amount Spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
-	-	-	-	-	CSR Registration Number, if applicable	Name	Registered Address
-	-	-	-	-	-	-	-

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Grampanchayat are to be specified and also the area of immovable property as well as boundaries)

10. Specify the reason, if the Company has failed to spend 2% of the average net profit as per Section 135(5). **Not Applicable**.

Hyderabad
April 22, 2024

Raju Vegesna
Chairman

C R Rao
Member

S. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local Area	Location of the Project	Amount spent for the project (in ₹)	Mode of Implementation - Direct or Indirect	Mode of implementation through implementing agency
1.	NA	Item 1 of the schedule promoting health care	Yes	Taramani	15,00,000	Direct	Direct contribution by the Company to M/s Voluntary Health Services, Chennai.
2.	NA	Item 2 of the schedule livelihood enhancement projects.	NA	NA	2,01,50,000	Direct	Direct contribution to M/s Raju Vegesna Foundation.

Hyderabad
April 22, 2024

Raju Vegesna
Chairman

C R Rao
Member

INDEPENDENT AUDITOR'S REPORT

To the Members of Sify Infinit Spaces Limited

Report on the Audit of the Standalone Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

S No.	Key Audit Matter	Auditor's Response
1	**Valuation of Trade Receivables:** The collectability of the Company's aged Trade Receivables and the valuation of allowance for impairment of Trade Receivables is a Key Audit Matter due to the judgement involved in assessing the recoverability. The Trade Receivables as at March 31, 2024 is INR 26,128 lakhs and Allowance for bad and doubtful debts charged in the Statement of Profit and Loss for the year ended March 31, 2024 is INR 300 lakhs.	**Principal Audit Procedures Performed:** In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: · We evaluated and tested the Company's processes for trade receivables, including the credit control, collection and provisioning processes. · We evaluated the management view point and estimates used to determine the allowance for bad and doubtful debts.

S No.	Key Audit Matter	Auditor's Response
		· 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, 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in clauses 3 and 4 of the Order, to the extent applicable.

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

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

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

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

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

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

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

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

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

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note D(21) (Contingent liabilities) to the standalone financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note D(36) (a) (Derivative Financial instruments) attached to the Standalone financial statements;

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

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

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

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

v. The preference dividend paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

vi. Based on our examination which included test checks, 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(45) 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.

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

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

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 24237830BKGUQJ8881

Place: Hyderabad
Date : April 22, 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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

(i) (c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in Note D(1) and Note D(2) to the standalone financial statements included in Property, Plant and Equipment and Right of Use Assets respectively are held in the name of the Company except the below mentioned title deeds of immovable properties, in the nature of leasehold land and buildings, which were acquired from Sify Technologies Limited ('Holding Company') pursuant to a Business Transfer Agreement ('BTA') dated January 28, 2021 with effect from April 1, 2020:

Description of Property	Gross carrying value as at March 31, 2024	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in the name of Company
Rabale Tower 1 - Leased Land (Right of Use Assets)	25,23,37,960	Sify Technologies Limited ('STL')	Promoter - STL	4 years from FY 2020-21	In process of transferring the lease agreements
Rabale Tower 2 - Leased Land (Right of Use Assets)	9,87,31,118	Sify Technologies Limited ('STL')	Promoter - STL	4 years from FY 2020-21	In process of transferring the lease agreements
Rabale Tower 3 - Leased Land (Right of Use Assets)	49,99,74,354	Sify Technologies Limited ('STL')	Promoter - STL	4 years from FY 2020-21	In process of transferring the lease agreements
Rabale Tower 1 - Building (Property, Plant & Equipment)	74,44,30,985	Sify Technologies Limited ('STL')	Promoter - STL	4 years from FY 2020-21	In process of transferring the title deeds
Rabale Tower 2 - Building (Property, Plant & Equipment)	22,45,61,359	Sify Technologies Limited ('STL')	Promoter - STL	4 years from FY 2020-21	In process of transferring the title deeds
Rabale Tower 3 - Building (Property, Plant & Equipment)	1,59,06,34,041	Sify Technologies Limited ('STL')	Promoter - STL	4 years from FY 2020-21	In process of transferring the title deeds

(i) (d) According to the information and explanations provided to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024. Hence, the requirement to report on clause 3(i)(d) of the Order is not applicable.

(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. Hence, the requirement to report on clause 3(i)(e) of the Order is not applicable.

(ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

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

(iii) (a) During the year, the Company has 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.

(iii) (b) During the year, the investments made are, prima facie, not prejudicial to the Company's interest. Further, the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to firms, Limited Liability Partnerships or any other parties.

(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.

(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.

(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.

(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.

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

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

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, 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,

- In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, duty of Custom, Cess and other material statutory dues applicable to it with the appropriate authorities.
- no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2024 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 (INR in Lakhs)
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal)	AY 2021-22	1,721
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal)	AY 2022-23	1,640

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

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

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

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

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

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

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

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

(x) (b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the private placement of compulsorily convertible debentures during the year. The amount raised, have been used for the purposes for which the funds were raised except for idle / surplus funds amounting to INR 14,015 lakhs which were not required for immediate utilization and an amount of INR 14,001 lakhs of the same have been gainfully invested in liquid investments payable on demand.

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

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

(xi) (c) As represented to us by the manage -ment, 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 our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. 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.

(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 (xvi)(a) of the Order is not applicable to the Company.

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

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

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

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

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

(xix) On the basis of the financial ratios disclosed in Note D(46) to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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

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

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

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 24237830BKGUQJ8881

Place: Hyderabad
Date : April 22, 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

K S Y Suryanandh
Partner
Membership No: 237830
UDIN: 24237830BKGUQJ8881

Place: Hyderabad
Date : April 22, 2024

Balance Sheet as at March 31, 2024

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

	Note No. (D)	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	125,744	103,602
(b) Right-of-use Assets	2	42,561	37,227
(c) Capital work in progress		89,114	51,032
(d) Intangible assets	3	31	4
(e) Financial assets			
(i) Investments	4	12,980	6,063
(ii) Other financial assets	5	15,096	4,415
(f) Deferred Tax assets	29	7,729	5,039
(g) Other non-current assets	6	45,847	28,185
		339,102	**235,567**
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	7	26,128	26,062
(ii) Cash and Bank balances	8A	12,752	21,400
(iii) Other Bank balances	8B	16,363	7,512
(iv) Other financial assets	9	1,415	630
(b) Other current assets	10	10,197	7,570
		66,855	**63,174**
Total Assets		**405,957**	**298,741**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	11	50,586	50,586
(b) Compulsorily Convertible Debentures	12	110,250	32,250
(c) Other Equity	13	27,284	21,600
		188,120	**104,436**
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	136,509	118,387
(ii) Lease liabilities	2	27,044	19,907
(b) Provisions	15	100	60
(c) Other non-current liabilities	16	360	360
		164,013	**138,714**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	23,462	26,986
(ii) Lease liabilities	2	1,990	3,449
(iii) Trade payables	18		
Total outstanding dues to micro enterprises and small enterprises		91	55
Total outstanding dues to creditors other than micro enterprises and small enterprises		13,823	9,398
(iv) Other financial liabilities	19	10,865	11,810
(b) Other current liabilities	20	3,570	3,876
(c) Provisions	15	23	17
		53,824	**55,591**
Total Equity and Liabilities		**405,957**	**298,741**

Material accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Balance Sheet

As per our report of even date attached.

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

For and on behalf of the Board of Directors

K S Y Suryanandh
Partner
Membership No.: 237830

Raju Vegesna
Director
DIN: 00529027

C R Rao
Whole-time Director
DIN: 02624863

Hyderabad
April 22, 2024

V Ramanujan
Chief Financial Officer

D J Poornasandar
Company Secretary

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

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

	Note No. (D)	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations	22	111,417	102,134
Other income	23	2,754	1,773
Total income		**114,171**	**103,907**
Expenses			
Cost of services rendered	24	47,737	46,450
Employee benefits expense	25	4,086	3,189
Finance costs	26	15,394	10,838
Depreciation and amortisation expense	1,2 and 3	25,485	20,830
Other expenses	27	13,680	11,235
Total expenses		**106,382**	**92,542**
Profit before tax		**7,789**	**11,365**
Tax expense			
Current Tax	29	(4,782)	(4,465)
Deferred Tax		2,689	1,449
Profit after tax		**5,696**	**8,349**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability/(asset)		(12)	(43)
Total other comprehensive income		**(12)**	**(43)**
Total comprehensive income for the year		**5,684**	**8,306**
Earnings per equity share (₹ 10 paid up)	31		
Basic		1.13	1.65
Diluted		1.13	1.65

Material accounting policies and notes to the financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Statement of Profit and Loss

As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors

Raju Vegesna
Director
DIN: 00529027

C R Rao
Whole-time Director
DIN: 02624863

V Ramanujan
Chief Financial Officer

D J Poornasandar
Company Secretary

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

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

A. Equity Share Capital

	For the year ended	
	March 31, 2024	March 31, 2023
Balance at the beginning of the year	50,586	50,500
Change in Equity Share Capital during the year*	-	86
Balance at the end of the year	**50,586**	**50,586**

* On account of merger with Print House (India) Private Limited

B. Other Equity

	Reserves and surplus		Other Components of Equity	Total
	Retained earnings	Capital Reserve	Remeasurements of net defined benefit liability/(asset)	
2022-23				
Balance as at April 01, 2022 - (A)	**16,449**	**-**	**(28)**	**16,421**
Profit for the year	8,349		-	**8,349**
Transfer to capital reserve		914		**914**
Other comprehensive income	-	-	(43)	**(43)**
Other adjustment - Transfer of PHIPL Retained earning	(4,041)	-		**(4,041)**
Total comprehensive income for the year - (B)	**4,308**	**914**	**(43)**	**5,179**
Balance as at March 31, 2023 - [(C) = (A) + (B)]	**20,757**	**914**	**(71)**	**21,600**
2023-24				
Balance as at April 01, 2023 - (A)	**20,757**	**914**	**(71)**	**21,600**
Profit for the year	5,696	-	-	**5,696**
Other comprehensive income	-	-	(12)	**(12)**
Total comprehensive income for the year - (B)	**5,696**		**(12)**	**5,684**
Dividend paid				
Balance as at March 31, 2024 - [(C) = (A) + (B)]	**26,453**	**914**	**(83)**	**27,284**

