

SIFY TECHNOLOGIES LTD  
Form 6-K  
November 23, 2018

**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 half-year ended September 30, 2018**

**Commission File Number 000-27663**

SIFY TECHNOLOGIES LIMITED

(Translation of registrant's name into English)

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Chennai 600 113, India

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(Address of principal executive office)

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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

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**FORM 6-K**

**For the half-year ended September 30, 2018**

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## Currency of Presentation and Certain Defined Terms

Unless the context otherwise requires, references in this report to “we,” “us,” the “Company,” “Sify” or “Satyam Infoway” are 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 registration certificates in India. All other trademarks or trade names used in this report are the property of their respective owners. In this Report, references to “\$,” “Dollars” or “U.S. dollars” are to the legal currency of the United States, and references to “Rs.,” “₹,” “rupees” or “Indian rupees” are to the legal currency of India. References to a particular “fiscal” year are to our fiscal year ended March 31 of such year.

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, 2018 for cable transfers in Indian rupees as published by the Reserve Bank of India (RBI), which was ₹72.55 per \$1.00.

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

Information contained in our websites, including our corporate website, [www.sifytechnologies.com](http://www.sifytechnologies.com), is not part of our Annual Report for the year ended March 31, 2018 or 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

Annual Report on Form 20-F for the fiscal year ended March 31, 2018, filed with the Securities and Exchange Commission (the “SEC”) on June 20, 2018.

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”, “seek” 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;
- our ability to generate and manage growth and to manage our international operations;
- 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 SEC from time to time. Our filings with the SEC are available on its website at [www.sec.gov](http://www.sec.gov).

**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Financial Position**

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

	Note	As at		As at
		<b>September</b>	<b>March 31,</b>	September 30,
		<b>30,</b>	<b>2018 *</b>	2018
		<b>2018</b>		Convenience
				translation into
				US\$
				(In thousands)
<b>ASSETS</b>				
Property, plant and equipment	4	7,244,897	7,213,421	99,864
Intangible assets	5	610,550	582,512	8,416
Lease prepayments	7	1,333,784	1,344,845	18,385
Other assets		1,348,549	1,108,532	18,589
Deferred contract costs	8C	30,320	-	418
Other investments		162,330	145,718	2,238
Deferred tax assets		146,132	-	2,014
Total non-current assets		10,876,562	10,395,028	149,924
Inventories		1,605,384	645,848	22,129
Trade and other receivables, net	8A	12,365,530	10,713,886	170,448
Contract assets	8B	232,368	-	3,203
Deferred contract costs	8C	92,993	-	1,282
Prepayments for current assets		674,698	419,221	9,300
Restricted cash	6	269,062	296,275	3,709
Cash and cash equivalents	6	1,196,687	1,991,846	16,495
Total current assets		16,436,722	14,067,076	226,566
Total assets		27,313,284	24,462,104	376,490
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		1,520,871	1,518,413	20,964
Share premium		18,715,618	18,694,030	257,978
Share based payment reserve		307,122	309,695	4,233
Other components of equity		78,327	33,635	1,080
Accumulated deficit		(11,353,197)	(11,550,820)	(156,494 )
Equity attributable to equity holders of the Company		9,268,741	9,004,953	127,761

**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Financial Position**

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

	Note	As at		As at
		September	March	September
		30, 2018	31, 2018*	30, 2018
				Convenience
				translation
				into US\$
				(In thousands)
<b>Liabilities</b>				
Finance lease obligations, other than current instalments		52,996	96,879	730
Borrowings		2,250,137	2,013,688	31,016
Contract liabilities	8B	974,501	-	13,433
Employee benefits	9	150,576	147,480	2,076
Other liabilities		210,838	983,152	2,906
Total non-current liabilities		3,639,048	3,241,199	50,161
<b>Finance lease obligations current instalments</b>				
Borrowings		89,556	89,086	1,234
Bank overdraft	6	1,884,066	1,472,177	25,970
Trade and other payables		2,331,184	2,121,537	32,134
Contract liabilities	8B	8,326,753	7,361,091	114,778
Deferred income		1,627,804	-	22,438
Current tax liabilities		-	1,172,061	-
Total current liabilities		146,132	-	2,014
		14,405,495	12,215,952	198,568
Total liabilities		18,044,543	15,457,151	248,729
Total equity and liabilities		27,313,284	24,462,104	376,490

