

SIFY TECHNOLOGIES LTD

Form 6-K

August 28, 2009

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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 December 31, 2008
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, 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 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 noon buying rate in the City of New York on December 31, 2008 for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York. The noon buying rate on December 31, 2008 was Rs .48.58 per \$1.00.

Our financial statements are prepared in Indian rupees and presented in accordance with International Financial Reporting standards, 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 principal corporate website, www.sifycorp.com, is not part of this report.

Forward-looking Statements May Prove Inaccurate

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. 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****Unaudited Condensed Consolidated Interim Balance Sheets**

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

		As at		As at December 31, 2008
	Note	December 31, 2008 Rs.	March 31, 2008 Rs.	Convenience translation into US\$ (Note 2(c))
Assets				
Property, plant and equipment	4	2,993,030	2,181,785	61,610
Intangible assets	5	178,306	182,307	3,670
Investment in equity accounted investees	6	515,614	478,514	10,614
Restricted cash	7	1,000	1,000	21
Net investment in leases other than current installments			5,297	
Lease prepayments	8	486,643	568,909	10,017
Other assets		371,179	336,525	7,641
Deferred tax assets		14,044	15,570	289
Total non-current assets		4,559,816	3,769,907	93,862
Inventories		73,677	37,751	1,517
Trade and other receivables, net	9	2,989,539	2,220,726	61,538
Net investment in leases, current installments			6,743	
Prepayments and other assets		138,298	150,627	2,847
Restricted cash	7	868,958	877,582	17,887
Cash and bank balances	7	433,600	628,745	8,925
Other investments		14,190	18,679	292
Total current assets		4,518,262	3,940,853	93,006
Total assets		9,078,078	7,710,760	186,868

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Table of Contents**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Balance Sheets**

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

		As at December 31, 2008 Rs.	As at March 31, 2008 Rs.	As at December 31, 2008 Convenience translation into US\$ (Note 2(c))
	Note			
Equity				
Share capital	10	441,018	441,018	9,078
Share premium	10	16,375,217	16,368,647	337,077
Share based payment reserve	10	196,745	149,398	4,050
Other components of equity	10	(32,922)	(9,817)	(678)
Accumulated deficit	10	(12,939,319)	(12,254,262)	(266,351)
Equity attributable to equity holders of the Company		4,040,739	4,694,984	83,176
Minority interest	10	237,915	199,907	4,897
Total equity		4,278,654	4,894,891	88,073
Liabilities				
Finance lease obligations, other than current installments		95,015	2,493	1,956
Employee benefits	11	96,407	42,250	1,984
Other liabilities		132,724	124,472	2,732
Total non-current liabilities		324,146	169,215	6,672
Finance lease obligations current installments		33,860	2,899	697
Borrowings from banks	12	713,375	156,426	14,685
Bank overdraft	7	1,353,766	617,637	27,867
Trade and other payables		1,883,506	1,501,336	38,771
Deferred income		490,771	368,356	10,103
Total current liabilities		4,475,278	2,646,654	92,123
Total liabilities		4,799,424	2,815,869	98,795
Total equity and liabilities		9,078,078	7,710,760	186,868

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

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

		Three months ended December 31		Three months ended December 31, 2008 Convenience translation into US\$ (Note 2(c))	Three months ended December 31		Nine Months ended December 31, 2008 Convenience translation into US\$ (Note 2(c))
	Note	2008 Rs.	2007 Rs.		2008 Rs.	2007 Rs.	
Revenue	13	1,550,767	1,532,287	31,922	4,625,393	4,408,892	95,212
Cost of goods sold and services rendered	14	(886,048)	(884,304)	(18,239)	(2,695,475)	(2,474,993)	(55,485)
Other income		27,112	11,143	558	60,697	34,597	1,249
Selling, general and administrative expense		(700,482)	(539,217)	(14,419)	(2,142,145)	(1,778,647)	(44,095)
Depreciation and amortization expenses		(142,000)	(142,129)	(2,923)	(375,368)	(389,854)	(7,727)
Income/(loss) from operating activities		(150,651)	(22,220)	(3,101)	(526,898)	(200,005)	(10,846)
Finance income	17	27,436	41,842	565	92,693	126,097	1,908
Finance expenses	17	(80,294)	(17,781)	(1,653)	(166,097)	(34,105)	(3,419)
Net finance income/(expense)		(52,858)	24,061	(1,088)	(73,404)	91,992	(1,511)
Share of profit of equity accounted investee (net of income tax)	6	1,525	81,409	31	38,622	146,581	795
Profit/(loss) before tax		(201,984)	83,250	(4,158)	(561,680)	38,568	(11,562)