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

As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors

Raju Vegesna
Director
DIN: 00529027

C R Rao
Whole-time Director
DIN: 02624863

V Ramanujan
Chief Financial Officer

D J Poornasandar
Company Secretary

Cash Flow Statement for the year ended March 31, 2024

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

		For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax		**7,789**	**11,365**
Adjustments for :			
Depreciation and amortisation expense		25,485	20,830
Finance expenses (considered separately)		15,394	10,388
Interest on Preference Capital		-	450
Allowance for doubtful debts		300	200
Provision for doubtful advances		18	10
Amortisation of lease prepayments		37	(3)
Creditors written back		-	(35)
Rental and other incidental Income		-	(1)
Investment written off		43	-
Unrealised foreign exchange fluctuation loss/(gain), net		299	(316)
Interest income (considered separately)		(2,298)	(868)
(Profit) /loss on sale of Property, Plant and Equipment (net)		30	(44)
Operating profit / (loss) before working capital changes		**47,097**	**41,976**
(Increase)/decrease in trade receivables - current		(363)	5,828
(Increase)/decrease in other financial assets - current		(420)	(146)
(Increase)/decrease in other financial assets - non current		(11,683)	(4,077)
(Increase)/decrease in other non current assets		(373)	2,785
(Increase)/decrease in other current assets		862	823
(Increase)/decrease in other bank balances		(8,851)	(4,074)
Increase/(decrease) in trade payables		4,386	4,119
Increase/(decrease) in other non current liabilities		-	360
Increase/(decrease) in other financial liabilities - current		(2,991)	(4,297)
Increase/(decrease) in other current liabilities		(306)	1,020
Increase/(decrease) in provisions - non current		28	(30)
Increase/(decrease) in provisions - current		6	(3)
Cash generated from operations		**27,392**	**44,284**
Tax (paid)/refund received		(6,569)	(6,944)
Net cash generated from operating activities	**(A)**	**20,823**	**37,340**
Cash flow from investing activities			
Purchase of Property, Plant and Equipment		(92,272)	(85,404)
Investment made in equity shares		(1,960)	(1,503)
Investment made in Preference Shares		(5,000)	
Amount paid for acquisition of right of use assets		(1,188)	(9,436)
Sale proceeds of Property, Plant and Equipment		-	44
Interest income received		1,833	516
Net cash used in investing activities	**(B)**	**(98,587)**	**(95,783)**

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

		For the year ended March 31, 2024	For the year ended March 31, 2023
Sify Technologies Limited			
Proceeds from long-term borrowings		57,904	60,363
Repayment of long-term borrowings		(17,293)	(12,720)
Proceeds from issue of Compulsorily Convertible Debentures		60,000	29,800
Increase/(decrease) in short-term borrowings		(5,185)	(5,710)
Loan received/(repaid) from/to Fellow subsidiary company		(100)	1,000
Increase/(decrease) of lease liabilities		(1,416)	(949)
Interest paid		(21,461)	(10,966)
Net cash used in financing activities	**(C)**	**72,449**	**60,818**
Effect of exchange differences on translation of cash and bank balances	**(D)**	**2**	**-**
Net increase/(decrease) in cash and cash equivalents during the year	**(A) + (B) + (C) + (D)**	**(5,313)**	**2,375**
Cash and cash equivalents at the beginning of the year		**18,065**	**15,690**
Cash and cash equivalents at the end of the year [Refer Note D (8A)]		**12,752**	**18,065**
Non-Cash financing and investing activities			
Investment in Tasoula Energy Private Limited		-	2,250

Disclosure of changes in liabilities arising from financing activities [Refer Note D (28)]
Material accounting policies and notes to the financial statements [(Refer notes C and D)]

As per our report of even date attached.

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

For and on behalf of the Board of Directors

K S Y Suryanandh
Partner
Membership No.: 237830

Raju Vegesna
Director
DIN: 00529027

C R Rao
Whole-time Director
DIN: 02624863

Hyderabad
April 22, 2024

V Ramanujan
Chief Financial Officer

D J Poornasandar
Company Secretary

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

A. COMPANY OVERVIEW

"Sify Infinit Spaces 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 Data Center services through its data centers located in Chennai, Mumbai, Noida, Bangalore, Hyderabad, Kolkata. The Company was incorporated on November 20, 2017.

During the FY 2020-21, the Company acquired Data Center business from its holding company Sify Technologies Limited vide Business Transfer Agreement dated January 28, 2021.

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 Cash Flow Statement and certain financial instruments which are measured on fair value basis. GAAP comprises Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act, 2013 read together with relevant rules as amended from time to time, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

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

1. Statement of Compliance

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

2. Basis of Measurement

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

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

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note C (18).

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 have been prepared in Indian Rupee (₹) which is the functional currency of the Company. All financial information presented in Indian Rupees has been rounded up to nearest lakhs except where otherwise indicated.

5. Use of estimates and judgements

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

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

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

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

C. MATERIAL ACCOUNTING POLICIES

1. Foreign currency

(i) Foreign currency transactions and balances

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

(ii) Foreign operations

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

2. Financial Instruments

a. Financial Assets

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

Initial recognition:

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

Subsequent measurement:

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

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

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

a) Trade receivable

b) Other financial assets.

(ii) <u>Financial assets at fair value through other comprehensive income (FVTOCI):</u>

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

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

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

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

Derecognition of financial assets:

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

Impairment of financial assets:

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

(i) Trade receivables

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

(ii) Other financial assets

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

b. Financial liabilities

Initial recognition and measurement:

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

Subsequent measurement:

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

- at amortised cost

- at fair value through profit or loss

(i) Financial liabilities at amortised cost

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

a) Compulsorily convertible debentures

b) Borrowings from banks

c) Borrowings from others

d) Finance lease liabilities

e) Trade payables

f) Other financial liabilities

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

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

Financial liabilities held for trading are measured at FVTPL.

Convertible Instruments:

Convertible instruments are classified as either equity or liability based on the contractual terms. When the conversion terms are fixed resulting in non-derivative instrument which is settled by issuing fixed number of entity's own equity instruments, the instrument is classified as equity. In other cases instrument is classified as liability.

Derecognition of financial liabilities:

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

c. Derivative financial instruments

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

d. Offsetting of financial assets and financial liabilities

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

e. Reclassification of financial assets

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

3. Share capital

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

4. Property, Plant and Equipment

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

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

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

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

<u>Subsequent costs</u>

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.

<u>Depreciation</u>

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. Depreciation on contract-specific assets are charged co-terminus over the contract period. Management's estimated useful lives for the year ended March 31, 2023 and March 31, 2022 were as follows:

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

	Estimated useful life in years	Useful life prescribed by Schedule II (in years)
Buildings	28	30
Plant and equipment		
- Computer servers	5	6
- Computer laptops/ desktop	3	3
Furniture and fittings	5	10
Office equipment	5	5
Motor vehicles	3	8

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

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

5. Business combinations

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

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

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

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

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

6. Intangible assets

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

Subsequent expenditure

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

Amortization of intangible assets with finite useful lives

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

	Estimate of useful life in years
System software	1 - 3

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

7. Leases

The Company as a lessee

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

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

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

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

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

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

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

The Company as a lessor

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

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

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

8. Contract assets / liability

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

9. Impairment of non financial assets

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

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

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

<u>Reversal of impairment loss</u>

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

10. Employee benefits

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

(a) Defined contribution plan (Provident fund)

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

(b) Defined benefit plans (Gratuity)

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

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

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

(c) Short term benefits

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

(d) Compensated absences

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

11. Share-based payment transactions

The 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.

12. Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the

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

unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

13. Revenue recognition

The Company derives revenue from Data Center services.

Data Center Services (DC):

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

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.

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.

14. Finance income

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

15. Finance expense

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

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

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

16. Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

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

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

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

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

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

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.

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

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

17. Earnings per share

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

18. Fair value measurement

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

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

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

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

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

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

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

Level 3 - unobservable inputs for the asset or liability

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

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

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

(i) Investments in equity and debt securities

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

(ii) Trade and other receivables

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

(iii) Derivatives

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

(iv) Non derivative financial liabilities

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

(v) Share-based payment transactions

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

19. Dividend distribution to Equity shareholders

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

20. Related Party transactions (Ind AS 24)

A) Identification of Related Parties and the Related Party Transactions

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

a. at the time of appointment;

b. periodically - as required by the Company

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

B) Review and approval of Related Party Transaction

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

C) Reporting of Related Party Transactions

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

21. Current/ non-current classification

An asset is classified as current if:

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

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

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

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

All other assets are classified as non-current.

A liability is classified as current if:

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

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

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

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

All other liabilities are classified as non-current.

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

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

D. Notes to Accounts

1. PROPERTY, PLANT AND EQUIPMENT

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

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 01, 2023	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at April 01, 2023	For the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Owned assets										
Buildings	**26,267**	18,573	-	**44,840**	**4,412**	1,128	-	**5,540**	39,300	21,855
Plant and equipment	**94,317**	9,402	57	**103,662**	**48,357**	9,479	27	**57,810**	45,853	45,960
Furniture and fittings	**400**	24	-	**424**	**389**	5		**394**	30	11
Office equipment	**18,076**	2,562	-	**20,638**	**9,463**	2,780	-	**12,243**	8,395	8,613
Vehicle	**-**	31	-	**31**	**-**	1	-	**1**	30	-
Leasehold improvements	**48,851**	13,872	-	**62,723**	**21,688**	8,898	-	**30,586**	32,137	27,163
	187,911	**44,464**	**57**	**232,318**	**84,309**	**22,291**	**27**	**106,574**	**125,744**	**103,602**

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

Particulars	ORIGINAL COST				DEPRECIATION				NET BOOK VALUE	
	As at April 01, 2022	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at April 01, 2022	For the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Owned assets										
Buildings	**26,267**	-	-	**26,267**	**3,560**	852	-	**4,412**	21,855	22,707
Plant and equipment	**76,271**	18,294	248	**94,317**	**40,028**	8,575	246	**48,357**	45,960	36,243
Furniture and fittings	**391**	9	-	**400**	**384**	5	-	**389**	11	7
Office equipment	**13,995**	4,093	12	**18,076**	**6,909**	2,563	9	**9,463**	8,613	7,086
Leasehold improvements	**36,687**	12,218	54	**48,851**	**15,252**	6,490	54	**21,688**	27,163	21,435
	153,611	**34,614**	**314**	**187,911**	**66,133**	**18,485**	**309**	**84,309**	**103,602**	**87,478**

Notes

(a) Refer note D (14) and D (17) for security given for borrowings.
(b) Refer note D (21)(b) for capital commitments.
(c) Refer note D (26) for interest capitalisation

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

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, 2024

Particulars	Category of ROU asset		
	Land	Building	Total
Balance as of April 01, 2023	15,881	21,346	37,227
Additions	1,187	7,328	8,515
Deletions	-	-	-
Depreciation	(195)	(2,986)	(3,181)
Balance as of March 31, 2024	**16,873**	**25,688**	**42,561**

