

SIFY TECHNOLOGIES LTD
Form 6-K
March 22, 2012

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, 2011

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

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(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.

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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, and references to Rs. Rupees or Rupees are to the legal currency of India. References to a particular fiscal year are 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, 2011 for cable transfers in Indian rupees as published by the Reserve Bank of India (RBI) which was Rs.48.93 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, 2011, filed with the Securities and Exchange Commission (the SEC) on October 13, 2011.

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, target and similar 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.

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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.

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

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

		As at		As at
		September 30,	March 31,	September 30,
	Note	2011	2011 @	2011
		Rs.	Rs.	Convenience translation into US\$
ASSETS				
Property, plant and equipment	5	3,859,304	3,760,473	78,874
Intangible assets	6	113,999	104,626	2,330
Investment in equity accounted investee	7	738,765	702,363	15,098
Lease prepayments	9	60,530	63,068	1,237
Other assets		723,604	672,843	14,789
Other investments		160	160	3
Total non-current assets		5,496,362	5,303,533	112,331
Inventories		22,120	15,637	452
Trade and other receivables, net	10	3,715,452	3,185,913	75,934
Prepayments for current assets		226,422	190,191	4,627
Restricted cash	8	89,448	84,538	1,828
Cash and cash equivalents	8	458,437	458,559	9,369
Total current assets		4,511,879	3,934,838	92,210
Total assets		10,008,241	9,238,371	204,541
EQUITY AND LIABILITIES				
Equity				
Share capital		1,172,393	858,832	23,961
Share premium		17,916,443	17,216,121	366,165
Share based payment reserve		193,028	190,325	3,945
Other components of equity		20,559	7,365	420
Accumulated deficit		(13,805,487)	(13,606,851)	(282,148)
Equity attributable to equity holders of the Company		5,496,936	4,665,792	112,343

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 30, 2011 Rs.	March 31, 2011 @ Rs.	September 30, 2011 Convenience translation into US\$
Liabilities				
Finance lease obligations, other than current instalments		110,878	127,746	2,266
Borrowings	12	184,653	262,608	3,774
Employee benefits	11	49,119	47,788	1,004
Other liabilities		173,710	163,245	3,550
Total non-current liabilities		518,360	601,387	10,594
Finance lease obligations current instalments		72,889	60,507	1,490
Borrowings	12	1,036,786	1,035,802	21,189
Bank overdraft	8	220,738	678,901	4,511
Trade and other payables		2,170,394	1,783,388	44,357
Deferred income		492,138	412,594	10,057
Total current liabilities		3,992,945	3,971,192	81,604
Total liabilities		4,511,305	4,572,579	92,198
Total equity and liabilities		10,008,241	9,238,371	204,541

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)

		Quarter ended September 30,		Quarter ended September 30, 2011 Convenience translation into US\$	Half year ended September 30,		Half year ended September 30, 2011 Convenience translation into US\$
	Note	2011 Rs.	2010 Rs.		2011 Rs.	2010 Rs.	
Revenue	13	1,815,430	1,716,732	37,103	4,074,471	3,444,558	83,271
Cost of goods sold and services rendered	14	(1,059,720)	(1,054,062)	(21,658)	(2,616,607)	(2,128,334)	(53,477)
Other income		216	20,364	4	1,640	39,200	34
Selling, general and administrative expense		(618,689)	(608,540)	(12,644)	(1,211,630)	(1,239,557)	(24,763)
Depreciation and amortization		(171,945)	(173,353)	(3,514)	(342,454)	(347,745)	(6,999)
Impairment loss on Intangibles						(1,857)	
Loss from operating activities		(34,708)	(98,859)	(709)	(94,580)	(233,735)	(1,934)
Finance income	16	4,988	14,078	102	7,527	20,627	154
Finance expenses	16	(77,361)	(72,426)	(1,581)	(145,826)	(141,148)	(2,980)
Net finance expense		(72,373)	(58,348)	(1,479)	(138,299)	(120,521)	(2,826)
Share of profit of equity accounted investee (net of income tax)	7	18,671	22,796	382	34,243	38,488	700
Loss before tax		(88,410)	(134,411)	(1,806)	(198,636)	(315,768)	(4,060)
Income tax (expense) / benefit							
Loss for the period after tax		(88,410)	(134,411)	(1,806)	(198,636)	(315,768)	(4,060)
Loss per share	17						
Basic loss per share		(0.92)	(2.52)	(0.02)	(2.20)	(5.92)	(0.04)
Diluted loss per share		(0.92)	(2.52)	(0.02)	(2.20)	(5.92)	(0.04)