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

\*Derived from the audited consolidated financial statements



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

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

	Note	Quarter ended September 30,  2018	Quarter ended September 30,  2017	Quarter ended September 30, 2018 Convenience translation into US\$ (In thousands)	Half year ended September 30,  2018	Half year ended September 30, 2018	Half year ended September 30, 2018 Convenience translation into US\$ (In thousands)
Revenue	10	5,509,350	4,839,905	75,941	10,192,148	9,395,388	140,489
Cost of goods sold and services rendered	11	(3,464,544)	(3,066,241)	(47,755)	(6,281,670)	(5,872,785)	(86,586)
Other income		66,514	84,500	917	100,237	112,413	1,382
Selling, general and administrative expense	12	(1,299,372)	(1,057,234)	(17,911)	(2,477,254)	(2,106,889)	(34,147)
Depreciation and amortization	4&5	(383,679)	(524,524)	(5,289)	(770,588)	(985,136)	(10,622)
Profit from operating activities		428,269	276,406	5,903	762,873	542,991	10,516
Finance income	13	9,106	43,336	126	22,947	63,754	316
Finance expenses	13	(184,725)	(117,110)	(2,546)	(332,111)	(229,885)	(4,578)
Net finance expense		(175,619)	(73,774)	(2,420)	(309,164)	(166,131)	(4,262)
Profit before tax		252,650	202,632	3,483	453,709	376,860	6,254
Income tax (expense)/ benefit	4	-	-	-	4	(90)	-
Profit for the period		252,654	202,632	3,483	453,713	376,770	6,254
Basic earnings per share	14	1.68	1.35		3.01	2.51	
Diluted earnings per share	14	1.66	1.35		2.97	2.51	

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

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

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

		Quarter ended September 30		Quarter ended September 30, 2018 <b>Convenience translation into US\$ (In thousands)</b>	Half year ended September 30		Half year ended September 30, 2018 <b>Convenience translation into US\$ (In thousands)</b>
	Note	2018	2017		2018	2017	
Profit for the period		252,654	202,632	3,483	453,713	376,770	6,254
Other comprehensive income/(loss) Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans	9	3,140	5,403	43	10,208	3,716	141
Items that will be reclassified to profit or loss							
Foreign currency translation differences of foreign operations		18,302	2,533	252	34,484	2,130	475
Other comprehensive income/(loss) for the period		21,442	7,936	295	44,692	5,846	616
Total comprehensive income for the period		274,096	210,568	3,778	498,405	382,616	6,870

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

**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Changes in Equity**

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

**For the half year ended September 30, 2018**

Particulars	Share capital	Share premium	Share based payment reserve	Other components of equity	Retained Earnings/ (accumulated deficit)	Total	Non-controlling interest	Total Equity
Balance at April 1, 2018	1,518,413	18,694,030	309,695	33,635	(11,550,820 )	9,004,953	-	9,004,953
Change in accounting policy on adoption of IFRS 15	-	-	-	-	(38,215 )	(38,215 )	-	(38,215 )
Total comprehensive income/ (loss) for the period	-	-	-	44,692	453,713	498,405	-	498,405
Transactions with owners, recorded directly in equity								
Shares issued on exercise of ESOP	2,458	16,731				19,189	-	19,189
Dividends paid (including corporate dividend tax) ( 1.2 per share)	-	-	-	-	(217,875 )	(217,875 )	-	(217,875 )
Transferred from share based payment reserve	-	4,857	(4,857 )	-	-	-	-	-
Share-based payment transactions	-		2,284	-	-	2,284		2,284
Balance as at September 30, 2018	1,520,871	18,715,618	307,122	78,327	(11,353,197 )	9,268,741	-	9,268,741