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023

Particulars	Category of ROU asset		
	Land	Building	Total
Balance as of April 01, 2022	8,282	16,718	25,000
Additions	7,741	7,532	15,273
Deletions	-	(736)	(736)
Depreciation	(142)	(2,168)	(2,310)
Balance as of March 31, 2023	**15,881**	**21,346**	**37,227**

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	1,990	3,449
Non-current lease liabilities	27,044	19,907
Total	**29,034**	**23,356**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
The movement in lease liabilities is given below :		
Balance at the beginning of the year	23,356	18,162
Additions during the year	7,089	7,007
Finance cost accrued during the year	2,701	2,073
Deletions	-	(866)
Payment of lease liabilities	(4,112)	(3,020)
Balance at the end of the year	**29,034**	**23,356**

Note: Refer Note D (37) for contractual maturities of lease liabilities

<u>Amounts recognised in profit or loss are given below</u>

Interest on lease liabilities	2,701	2,073
Expenses relating to leases of low-value assets, including short-term leases of low value assets	791	293

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

3. INTANGIBLE ASSETS

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

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 01, 2023	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at April 01, 2023	For the year	Deletions/ Adjustments during the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
System software	761	39	-	800	757	12	-	769	31	4
	761	**39**	**-**	**800**	**757**	**12**	**-**	**769**	**31**	**4**

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

Particulars	ORIGINAL COST				AMORTISATION				NET BOOK VALUE	
	As at April 01, 2022	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at April 01, 2022	For the year	Deletions/ Adjustments during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
System software	761	-	-	761	722	35	-	757	4	39
	761	**-**	**-**	**761**	**722**	**35**	**-**	**757**	**4**	**39**

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

		As at March 31, 2024	As at March 31, 2023
4. INVESTMENTS - NON-CURRENT			
Investment in equity instruments			
Investment in equity of others - unquoted (Refer note below)			
Investment in Vashi Railway Station Commercial Complex Limited			
[15,000 (March 31, 2023 : 15,000) equity shares of ₹ 10 each fully paid up]		2	2
Investment in Sarayu Clean Gen Pvt Ltd.			
[1,56,000 (March 31, 2023 : 1,56,000) equity shares of ₹10 each fully paid up]		15	15
Investment in VEH Srishti Energy Pvt. Limited			
[1,50,12,000 (March 31, 2023 : 1,50,12,000) equity shares of 10 each fully paid up]		3,753	3,753
Investment in Tasoula Energy Private Limited (Refer Note below)			
[70,31,250 (March 31, 2023: 70,31,250) equity shares of ₹10 each fully paid up]		2,250	2,250
Investment in Saffron Spice Hospitality Private Limited			
[Written off during the year]		-	43
Investment in SKVR Software Solution Private Limited [refer note: 44]		1,960	-
	A	**7,980**	**6,063**
Investment in preference shares			
SKVR Software Solution Private Limited			
[5,00,00,000 (March 31, 2023: Nil) 9% Non-Cumulative Redeemable Preference Shares of Rs.10 each fully paid up]		5,000	-
	B	**5,000**	-
Aggregate cost of unquoted investments	**(A) + (B)**	**12,980**	**6,063**

Note:

Tasoula Energy Private Limited was acquired through issue of compulsorily convertible debentures i.e., by way of discharge of consideration other than by payment in cash.

5. OTHER FINANCIAL ASSETS - NON-CURRENT

	As at March 31, 2024	As at March 31, 2023
Security deposits*	2,859	2,108
Bank deposits **	12,237	2,307
	15,096	**4,415**

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

** Represents deposits with more than 12 months maturity, subject to lien in favour of banks for obtaining bank guarantees /letters of credit.

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

	As at March 31, 2024	As at March 31, 2023
6. OTHER NON-CURRENT ASSETS		
Capital advances	45,646	27,671
Advance tax and tax deducted at source	96	376
Prepaid expenses	105	138
	45,847	**28,185**
7. TRADE RECEIVABLES		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	26,128	26,062
Trade receivables which have significant increase in Credit Risk	1,177	987
Trade Receivables - credit impaired	-	-
Total	**27,305**	**27,049**
Loss Allowance [Refer note (b) below]	(1,177)	(987)
Net Trade receivables	**26,128**	**26,062**

(a) This amount includes amount receivable relating to the invoices that have been booked in holding company and subsequently transferred from holding company ₹ 1,118 (previous year ₹ 1,271) and includes receivables from fellow subsidiary ₹ Nil (previous year ₹ 54) . Also refer note D (35).

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

Balance at the beginning of the year	987	828
Add: Additional provision during the year	300	200
Less: Bad debts written off	(110)	(41)
Balance at the end of the year	**1,177**	**987**

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

Particulars	**Not due**	**Outstanding for following periods from due date of payment**					**Total**
		less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**greater than 3 years**	
Trade receivables - Undisputed							
Considered good	15,446	7,058	-	-	-	-	22,504
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
	15,446	**7,058**	-	-	-	-	**22,504**
Trade receivables - Disputed							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Provision for Doubtful Debts							(1,177)
Trade receivable - Unbilled							4,801
Total							**26,128**

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

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

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		less than 6 months	6 months - 1 year	1-2 years	2-3 years	greater than 3 years	
Trade receivables - Undisputed							
Considered good	11,302	10,175	-	-	-	-	21,477
Which have significant increase in credit risk	-	911	-	-	51	25	987
Credit impaired	-	-	-	-	-	-	-
	11,302	**11,086**	-	-	**51**	**25**	**22,464**
Trade receivables - Disputed							
Considered good		-	-	-	-	-	-
Which have significant increase in credit risk		-	-	-	-	-	-
Credit impaired		-	-	-	-	-	-
		-	-	-	-	-	-
Provision for doubtful debts							**(987)**
Trade receivable - Unbilled							**4,585**
Total							**26,062**

		As at March 31, 2024	As at March 31, 2023
8. CASH AND BANK BALANCES			
8A Cash and cash equivalents:			
Balance with banks			
(i) in current accounts		5,752	9,900
(ii) deposits		7,000	11,500
	(A)	**12,752**	**21,400**
Cash and cash equivalents for the purpose of Cash Flow Statement:			
Cash and cash equivalents as above		12,752	21,400
Less: Bank overdraft used for cash management purposes [Refer note 17 (f)]		-	(3,335)
		12,752	**18,065**
8B. Other bank balances:			
(i) Bank deposits [Refer Note below]		3,476	7,512
(ii) Deposits with maturity of more than three months		12,887	-
	(B)	**16,363**	**7,512**
	(A) + (B)	**29,115**	**28,912**
Note			
Balances in deposit accounts subject to lien in favour of banks for obtaining bank guarantees /letter of credits/borrowings.		**3,476**	**7,512**

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

	As at March 31, 2024	As at March 31, 2023
9. OTHER FINANCIAL ASSETS		
Amounts receivable from fellow subsidiaries	32	-
Security deposits [Net of doubtful allowance of ₹ 34 (previous year ₹ 16)] [Refer note (a) below]	23	56
Interest accrued on deposits	602	219
Derivative financial instrument	270	355
Other Receivables	488	-
	1,415	**630**

Note:

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

Balance at the beginning of the year	16	6
Add: Additional provision during the year	18	10
Balance at the end of the year	**34**	**16**

10. OTHER CURRENT ASSETS		
Balances with GST, service tax and sales tax authorities	5,345	4,755
Prepaid expenses	274	188
Advance tax and tax deducted at source (Net of Provision for Tax ₹ 15,907 (previous year ₹ 11,125))	3,489	1,702
Deferred Contract Cost	1,077	731
Other advances	12	194
	10,197	**7,570**

Refer Note D (39) for the movement in Contract cost.

11. EQUITY SHARE CAPITAL		
Authorized		
80,00,00,000 (March 31, 2023: 80,00,00,000) equity shares of ₹10 each,	80,000	80,000
27,00,00,000 (March 31, 2023: 27,00,00,000) preference shares of ₹10 each	27,000	27,000
Issued		
50,58,59,762 (March 31, 2023: 50,50,00,000) equity shares of ₹10 each	50,586	50,500
Impact on account of Merger (refer # below)	-	86
	50,586	**50,586**
Subscribed and fully paid		
50,58,59,762 (March 31, 2023: 50,50,00,000) equity shares of ₹10 each fully paid up	50,586	50,500
	50,586	50,500

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

(a) The Company has two classes of authorised share capital i.e., equity shares and preference shares 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 and preference share capital 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.

During the Financial Year 2020-21, Print house (India) Private Limited had issued 9% Non-Convertible Redeemable Preference Shares to Raju Vegesna Infotech & Industries Pvt Ltd., on private placement basis. The Preference share capital are redeemable at par value at maturity, i.e. 20 years from the date of allotment. Accordingly these are accounted for Financial instruments.

On account of merger Sify Infinit Spaces Limited agreed to issue the 9% Non-Convertible Redeemable Preference Shares to Raju Vegesna Infotech & Industries Pvt Ltd on private placement basis. The Preference share capital are redeemable at par value at maturity, i.e. 17 years from the date of allotment. Accordingly these are accounted for Financial instruments.

During the year, the terms of the Preference Shares are changed to 6% Non-Cumulative compulsorily convertible preference shares.

Consequent to the scheme of amalgamation, the authorized equity share capital of the Company stands increased from 78,00,00,000 equity shares of ₹10/- each, aggregating to 78,000 to 80,00,00,000 equity shares of ₹10/- each aggregating to ₹ 80,000 and the authorised preference share capital of the Company stands increased from 22,00,00,000 preference shares of ₹10/- each aggregating to 22,000 to 27,00,00,000 preference shares of ₹10/- each aggregating to ₹27,000. The Company in accordance with the scheme of amalgamation has allotted ₹0.0859762 equity shares of the company of 10/- each aggregating to 8,59,762 shares to share holders of transferor company for every 1 equity shares of ₹10/- each held by them.(refer note D 42)

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

	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount paid- up	Number of shares	Amount paid- up
Number of shares outstanding at the beginning of the year	505,859,762	50,586	505,000,000	50,500
Add: On account of merger	-	-	859,762	86
Number of shares outstanding at the end of the year	**505,859,762**	**50,586**	**505,859,762**	**50,586**

11.2 SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES OF THE COMPANY:

	As at March 31, 2024		As at March 31, 2023	
	Number of Shares held	% holding	Number of Shares held	% holding
Sify Technologies Limited*	505,859,762	100%	505,859,762	100%

*Includes 8 shares held by nominees of Sify Technologies Limited (Holding Company) to comply with the provisions of the Companies Act, 2013

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

11.3 SHAREHOLDING OF PROMOTERS

Equity shares held by promoters as at the year ended March 31, 2024

Name of the promoter	No. of shares	Percentage of total shares	Percentage of change during the period
Sify Technologies Limited	505,859,762	100%	-
Total	505,859,762	100%	-

Equity shares held by promoters as at the year ended March 31, 2023

Name of the promoter	No. of share	Percentage of total shares	Percentage of change during the period
Sify Technologies Limited	505,859,762	100%	-
Total	505,859,762	100%	-

	As at March 31, 2024	As at March 31, 2023
12. COMPULSORILY CONVERTIBLE DEBENTURES		
Compulsorily convertible Debentures issued to Kotak Special Securities Fund	40,000	20,000
Compulsorily convertible Debentures issued to Kotak Data Center Fund	48,000	-
Compulsorily convertible Debentures issued to Sify Techonologies Limited	22,250	12,250
	110,250	**32,250**

During the financial year 2021-22, Kotak Special Situations Fund (KSSF) subscribed to 2,00,00,000 (two crore) Series 1 Compulsorily Convertible Debentures (CCDs) with face value of ₹ 100 each amounting to ₹ 20,000 ("series 1 CCD") and 1% of 2,00,00,000 (two crore) Series 2 Compulsorily Convertible Debentures (CCD) with face value of ₹ 100 each amounting to ₹ 200.

