Sify Technologies Limited has announced its financial results for the third quarter ended December 31, 2010.

Financial Highlights:

- Sify's total operating revenues stood at US$ 38.72 million in the third quarter 2010-11
- EBITDA is at US$ 2.13 million vis-a-vis US$ 1.21 million in the previous quarter. Previous year third quarter EBITDA was at US$ 1.17 million.
- After substantial depreciation and interest, the net loss for the quarter was at US$ 2.09 million.
- Capital infusion of US$ 21.7 million during this quarter
- Cash generated from operations for the last nine months was at US$ 3.56 million

Raju Vegesna, promoter & CMD, said, "Even though we have seen a sharp drop in bandwidth prices in the market, our enterprise business has shown resilience by taking a pro-active approach to protect margins. We are committed to monetizing our investments in EIG under-sea cable, commissioning the Noida Data Center in the next fiscal year and expanding our network. Managed Services Practice in our Infrastructure Management Business is witnessing satisfactory growth. The Consumer business is transiting to a more scalable model to support healthy revenues with emphasis on delivery of Value Added Services on the Cloud platform." He further added, "Our focus will always be healthy revenue growth with continued focus on cost management. This will be a continuous process."

CVS Suri, COO, said, "We see process improvements and revenue productivity making an impact on our bottom-line and have aligned all the teams in this endeavor. We have rolled out a new Performance Management System and a new Procurement system which enables us to leverage untapped potential and accelerate realization of the benefits of cost optimization efforts underway. We have also aligned the organization structure to the needs of the market for better revenue growth."

MP Vijay Kumar, CFO, said, "Relentless focus on hygiene has enabled us to sustain a positive EBITDA over the last few quarters and shown a healthy growth this quarter. The Promoters have in response to their subscription to the capital of US$ 86 million, already infused capital of US$21.7 million. The infusion of capital has improved our liquidity position and will help us to fund our Data Center and Network expansion. Consequent to the on-going changes in the

consumer business model, we will review productivity of related assets."

Business Highlights

Enterprise Business

Sify's Enterprise business has successfully added large enterprise customers to all its business verticals. Riding on the back of growing demand for Cloud and Data Centre services and backed by alliances with some of the industry's leading players, Sify consolidated its position as a leading Managed Services Provider.

Connectivity

Sify has successfully closed the quarter with significant wins from sectors like IT, Telecom, Retail, Manufacturing and the Government. This quarter Sify has been successful in winning large bandwidth contracts from the ISP market. Also, Network-to-network-interface with new telecom services providers helps us in offering our Bandwidth and RF last mile services. This unique proposition has helped Sify to provide last mile to other Telecom Service Providers for their customers.

Sify has launched Express Night Connect services on Internet to address the growing needs of the Call centre and BPO market.

Hosting

Hosting business has grown by 26.35 % over the same quarter previous year. Sify has become a dominant Cloud Services Provider in the Indian market. This has helped Sify win many contracts. The customer contracts include IaaS (Infrastructure as Service) i.e. On demand Compute, On demand Storage and managed services. Existing customers have also scaled up their capacities. The DR setup for the cloud services is ready from Sify's Bangalore data centre.

This will help customers subscribe to the BCP/DR solution on Sify's Cloud setup. Sify's continued alliances with industry leaders has come in handy on large bids for connectivity and hosting business prospects. The strong alliances have also helped Sify offer Cloud based services to the business partners of the Industry leaders like HP. Sify's collaboration with Independent Software Vendor communities to host applications on the Cloud Platform is beginning to take concrete form.

Managed Voice services

Business Volume (in minutes) of International long distance (ILD) business (India Termination) has grown by a little over 10 % this quarter over the previous quarter and the revenue grew by around 6%. Traffic volume in Hubbing has gone up by 29 per cent, while the revenue has gone up by 23 per cent.

System Integration Business

The Tripura State Data Centre project has been successfully completed and has been handed over to the state government. Sify has been awarded the contract for the Jharkhand State Data centre. With this contract, the total number of State Data Centre projects won by Sify will stand at 5.

Enterprise Application Services

EAS has partnered with Nokia for Tej, a hosted mobile order management service integrated with Forum to track information from the field on-the-go. EAS has also launched Forum D'Lite, which is a lean and robust stand-alone software handpicked from the suite of Forum corporate offerings, revamped to cater to independent distributors/dealers dealing in finished products.

EAS holds a unique position in the Hybrid Messaging space, providing a fusion between Microsoft Exchange and Linux based mail server.

International Business

We have just bagged the business for an expanded scope of services from a global player. To further such business, we have signed up a couple of business associates to help expand the same.

The US market will continue to be our focus for market penetration both horizontally and vertically.

Our new strategies will include addressing the active SMB market segment through partnerships, focusing on business associates program to reach out to new customers and leveraging Sify's cloud capability to build niche cloud services.

eLearning

Three new Accounts have been added - two from the Industrial Components sector and one from a Development Agency. Sustained Q-on-Q growth with increased demand from existing customers as well as newer accounts is the driver. Strategic focus on new customer build-up has resulted in reduced Concentration risk with share of top two customers at 20 per cent of total revenue for the quarter.

Sify has successfully piloted new technology-based learning products with our local partner in the Chinese market. This will help us increase traction for our services in this region in the coming fiscal

The eLearning division also won the Bronze at the Brandon-Hall Learning Excellence Awards 2010 in the Mobile Learning category thus maintaining an unbroken five years winning streak.

Consumer Services

More cafes into the Sify fold

In perhaps the first time in more than 3 years, the numbers of cafes opting for Sify registered a significant increase over the previous quarter. A 14 per cent growth has been recorded over the previous quarter up from 8% over quarter one.

Advertising revenue

Spending by brand advertisers on our portals is beginning to improve. Advertising revenues increased by 30 per cent over last quarter. Comparatively, the rise over the same period last year was a modest 8 per cent.

Investment in usability tools/user experience

On both our Sify and Samachar portals, we have invested in user centric usability tools like HTML5, Jump lists and Personalised recommendations.

The photo gallery can now be experienced through Microsoft's IE9 browser and other modern browsers that support HTML 5 standards.

Windows 7 users can now enjoy the benefit of pinning all properties of Sify.com onto their taskbar and browsing them seamlessly via Jumplists. 'Personalized recommendations' suggests articles based on a user's content consumption pattern within Samachar over a few clicked news articles.

Wireless broadband gains traction

With our wireless broadband implementation picking up steam, a special offer was launched in Tambaram (Chennai suburbs). Christened "Double Delicious Pongal Offer", any new customer taking a broadband connection in Tambaram gets speeds of 512 kbps for the price of 256 kbps.

Launch of Sify Talk services to Cafes:

To extend our VOIP strategy to a different segment, Sify Talk, a VoIP service (Voice over Internet Protocol), targeted at internet cafes and PCOs was launched on October 2010. This follows the launch of Sify talk services to Small and Medium Businesses (SMBs) and Small Office/Home Office (SOHO) businesses.

Increase in online renewals

To promote online transactions and to aid our customers adopt online mode of payments, we launched a below-the-line campaign for existing broadband customers. This has helped us push online renewals from 6% to over 10% of the total renewals.

Alliances

As an initiative to extend the benefits of Sify mylife, our consumer cloud platform, Sify and Hungama Digital Media now offer entertainment content to the consumers. Consumers can now purchase coupons from the various Sify cyber cafes spread across the country to buy the music of their choice and download the content at any Sify cafe across India using three simple steps - browse, preview and download.

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