**For the half year ended September 30, 2017**

Particulars	Share capital	Share premium	Share based payment reserve	Other components of equity	Accumulated deficit	Total	Non-controlling interest	Total Equity
Balance at April 1, 2017	1,516,875	18,680,731	305,539	26,798	(12,265,524)	8,264,419	-	8,264,419
Total comprehensive income/ (loss) for the period	-	-	-	5,846	376,770	382,616	-	382,616
Share based payments	-	-	5,829	-	-	5,829	-	5,829
Transactions with owners, recorded directly in equity								
Dividends paid (including corporate dividend tax) ( 1.2 per share)	-	-	-	-	(208,697 )	(208,697 )	-	(208,697 )
Balance as at September 30, 2017	1,516,875	18,680,731	311,368	32,644	(12,097,451)	8,444,167	-	8,444,167

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

**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Cash Flows**

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

	Half year ended September 30		September 30, 2018
	2018	2017	Convenience translation into US\$ (In thousands)
Cash flows from / (used in) operating activities			
Profit for the period	453,713	376,770	6,254
Adjustments for:			
Depreciation and amortization	770,588	985,136	10,622
Gain on sale of property, plant and equipment	(2,070 )	(941 )	(29 )
Provision for doubtful receivables and advances	280,000	100,000	3,860
Stock compensation expense	2,283	5,829	31
Net finance expense / (income)	309,164	166,131	4,262
Unrealized (gain)/ loss on account of exchange differences	86,600	3,966	1,194
Amortisation of leasehold prepayments	11,062	10,208	152
Income tax expense	(4 )	90	-
	1,911,336	1,647,189	26,346
Change in trade and other receivables	(1,539,448 )	(131,373 )	(21,219 )
Change in inventories	(959,537 )	70,910	(13,226 )
Change in contract assets	(174,818 )	-	(2,410 )
Change in contract costs	(14,593 )	-	(201 )
Change in contract liabilities	507,212	-	6,991
Change in other assets	(267,478 )	(283,548 )	(3,687 )
Change in trade and other payables	1,461,495	(52,135 )	20,145
Change in employee benefits	13,734	23,460	189
Change in deferred revenue	-	(61,514 )	-
	937,903	1,212,989	12,928
Income taxes (paid)/refund received	(374,646 )	(215,851 )	(5,164 )
Net cash from operating activities	563,257	997,138	7,764
Cash flows from / (used in) investing activities			
Acquisition of property, plant and equipment	(1,482,133 )	(965,191 )	(20,430 )
Expenditure on intangible assets	(116,959 )	(60,161 )	(1,613 )
Proceeds from sale of property, plant and equipment	2,370	1,041	33
Investments in corporate debt securities	-	(25,090 )	-
Finance income received	16,149	59,118	223
Net cash used in investing activities	(1,580,573 )	(990,283 )	(21,787 )



**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Cash Flows**

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

	Half year ended September 30		September 30, 2018 Convenience translation into US\$ (In thousands)
	2018	2017	
Cash flows from / (used in) financing activities			
Proceeds from issue of shares (including share premium)	19,189	-	265
Proceeds from / (repayment of) borrowings, net	549,340	82,176	7,572
Finance expenses paid	(329,644 )	(231,449 )	(4,544 )
Repayment of finance lease liabilities	(43,413 )	(229,038 )	(598 )
Payment of dividends (including corporate dividend tax)	(217,875 )	(208,697 )	(3,003 )
Net cash used in financing activities	(22,403 )	(587,008 )	(308 )
Net Increase in cash and cash equivalents	(1,039,719 )	(580,153 )	(14,331 )
Cash and cash equivalents at April 1	166,584	893,104	2,296
Effect of exchange fluctuations on cash held	7,700	(1,109 )	106
Cash and cash equivalents at period end	(865,435 )	311,842	(11,929 )
Supplementary information			
Additions to property plant and equipment represented by finance lease obligations	-	4,426	

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

SIFY TECHNOLOGIES LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Reporting entity

Sify Technologies Limited, ('Sify' or 'the Company') formerly known as Sify Limited, is a leading ICT solutions and services provider headquartered in Chennai, India. These Unaudited Condensed Consolidated Interim Financial Statements as at and for the quarter and half year ended September 30, 2018 comprise the Company and its subsidiaries (Sify Technologies (Singapore) Pte Limited, Sify Technologies North America Corporation, Sify Data and Managed Services Limited and Sify Infit Spaces Limited (together referred to as the 'Group' and individually as 'Group entities'). The Group offers converged ICT solutions comprising telecom-centric services, Data Center-centric IT services which includes Data Center services, cloud and managed services, applications integration services and technology integration services. Sify is listed on the NASDAQ Capital Market in the United States.