In addition during financial year 2021-22, the holding company, Sify Technologies Limited subscribed to 1,00,00,000 (One Crore) unsecured Compulsorily Convertible Debentures (CCDs) with face value of ₹ 100 each amounting to ₹ 10,000 ("Tranche I").

During the financial year 2022-23, The Company issued 22,50,000 (Twenty two lakh Fifty thousand) unsecured CCD to holding company (Sify technologies Limited) as a consideration for transfer of Investments in Tasoula Energy Private Limited ("Tranche II").

In addition during financial year 2022-23, the holding company, Sify Technologies Limited subscribed to 1,00,00,000 (One Crore) unsecured Compulsorily Convertible Debentures (CCDs) with face value of ₹ 100 each amounting to ₹ 10,000 ("Tranche III").

These CCD's carry a coupon rate of 6% p.a payable half-yearly. The CCDs shall be fully, mandatorily and compulsorily converted into equity shares by October 1, 2031 and the conversion ratio shall be decided based on the equity valuation of the next financial year following the financial year of drawdown of CCD money

During the previous year 2022-23, the Company has valued the share price and fixed the conversion ratioin relation to series 1 CCDs subsribed by Kotak Special Situations Fund (KSSF) and Tranch I and II CCDs subsribed by holding company Sify technologies Limited (STL). Since the fixed to fixed test is satisfied as per Ind AS 32 the above CCDs are presented as Equity (refer note 14).

During the current financial year 2023-24, the Company has valued the share price and fixed the conversion ratio in relation to series 2 CCDs subscribed by Kotak Special Situations Fund (KSSF) and Tranch III CCDs subscribed by holding company Sify technologies Limited (STL). Since the fixed to fixed test is satisfied as per Ind AS 32 the above CCDs are presented as Equity (refer note 14)

During the current financial year, Kotak Data Center Fund (KDCF) subscribed to 4,80,00,000 (Four crore and Eighty Lacs only) Series 4 Compulsorily Convertible Debentures (CCDs) with face value of ₹ 100 each amounting to ₹ 48,000 ("series 4 CCD") carrying a coupon rate of 6% p.a payable half-yearly. Since Conversion ratio is fixed and the fixed to fixed test is satisfied as per Ind AS 32 the above CCDs are presented as Equity (refer note 14).

The CCDs shall be fully, mandatorily and compulsorily converted into equity shares by March 31, 2033.

		As at March 31, 2024	As at March 31, 2023
13. OTHER EQUITY			
13.1 RESERVES AND SURPLUS			
Retained earnings			
Balance at the beginning of the year		20,757	16,449
Adjustments:			
Add: Profit for the year		5,696	8,349
Add: Merged loss of PHIPL		-	(4,041)
	(A)	**26,453**	**20,757**
Remeasurement of net defined benefit liability/ asset			
Balance at the beginning of the year		(71)	(28)
Add: Additions during the year		(12)	(43)
	(B)	**(83)**	**(71)**
13.2 CAPITAL RESERVE			
Balance at the beginning of the year		914	-
Add: Additions during the year		-	914
	(C)	**914**	**914**
	(C) = (A)+(B)	**27,284**	**21,600**

Nature and purpose of Reserves

a) Retained Earnings

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

b) Remeasurement of defined benefit liability / asset

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

c) Capital reserve

The Company has received order for merger of Print house (India) Private Limited ("PHIPL") with Sify Inifinit Spaces Limited on July 10, 2023 and each share of PHIPL is valued at ₹ 0.0859762 for the total amount of share capital outstanding of ₹ 1,000 Lakhs.

The Company issued 8,59,762 share of ₹ 10/- each to Shareholders of PHIPL amounts to ₹ 86 Lakhs and accordingly recognised a capital reserve of ₹ 914 lakhs (refer note D 42)

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

	As at March 31, 2024	As at March 31, 2023
14. BORROWINGS		
Secured		
Term loan from banks [Refer Note (a) to (e) and (m) below]	114,501	81,300
6% p.a. Compulsorily convertible debentures [Refer Note (f), (g) and (h) below]	12,000	20,000
From others [Refer Note (b) below]	3,208	187
Unsecured		
6% p.a. Compulsorily convertible debentures [Refer Note (f) and (i) below]	-	10,000
6% Non-Cumulative compulsorily convertible preference shares [Refer Note (n) below]	5,000	5,000
Loan from holding company [Refer Note (j) below]	900	900
Loan from fellow subsidiary [Refer Note (k) below]	900	1,000
	136,509	**118,387**

a. Of the above, facilities amounting to ₹ 30,762 (Previous Year : ₹ 16,351) by the Company is primarily secured by way of pari-passu charge on the project Receivables and charge on movable fixed assets disbursed under Noida DC Project.

b. Of the above, facilities amounting to ₹ 18,106 (Previous Year : ₹ 7,474) by the Company is primarily secured by way of pari-passu charge on the project Receivables and charge on movable fixed assets disbursed under Chennai DC Project. Out of this ₹ 3,455 is loan availed from others (NBFC)

c. Of the above, facilities amounting to ₹ 50,016 (Previous Year : ₹ 28,048) by the Company is primarily secured by way of pari-passu charge on the project Receivables and charge on movable fixed assets disbursed under Rabale T5 DC Project.

d. Of total term loan balance ₹ 38,992 (previous year ₹ 38,672) is primarily secured by charge on movable fixed assets funded by term loan and also secured by project receivables. Of the total term loan balance, an amount of ₹ 1,022 (previous year ₹ 3,065) including current maturity is primarily secured against the specific project receivables of the company and ₹ 3,336 (previous year ₹ 5,529) is secured by moveable fixed assets funded out of Term Loan.

e. During the FY 2020-21, the company has entered into External Commercial Borrowing (ECB) facility agreement for $50 and drawn down $50 out of sanctioned loan during FY 2020-21 and repaid $ 5 in FY 2021-22, $ 10 in FY 2022-23 & $ 10 in FY 2023-24. The Company has also entered into agreement for currency swap (from USD to ₹) to fully hedge foreign currency exposure towards principal repayment and interest rate swap from floating to fixed.

f. During the financial year 2021-22, Kotak Special Situations Fund (KSSF) subscribed to 2,00,00,000 (two crore) Series 1 Compulsorily Convertible Debentures (CCDs) with face value of ₹ 100 each amounting to ₹ 20,000 and 1% of 2,00,00,000 (two crore) Series 2 Compulsorily Convertible Debentures (CCD) with face value of ₹ 100 each amounting to ₹ 200.

In addition during financial year 2021-22, the holding company, Sify Technologies Limited subscribed to 1,00,00,000 (One Crore) unsecured Compulsorily Convertible Debentures (CCDs) with face value of ₹ 100 each amounting to ₹ 10,000.

The CCDs shall be fully, mandatorily and compulsorily converted into equity shares by October 1, 2031 and the conversion ratio shall be decided based on the equity valuation as at March 31, 2023.

Since the fixed to fixed test is satisfied as per Ind AS 32 the above CCDs are presented as Equity (refer note 12)

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

g. During the financial year 2022-23, Kotak Special Situations Fund (KSSF) subscribed to additional 1,98,00,000 Series 2 Compulsorily Convertible Debentures (CCD) with face value of ₹ 100 each amounting to ₹ 19,800. Further, the Company has the option and right to require KSSF to acquire additional compulsory convertible debentures of the Company ("Additional CCDs") in one or more tranches during FY 2023, FY 2024, FY 2025 or by October 1, 2026 for up to an aggregate subscription amount of ₹ 60,000. The CCDs are secured by secondary charge over identified movable assets of Data Center facility.

   On July 20, 2023, SISL entered into an assignment letter with KSSF for the transfer of ₹ 60,000 to Kotak Data Centre Fund ("KDCF").

   During the Financial year 2022-23, the holding company, Sify Technologies Limited subscribed to additional 1,00,00,000 unsecured Compulsorily Convertible Debentures (CCDs) with face value of ₹ 100 each amounting to ₹ 10,000 (Tranche III).

   The CCDs shall be fully, mandatorily and compulsorily converted into equity shares by October 1, 2031 and the conversion ratio shall be decided based on the equity valuation of next financial year following the financial year of drawdown of CCD money.

h. During the financial year 2023-24, Kotak Data Center Fund (KDCF) subscribed to additional 1,20,00,000 Series 5 Compulsorily Convertible Debentures (CCD) with face value of ₹ 100 each amounting to ₹ 12,000. The CCDs are secured by secondary charge over identified movable assets of Data Center facility.

   The CCDs shall be fully, mandatorily and compulsorily converted into equity shares by March 31, 2033 and the conversion ratio shall be decided based on the equity valuation of next financial year following the financial year of drawdown of CCD money.

i. All the CCD's carry a coupon rate of 6% p.a payable half-yearly.

j. During the financial year 2021-2022, the Company has received unsecured term loan of ₹ 900 from its holding company which bears interest rate of 7% p.a, which is repayable in 3 years.

k. During the previous financial year, the Company has received unsecured term loan of ₹ 1,000 from its fellow subsidiary which bears interest rate of 7% p.a, which is repayable in 3 years. During the Current year, the company has repaid ₹ 100.

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

m. The Company has adjusted the processing charges paid with respect to borrowings from banks ₹ 1,241 (Previous year ₹ 1,523).

n. During the FY 2020-21, Print house (India) Pvt Ltd had issued 9% Cummulative Non-Convertible Redeemable Preference Shares to Raju Vegesna Infotech & Industries Pvt Ltd., on private placement basis. The Preference share capital are redeemable at par value at maturity, i.e. 20 years from the date of allotment. Accordingly these are accounted for Financial instruments.During the year, The terms of the Preference Shares are changed to 6% Non-Cumulative compulsorily convertible preference shares.