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)

	Note	Quarter ended September 30		Quarter ended September 30, 2011	Half year ended September 30		Half year ended September 30, 2011
		2011 Rs.	2010 Rs.	Convenience translation into US\$	2011 Rs.	2010 Rs.	Convenience translation into US\$
Loss for the period		(88,410)	(134,411)	(1,806)	(198,636)	(315,768)	(4,060)
Other comprehensive income							
Foreign currency translation differences of foreign operations		2,660	(52)	54	2,988	(8)	61
Defined benefit plan actuarial gains / (losses)		4,009	87	82	8,045	2,821	164
Share of other comprehensive income from equity accounted investee		1,639	(175)	33	2,161	(294)	44
Other comprehensive income for the period		8,308	(140)	169	13,194	2,519	269
Total comprehensive loss for the period		(80,102)	(134,551)	(1,637)	(185,442)	(313,249)	(3,791)

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 six months ended September 30, 2011

Particulars	Share capital	Share premium	Share based payment reserve	Other components of equity	Accumulated deficit	Total Equity
Balance at April 1, 2011	858,832	17,216,121	190,325	7,365	(13,606,851)	4,665,792
Total comprehensive income/ (loss) for the period				13,194	(198,636)	(185,442)
Transactions with owners, recorded directly in equity						
Issue of Share Capital	313,561	700,322				1,013,883
Share-based payments			2,703			2,703
Balance at September 30, 2011	1,172,393	17,916,443	193,028	20,559	(13,805,487)	5,496,936

For six months ended September 30, 2010

Particulars	Share capital	Share premium	Share based payment reserve	Other components of equity	Accumulated deficit	Total Equity
Balance at April 1, 2010	546,332	16,528,621	180,124	3,374	(13,087,359)	4,171,092
Total comprehensive income / (loss) for the period				2,519	(315,768)	(313,249)
Transactions with owners, recorded directly in equity						
Share based payments			7,021			7,021
Balance at September 30, 2010	546,332	16,528,621	187,145	5,893	(13,403,127)	3,864,864

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)

	Six Months ended September 30		September 30, 2011
	2011 Rs.	2010 Rs.	Convenience translation into US\$
Cash flows from / (used in) operating activities			
Loss for the period	(198,636)	(315,768)	(4,060)
<i>Adjustments for:</i>			
Depreciation and amortization	342,454	347,745	6,999
Impairment loss on Intangibles including goodwill		1,857	
Share of profit of equity accounted investee	(34,243)	(38,488)	(700)
Loss / (gain) on sale of property, plant and equipment	(83)	1,178	(2)
Provision for doubtful receivables and advances	32,201	69,777	658
Customs duty credit entitlement written off	20,000		409
Stock compensation expense	2,703	7,021	55
Net finance expense / (income)	138,299	120,521	2,826
Unrealized (gain) / loss on account of exchange differences	(5,804)	(9,668)	(119)
Amortisation of Leasehold Prepayments	2,497	1,964	51
	299,388	186,139	6,117
Change in trade and other receivables	(565,769)	(251,487)	(11,563)
Change in inventories	(6,483)	(3,666)	(132)
Change in other assets	(56,780)	9,909	(1,160)
Change in trade and other payables	340,540	283,303	6,960
Change in employee benefits	9,376	11,595	192
Change in deferred revenue	79,544	61,690	1,626
	99,816	297,483	2,040
Income taxes paid	23,639	(13,130)	482
Net cash from / (used in) operating activities	123,455	284,353	2,522
Cash flows from / (used in) investing activities			
Acquisition of property, plant and equipment	(340,308)	(148,889)	(6,955)
Expenditure on intangible assets	(46,782)	(71,812)	(956)
Proceeds from sale of property, plant and equipment	323	1,549	7
Finance income received	4,646	35,898	95
Other investments		(150)	
Net cash used in investing activities	(382,121)	(183,404)	(7,809)

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

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

	Six months ended September 30		September 30, 2011
	2011 Rs	2010 Rs	Convenience translation into US\$
Cash flows from / (used in) financing activities			
Proceeds from issue of shares on private placement (including share premium)	1,000,000		20,437
Proceeds from issue of shares on exercise of options (including share premium)	13,883		284
Proceeds from / (repayment of) borrowings, net	(95,936)	(142,372)	(1,961)
Finance expenses paid	(158,397)	(150,233)	(3,237)
Repayment of finance lease liabilities	(34,842)	(23,541)	(712)
Net cash from / (used) in financing activities	724,708	(316,146)	14,811

Ne