

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

	Nine months ended December 31,		
	2004	2005	2005
	Rs.	Rs.	\$
Net loss	(195,953)	(170,157)	(3,786)
Adjustments to reconcile net loss to net cash provided by / (used in) operating activities:			
Depreciation, impairment and amortization of intangible assets and deferred stock compensation	423,237	353,125	7,856
Equity in profit of affiliate	(35,565)	(35,257)	(784)
Gain on sale of investment	(15,710)	(2,548)	(57)
Loss on sale of property, plant and equipment	230	819	18
Provision for doubtful receivables and advances	39,489	46,763	1,040
Write back of amortization of intangibles	—	(4,815)	(107)
Minority interest	—	(51)	(1)
Translation (gain) / loss	1,538	(6,454)	(144)
Gain on disposal of subsidiary	—	(1,595)	(35)
<i>Changes in assets and liabilities:</i>			
Accounts receivable	(5,787)	(174,251)	(3,877)
Due from employees	2,725	(18,833)	(418)
Due from related parties	(11,684)	—	—
Inventories	(12,196)	(8,058)	(179)
Prepaid expenses	14,368	(20,612)	(460)
Other assets	(38,085)	(14,585)	(324)
Net investment in leases	(31,432)	4,955	110
Trade accounts payable and accrued liabilities	146,147	52,927	1,178
Deferred revenue	75,616	94,831	2,110
Advances from customers	(11,239)	12,247	272
Other liabilities	43,150	5,423	121
Net cash provided by operating activities	Rs. 388,849	Rs. 113,874	\$ 2,533
Cash flows from investing activities:			
Expenditure on property, plant and equipment	(335,252)	(481,370)	(10,709)
Proceeds from sale of property, plant and equipment	10,345	3,487	78
Proceeds from sale of investment	15,000	139,810	3,110
Net movement in cash – restricted	87,378	31,240	695
Net cash used in investing activities	Rs. (222,529)	Rs. (306,833)	\$ (6,826)
Cash flows from financing activities:			
Principal payments under capital lease obligations	(7,018)	(5,855)	(130)
Net proceeds from issuance of common stock	78,285	14,850	330
Net cash provided by financing activities	Rs. 71,267	Rs. 8,995	\$ 200
Effect of exchange rate changes on cash and cash equivalents	(1,538)	8,679	193
Net increase / (decrease) in cash and cash equivalents	236,049	(175,285)	(3,900)
Cash and cash equivalents at the beginning of the period	1,325,803	1,323,912	29,453
Cash and cash equivalents at the end of the period	Rs. 1,561,852	Rs. 1,148,627	\$ 25,553
Supplementary Information			
Cash paid towards interest	Rs. 695	Rs. 9,702	\$ 216
Cash paid / (refund received) towards income taxes	3,843	(15,843)	(352)
Asset acquired under capital lease obligation outstanding	7,810	2,186	49

See accompanying condensed notes to unaudited consolidated financial statements