		As at March 31, 2024	As at March 31, 2023
15. PROVISIONS			
Provisions for employee benefits - non-current			
Compensated absences		23	17
	(A)	**23**	**17**
Provisions for employee benefits - current			
Gratuity [Refer note D (33)]		28	6
Compensated absences		72	54
	(B)	**100**	**60**
	(A) + (B)	**123**	**77**

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

	As at March 31, 2024	As at March 31, 2023
16. OTHER NON-CURRENT LIABILITIES		
Security Deposit	360	360
	360	**360**
17. BORROWINGS (SHORT-TERM)		
Loans repayable on demand from banks - Secured [Refer notes (a) to (e) below]		
Working capital facilities	2,795	11,075
Loans repayable on demand from banks - Unsecured		
Loans and advances from Related Parties	-	11
Current maturities of Long Term Loans		
Current maturities of long term debt*	20,667	15,900
	23,462	**26,986**

*Also refer note D (14)

(a) The above facilities amounting to ₹ 2,795 (previous year ₹ 7,319), non fund limits (including bank guarantees) availed by the Company are primarily secured by way of pari-passu charge on the entire current assets of the Company to all working capital bankers under consortium.

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

(i) exposure amounting to ₹ 2,795 (previous year ₹ 6,519) is secured collaterally by way of pari-passu charge on the unencumbered movable fixed assets of the Company, both present and future.

(ii) exposure amounting to ₹ 2,795 (previous year ₹ 3,318) is secured collaterally by way of equitable mortgage over the properties at Tidel Park, Chennai, Vashi 6th floor, Vile Parle at Mumbai.

(iii) exposure amounting to ₹ Nil (previous year ₹ 800) is collaterally secured by equitable mortgage over the land and building at Noida and also covered by WDV of specific movable fixed assets funded out of their Term loan (since closed) at Noida Data Center, Uttar Pradesh.

(iv) the exposure amounting to ₹ Nil (previous year ₹ 2,900) is collaterally secured by equitable mortgage over the Vashi 5th floor property at Mumbai.

(c) Of the above, facilities amounting to ₹ Nil (previous year ₹ 3,740) are secured by way of pari-passu charge on current assets. Out of which ₹ Nil (previous year ₹ 250) has first pari-passu charge on unencumbered movable fixed assets of the Company.

(d) These working capital facilities bear interest ranging from 8.00% p.a. to 9.30% p.a .(previous year: 5.4% p.a. to 10.50% p.a.) and these facilities are subject to renewal annually.

(e). The Company has adjusted the processing charges paid with respect to borrowings from banks ₹ 336 (Previous year ₹ 231)

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

	As at March 31, 2024	As at March 31, 2023
(f) Working capital facilities comprises the following:		
Bank overdraft	-	3,335
Other working capital facilities	2,795	7,740
	2,795	**11,075**

18. TRADE PAYABLES

Towards purchase of goods and services *		
Undisputed Trade payables :		
(a) Total outstanding dues to micro enterprises and small enterprises	91	55
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	13,823	9,398
	13,914	**9,453**

The following table presents the aging of the Trade payables for the year ended March 31, 2024

Particulars	less than 1 year	1- 2 years	2 - 3 years	greater than 3 years	Total
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises*	91	-	-	-	91
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	13,434	334	-	55	13,823
	13,525	**334**	**-**	**55**	**13,914**
Disputed Trade payables :					
(c) Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-
(d) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	-	-	-	-	-
Total	**13,525**	**334**	**-**	**55**	**13,914**

* Out of the above, ₹ 91 pertains to not due as on March 31' 2024

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

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

Particulars	less than 1 year	1- 2 years	2 - 3 years	greater than 3 years	Total
Undisputed Trade payables :					
(a) Total outstanding dues to micro enterprises and small enterprises	55	-	-	-	55
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	9,101	169	120	8	9,398
	9,156	169	120	8	9,453
Disputed Trade payables :					
(c) Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-
(d) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	-	-	-	-	-
Total	**9,156**	**169**	**120**	**8**	**9,453**

* Out of the above, ₹ 55 pertains to not due as on March 31' 2023

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

	As at March 31, 2024	As at March 31, 2023
19. OTHER FINANCIAL LIABILITIES		
Amounts payable to fellow subsidiaries (Refer Note (a) below)	-	566
Amounts payable to holding company (Refer Note (b) below)	954	1,590
Capital creditors	9,576	6,493
Interest accrued (Refer Note (c) below)	335	1,190
Other payables	-	1,971
	10,865	**11,810**

a. ₹ 1,739 (previous year ₹ 566) payable to fellow subsidiary of the company on account of transfer of expenses, vendor payments made on behalf of the company.

b. ₹ Nil (previous year ₹ 1,590) is payable to holding company on account of transfer of assets/liabilities, transfer of revenue and expenses, customer receipts received and vendor payments made by the parent company / fellow subsidiary company pertaining to the services rendered by and for the company.

c. ₹ 75 (previous year ₹ 900) is payable to Raju Vegesna Infotech & Industries Pvt Ltd on account issue of 9% Non-Convertible Redeemable Preference Shares on private placement basis.

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

20. OTHER CURRENT LIABILITIES

Advances received from customers	21	24
Statutory payables	77	168
Contract liability (Unearned income)*	3,374	3,426
Other payables	98	258
	3,570	**3,876**

* Refer Note D (39) for the movement in Contract liability (Unearned income)

21. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

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

(b) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for	73,899	88,546

	For the Year ended March 31, 2024	For the Year ended March 31, 2023
22. REVENUE FROM OPERATIONS		
Sale of Services:		
- Domestic	106,390	98,228
- Export	5,027	3,906
	111,417	**102,134**
23. OTHER INCOME		
Interest income		
From banks	2,205	618
Others	93	250
Other non-operating income		
Profit on sale of property, plant and equipment (Net)	-	40
Gain on foreign exchange fluctuation (Net)	-	405
Miscellaneous income	456	460
	2,754	**1,773**
24. COST OF SERVICES RENDERED		
Power expenses	46,229	42,826
Other direct costs	1,508	3,624
	47,737	**46,450**

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

	For the Year ended March 31, 2024	For the Year ended March 31, 2023
25. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	3,781	2,965
Contribution to provident and other funds	231	162
Staff welfare expenses	71	46
Share-based payments to employees	3	16
	4,086	**3,189**
26. FINANCE COSTS		
Interest	12,082	8,282
Other finance costs	611	483
Interest on lease liability	2,701	2,073
	15,394	**10,838**

₹5,140 (Previous year ₹1,493) has been capitalised to Capital work in Progress, considering the capitalisation rate of 9.12%

27. OTHER EXPENSES		
Commission expenses	10	-
Communication expenses	13	21
Rent	791	293
Rates and taxes	414	603
Travelling expenses	172	143
Power and fuel expenses	313	204
Security charges		
Legal and professional	693	716
Payment to auditors		
-For Statutory audit fees	18	17
- For Other services	-	2
- For reimbursement of expenses	*	*
Repairs and maintenance expenses		
- Plant and machinery	1,556	1,662
- Buildings	698	515
- Others	5,288	4,622
Insurance	227	173
Outsourced manpower costs	274	245
Advertisement, selling and marketing expenses	400	180
Loss on foreign exchange fluctuation (net)	306	-
Loss on sale of property, plant and equipment (Net)	30	-
Provision for doubtful advances	18	10
Contribution towards corporate social responsibility [Refer note D (38)]	217	136
Allowance for bad and doubtful debts (refer note D(7) for bad debts written off)	300	200
Miscellaneous expenses	1,942	1,493
	13,680	**11,235**

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

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

(i) Long term borrowings *

Particulars	As at April 01, 2023	Proceeds	Re-payment	Non cash movement: Foreign exchange movement	Non cash movement: Re-classification	As at March 31, 2024
Term loans from Bank and others*	97,387	57,904	(17,329)	240	174	138,376
6% Compulsorily convertible debentures	30,000	60,000	-	-	(78,000)	12,000
6% Non-Cumulative compulsorily convertible Preference shares #	5,000	-	-	-	-	5,000
Term loans from Holding Company	900	-	-	-	-	900
Loan from fellow subsidiary	1,000	-	(100)	-	-	900
Total	**134,287**	**117,904**	**(17,429)**	**240**	**(77,826)**	**157,176**

* The Company has adjusted the processing charges with respect to borrowings from banks ₹ 1,577.

The company has converted 9% Cummulative Non-Convertible Redeemable Preference to 6% Non-Cumulative compulsorily convertible Preference shares.

(ii) Short term borrowings

Particulars	As at April 01, 2023	Cash flow	Foreign exchange movement	As at March 31, 2024
Working capital facilities excluding overdraft	7,740	(4,945)	-	2,795
Total	**7,740**	**(4,945)**	**-**	**2,795**

Reconciliation of liabilities from financing activities for the year ended March 31, 2023

(i) Long term borrowings *

Particulars	As at April 01, 2022	Proceeds	Re-payment	Non cash movement: Foreign exchange movement	Non cash movement: Re-classification	As at March 31, 2023
Term loans from Bank	52,226	59,363	(12,720)	272	(1,754)	97,387
6% Compulsorily convertible debentures	30,200	29,800	-	-	(30,000)	30,000
9% Cummulative Non-Convertible Redeemable Preference	5,000	-	-	-	-	5,000
Term loans from Holding Company	900	-	-	-	-	900
Loan from fellow subsidiary	-	1,000	-	-	-	1,000
Total	**88,326**	**90,163**	**(12,720)**	**272**	**(31,754)**	**134,287**

*The Company has adjusted the processing charges paid with respect to borrowings from banks ₹ 1,754

(ii) Short term borrowings

Particulars	As at April 01, 2022	Cash flow	Foreign exchange movement	As at March 31, 2023
Working capital facilities excluding overdraft*	12,400	(4,660)	-	7,740
Total	**12,400**	**(4,660)**	**-**	**7,740**

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

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

29. DEFERRED TAX ASSETS AND LIABILITIES

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

Recognised deferred tax assets/ (liabilities)

	As at March 31, 2024	As at March 31, 2023
Deferred tax assets on temporary deductible differences		
Property, Plant and Equipment	6,084	3,780
Leases under Ind AS 116	1,338	989
Provision for employee benefits	29	19
Accounts receivable	271	248
Provision for Doubtful advances	9	4
Payment to MSME Vendors	6	-
	7,737	**5,040**
Deferred tax liabilities on temporary taxable differences		
Intangible assets	(8)	(1)
	(8)	**(1)**
Net deferred tax assets / (liabilities) recognised in Balance Sheet	**7,729**	**5,039**

