

**SIFY LIMITED (formerly known as Satyam Infoway Limited) and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share data and as otherwise stated)

	2002 Rs.	As at March 31, 2003 Rs.	2003 \$
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	658,111	897,596	18,885
Cash restricted	52,389	74,612	1,570
Accounts receivable	419,961	346,270	7,285
Due from officers and employees	38,675	982	21
Due from related parties	8,137	16,016	337
Inventories	35,426	39,971	841
Prepaid expenses	114,755	124,785	2,625
Other current assets	76,891	72,948	1,535
<b>Total current assets</b>	<b>1,404,345</b>	<b>1,573,180</b>	<b>33,099</b>
Cash restricted	100,000	100,010	2,104
Property, plant and equipment-net	1,932,046	1,542,829	32,460
Goodwill and other intangible assets	341,179	166,983	3,513
Investments in affiliated companies	170,332	140,053	2,947
Investments in securities	9,477	1,140	24
Other assets	139,152	176,192	3,707
<b>Total assets</b>	<b>4,146,274</b>	<b>3,700,387</b>	<b>77,854</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Current installments of capital lease obligations	3,218	2,482	52
Trade accounts payable	243,099	89,259	1,878
Accrued liabilities	256,291	271,632	5,715
Deferred revenue	144,519	289,297	6,087
Advances from customers	15,320	26,171	551
Other current liabilities	21,278	60,520	1,273
<b>Total current liabilities</b>	<b>683,725</b>	<b>739,361</b>	<b>15,556</b>
Capital lease obligations, excluding current installments	3,922	3,767	79
Deferred Tax Liability	13,388	-	-
Other liabilities	39,877	65,864	1,386
<b>Total liabilities</b>	<b>740,912</b>	<b>808,992</b>	<b>17,021</b>
Minority interest	11,249	2,699	57
Stockholders' equity			
Common stock, Rs 10 par value; 35,000,000 equity shares authorized; Issued and outstanding: 23,202,176 shares as of March 31,2002 and 32,795,200 as of March 31,2003	232,022	327,952	6,900
Additional paid-in capital	13,649,324	14,326,742	301,425
Deferred compensation - employee stock offer plan	(74,961)	(24,839)	(523)
Accumulated deficit	(10,408,381)	(11,737,769)	(246,955)
Accumulated other comprehensive income	(3,891)	(3,390)	(71)
<b>Total stockholders' equity</b>	<b>3,394,113</b>	<b>2,888,696</b>	<b>60,776</b>
<b>Total liabilities and stockholders' equity</b>	<b>4,146,274</b>	<b>3,700,387</b>	<b>77,854</b>

See accompanying notes to consolidated financial statements

**SIFY LIMITED (formerly known as Satyam Infoway Limited) and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except share data and as otherwise stated)

	Year ended March 31,			
	2001 Rs.	2002 Rs.	2003 Rs.	2003 \$
Revenues	1,200,833	1,493,636	1,862,585	39,188
Initial services charges	19,691	66,652	97,270	2,046
Satyam Computer Services Limited	4,957	17,200	34,345	723
<b>Total Revenue</b>	<b>1,225,481</b>	<b>1,577,488</b>	<b>1,994,200</b>	<b>41,957</b>
Cost of revenues (excluding depreciation and amortization)	(1,177,106)	(1,192,671)	(1,264,101)	(26,596)
<b>Gross profit (excluding depreciation and amortization)</b>	<b>48,375</b>	<b>384,817</b>	<b>730,099</b>	<b>15,361</b>
Operating expenses:				
Selling, general and administrative expenses	1,855,864	1,860,967	1,635,103	34,401
Provision for doubtful receivables and advances	31,460	101,500	156,233	3,287
Acquisition expenses	-	20,000	-	-
Amortisation / impairment of goodwill	931,967	4,420,644	-	-
Impairment of assets	-	-	246,999	5,197
Amortisation of deferred stock compensation expense	61,451	9,686	57,729	1,215
Foreign exchange gain	(162,136)	(44,520)	18	-
<b>Total operating expenses</b>	<b>2,718,606</b>	<b>6,368,277</b>	<b>2,096,082</b>	<b>44,100</b>
Operating loss	(2,670,231)	(5,983,460)	(1,365,983)	(28,739)
Other income, net	242,368	32,711	52,948	1,114
Loss before taxes, equity in losses of affiliates and minority interest	(2,427,863)	(5,950,749)	(1,313,035)	(27,625)
Equity in losses of affiliates				
Operating losses	(263,178)	(1,225,444)	(50,689)	(1,066)
Gain on sale of investment in affiliates			24,628	518
Minority interest	11,137	17,928	12,564	264
Losses before income taxes	(2,679,904)	(7,158,265)	(1,326,532)	(27,909)
Taxes	(1,707)	-	(2,856)	(60)
<b>Loss from continuing operations</b>	<b>(2,681,611)</b>	<b>(7,158,265)</b>	<b>(1,329,388)</b>	<b>(27,969)</b>
Discontinued operations				
Income / (loss) from discontinued operations	172,581	(125,373)	-	-
Profit on sale of discontinued operations	-	81,121	-	-
<b>Net loss</b>	<b>(2,509,030)</b>	<b>(7,202,517)</b>	<b>(1,329,388)</b>	<b>(27,969)</b>
Net loss per share - continuing operations	(117.34)	(308.59)	(51.15)	(1.08)
Net loss per share - discontinued operations	7.55	(1.91)	-	-
<b>Net loss per share</b>	<b>(109.79)</b>	<b>(310.50)</b>	<b>(51.15)</b>	<b>(1.08)</b>
Weighted equity shares used in computing loss per equity share	22,852,600	23,196,428	25,988,095	25,988,095

See accompanying notes to consolidated financial statements