Income tax (expense)/benefit		(45,038)	(41,688)	(927)	(85,368)	(77,452)	(1,728)
Profit/(loss) for the period		(247,022)	41,562	(5,085)	(647,048)	(38,884)	(13,320)
Attributable to:							
Equity holders of the Company		(258,548)	35,738	(5,322)	(685,057)	(58,894)	(14,102)
Minority interests		11,526	5,824	237	38,008	20,010	782
		(247,022)	41,562	(5,085)	(647,048)	(38,884)	(13,320)
Earnings/(loss) per share	18						
Basic earnings/(loss) per share		(6.04)	0.83	(0.12)	(15.74)	(1.37)	(0.31)
Diluted earnings/(loss) per share		(6.04)	0.83	(0.12)	(15.74)	(1.37)	(0.31)

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

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Table of Contents**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statements of Recognised Income and Expense**

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

	Note	Three months ended		Three	Three months ended		Nine
		December 31		months	December 31		Months
		2008	2007	ended	2008	2007	ended
		Rs.	Rs.	December	Rs.	Rs.	December
				31, 2008			31,
				Convenience			2008
				translation			Convenience
				into US\$			translation
				(Note			into US\$
				2(c))			(Note 2(c))
Foreign currency translation differences for foreign operations		2,573	97	53	(394)	123	(8)
Defined benefit plan actuarial gains (losses)		(15,085)	(418)	(311)	(17,499)	(1,717)	(360)
Change in fair value of available for sale investments		(2,142)	2,487	(44)	(3,691)	2,487	(76)
Share of gains and losses from equity accounted investees		338		7	(1,521)	(7,284)	(31)
Income and expense recognised directly in equity		(14,316)	2,166	(295)	(23,105)	(6,391)	(475)
Profit/(loss) for the period		(247,022)	41,562	(5,085)	(647,048)	(38,884)	(13,320)
Total recognised income and expense for the period	10	(261,338)	43,728	(5,380)	(670,153)	(45,275)	(13,795)
Total comprehensive income attributable to:							
Equity holders of the Company		(272,864)	37,904	(5,617)	(708,161)	(65,285)	(14,577)

Minority interest	11,526	5,824	237	38,008	20,010	782
Total recognised income and expense for the period	(261,338)	43,728	(5,380)	(670,153)	(45,275)	(13,795)

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 Statements of Cash Flows**

	Nine months ended December 31		December 31, 2008
	2008	2007	Convenience translation into US\$ (Note 2(c))
(In thousands, except share data and as otherwise stated)	Rs.	Rs.	
Cash flows from / (used in) operating activities			
Loss for the period	(647,048)	(38,883)	(13,319)
<i>Adjustments for:</i>			
Depreciation and amortization	375,368	389,854	7,727
Share of profit of equity accounted investee	(38,622)	(146,581)	(795)
Loss/ (gain) on sale of property, plant and equipment	(93)	194	(2)
Provision for doubtful receivables and advances	97,666	110,108	2,010
Stock compensation expense	47,347	39,618	975
Net finance expense / (income)	73,404	(91,991)	1,511
Income tax expense	85,368	77,452	1,757
Unrealized (gain)/ loss on account of exchange differences	(1,460)	4,859	(30)
	(8,069)	344,630	(166)
Change in trade and other receivables	(806,164)	(653,828)	(16,595)
Change in inventories	(35,926)	(6,333)	(740)
Change in other assets	111,572	(157,155)	2,297
Change in trade and other payables	304,655	656,188	6,271
Change in employee benefits	36,658	14,783	755
Change in deferred revenue	122,415	58,359	2,520
	(274,859)	256,644	(5,658)
Income taxes paid	(237,296)	(232,124)	(4,885)
Net cash (used in) / from operating activities	(512,155)	24,520	(10,543)
Cash flows from / (used in) investing activities			
Acquisition of property, plant and equipment	(879,222)	(668,080)	(18,098)
Expenditure on intangible assets	(93,040)	(7,439)	(1,915)
Proceeds from sale of property, plant and equipment	872	172	18
Net investment in leases	12,040	14,786	248
Finance income received	134,480	53,710	2,768
Short term investments, net		(20,315)	
Net cash used in investing activities	(824,870)	(627,166)	(16,979)

Table of Contents**Sify Technologies Limited****Unaudited Condensed Consolidated Interim Statements of Cash Flows**

	Nine months ended December 31		December 31, 2008
	2008	2007	Convenience translation into US\$ (Note 2(c))
(In thousands, except share data and as otherwise stated)	Rs.	Rs.	
Cash flows from / (used in) financing activities			
Proceeds from issue of share capital (including share premium)		4,662	
Proceeds from / (repayment of) borrowings, net	556,949	(562,296)	11,465
Finance expenses paid	(157,433)	(16,260)	(3,241)
Repayment of finance lease liabilities	(2,246)		