

**SIFY LIMITED (formerly known as Satyam Infoway Limited) AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands, except share data and as otherwise stated)

	Year ended March 31,			
	2003	2004	2005	2005
<b>Net loss</b>	<b>Rs.(1,329,388)</b>	<b>Rs.(371,284)</b>	<b>Rs.(307,576)</b>	<b>\$(7,051)</b>
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	854,182	582,531	567,426	13,008
Equity in losses/(profits) of affiliates	26,061	(17,083)	(50,752)	(1,164)
Gain on sale of investments	(1,495)	(98,948)	(15,710)	(360)
Loss/(gain) on sale of property, plant and equipment	2,552	(1,990)	2,757	63
Provision for doubtful receivables and advances	156,233	76,487	57,579	1,320
Minority interest	(12,564)	(79)	-	-
Translation (gain)/loss on cash and cash equivalents	7,345	47,063	(1,479)	(34)
Others	6,481	5,089	(3,586)	(82)
<i>Changes in assets and liabilities:</i>				
Accounts receivable	(65,793)	(223,074)	(178,885)	(4,101)
Due from employees	62,552	4,870	4,250	97
Due from related parties	(7,879)	2,986	(20,494)	(470)
Inventories	(11,265)	17,805	(4,849)	(111)
Prepaid expenses	(10,030)	17,828	19,795	454
Other assets	(24,962)	43,034	(26,246)	(602)
Net investment in sales-type leases	-	-	(29,165)	(669)
Trade accounts payable and accrued liabilities	(78,836)	120,621	310,643	7,122
Deferred revenue	144,778	52,656	67,291	1,543
Advances from customers	10,851	57,499	(14,241)	(326)
Other liabilities	32,904	(42,026)	74,194	1,701
<b>Net cash provided by/(used in) operating activities</b>	<b>Rs.(238,273)</b>	<b>Rs.273,985</b>	<b>Rs.450,952</b>	<b>\$10,338</b>
<b>Cash flows from investing activities:</b>				
Expenditure on property, plant and equipment	(284,346)	(342,584)	(533,197)	(12,224)
Proceeds from sale of property, plant and equipment	12,055	12,955	15,200	349
Expenditure on intangible assets	(16,891)	(2,331)	(100,000)	(2,293)
Expenditure on investment in affiliates	29,162	56,737	-	-
Expenditure on acquisition of minority interest	-	(940)	-	-
Net movement in cash - restricted	(22,233)	62,889	79,493	1,823
Purchase consideration for acquisition, net of cash	-	(32,755)	-	-
Proceeds from sale of investments	8,579	257,356	15,000	344
<b>Net cash provided by/(used in) investing activities</b>	<b>Rs.(273,674)</b>	<b>Rs.11,327</b>	<b>Rs.(523,504)</b>	<b>\$(12,001)</b>
<b>Cash flows from financing activities:</b>				
Acquisition related debt	-	30,355	-	-
Principal payments under capital lease obligations	(1,695)	(7,317)	(9,579)	(220)
Net proceeds from issuance of common stock	760,472	166,920	78,761	1,806
<b>Net cash provided by financing activities</b>	<b>Rs.758,777</b>	<b>Rs.189,958</b>	<b>Rs.69,182</b>	<b>\$1,586</b>
Effect of exchange rate changes on cash and cash equivalents	(7,345)	(47,063)	1,479	34
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>239,485</b>	<b>428,207</b>	<b>(1,891)</b>	<b>(43)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>658,111</b>	<b>897,596</b>	<b>1,325,803</b>	<b>30,394</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>Rs.897,596</b>	<b>Rs.1,325,803</b>	<b>Rs.1,323,912</b>	<b>\$30,351</b>
<b>Supplementary Information</b>				
Cash paid towards interest	795	2,126	832	19
Cash paid towards taxes	20,048	(29,468)	12,698	291

Additions to property, plant and equipment represented by capital lease obligations

3,251

9,737

7,272

167

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( See accompanying notes to consolidated financial statements)