

Part I. Financial Information
Item 1. Financial Statements

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

	As at March 31,		As at September 30,	
	2006		2006	
	Rs. _	Rs.	\$	
ASSETS	-	-		
Current assets:				
Cash and cash equivalents	Rs. 2,822,501	Rs. 2,315,552	\$ 50,393	
Accounts receivable	838,433	1,052,468	22,905	
Due from employees	23,818	3,633	79	
Inventories	30,462	30,803	670	
Prepaid expenses	91,158	130,777	2,846	
Net investment in leases	10,776	16,003	348	
Other current assets	212,696	286,100	6,226	
Total current assets	4,029,844	3,835,336	83,467	
Cash restricted	1,000	1,000	22	
Net investment in leases	10,842	17,311	377	
Property, plant and equipment-net	1,423,246	1,610,736	35,054	
Goodwill and other intangible assets	62,436	156,056	3,396	
Investments in affiliated companies	233,060	256,954	5,592	
Other assets	191,343	194,153	4,225	
Total assets	Rs. 5,951,771	Rs. 6,071,546	\$ 132,133	
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Current installments of capital lease obligations	2,759	2,418	53	
Trade accounts payable	440,841	184,395	4,013	
Accrued liabilities	584,264	667,252	14,521	
Deferred revenue	444,333	473,786	10,311	
Due to employees	1,300	1,200	26	
Advances from customers	112,512	108,719	2,366	
Other current liabilities	74,174	112,803	2,455	
Total current liabilities	1,660,183	1,550,573	33,745	
Capital lease obligations, excluding current installments	2,546	2,684	58	
Other liabilities	234,533	240,006	5,223	
Total liabilities	1,897,262	1,793,263	39,026	
Stockholders' equity				
Common stock, Rs 10 par value; 50,000,000 equity shares authorized (as of March 31, 2006 : 50,000,000) ; Issued and outstanding: 42,712,480 shares as of September 30,2006 and 42,389,514 shares as of March 31, 2006	423,895	427,125	9,295	
Additional paid-in capital	16,238,413	16,286,073	354,430	
Deferred compensation - employee stock offer plan	(41,925)	-	-	
Accumulated deficit	(12,565,874)	(12,434,915)	(270,618)	
Total stockholders' equity	4,054,509	4,278,283	93,107	
Total liabilities and stockholders' equity	Rs. 5,951,771	Rs. 6,071,546	\$ 132,133	

See accompanying notes to unaudited condensed consolidated financial statements