

SIFY LIMITED and Subsidiaries
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands and as otherwise stated)

	Six months ended September 30,		
	2005 Rs.	2006 Rs.	2006 \$
Net profit / (loss)	Rs.(159,736)	Rs. 130,959	\$ 2,851
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	238,539	270,226	5,881
Equity in profit of affiliate	(29,408)	(23,894)	(520)
(Gain) / Loss on sale of property, plant and equipment	780	(261)	(6)
Provision for doubtful receivables and advances	33,045	73,664	1,603
Unrealized (gain) / loss on account of exchange differences	-	765	17
Translation (gain) / loss on cash and cash equivalents	(2,070)	(11,235)	(244)
Gain on disposal of subsidiary	(1,595)	-	-
<i>Changes in assets and liabilities:</i>			
Accounts receivable	(126,441)	(288,569)	(6,280)
Due from employees	(2,165)	20,384	443
Due from related parties	(16,544)	-	-
Inventories	(18,240)	(341)	(7)
Prepaid expenses	27,441	(39,619)	(862)
Other assets	1,963	(76,316)	(1,661)
Net investment in leases	2,964	(11,696)	(255)
Trade accounts payable and accrued liabilities	62,264	(173,591)	(3,778)
Deferred revenue	99,771	29,453	641
Advances from customers	23,771	(3,771)	(82)
Other liabilities	(10,502)	20,818	453
Net cash provided/(used) by operating activities	Rs. 123,837	Rs.(83,024)	\$(1,806)
Cash flows from investing activities:			
Expenditure on property, plant and equipment	(337,416)	(385,908)	(8,399)
Proceeds from sale of property, plant and equipment	1,280	1,640	36
Expenditure on intangible assets	-	(7,278)	(158)
Business acquisition	-	(92,934)	(2,023)
Net movement in cash - restricted	21,240	-	-
Net cash used in investing activities	Rs.(314,896)	Rs.(484,480)	\$(10,544)
Cash flows from financing activities:			
Principal payments under capital lease obligations	(3,670)	(2,025)	(44)
Net proceeds from issuance of common stock	-	51,345	1,117
Net cash provided by financing activities	Rs.(3,670)	Rs. 49,320	\$1,073
Effect of exchange rate changes on cash and cash equivalents	2,070	11,235	245
Net increase / (decrease) in cash and cash equivalents	(192,659)	(506,949)	\$(11,032)
Cash and cash equivalents at the beginning of the period	1,323,912	2,822,501	61,425

Cash and cash equivalents at the end of the period	<u>Rs. 1,131,253</u>	<u>Rs. 2,315,552</u>	<u>\$50,393</u>
Supplementary Information			
Cash paid towards interest	6,425	4,012	87
Cash paid / (refund received) towards income taxes	(19,905)	23,766	517
Additions to property, plant and equipment represented by capital lease obligations	1,131	1,720	37

See accompanying notes to unaudited condensed consolidated financial statements