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

Movement in temporary differences during current and previous year

	Provision for employee benefits	Accounts Receivable	Provision for Doubtful advances	Property, Plant and Equipment	Intangible assets	Leases under Ind AS 116	Payment to MSME Vendors
Balance as at March 31, 2022	15	208	2	2,608	(10)	768	-
Recognised in income statement	4	40	2	1,172	9	221	-
Recognised in Equity	-	-		-	-	-	-
Balance as at March 31, 2023	**19**	**248**	**4**	**3,780**	**(1)**	**989**	**-**
Recognised in income statement	10	23	5	2,304	(7)	349	6
Recognised in Equity	-	-		-	-	-	-
Balance as at March 31, 2024	**29**	**271**	**9**	**6,084**	**(8)**	**1,338**	**6**

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

	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Income tax expense recognized in profit or loss		
Current tax expense/ (reversal)	4,782	4,465
Deferred tax liability / (asset)	(2,689)	(1,449)
	2,093	**3,016**
Reconciliation of effective tax rates		
A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:		
Profit before taxes	7,789	11,365
Enacted tax rates in India	25.17%	25.17%
Expected tax expense/(benefit)	1,960	2,860
Tax impact on PHIPL loss	-	141
Expenses that are not deductible in determining taxable profit	214	(33)
Reversal of previously recognised temporary differences	(81)	48
	2,093	**3,016**

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

Sitting fees	4	3
	4	**3**

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

(a) Weighted average number of shares		
Issued fully paid up ordinary shares as on April 1,	505,859,762	505,859,762
Weighted average number of equity shares outstanding for Calculation of Basic Earnings Per Share	**505,859,762**	**505,859,762**
(b) Reconciliations of earnings used in calculating Diluted Earnings Per Share (DEPS):		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	**5,696**	**8,349**
Add:		
Interest savings on Conversion on Compulsorily Convertiable Debentures (Net of Taxes)	4,052	1,448
Earnings Used in calculating diluted earnings per share	**9,748**	**9,797**

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

	For the Year ended March 31, 2024	For the Year ended March 31, 2023
(c) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (No's)	505,859,762	505,859,762
Adjustments for calculation of diluted earnings per share:		
Conversion of Compulsorily Convertible Debentures	7,46,92,142	24,337,311
Weighted average number of equity shares and potential equity shares	**58,05,51,904**	**530,197,073**
Basic Earnings per share (b/a) *	**1.13**	**1.65**
Diluted Earnings per share (b/c) *	**1.68**	**1.85**

*Since above effect is anti- dilutive the Diluted Earnings per Shares is restricted to Basic Earnings per Share

32. FOREIGN CURRENCY EXPOSURE

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

Particulars	As at March 31, 2024		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and bank balances	USD	2	206
Trade Receivables	USD	27	2,233

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

Particulars	As at March 31, 2023		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and bank balances	USD	1	45
Trade Receivables	USD	17	1,389
Amounts payable in foreign currency on account of:			
Trade Payables	USD	31	2,751

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

33. EMPLOYEE BENEFITS

a. Defined benefit plans (Gratuity)

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

Particulars	For the year ended March 31, 2024	For the year ended March 31 2023
Projected benefit obligation at the beginning of the year	177	113
Service cost	31	23
Interest cost	13	7
Remeasurement (gain)/losses	12	38
Benefits paid	(26)	(4)
Projected benefit obligation at the end of the year	**207**	**177**

Change in the fair value of plan assets

Particulars	For the year ended March 31, 2024	For the year ended March 31 2023
Fair value of plan assets at the beginning of the year	172	100
Interest income	13	6
Employer contributions	20	75
Benefits paid	(26)	(5)
Return on plan assets, excluding amount recognised in net interest expense	(1)	(5)
Fair value of plan assets at the end of the year	**178**	**172**

Amount recognised in the Balance Sheet

Particulars	For the year ended March 31, 2024	For the year ended March 31 2023
Present value of projected benefit obligation at the end of the year	207	177
Fair value of plan assets at the end of the year	(178)	(172)
Funded status amount of liability recognised in the Balance Sheet	**29**	**5**

Expense recognised in the Statement of Profit and Loss

Particulars	For the year ended March 31, 2024	For the year ended March 31 2023
Service cost	31	23
Interest cost	13	7
Interest income	(13)	(6)
Net gratuity costs	**31**	**24**

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

Summary of actuarial assumptions

Particulars	For the year ended March 31, 2024	For the year ended March 31 2023
Discount rate	7.15%	7.30%
Salary escalation rate	8.00%	8.00%
Average future working life time	21.02 years	20.82 years

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

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

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

Contributions: The Company expects to contribute ₹62 to its gratuity fund during the year ending March 31, 2025

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

Year	As at	
	March 31, 2024	March 31, 2023
1 year	42	34
2 to 5 years	136	119
6 to 10 years	78	70
More than 10 years	34	26

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

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

	March 31, 2024	March 31, 2023
Remeasurement (gain) /loss arising from		
- change in demographic assumptions	-	**(1)**
- change in financial assumptions	1	9
- experience variance	10	30
- return on plan assets, excluding amount recognised in net interest expense/income	1	**5**
	12	**43**

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

Sensitivity analysis of significant actuarial assumptions

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

	March 31, 2024		March 31, 2023	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	216	199	185	170
(% change compared to base due to sensitivity)	4.2%	(3.9)%	4.3%	(4.0)%
Attrition Rate (- / + 50% of attrition rates)	213	203	179	175
(% change compared to base due to sensitivity)	2.6%	(2.2)%	0.9%	(1.4)%
Mortality Rate (- / + 10% of mortality rates)	207	207	177	177
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%
Salary Growth rate (-/+ 1%)	201	214	172	182
(% change compared to base due to sensitivity)	(3.0)%	3.1%	(2.9)%	3.00%

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. An amount of ₹ 189 and ₹ 138 was contributed for the year ended March 31, 2024 and March 31, 2023 respectively.

34. SEGMENT REPORTING

The Company is in the business of providing Data Center services to clients which is the primary segment. As such, the Company's financial results are largely reflective of the Data Center services business and 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 three customers of Data center services represents approximately ₹ 70,853 (previous year ₹ 64,997) of the company's total revenue.

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

35. RELATED PARTIES AND TRANSACTIONS

(a) Related parties

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

Particulars	Related Parties	Country of Incorporation	% of ownership interest
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 Digital Services Limited	India	
	Patel Auto Engineering India Private Limited	India	
	SKVR Software Solution Private Limited**	India	
Key Managerial Personnel*	Mr. Ramanujan V		
	Mr. C.R. Rao		
	Mr. D J Poornasandar		
Trust controlled by KMP of Holding Company##	Raju Vegesna Foundation	India	

*No remunation is getting paid to Key Managerial personnel from The Company i.e Sify Infinit Spaces Limited

** Refer Note 44

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

(b) Related party transactions and balances

Following is a summary of related party transactions:

	March 31, 2024				
Transactions	SKVR Software Solution Private Limited	Sify Technologies Limited	Sify Digital Services Limited	Patel Auto Engineering India Private Limited	Sify Data and Managed Services Ltd
Lease rentals received	-	20	-	-	-
Lease rentals to holding company**	-	2,362	-	326	-
Rent Received	-	-	132	-	-
Rendering of services#	-	303	574	-	-
Investment in Subsidiaries	1,960	-	-	-	-
Investment in preference shares	5,000	-	-	-	-
Revenue transfer*	-	1,131	-	-	-
Expenses transfers / Reimbursement*	-	4,273	132	-	-
Interest paid on Loan Received	-	63	-	-	64
Interest paid on CCDs	-	1,335	-	-	
Captital advance given	16,397	-	-	-	
Assets transfer	-	5	-	-	-
Security Deposit Transfer	-	10	13	-	-
Amount of outstanding balances					
Amount payable	-	958	21	-	-
Amount receivable	-	1,118	-	-	-
Advance receivable/payable	-	-	20	12	-
Capital advance Outstanding	35,132	-	-	0	-
Loan Outstanding	-	900	-	-	900
Lease Deposit	-	345	-	-	-
Issue of Compulsory Convertible Debentures###	-	22,250	-	-	-
Outstanding preference shares	5,000	-	-	-	-

*On account of Business Transfer agreement executed during FY 2020-21, the customer and vendor contracts novation was in progress during the year ended March 31, 2022 and hence the invoices related to vendor and customer pertaining to the company have been booked in parent / fellow subsidiary company and subsequently transferred to subsidiary companies as expense and revenue transfers. (refer note D (7), D (18) and D (19))

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

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

**During the year 2022-23, the Company had entered into a lease agreement with its parent Sify Technologies Limited, to lease the additional floors and to terminate existing 3rd floor at Hyderabad owned by the holding company for a period of five years effective January 1, 2023 on a rent of ₹ 64.65 (Rupees Sixty four lakhs sixty five Thousand) and ₹ 11.73 (Rupees Eleven lakhs Seventy threeThousand) respectively , per month with an escalation of 3% on the last paid rent after the end of every year and refundable security deposit equal to the rent of three months.

**During the year 2023-24, the Company had entered into a lease agreement with its parent Sify Technologies Limited, to lease the additional Space in Chennai Tidel DC for a period of ten years effective April 1, 2023 on a rent of ₹ 6.37 (Rupees Six lakhs Thirty Seven Thousand) per month with an escalation of 3% on the last paid rent after the end of every year .

*** Refer Note D (14)

#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.

₹201.5(Previous Year :₹ 89.71) contributed to Raju Vegesna Foundation, Visakapatanam which is controlled by KMP of holding company.

Out of above ₹ 22,250 is classifiied as other equity (refer note D (12))

	March 31, 2023			
Transactions	**Sify Technologies Limited**	**Sify Digital Services Limited**	**Sify Data and Managed Services Ltd**	**Raju Vegesna Infotech & Industries Pvt Ltd.**
Lease rentals to holding company**	2,183	-	-	-
Rent Received	-	132	-	-
Rendering of services#	303	574	-	-
Revenue transfer*	1,054	-	-	-
Expenses transfers / Reimbursement*	3,464	10	7	-
Interest paid on Loan Received	73	49	18	-
Interest paid on CCDs	661	-	-	-
Loan Received***	100	-	1,000	-
Loan Repaid	210	950	-	-
Interest paid on Preference shares	-	-	-	-
Issue of CCDs***	12,250	-	-	-
Assets transfer	35	-	-	-
Security Deposit Transfer	360	-	-	-
Leasehold Land rights	-	-	2,648	-
Amount of outstanding balances				
Amount payable	1,590	-	1	-
Amount receivable	1,271	54	-	-
Preference shares	-	-	-	5000
Consideration payable	584	-	-	-
Interest payable on Preference shares	-	-	-	900
Loan Outstanding	900	-	1,000	-
Security Deposit	345	-	-	-
Issue of Compulsory Convertible Debentures###	22,250	-	-	-

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

*On account of Business Transfer agreement executed during FY 2020-21, the customer and vendor contracts novation was in progress during the year ended March 31, 2022 and hence the invoices related to vendor and customer pertaining to the company have been booked in parent / fellow subsidiary company and subsequently transferred to subsidiary companies as expense and revenue transfers.