2. Basis of preparation

a. Statement of compliance

The Unaudited Condensed Consolidated Interim Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standard (IFRS), *IAS 34 Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended March 31, 2018.

These Unaudited Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors on October 22, 2018.

**b. Functional and presentation currency**

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Indian rupee is the functional currency of Sify and its Indian Subsidiary. US dollar is the functional currency of Sify's foreign subsidiaries located in the US and Singapore.



The Unaudited Condensed Consolidated Interim Financial Statements are presented in Indian Rupees which is the Group's presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest thousand except where otherwise indicated.

Convenience translation: Solely for the convenience of the reader, the financial statements as of and for the quarter and half year ended September 30, 2018 have been translated into United States dollars (neither the presentation currency nor the functional currency of the Group) based on the reference rate in the City of Mumbai on September 30, 2018, for cable transfers in Indian rupees as published by the Reserve Bank of India which was 72.55 per \$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollar at such a rate or at any other rate on September 30, 2018 or at any other date.

### **c. Use of estimates**

The preparation of these Unaudited Condensed Consolidated Interim Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the period. Accounting estimates could change from period to period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of change and future periods, if the change affects both and, if material, their effects are disclosed in the notes to the financial statements.

In preparing the Unaudited Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimating uncertainties were the same as that were applied to the consolidated financial statements as at and for the year ended March 31, 2018 except for the below mentioned additional estimates made by the management on adoption of IFRS 15 Revenue from contracts with customers.

### **Significant judgments on applying IFRS 15**

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

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

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

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

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

### **3. Significant accounting policies**

The accounting policies applied by the Group in these Unaudited Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended March 31, 2018 except for the below change in accounting policy on adoption of IFRS 15 Revenue from Contracts with Customers.

#### **Changes in accounting policies**

## **Revenue Recognition**

The Group derives revenue from converged ICT solutions comprising telecom-centric services, Data Center-centric IT services which includes Data Center services, cloud and managed services, applications integration services and technology integration services.

The Group has adopted IFRS 15 Revenue from Contracts with Customers effective April 1, 2018 by using the cumulative effect transition method and accordingly comparatives have not been retrospectively adjusted. The effect on adoption of IFRS 15 on initial application of Rs. 38,215 has been adjusted in the opening retained earnings.

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

## **Telecom Services**

Revenue from telecom services include data network services and voice services. Telecom services primarily include revenue from connectivity services, NLD/ILD services and to a lesser extent, revenues from the setup and installation of connectivity links. The Group provides connectivity for a fixed period of time at a fixed rate regardless of usage. Revenue from telecom services are series of distinct services. The performance obligations are satisfied over time.

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

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

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

**Data Center (“DC”) Services**

Revenue from DC services consists co-location of racks and power charges. The contracts are mainly for a fixed rate for a period of time. Revenue from co-location of racks, power charges and cross connect charges are series of distinct services. The performance obligations are satisfied over time. 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.

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### **Cloud and Managed Services**

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

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

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

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

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

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

### **Technology Integration Services**

Revenue from technology integration services include system integration services, revenue from construction of Data Centers, network services, security solutions and to a lesser extent, revenue from sale of hardware and software.

Revenue from construction contract includes revenue from construction of Data Centers to the specific needs and design of the customer. The Group recognize revenue at point in time, when the customer does not take control of work-in-progress or over a period of time when the customer controls the work-in-progress.

In the case where revenue is recognised over a period of time and progress is measured based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract.

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

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

### **Applications Integration Services**

Revenue from applications integration services include online assessment, document management services, web development, mailing solutions, digital certificate based authentication services, supply chain software and eLearning software development services. eLearning software development services consist of structuring of content, developing modules, delivery and training users in the modules developed.

