

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,		
	2005 Rs.	2006 Rs.	2006 \$
Net profit / (loss)	Rs. (172,705)	Rs. 172,530	\$ 3,911
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	353,125	388,614	8,810
Equity in profit of affiliate	(35,257)	(42,544)	(964)
Gain on sale of investment	(2,548)	—	—
(Gain) / Loss on sale of property, plant and equipment	819	(165)	(4)
Provision for doubtful receivables and advances	46,763	142,340	3,227
Write back of amortisation of intangibles	(4,815)	—	—
Minority interest	—	7,896	179
Unrealized (gain) / loss on account of exchange differences	—	(6,400)	(145)
Translation (gain) / loss on cash and cash equivalents	(6,454)	2,857	65
Gain on disposal of subsidiary	(1,595)	(226)	(5)
<i>Changes in assets and liabilities:</i>			
Accounts receivable	(174,251)	(325,832)	(7,387)
Due from employees	(18,833)	17,378	394
Minority interest	—	139,460	3,162
Inventories	(8,058)	147	3
Prepaid expenses	(20,612)	(40,126)	(910)
Other assets	(14,585)	(41,016)	(930)
Net investment in leases	4,955	(10,120)	(230)
Trade accounts payable and accrued liabilities	52,927	(92,773)	(2,103)
Deferred revenue	94,831	(53,296)	(1,208)
Advances from customers	12,247	(49,817)	(1,129)
Other liabilities	5,423	(116,371)	(2,638)
Net cash provided/(used) by operating activities	Rs. 113,874	Rs. 92,536	\$ 2,098
Cash flows from investing activities:			
Expenditure on property, plant and equipment	(481,370)	(481,995)	(10,928)
Proceeds from sale of property, plant and equipment	3,487	3,909	89
Expenditure on intangible assets	—	(66,177)	(1,500)
Business acquisition	—	(92,934)	(2,107)
Net movement in cash — restricted	31,240	—	—
Proceeds from sale of investments	139,810	—	—
Net cash used in investing activities	Rs. (306,833)	Rs. (637,197)	\$ (14,446)
Cash flows from financing activities:			
Principal payments under capital lease obligations	(5,855)	(4,805)	(109)
Net proceeds from issuance of common stock	14,850	68,275	1,548
Net cash provided by financing activities	Rs. 8,995	Rs. 63,470	\$ 1,439
Effect of exchange rate changes on cash and cash equivalents	8,679	(2,857)	(65)
Net increase / (decrease) in cash and cash equivalents	(175,285)	(484,048)	\$ (10,974)
Cash and cash equivalents at the beginning of the period	1,323,912	2,822,501	63,988
Cash and cash equivalents at the end of the period	Rs.1,148,627	Rs.2,338,453	\$ 53,014
Supplementary Information			
Cash paid towards interest	9,702	566	13
Cash paid / (refund received) towards income taxes	(15,843)	46,102	1,045
Additions to property, plant and equipment represented by capital lease obligations	2,186	4,453	101

See accompanying notes to unaudited condensed consolidated financial statements