

**SIFY LIMITED AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands, except share data and as otherwise stated)

	Nine months ended December 31,		
	2003	2004	2004
<b>Net loss</b>	<b>Rs.(394,421)</b>	<b>Rs.(195,953)</b>	<b>\$(4,529)</b>
Adjustments to reconcile net loss to net cash provided by / (used in) operating activities:			
Depreciation, amortization of intangible assets and deferred stock compensation	444,062	423,237	9,781
Equity in losses / (profits) of affiliates	6,423	(35,565)	(822)
Gain on sale of investments	(76,054)	(15,710)	(363)
Loss on sale of property, plant and equipment	44	230	5
Provision for doubtful receivables and advances	62,313	39,489	913
Minority interest	(79)	-	-
Translation loss on cash and cash equivalents	25,535	1,538	36
Others	2,688	(4,113)	(95)
<i>Changes in assets and liabilities:</i>			
Accounts receivable	(148,991)	(5,787)	(134)
Due from employees	2,884	2,725	63
Due from related parties	4,874	(11,684)	(270)
Inventories	13,298	(8,083)	(187)
Prepaid expenses	(16,009)	14,368	332
Other assets	9,207	(38,085)	(880)
Net investment in sales-type leases	-	(31,432)	(726)
Trade accounts payable and accrued liabilities	62,036	146,147	3,378
Deferred revenue	64,484	75,616	1,748
Advances from customers	63,546	(11,239)	(260)
Other liabilities	9,005	43,150	997
<b>Net cash provided by operating activities</b>	<b>Rs. 134,845</b>	<b>Rs. 388,849</b>	<b>\$8,987</b>
<b>Cash flows from investing activities:</b>			
Expenditure on property, plant and equipment	(249,924)	(335,252)	(7,748)
Proceeds from sale of property, plant and equipment	253,651	10,345	239
Expenditure on intangible assets	(2,330)	-	-
Expenditure on investment in affiliates	(4,482)	-	-
Expenditure on acquisition of minority interest	(940)	-	-
Net movement in cash – restricted	23,662	87,378	2,019
Proceeds from sale of investments	7,356	15,000	347
<b>Net cash provided by / (used in) investing activities</b>	<b>Rs. 26,993</b>	<b>Rs.(222,529)</b>	<b>\$(5,143)</b>
<b>Cash flows from financing activities:</b>			
Principal payments under capital lease obligations	(5,457)	(7,018)	(162)
Net proceeds from issuance of common stock	159,829	78,285	1,809
<b>Net cash provided by financing activities</b>	<b>Rs. 154,372</b>	<b>Rs. 71,267</b>	<b>\$1,647</b>
Effect of exchange rate changes on cash and cash equivalents	(25,535)	(1,538)	(36)
<b>Net increase in cash and cash equivalents</b>	<b>290,675</b>	<b>236,049</b>	<b>5,455</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>897,596</b>	<b>1,325,803</b>	<b>30,640</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>Rs. 1,188,271</b>	<b>Rs. 1,561,852</b>	<b>\$36,095</b>
<b>Supplementary Information</b>			
Cash paid towards interest	1,853	695	16
Cash paid towards taxes	(7,125)	3,843	89

See accompanying notes to unaudited condensed consolidated financial statements