

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

	Year ended March 31,			
	2005	2006	2007	2007
	Rs.	Rs.	Rs.	Convenience translation into US\$ Unaudited (Note 2) \$
	Rs.(307,576)	Rs.(149,245)	187,760	\$ 4,357
Net profit / (loss)				
Adjustments to reconcile net loss to net cash provided by / (used in) operating activities:				
Income taxes	-	-	(68,928)	(1,599)
Depreciation	472,400	395,018	410,321	9,520
Amortization of intangible assets	84,387	68,759	50,486	1,171
Deferred stock compensation	10,639	12,749	60,933	1,413
Equity in profit of affiliate	(50,752)	(40,703)	(70,221)	(1,629)
Gain on sale of investment	(15,710)	-	(226)	55
(Gain) / Loss on sale of property, plant and equipment	2,757	1,662	(487)	(11)
Provision for doubtful receivables and advances	57,579	90,670	153,638	3,564
Minority interest	-	-	30,531	708
Unrealized (gain) / loss on account of exchange differences	(1,479)	(21,267)	7,629	(177)
Gain on disposal of subsidiary	-	(1,595)	(226)	(5)
<i>Changes in assets and liabilities:</i>				
Accounts receivable	(178,885)	(279,853)	(503,009)	(11,671)
Due from employees	4,250	(23,952)	16,340	379
Dues from related parties	(20,494)	-	-	-
Inventories	(8,435)	(1,268)	1,776	41
Prepaid expenses	19,795	(3,996)	(27,049)	(628)
Other assets	(26,246)	(69,335)	(110,373)	(2,561)
Trade accounts payable and accrued liabilities	310,643	177,185	29,114	675
Deferred revenue	67,291	35,089	5,697	132
Advances from customers	(14,241)	43,070	(23,904)	(555)
Other liabilities	74,194	(12,606)	28,717	661
Net cash provided/(used) by operating activities	Rs. 480,117	Rs. 220,382	Rs. 178,519	\$4,142

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Cash flows from investing activities:				
Expenditure on property, plant and equipment	(533,197)	(592,270)	(628,614)	(14,585)
Proceeds from sale of property, plant and equipment	15,200	4,922	4,893	114
Expenditure on intangible assets	(100,000)	(17,655)	(64,222)	(1,490)
Business acquisition (net of cash)	-	-	(93,775)	(2,176)
Net investment in leases	(29,165)	7,547	(6,974)	(162)
Net movement in cash – restricted	79,493	31,240	-	-
Proceeds from sale of investments	15,000	139,810	-	-
Net cash used in investing activities	Rs. (552,669)	Rs. (426,406)	Rs. (788,692)	\$(18,299)
Cash flows from financing activities:				
Borrowings from Banks	-	-	800,000	18,561
Principal payments under capital lease obligations	(9,579)	(8,361)	(6,587)	(153)
Net proceeds from issuance of common stock	78,761	1,692,416	72,647	1,686
Net cash provided by financing activities	Rs. 69,182	Rs. 1,684,055	Rs. 866,060	\$20,094
Effect of exchange rate changes on cash and cash equivalents	1,479	20,558	(8,231)	(191)
Net increase / (decrease) in cash and cash equivalents	(1,891)	1,498,589	247,656	5,746
Cash and cash equivalents at the beginning of the period	1,325,803	1,323,912	2,822,501	65,487
Cash and cash equivalents at the end of the period	Rs. 1,323,912	Rs. 2,822,501	Rs. 3,070,157	\$71,233
Supplementary Information				
Cash paid towards interest	832	11,090	5,618	130
Cash paid / (refund received) towards income taxes	12,698	(11,643)	-	-
Additions to property, plant and equipment represented by capital lease obligations	7,272	3,637	8,570	199
Reversal of minority interest pursuant to disposal of subsidiary	-	1,595	-	-

See accompanying notes to consolidated financial statements