

SIFY TECHNOLOGIES LTD

Form 6-K

March 31, 2010

Table of Contents

United States Securities and Exchange Commission
Washington, DC 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934
For the quarter ended September 30, 2009
Commission File Number 000-27663
SIFY TECHNOLOGIES LIMITED
(Translation of registrant's name into English)
Tidel Park, Second Floor
No. 4, Rajiv Gandhi Salai, Taramani
Chennai 600 113, India
(91) 44-2254-0770
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F
Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1).
Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7).
Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No

If "Yes" is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b). Not applicable.

Table of Contents

SIFY TECHNOLOGIES LIMITED
FORM 6-K
For the Quarter ended September 30, 2009
INDEX

Part I Financial Information

Item 1. Financial Statements	
<u>a) Condensed Consolidated Interim Statement of Financial Position</u>	4
<u>b) Unaudited Condensed Consolidated Interim Statement of Income</u>	6
<u>c) Unaudited Condensed Consolidated Interim Statement of Comprehensive Income</u>	7
<u>d) Unaudited Condensed Consolidated Interim Statement of Changes in Equity</u>	8
<u>e) Unaudited Condensed Consolidated Interim Statement of Cash Flows</u>	9
<u>f) Notes to the Unaudited Condensed Consolidated Interim Financial Statements</u>	11

<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
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<u>Item 3. Quantitative and Qualitative Disclosure About Market Risk</u>	34
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<u>Item 4. Controls and Procedures</u>	36
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Part II Other Information

<u>Item 1. Legal Proceedings</u>	37
----------------------------------	----

<u>Item 1A. Risk Factors</u>	37
------------------------------	----

<u>Item 2 Unregistered Sale of Equity Securities and Use of Proceeds</u>	37
--	----

<u>Item 3. Defaults Upon Senior Securities</u>	37
--	----

<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	38
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<u>Item 5. Other Information</u>	39
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<u>Item 6. Exhibits</u>	39
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Exhibit 12.1

Exhibit 12.2

Exhibit 13.1

Exhibit 13.2

Exhibit 99.1

Exhibit 99.2

Table of Contents

Currency of Presentation and Certain Defined Terms

Unless the context otherwise requires, references herein to we, us, the Company or Sify are to Sify Technologies Limited, a limited liability Company organized under the laws of the Republic of India. References to U.S. or the United States are to the United States of America, its territories and its possessions. References to India are to the Republic of India. In January 2003, we changed the name of our Company from Satyam Infoway Limited to Sify Limited. In October 2007, we again changed our name from Sify Limited to Sify Technologies Limited. Sify, SifyMax.in, Sify e-ports and Sify online are trademarks used by us for which we have already obtained the registration certificates in India. All other trademarks or trade names used in this quarterly report are the property of their respective owners.

In this report, references to \$, US\$, Dollars or U.S. dollars are to the legal currency of the United States, references to Rs. rupees or Indian Rupees are to the legal currency of India. References to a particular fiscal year to our fiscal year ended March 31 of that year.

For your convenience, this report contains translations of some Indian rupee amounts into U.S. dollars which should not be construed as a representation that those Indian rupee or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Indian rupees, as the case may be, at any particular rate, the rate stated below, or at all. Except as otherwise stated in this report, all translations from Indian rupees to U.S. dollars contained in this report have been based on the reference rate in the City of Mumbai on September 30, 2009 for cable transfers in Indian rupees as published by the Reserve Bank of India (RBI) which was Rs.48.04 per \$1.00.

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

Information contained in our websites, including our principal corporate website, www.sifycorp.com, is not part of this report.

Forward-looking Statements

In addition to historical information, this Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. The forward-looking statements contained herein are subject to risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. For a discussion of some of the risks and important factors that could affect the Company's future results and financial condition, please see the sections entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations, and our most recent Annual Report on Form 20-F.

The forward-looking statements contained herein are identified by the use of terms and phrases such as anticipate, believe, could, estimate, expect, intend, may, plan, objectives, outlook, probably, project, will, terms and phrases. Such forward-looking statements include, but are not limited to, statements concerning:

our expectations as to future revenue, margins, expenses and capital requirements;

our exposure to market risks, including the effect of foreign currency exchange rates and interest rates on our financial results;

the effect of the international economic slowdown on our business;

projections that our cash and cash equivalents, along with cash generated from operations will be sufficient to meet certain of our obligations; and

the effect of future tax laws on our business.

You are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of this Report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, you should carefully review the other information in this Report, our other periodic reports and other documents filed with

the United States Securities and Exchange Commission (the SEC) from time to time. Our filings with the SEC are available on its website at www.sec.gov.

Table of Contents**Sify Technologies Limited**
Condensed Consolidated Interim Statement of Financial Position

(Unaudited)

(In thousands of Rupees, except share data and as otherwise stated)

		As at		As at
		September	March 31,	September 30,
		30,	2009 (a)	2009
	Note	Rs.	Rs.	Convenience translation into US\$ (Note 2(b))
Assets				
Property, plant and equipment	5	3,426,541	3,260,914	71,327
Intangible assets	6	130,055	177,872	2,707
Investment in equity accounted investee	7	580,643	542,901	12,087
Restricted cash	8		1,000	
Lease prepayments	9	340,340	311,185	7,085
Other assets		439,149	496,325	9,141
Deferred tax assets			8,524	
Total non-current assets		4,916,728	4,798,721	102,347
Inventories		27,573	39,088	574
Trade and other receivables, net	10	3,203,192	2,455,526	66,677
Prepayments for current assets		169,042	128,548	3,519
Restricted cash	8	256,185	1,329,756	5,333
Cash and cash equivalents	8	243,742	380,042	5,074
Other investments			13,874	
Total current assets		3,899,734	4,346,834	81,177
Total assets		8,816,462	9,145,555	183,524
Equity				
Share capital		546,318	441,018	11,372
Share premium		16,528,551	16,375,217	344,058
Share based payment reserve		162,709	149,535	3,387
Other components of equity		556	(9,691)	12
Accumulated deficit		(13,361,288)	(13,104,386)	(278,128)
Equity attributable to equity holders of the Company		3,876,846	3,851,693	80,701