Revenue from applications integration services is recognised over a period of time. The progress is measured based on the amount of time/effort spent on a project. Revenue in relation to 'time' is measured as the agreed rate per unit of time multiplied by the units of time expended. The element of revenue related to materials is measured in accordance with the terms of the contract.

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

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

Digital certification revenues include income received on account of web certification. Generally the Company does not hold after sale service commitments after the activation of the digital certificates sold and accordingly, revenue is recognised fully on the date of activation of the respective certificate.

### **Multiple deliverable arrangements**

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

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

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

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

### **Contract Cost**

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

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

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.



**Impact on the financial statements**

The below table summarises the impact of adoption of IFRS 15 on the Group's consolidated financial statements for the period ended September 30, 2018

**Unaudited Condensed Consolidated Interim Statement of Financial Position**

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

	As at September 30, 2018		
	(As Reported)	Adjustments under IFRS 15	(without adoption of IFRS 15)
<b>ASSETS</b>			
Property, plant and equipment	7,244,897	-	7,244,897
Intangible assets	610,550	-	610,550
Lease prepayments	1,333,784	-	1,333,784
Other assets	1,348,549	-	1,348,549
Deferred contract costs	30,320	(30,320)	-
Other investments	162,330	-	162,330
Deferred tax assets	146,132	-	146,132
Total non-current assets	10,876,562	(30,320)	10,846,242
Inventories	1,605,384	-	1,605,384
Trade and other receivables, net	12,365,530	232,368	12,597,898
Contract assets	232,368	(232,368)	-
Deferred contract costs	92,993	(92,993)	-
Prepayments for current assets	674,698	-	674,698
Restricted cash	269,062	-	269,062
Cash and cash equivalents	1,196,687	-	1,196,687
Total current assets	16,436,722	(92,993)	16,343,730
Total assets	27,313,284	(123,312)	27,189,972
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1,520,871	-	1,520,871
Share premium	18,715,618	-	18,715,618
Share based payment reserve	307,122	-	307,122
Other components of equity	78,327	-	78,327
Accumulated deficit	(11,353,197)	45,456	(11,307,741)
Equity attributable to equity holders of the Company	9,268,741	45,456	9,314,197



**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Financial Position**

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

	As at September 30, 2018		
	(As Reported)	Adjustments under IFRS 15	(without adoption of IFRS 15)
<b>Liabilities</b>			
Finance lease obligations, other than current instalments	52,996	-	52,996
Borrowings	2,250,137	-	2,250,137
Contract liabilities	974,501	(974,501 )	-
Employee benefits	150,576	-	150,576
Other liabilities	210,838	974,501	1,185,339
Total non-current liabilities	3,639,048	-	3,639,048
Finance lease obligations current instalments	89,556	-	89,556
Borrowings	1,884,066	-	1,884,066
Bank overdraft	2,331,184	-	2,331,184
Trade and other payables	8,326,753	-	8,326,753
Contract liabilities	1,627,804	(1,627,804 )	-
Deferred income	-	1,459,036	1,459,036
Current tax liabilities	146,132	-	146,132
Total current liabilities	14,405,495	(168,768 )	14,236,727
Total liabilities	18,044,543	(168,768 )	17,875,775
Total equity and liabilities	27,313,284	(123,312 )	27,189,972

**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, 2018			Half year ended September 30, 2018		
	<b>As Reported</b>	<b>Adjustments</b>	Without adoption of IFRS 15	<b>As Reported</b>	<b>Adjustments</b>	without adoption of IFRS 15
Revenue	5,509,350	13,740	5,523,090	10,192,148	21,843	10,213,991
Cost of goods sold and services rendered	(3,464,544)	(10,149 )	(3,474,693 )	(6,281,670 )	(14,602 )	(6,296,272 )
Other income	66,514	-	66,514	100,237	-	100,237
Selling, general and administrative expense	(1,299,372)	-	(1,299,372 )	(2,477,254 )	-	(2,477,254 )
Depreciation and amortization	(383,679 )	-	(383,679 )	(770,588 )	-	(770,588 )
Profit from operating activities	428,269	3,591	431,860	762,873	7,241	770,114
Finance income	9,106	-	9,106	22,947	-	22,947
Finance expenses	(184,725 )	-	(184,725 )	(332,111 )	-	(332,111 )
Net finance expense	(175,619 )	-	(175,619 )	(309,164 )	-	(309,164 )
Profit before tax	252,650	3,591	256,241	453,709	7,241	460,950
Income tax (expense)/ benefit	4	-	4	4	-	4
Profit for the period	252,654	3,591	256,245	453,713	7,241	460,954
Basic earnings per share	1.68		1.70	3.01		3.06
Diluted earnings per share	1.66		1.68	2.97		3.02

