

Item 1. Financial Statements

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

	As at March 31, 2005	As at September 30, 2005	
ASSETS			
Current assets:			
Cash and cash equivalents	Rs. 1,323,912	Rs. 1,131,253	\$ 25,745
Cash restricted	24,904	10,000	228
Accounts receivable	615,286	708,682	16,128
Due from employees	2,063	2,365	54
Due from related parties	33,524	50,068	1,139
Inventories	29,194	47,434	1,080
Prepaid expenses	87,162	59,721	1,359
Net investment in leases	9,430	10,245	233
Other current assets	140,285	143,186	3,259
Total current assets	2,265,760	2,162,954	49,225
Cash restricted	7,336	1,000	23
Net investment in leases	19,735	15,956	363
Property, plant and equipment-net	1,270,621	1,392,744	31,696
Goodwill and other intangible assets	171,732	149,536	3,403
Investments in affiliated companies	192,357	221,765	5,047
Other assets	93,241	88,025	2,003
Total assets	Rs. 4,020,782	Rs. 4,031,980	\$ 91,760
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current installments of capital lease obligations	6,089	4,912	112
Trade accounts payable	454,466	425,262	9,678
Accrued liabilities	393,727	485,195	11,042
Deferred revenue	409,244	509,015	11,584
Due to employees	2,326	111	3
Advances from customers	69,429	93,200	2,121
Other current liabilities	117,876	85,805	1,952
Total current liabilities	1,453,157	1,603,500	36,492
Capital lease obligations, excluding current installments	3,814	2,462	56
Other liabilities	63,627	85,195	1,939
Total liabilities	1,520,598	1,691,157	38,487
Minority interest	1,595	-	-
Stockholders' equity			
Equity shares, Rs 10 par value; 37,500,000 shares authorized; Issued and outstanding: 35,380,278 shares as of September 30, 2005 and 35,380,278 shares as of March 31, 2005.	353,803	353,803	8,052
Additional paid-in capital	14,563,734	14,563,665	331,444
Deferred compensation - employee stock offer plan	(3,416)	(1,377)	(31)
Accumulated deficit	(12,415,532)	(12,575,268)	(286,192)
Total stockholders' equity	2,498,589	2,340,823	53,273
Total liabilities and stockholders' equity	Rs. 4,020,782	Rs. 4,031,980	\$ 91,760

See accompanying notes to unaudited condensed consolidated financial statements