Non-controlling interest		248,848	
Total equity	3,876,846	4,100,541	80,701

Table of Contents**Sify Technologies Limited**
Condensed Consolidated Interim Statement of Financial Position

(Unaudited)

(In thousands of Rupees, except share data and as otherwise stated)

		As at		As at
		September	March 31,	September
	Note	30,	2009 (a)	30, 2009
		Rs.	Rs.	Convenience
				translation
				into US\$
				(Note 2(b))
Liabilities				
Finance lease obligations, other than current instalments		120,645	122,382	2,511
Borrowings	12	467,792	201,389	9,738
Employee benefits	11	71,380	64,300	1,486
Other liabilities		167,584	134,116	3,488
Total non-current liabilities		827,401	522,187	17,223
Finance lease obligations current instalments		28,321	32,943	590
Borrowings	12	920,070	1,182,770	19,152
Bank overdraft	8	815,497	1,397,083	16,975
Trade and other payables		1,866,631	1,555,230	38,856
Deferred income		481,696	354,801	10,027
Total current liabilities		4,112,215	4,522,827	85,600
Total liabilities		4,939,616	5,045,014	102,823
Total equity and liabilities		8,816,462	9,145,555	183,524

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

- (a) Derived from the audited consolidated financial statements

Table of Contents**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Income**

(In thousands of Rupees, except share data and as otherwise stated)

		Quarter ended September 30,		Quarter ended September 30, 2009	Half year ended September 30,		Half year ended September 30, 2009
		2009	2008	Convenience translation into US\$ (Note 2(b))	2009	2008	Convenience translation into US\$ (Note 2(b))
	Note	Rs.	Rs.		Rs.	Rs.	
Revenue	13	1,838,742	1,571,999	38,275	3,487,287	3,074,626	72,591
Cost of goods sold and services rendered	14	(1,154,607)	(923,635)	(24,034)	(2,170,558)	(1,809,427)	(45,182)
Other income		30,248	15,081	630	62,299	33,585	1,297
Selling, general and administrative expense		(633,674)	(799,534)	(13,191)	(1,275,957)	(1,441,663)	(26,560)
Depreciation and amortization		(149,869)	(121,574)	(3,120)	(297,139)	(233,369)	(6,185)
Impairment loss on Intangibles including goodwill					(47,269)		(984)
Loss from operating activities		(69,160)	(257,663)	(1,440)	(241,337)	(376,248)	(5,023)
Finance income	16	3,290	31,952	68	20,350	65,257	424
Finance expenses	16	(72,238)	(52,024)	(1,504)	(143,824)	(85,803)	(2,994)
Net finance expense		(68,948)	(20,072)	(1,436)	(123,474)	(20,546)	(2,570)
Share of profit of equity accounted investee (net of income tax)	7	20,283	24,287	422	36,216	37,097	754
Loss before tax		(117,825)	(253,448)	(2,454)	(328,595)	(359,697)	(6,839)
Income tax (expense) / benefit			(22,094)		81,479	(40,330)	1,696
Loss for the period		(117,825)	(275,542)	(2,454)	(247,116)	(400,027)	(5,143)

Attributable to:

Equity holders of the Company	(117,825)	(293,786)	(2,454)	(256,902)	(426,509)	(5,347)
Non-controlling interest		18,244		9,786	26,482	204
	(117,825)	(275,542)	(2,454)	(247,116)	(400,027)	(5,143)

Loss per share

17

Basic loss per share	(2.21)	(6.48)	(0.05)	(5.31)	(9.27)	(0.11)
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Diluted loss per share	(2.21)	(6.48)	(0.05)	(5.31)	(9.27)	(0.11)
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The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

Table of Contents**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Comprehensive Income**

(In thousands of Rupees, except share data and as otherwise stated)

	Note	Quarter ended		Quarter ended	Half year ended		Half year ended
		September 2009	September 2008	September 30, 2009	September 2009	September 2008	September 30, 2009
		Rs.	Rs.	Convenience translation into US\$ (Note 2(b))	Rs.	Rs.	Convenience translation into US\$ (Note 2(b))
Loss for the period		(117,825)	(275,542)	(2,454)	(247,116)	(400,027)	(5,143)
Other comprehensive income							
Foreign currency translation differences of foreign operations		224	(295)	5	696	(2,967)	14
Defined benefit plan actuarial gains / (losses)		7,175	1,203	149	1,584	(2,414)	33
Change in fair value of available for sale investments, transferred to profit or loss					6,441		133
Change in fair value of available for sale investments			(133)			(1,548)	
Share of gains and (losses) from equity accounted investees		854	(631)	18	1,526	(1,859)	32
Other comprehensive income for the period		8,253	144	172	10,247	(8,788)	212
Total comprehensive loss for the period		(109,572)	(275,398)	(2,282)	(236,869)	(408,815)	(4,931)

Attributable to:

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Equity holders of the Company	(109,572)	(293,642)	(2,282)	(246,655)	(435,297)	(5,135)
Non-controlling interest		18,244		9,786	26,482	204
Total comprehensive loss for the period	(109,572)	(275,398)	(2,282)	(236,869)	(408,815)	(4,931)