

SIFY TECHNOLOGIES LTD

Form 6-K

March 29, 2011

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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, 2010
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 20F 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.

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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, 2010 for cable transfers in Indian rupees as published by the Reserve Bank of India (RBI) which was Rs.44.92 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 Annual Report on Form 20-F for the fiscal year ended March 31, 2010, filed with the Securities and Exchange Commission (the SEC) on November 30, 2010.

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;

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.

Table of Contents**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 September 30, 2010 Rs.	As at March 31, 2010 (a) Rs.	As at September 30, 2010 Convenience translation into US\$ (Note 2(b))
ASSETS				
Property, plant and equipment	5	3,250,251	3,452,022	72,356
Intangible assets	6	113,821	129,524	2,534
Investment in equity accounted investee	7	671,661	633,469	14,952
Lease prepayments	9	305,022	273,911	6,790
Other assets		607,697	554,358	13,531
Other investments		150		3
Total non-current assets		4,948,602	5,043,284	110,166
Inventories		25,154	21,488	560
Trade and other receivables, net	10	3,378,134	3,195,012	75,204
Prepayments for current assets		168,062	191,318	3,741
Restricted cash	8	440,941	360,909	9,816
Cash and cash equivalents	8	303,318	517,789	6,752
Total current assets		4,315,609	4,286,516	96,073
Total assets		9,264,211	9,329,800	206,239
EQUITY AND LIABILITIES				
Equity				
Share capital		546,332	546,332	12,162
Share premium		16,528,621	16,528,621	367,957
Share based payment reserve		187,145	180,124	4,166
Other components of equity		5,893	3,374	130
Accumulated deficit		(13,403,127)	(13,087,359)	(298,376)
Equity attributable to equity holders of the Company		3,864,864	4,171,092	86,039

Non-controlling interest

Total equity	3,864,864	4,171,092	86,039
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Table of Contents**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 September 30, 2010 Rs.	As at March 31, 2010 (a) Rs.	As at September 30, 2010 Convenience translation into US\$ (Note 2(b))
Liabilities				
Finance lease obligations, other than current instalments		153,371	155,347	3,414
Borrowings	12	364,581	449,424	8,116
Employee benefits	11	63,580	54,807	1,415
Other liabilities		168,168	165,800	3,745
Total non-current liabilities		749,700	825,378	16,690
Finance lease obligations current instalments		55,241	45,970	1,230
Borrowings	12	895,317	952,846	19,931
Bank overdraft	8	1,139,667	1,060,284	25,371
Trade and other payables		2,079,166	1,855,664	46,286
Deferred income		480,256	418,566	10,692
Total current liabilities		4,649,647	4,333,330	103,510
Total liabilities		5,399,347	5,158,708	120,200
Total equity and liabilities		9,264,211	9,329,800	206,239

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)

	Note	Quarter ended September 30,		Quarter ended September 30, 2010 Convenience translation into US\$ (Note 2(b))	Half year ended September 30,		Half year ended September 30, 2010 Convenience translation into US\$ (Note 2(b))
		2010	2009		2010	2009	
		Rs.	Rs.		Rs.	Rs.	
Revenue	13	1,716,732	1,737,902	38,218	3,444,558	3,386,447	76,682
Cost of goods sold and services rendered	14	(1,054,062)	(1,053,767)	(23,465)	(2,128,334)	(2,069,718)	(47,381)
Other income		20,364	30,248	453	39,200	62,299	873
Selling, general and administrative expense		(608,540)	(633,674)	(13,547)	(1,239,557)	(1,275,957)	(27,595)
Depreciation and amortization		(173,353)	(149,869)	(3,859)	(347,745)	(297,139)	(7,741)
Impairment loss on Intangibles including goodwill					(1,857)	(47,269)	(41)
Loss from operating activities		(98,859)	(69,160)	(2,200)	(233,735)	(241,337)	(5,203)
Finance income	16	14,078	3,290	313	20,627	20,350	459
Finance expenses	16	(72,426)	(72,238)	(1,612)	(141,148)	(143,824)	(3,142)
Net finance expense		(58,348)	(68,948)	(1,299)	(120,521)	(123,474)	(2,683)
Share of profit of equity accounted investee (net of income tax)	7	22,796	20,283	507	38,488	36,216	857
Loss before tax		(134,411)	(117,825)	(2,992)	(315,768)	(328,595)	(7,029)

Income tax (expense) / benefit					81,479	
Loss for the period after tax	(134,411)	(117,825)	(2,992)	(315,768)	(247,116)	(7,029)
Attributable to:						
Equity holders of the Company	(134,411)	(117,825)	(2,992)	(315,768)	(256,902)	(7,029)
Non-controlling interest					9,786	
	(134,411)	(117,825)	(2,992)	(315,768)	(247,116)	(7,029)
Loss per share	17					
Basic loss per share	(2.52)	(2.21)	(0.06)	(5.92)	(5.31)	(0.13)
Diluted loss per share	(2.52)	(2.21)	(0.06)	(5.92)	(5.31)	(0.13)

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 September 30		Quarter ended September 30, 2010	Half year ended September 30		Half year ended September 30, 2010
	2010	2009	Convenience translation into US\$ (Note 2(b))	2010	2009	Convenience translation into US\$ (Note 2(b))
	Rs.	Rs.		Rs.	Rs.	
Loss for the period	(134,411)	(117,825)	(2,992)	(315,768)	(247,116)	(7,029)
Other comprehensive income						
Foreign currency translation differences of foreign operations	(52)	224	(1)	(8)	696	
Defined benefit plan actuarial gains / (losses)	87	7,175	2	2,821	1,584	63
Change in fair value of available for sale investments, transferred to profit or loss					6,441	
Share of other comprehensive income from equity accounted investee	(175)	854	(4)	(294)	1,526	(7)
Other comprehensive income for the period	(140)	8,253	(3)	2,519	10,247	56
Total comprehensive loss for the period	(134,551)	(109,572)	(2,995)	(313,249)	(236,869)	(6,973)

Attributable to:

Equity holders of the Company	(134,551)	(109,572)	(2,995)	(313,249)	(246,655)	(6,973)
Non-controlling interest					9,786	
Total comprehensive loss for the period	(134,551)	(109,572)	(2,995)	(313,249)	(236,869)	(6,973)

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

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Sify Technologies Limited

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

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

For six months ended September 30, 2010

	Share	Share	Share based payment	Other components	Accumulated	Non- controlling
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