

Part I. Financial Information

Item 1. Financial Statements

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

	As at March 31,	As at June,	
	2007	2007	2007 Convenience Translation into US\$ (Note 2)
	Rs.	Rs.	\$
ASSETS			
Current assets:			
Cash and cash equivalents	Rs. 3,070,157	Rs. 1,874,377	\$ 46,190
Accounts receivable	1,188,406	1,516,589	37,373
Due from employees	7,726	7,447	184
Inventories	28,686	28,293	697
Prepaid expenses	118,207	126,912	3,127
Net investment in leases	16,560	13,977	344
Other current assets	289,673	292,952	7,219
Total current assets	4,719,415	3,860,547	95,134
Cash restricted	1,000	191,777	4,726
Deferred income taxes	66,104	55,957	1,379
Net investment in leases	12,032	10,345	255
Property, plant and equipment-net	1,644,564	1,799,771	44,351
Goodwill and other intangible assets	192,390	188,736	4,651
Investments in affiliated companies	302,956	325,632	8,024
Other assets	224,491	273,837	6,748
Total assets	Rs. 7,162,952	Rs. 6,706,602	\$ 165,268
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Borrowings from banks	800,000	171,669	4,230
Current installments of capital lease obligations	2,476	2,960	73
Trade accounts payable	316,935	380,119	9,367
Accrued liabilities	737,284	833,908	20,550
Deferred revenue	450,030	459,093	11,313
Advances from customers	89,908	103,270	2,545
Other current liabilities	89,855	103,517	2,551
Total current liabilities	2,486,488	2,054,536	50,629
Capital lease obligations, excluding current installments	3,671	4,392	108
Other liabilities	121,938	130,116	3,206
Total liabilities	2,612,097	2,189,044	53,943
Minority interest	169,765	175,443	4,324
Stockholders' equity			
Common stock, Rs 10 par value; 50,000,000 equity shares authorized (as of March 31, 2007 : 50,000,000) ; Issued and outstanding: 42,808,852 shares as of June 30,2007 and 42,800,265 shares as of March 31, 2007	428,003	428,089	10,549
Additional paid-in capital	16,325,960	16,341,886	402,709
Accumulated deficit	(12,378,114)	(12,433,140)	(306,386)
Accumulated other comprehensive income	5,241	5,280	129
Total stockholders' equity	4,381,090	4,342,115	107,001
Total liabilities and stockholders' equity	Rs. 7,162,952	Rs. 6,706,602	\$ 165,268

See accompanying notes to unaudited condensed consolidated financial statements