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

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

	Quarter ended September 30, 2018			Half year ended September 30, 2018			
	Note	As Reported	Adjustments Without adoption of IFRS 15	As Reported	Adjustments Without adoption of IFRS 15		
Profit for the period		252,654	3,591	256,244	453,713	7,241	460,954
Other comprehensive income/(loss)							
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans	9	3,140	-	3,140	10,208	-	10,208
Items that will be reclassified to profit or loss							
Foreign currency translation differences of foreign operations		18,302	-	18,302	34,484	-	34,484
Other comprehensive income/(loss) for the period		21,442	-	21,442	44,692	-	44,692
Total comprehensive income for the period		274,096	3,591	277,686	498,405	7,241	505,646

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**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Cash Flows**

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

	Half year ended September 30, 2018		
	(As Reported)	Adjustments under IFRS	(without adoption of IFRS 15)
Cash flows from / (used in) operating activities			
Profit for the period	453,713	7,241	460,954
Adjustments for:			
Depreciation and amortization	770,588	-	770,588
Gain on sale of property, plant and equipment	(2,070 )	-	(2,070 )
Provision for doubtful receivables and advances	280,000	-	280,000
Stock compensation expense	2,283	-	2,283
Net finance expense / (income)	309,164	-	309,164
Unrealized (gain)/ loss on account of exchange differences	86,600	-	86,600
Amortisation of leasehold prepayments	11,062	-	11,062
Income tax expense	(4 )	-	(4 )
	1,911,336	7,241	1,918,576
Change in trade and other receivables	(1,539,448 )	(174,818 )	(1,714,266 )
Change in inventories	(959,537 )	-	(959,537 )
Change in contract assets	(174,818 )	174,818	-
Change in contract costs	(14,593 )	14,593	-
Change in contract liabilities	507,212	(507,212 )	-
Change in other assets	(267,478 )	-	(267,478 )
Change in trade and other payables	1,461,495	-	1,461,495
Change in employee benefits	13,734	-	13,734
Change in deferred revenue	-	485,378	485,378
	937,903	-	937,903
Income taxes (paid)/refund received	(374,646 )	-	(374,646 )
Net cash from operating activities	563,257	-	563,257
Cash flows from / (used in) investing activities			
Acquisition of property, plant and equipment	(1,482,133 )	-	(1,482,133 )
Expenditure on intangible assets	(116,959 )	-	(116,959 )
Proceeds from sale of property, plant and equipment	2,370	-	2,370
Investments in corporate debt securities	-	-	-
Finance income received	16,149	-	16,149
Net cash used in investing activities	(1,580,573 )	-	(1,580,573 )



**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statement of Cash Flows**

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

	Half year ended September 30, 2018		
	(As Reported)	Adjustments under IFRS	(without adoption of IFRS 15)
Cash flows from / (used in) financing activities			
Proceeds from issue of shares (including share premium)	19,189	-	19,189
Proceeds from / (repayment of) borrowings, net	549,340	-	549,340
Finance expenses paid	(329,644 )	-	(329,644 )
Repayment of finance lease liabilities	(43,413 )	-	(43,413 )
Payment of dividends (including corporate dividend tax)	(217,875 )	-	(217,875 )
Net cash used in financing activities	(22,403 )	-	(22,403 )
Net Increase in cash and cash equivalents	(1,039,719 )	-	(1,039,719 )
Cash and cash equivalents at April 1	166,584	-	166,584
Effect of exchange fluctuations on cash held			