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

**During the year 2022-23, the Company had entered into a lease agreement with its parent Sify Technologies Limited, to lease the additional floors and to terminate existing 3rd floor at Hyderabad owned by the holding company for a period of five years effective January 1, 2023 on a rent of ₹ 64.65 (Rupees Sixty four lakhs sixty five Thousand) and ₹ 11.73 (Rupees Eleven lakhs Seventy threeThousand) respectively , per month with an escalation of 3% on the last paid rent after the end of every year and refundable security deposit equal to the rent of three months.

*** Refer Note D (14)

#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.

₹ 89.71 contributed to Raju Vegesna Foundation, Visakapatanam which is controlled by KMP of holding company.

Out of above ₹ 12,250 is classifiied as other equity (refer note D (12))

36. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

i. Forward and option contracts

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. There are no outstanding forward contracts as at March 31, 2024.

ii. Swap Arrangements

The Company has entered into swap arrangement comprising of Cross Currency Swap (on Principal repayment) and Interest rate swap (floating to fixed), in order to hedge the cash flows arising out of the Principal and Interest payments of the underlying External Commercial Borrowing denominated in USD. The period of the swap contract is co terminus with the period of the underlying ECB. As per the terms of the arrangement, the Company shall pay INR fixed and receive fixed USD principal cash flows during the term of the contract and the Company shall pay fixed rate of interest (8.9%) and receive variable rate of interest equal to SOFR + 2.5% on notional amount. The swap arrangement is marked to market at the end of every period and profit / losses are recognised in the Statement of Profit and Loss. The details of Cross Currency Swap and Interest Rates Swap is as follows:

a. Cross Currency Swap

The outstanding balances as on March 31, 2024 is as follows

Particulars	Value of the ₹ term loan	Value of the USD principal	Mark to Market losses/ (gain)
Tranche 1	735	USD 10	-
Tranche 2	1,103	USD 15	-
Total	**1,838**	**USD 25**	-

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

The outstanding balances as on March 31, 2023 is as follows

Particulars	Value of the ₹ term loan	Value of the USD principal	Mark to Market losses/ (gain)
Tranche 1	1,029	USD 14	-
Tranche 2	1,544	USD 21	-
Total	**2,573**	**USD 35**	-

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

	As at March 31, 2024		As at March 31, 2023	
	Receivable (USD)	Payable (₹)	Receivable (USD)	Payable (₹)
Less than 1 year	10	735	10	735
One to two years	10	735	10	735
Two to three years	5	368	10	735
Three to four years	-	-	5	368
Four to five years	-	-	-	-
More than five years	-	-	-	-
Total cash flows	**25**	**1,838**	**35**	**2,573**

The Company recognized a net loss on the cross currency swaps of ₹ Nil [Previous year : ₹ Nil] for the year ended March 31, 2024.

iii. Interest rate swap:

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

	As at March 31, 2024		As at March 31, 2023	
	Receivable (USD)	Payable (₹)	Receivable (USD)	Payable (₹)
Less than 1 year	2	139	3	205
One to two years	1	74	2	139
Two to three years	*	12	1	74
Three to four years	-	-	*	12
Four to five years	-	-	-	-
More than five years	-	-	-	-
Total cash flows	**3**	**225**	**6**	**430**

Total notional amount outstanding as on March 31, 2024 is USD 25 (previous year: USD 35)

The Company recognized a net mark to market gain on the interest rate swaps of ₹ 85 during the year ended March 31, 2024 (Previous year: mark to market gain of ₹ 267).

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

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2024 were as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	7,980	7,980	7,980
Trade receivables	26,128	-	-	26,128	26,128
Cash and Bank balances	12,752	-	-	12,752	12,752
Other financial assets	16,241	-	-	16,241	16,241
Derivative financial instruments	-	270	-	270	270
Liabilities					
Borrowings from banks & others	141,171	-	-	141,171	141,171
6% Non-Convertible Redeemable Preference shares	5,000	-	-	5,000	5,000
6% Compulsorily convertible debentures	12,000			12,000	12,000
Borrowings from holding company & fellow subsidiaries	1,800			1,800	1,800
Lease Liabilities	29,034	-	-	29,034	29,034
Trade payables	13,823	-	-	13,823	13,823
Other financial liabilities	10,865	-	-	10,865	10,865

The carrying value and fair value of financial instruments by each category as at March 31, 2023 were as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	6,063	6,063	6,063
Trade receivables	26,062	-	-	26,062	26,062
Cash and Bank balances	21,400	-	-	21,400	21,400
Other Bank balances	7,512	-	-	7,512	7,512
Other financial assets	4,690	-	-	4,690	4,690
Derivative financial instruments	-	355	-	355	355
Liabilities					
Borrowings from banks	104,940	-	-	104,940	104,940
9% Non-Convertible Redeemable Preference shares	5,000	-	-	5,000	5,000
6% Compulsorily convertible debentures	30,000	-	-	30,000	30,000
Borrowings from holding company & fellow subsidiaries	1,900	-	-	1,900	1,900
Bank overdraft	3,335	-	-	3,335	3,335
Lease Liabilities	23,356	-	-	23,356	23,356
Trade payables	9,453	-	-	9,453	9,453
Other financial liabilities	11,810	-	-	11,810	11,810

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

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2024 and March 31, 2023 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at	
	March 31, 2024	March 31, 2023
Trade receivables	2,795	11,075
Cash and Bank balances	15,713	9,819
	18,508	**20,894**

c. Fair value measurements:

The details of assets and liabilities that are measured on fair value on recurring basis are given below:

	Fair value as of March 31, 2024			Fair value as of March 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets - gain on outstanding forward contracts	-	-	-	-	-	-
Liabilities						
Derivative financial liabilities - loss on outstanding option/forward contracts	-	-	-	-	-	-
Derivative financial liabilities - loss on outstanding cross currency swaps	-	-	-	-	-	-
Derivative financial liabilities - (Gain) / loss on outstanding interest rate swaps	-	-	85	-	-	(267)

- Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – unobservable inputs for the asset or liability

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

	Year Ended	
	March 31, 2024	March 31, 2023
(a) Financial assets at amortised cost		
Interest income on bank deposits	2,205	618
Interest income on other financial assets	93	250
Impairment on trade receivables	(300)	(200)
(b) Financial assets/liabilities at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	(85)	267
(c) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(2,701)	(2,073)
Interest expenses on borrowings from banks, others and overdrafts	(12,082)	(8,282)

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

37. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables, treasury operations and other activities that are in the nature of leases.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

Cash and Bank balances 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 banks. The Chief Financial Officer is responsible for monitoring the counterparty credit risk, and has been vested with the authority to seek Board's approval to hedge such risks in case of need.

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2024 and March 31, 2023 was as follows:

	As at	
	March 31, 2024	**March 31, 2023**
Other investments	7,980	6,063
Trade receivables	26,128	26,062
Cash and Bank balances	12,752	28,912
Other financial assets	16,241	4,690
	63,101	**65,727**

Financial assets

There is no other class of financial assets that is past due but not impaired other than trade receivables. The age analysis of trade receivables have been considered from the date of invoice. Refer Note D (7) for ageing of trade receivables and for activity in the allowance for impairment of trade receivables.

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

Financial assets that are neither past due nor impaired

Cash and bank balances, 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:

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	141,171	182,180	31,845	66,820	48,517	34,998
6% Compulsorily convertible debentures	12,000	2,580	720	1,440	420	-
Borrowings from Holding company & Fellow Subsidiaries	1,800	1,950	1,003	947	-	-
Lease Liabilities	29,034	87,085	4,455	8,727	7,629	66,274
Trade payables	13,823	13,823	13,823	-	-	-
Other financial liabilities	10,865	10,865	10,865	-	-	-
	208,693	**298,483**	**62,711**	**77,934**	**56,566**	**101,272**

As at March 31, 2023

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 Years
Non-derivative financial liabilities						
Borrowings from banks	104,940	147,125	28,222	46,427	38,413	34,063
6% Compulsorily convertible debentures	30,000	29,880	3,735	7,470	7,470	11,205
9% Non-Convertible Redeemable Preference shares	5,000	5,000	5,000	-	-	-
Borrowings from holding company	1,900	2,198	133	2,065	-	-
Bank overdraft	3,335	3,335	3,335	-	-	-
Lease Liabilities	23,356	56,342	3,436	7,292	7,449	38,165
Trade payables	9,453	9,453	9,453	-	-	-
Other financial liabilities	11,810	11,810	11,810	-	-	-
	189,794	**265,143**	**65,125**	**63,254**	**53,332**	**83,433**

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

Market risk:

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

Currency risk:

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

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

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

All amounts in respective currencies as mentioned (in lakhs)

	Cash and bank balances	Trade receivables	Trade payables	Net Balance Sheet exposure
USD	2	27		30

The Company's exposure to foreign currency risk as at March 31, 2023 was as follows:

All amounts in respective currencies as mentioned (in lakhs)

	Cash and bank balances	Trade receivables	Trade payables	Net Balance Sheet exposure
USD	1	17	(31)	(13)

A 10% strengthening of the rupee against the respective currencies as at March 31, 2024 and March 31, 2023 would have increased / (decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Other comprehensive income	Profit/(loss)
March 31, 2024	-	244
March 31, 2023	-	114

A 10% weakening of the rupee against the above currencies as at March 31, 2024 and March 31, 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk:

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

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

Profile

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

	Carrying amount	
	March 31, 2024	**March 31, 2023**
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	35,600	21,319
Financial liabilities		
- Borrowings from banks	-	-
- Borrowings from others	12,900	35,900
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	141,171	104,940
- Bank overdrafts	-	3,335

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, 2024	-	(33)
March 31, 2023	-	(54)

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.

38. CONTRIBUTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY

As per section 135 of the Companies Act, 2013, the amounts required to be spent by the Company during the years ended March 31, 2024 and March 31, 2023 towards Corporate Social Responsibility (CSR) are ₹ 217 and ₹ 136 respectively. The details of CSR expenditure and CSR activities carried out by the Company are as follows.

