

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

	Nine months ended December 31,		
	2006	2007	2007
	Rs.	Rs.	\$
Net profit / (loss)	Rs. 172,530	Rs.(84,847)	\$ (2,154)
Adjustments to reconcile net loss to net cash provided by / (used in) operating activities:			
Income taxes	-	77,864	1,976
Depreciation	297,705	352,900	8,955
Amortization of intangible assets	44,400	23,332	592
Employee stock compensation expense	46,509	39,618	1,005
Equity in profit of affiliate	(42,544)	(147,051)	(3,731)
(Gain) / loss on sale of property, plant and equipment	(165)	598	15
Provision for doubtful receivables and advances	142,340	110,107	2,794
Gain on disposal of subsidiary	(226)	-	-
Minority interest	147,356	20,010	508
Unrealized gain / (loss) on account of exchange differences	(3,543)	(6,897)	(175)
<i>Changes in assets and liabilities:</i>			-
Accounts receivable	(343,971)	(905,194)	(22,969)
Due from employees	17,378	1,619	41
Inventories	147	(6,332)	(161)
Prepaid expenses	(40,126)	(10,048)	(255)
Other assets	(41,016)	(153,951)	(3,906)
Trade accounts payable and accrued liabilities	(92,773)	653,315	16,577
Deferred revenue	(53,296)	58,359	1,481
Advances from customers	(49,817)	20,632	524
Other liabilities	(116,371)	11,646	295
Net cash provided/(used) by operating activities	Rs. 84,517	Rs. 55,680	\$ 1,412
Cash flows from investing activities:			
Net movement in cash-restricted	-	309,233	7,847
Expenditure on property, plant and equipment	(481,995)	(665,923)	(16,897)
Proceeds from sale of property, plant and equipment	3,909	6,410	163
Expenditure on intangible assets	(66,177)	(13,490)	(342)
Business acquisition (net of cash)	(92,934)	-	-
Receipts in respect of assets given on sale-type leases	8,019	14,786	375
Purchase of short term investments	-	(20,316)	(516)
Net cash used in investing activities	Rs.(629,178)	Rs.(369,300)	\$ (9,370)
Cash flows from financing activities:			
Repayments of short term borrowings from Banks,net	-	(562,296)	(14,268)
Payments under capital lease obligation	(4,805)	(56)	(1)
Net proceeds from issuance of common stock	68,275	4,662	118
Net cash provided by financing activities	Rs. 63,470	Rs.(557,690)	\$ (14,151)
Effect of exchange rate changes on cash and cash equivalents	(2,857)	1,882	48
Net increase / (decrease) in cash and cash equivalents	(484,048)	(869,428)	(22,061)
Cash and cash equivalents at the beginning of the period	2,822,501	2,131,824	54,093
Cash and cash equivalents at the end of the period	Rs. 2,338,453	Rs. 1,262,396	\$ 32,032
Supplementary Information			
Cash paid towards interest	566	4,056	103
Cash paid / (refund received) towards income taxes	46,102	92,730	2,353
Additions to property, plant and equipment represented by capital lease obligations	4,453	3,751	95

See accompanying notes to unaudited condensed consolidated financial statements