	For the year ended March 31, 2024	**For the year ended March 31 2023**
Amount required to be spent during the year	217	136
Amount of expenditure incurred	217	136
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-

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

Nature of CSR activities

The details of CSR activities carried out by the Company are as follows:

Name of the Organisation	Nature of activity	For the year ended March 31, 2024	For the year ended March 31 2023
Voluntary Health Services, Chennai	Promotion of health care	15	18
Shree Anand Charitable Trust, Mumbai	Livelihood enhancement	-	25
CHILD (Project Sakthi)	Livelihood enhancement	-	3
Raju Vegesna Foundation, Visakhapatnam*	Livelihood enhancement	202	90
Total		**217**	**136**

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

39. CONTRACT BALANCES

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

Particulars	March 31, 2024	March 31, 2023
Trade Receivables	26,128	26,062
Contract Assets - Unbilled Revenue	-	-
Contract liabilities - Deferred Income	3,374	3,426

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

Particulars	March 31, 2024	March 31, 2023
Opening balance	**3,426**	**2,675**
Less: Revenue recognized during the year from balance outstanding at the beginning of the period	3,567	2,675
Add: Invoiced during the year but revenue not recognised	3,515	3,426
Closing balance	**3,374**	**3,426**

Costs to fulfil customer contracts are deferred and amortized over the contract period. For the year ended March 31, 2024 the Company has capitalised ₹ NIL (previous year ₹ 539) and amortised ₹ NIL (previous year ₹ 2,601). There was no impairment loss in relation to the capitalised cost.

40. DUES TO MICRO, SMALL OR MEDIUM ENTERPRISES

As per the Office memorandum issued by the Ministry of Micro, Small and Medium Enterprises dated August 26, 2008 recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2024 and March 31, 2023 has been made in the financial statements based on information received and available with the Company. As the records available with the company, there are dues payable to micro, small and medium enterprises as on March 31, 2024 (Previous year: 145). The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at March 31, 2024	As at March 31, 2023
a. the principal amount and the interest due thereon remaining unpaid at the end of accounting year	378	145
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.	-	-

41. CAPITAL MANAGEMENT

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2024 is ₹ 1,88,120 (previous year: ₹ 1,04,436).

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting period was as follows:

		As at	
		March 31, 2024	March 31, 2023
Debt		159,971	145,373
Less: cash and bank balances		(29,115)	(28,912)
Net debt	A	**130,856**	**116,461**
Equity	B	**188,120**	**104,436**
Net debt to Equity ratio	A/B	**70%**	**112%**

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

42. MERGER OF PRINT HOUSE (INDIA) PRIVATE LIMITED

During FY 2020-21, Sify Technologies Limited ("STL") has acquired Print House India Private Limited ('PHIPL') through Corporate Insolvency Resolution Process. STL emerged as successful Resolution Applicant (RA) vide Hon'ble National Company Law Tribunal ('NCLT') order dated June 23, 2020. Pursuant to the Resolution Plan submitted, the management of affairs of the PHIPL vested with Monitoring Committee consisting of Resolution Professional and the Financial Creditor of PHIPL. STLy took over the management of affairs of PHIPL after dissolution of Monitoring Committee on October 16, 2020 as per the Resolution Plan. The existing share capital of PHIPL would be reduced to Nil. Fresh capital has been issued to STL. STL has implemented the Resolution Plan in terms of settlement of financial creditors, operational creditors, absorbing of employees as appropriate to the continuance of proposed business and reviving the operations of the company by converting the facility into world class data centers as per the order of Hon'ble NCLT and the orders dismissing appeals by both Hon'ble NCLT and Hon'ble National Company Law Appellate Tribunal ('NCLAT').

During FY2022-23, the Board of Directors has approved a Scheme of Amalgamation ('Scheme') for the merger of its fellow subsidiary, Print House (India) Private Limited ('PHIPL') with Sify Infinit Spaces Limited ('SISL'). The Company has furnished the Scheme of Amalgamation to NCLT. The appointed date of the Scheme was April 1, 2022. Further, Sify Infinit Spaces Limited has received approval for the said Scheme from the shareholders and unsecured creditors of the Company at its meeting held on November 27, 2022 convened by Hon'ble NCLT, Chennai. Sify Infinit Spaces Limited has received the order from Hon'ble NCLT on July 10, 2023, subsequent to which SISL has issued 0.0859762 equity shares for every 1 equity shares held by the shareholders of PHIPL

43. MERGER OF PATEL AUTO ENGINEERING COMPANY (INDIA) PRIVATE LIMITED

During the year 2022-23, Sify Technologies Limited (Holding Company) has acquired Patel Auto Engineering Company (India) Private Limited ("PAECIPL") with its registered office in Rabale, Navi Mumbai through Share Purchase agreement dated March 22nd 2023 for a consideration of INR 5,250 Lakhs paid to Shareholders of PAECIPL. PAECIPL have only the Land allocated by MIDC on their books as on the date of Acquisition. During FY2023-24, the Board of Directors has approved a Scheme of Amalgamation ('Scheme') for the merger of its fellow subsidiary, **PAECIPL** with The Company . The Company has furnished Scheme of Amalgamation of PAECIPL with SISL is filed with Hon'ble NCLT on 9th February 2024.

44. SKVR SOFTWARE SOLUTION PRIVATE LIMITED

Sify Technologies Limited (Holding Company) has acquired SKVR Software Solution Private Limited ("SKVR"), an IT & ITeS company, through a Share Purchase Agreement dated 1st September 2023. Company has been paid Rs.4000 lakhs as consideration to shareholders of SKVR with 51% and 49% of the purchase price paid by Sify Technologies Limited and Sify Infint Spaces Limited, respectively. SKVR holds 19,305 square meters of land allotted by the New Okhla Industrial Development Authority ("NOIDA") for a period of 90 years (which began in the year 2006). Sify Technologies Limited (STL) has consolidated the Financial statements of SKVR as it controls the entity. This control is determined based on Ind AS 110 as STL has rights to variable return from its involvement with the SKVR and has ability to affect those returns. STL nor Sify Infinit Spaces Limited (SISL) hold any shares in its name in SKVR. Hence it has been treated as a subsidiary only for consolidation purposes.

45. AUDIT TRIAL

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.]

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

46. ADDITIONAL REGULATORY INFORMATION

Clause (i)

The title deeds of the following immovable properties are not held in the name of the company

Relevant item in the Balance Sheet	Description of item of property	Gross carrying amount	Title deeds held in the name of	Realationship with title holder	Property held since which date	Reason for not being held in the name of the company
Right of Use Asset	Rabale - Land	8,510	Sify Technologies Limited	Holding Company	April 01, 2020	Refer Note below
Buildings	Rabale - Building	25,596	Sify Technologies Limited	Holding Company	April 01, 2020	

Note

The property / lease were transferred to the Company from its holding company pursuant to Business Transfer Agreement entered on January 28, 2021. However, the transfer of title is pending for registration with local authority.

Clause (ii)

The Company do hold any investment property. Hence, disclosure under said clause does not apply.

Clause (iii)

The Company has not done any revaluation of Property, Plant and Equipment. Hence the disclosure under this clause does not apply.

Clause (iv)

The Company has not done any revaluation of intangible assets and hence the disclosure under this clause does not apply.

Clause (v)

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

Clause (vi)

The following table presents the aging of the Capital Work in progress for the year ended March 31, 2024

Particulars	Amount in CWIP for a period of				Total
	< 1 Year	1 to 2 Years	2- 3 Years	> 3 Years	
Projects in progress	56,115	32,770	229	-	**89,114**
Projects temporarily suspended	-	-	-	-	-
Total	**56,115**	**32,770**	**229**	**-**	**89,114**

The following table presents the aging of the Capital Work in progress for the year ended March 31, 2023

Particulars	**Amount in CWIP for a period of**				**Total**
	< 1 Year	**1 to 2 Years**	**2- 3 Years**	**> 3 Years**	
Projects in progress	48,176	2,852	4	-	**51,032**
Projects temporarily suspended	-	-	-	-	-
Total	**48,176**	**2,852**	**4**	**-**	**51,032**

Refer note D (26) for interest capitalisation

Project execution plans are mandated based on capacity assessments and customer requirements on a periodical basis and all projects are executed as per rolling annual plan.

Clause (vii)

There are no intangible assets under development and hence disclosure under said clause does not apply.

Clause (viii)

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

Clause (ix)

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

Clause (x)

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

Clause (xi)

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

Clause (xii)

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

Clause (xiii)

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

Clause (xiv)

S. No	Ratio	Numerator	Denominator	FY 2023-24	FY 2022-23	% Variance	Reasons for variance (where variance is > 25%)
1	Current Ratio (in times)	Current assets	Current Liabilities	1.51	1.29	17%	
2	Debt Equity Ratio (in times)	Total Debt = Total of current and non current portion of term loans and lease liabilities	Shareholder's funds	0.99	1.51	(34)%	On account of conversion of compulsory convertible debenture to equity during the year.
3	Debt service coverage ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments	1.12	1.58	(29)%	Increase in borrowings on account of new projects.
4	Return on equity ratio (in %)	Net Profits after taxes less preference dividend (if any)	Average total Equity	3.89%	9.74%	(60)%	On account of conversion of compulsory convertible debenture to equity during the year.
5	Inventory Turnover ratio (in times)	COGS = Purchase of stock-in-trade + Change in Inventory	Average inventory	NA	NA	NA	
6	Trade receivables turnover ratio (in times)	Revenue from operations (considered inclusive of GST since trade receivables is inclusive of GST)	Average receivables	5.00	4.12	22%	
7	Trade payables turnover ratio (in times)	Net Credit Purchases = Cost of services rendered	Average payables	4.09	6.17	(34)%	
8	Net capital turnover ratio (in times)	Revenue from operations	Average Working capital	4.93	7.26	(32)%	Increase in fixed deposits during the year due to receipt of funds from KDCF through issue of CCD's. This has resulted in favourable working capital.
9	Net profit ratio (in %)	Profit for the year	Revenue from operations	5.11%	8.17%	(37)%	On account of increase in finance cost and amortisation of new leases during the year.
10	Return on capital employed (in %)	EBIT	Capital Employed = Shareholder funds + Total Debt + Deferred Tax Liability	6.32%	8.64%	(27)%	On account of conversion of compulsory convertible debenture to equity during the year.
10A	Debt to EBITDA (in times)	Debt	EBITDA	4.03	3.82	5%	

Clause (xv)

There are no scheme(s) of arrangements that are approved by the Competent Authority in terms of Section 230 to 237 of the Companies Act, 2013 during the year.

Clause (xvi)

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

As per our report of even date attached.

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

K S Y Suryanandh
Partner
Membership No.: 237830

Hyderabad
April 22, 2024

For and on behalf of the Board of Directors

Raju Vegesna
Director
DIN: 00529027

C R Rao
Whole Time Director
DIN: 02624863

V Ramanujan
Chief Financial Officer

D J Poornasandar
Company Secretary

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