

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

	<b>Six months ended September 30,</b>		
	<b>2006</b>	<b>2007</b>	<b>2007</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>\$</b>
<b>Net profit / (loss)</b>	<b>Rs. 130,959</b>	<b>Rs. (111,046)</b>	<b>\$ (2,793)</b>
Adjustments to reconcile net loss to net cash provided by / (used in) operating activities:			
Income taxes	-	35,061	882
Depreciation	200,126	230,597	5,801
Amortization of intangible assets	28,630	16,242	408
Employee stock compensation expense	41,470	29,323	738
Equity in net profit of affiliate	(23,894)	(65,642)	(1,651)
(Gain) / loss on sale of property, plant and equipment	(261)	194	5
Provision for doubtful receivables and advances	73,664	80,668	2,029
Minority interest	-	14,186	357
Unrealized Gain / (loss) on account of exchange differences	(10,470)	(9,017)	(226)
<i>Changes in assets and liabilities:</i>			
Accounts receivable	(305,570)	(566,291)	(14,246)
Due from employees	20,384	1,218	31
Inventories	(341)	(7,888)	(198)
Prepaid expenses	(39,619)	22,950	577
Other assets	(76,316)	(145,293)	(3,655)
Trade accounts payable and accrued liabilities	(173,591)	435,159	10,947
Deferred revenue	29,453	99,113	2,493
Advances from customers	(3,771)	36,590	921
Other liabilities	20,818	45,930	1,155
<b>Net cash provided/(used) by operating activities</b>	<b>Rs.(88,329)</b>	<b>Rs. 142,054</b>	<b>\$ 3,575</b>
<b>Cash flows from investing activities:</b>			
Expenditure on property, plant and equipment	(385,908)	(425,953)	(10,716)
Proceeds from sale of property, plant and equipment	1,640	97	2
Expenditure on intangible assets	(7,278)	(7,404)	(186)
Business acquisition (net of cash)	(92,934)	-	-
Receipts in respect of assets given on sale-type leases	5,305	8,589	216
Purchase of short term Investments	-	(20,316)	(511)
<b>Net cash used in investing activities</b>	<b>Rs.(479,175)</b>	<b>Rs.(444,987)</b>	<b>\$ (11,195)</b>
<b>Cash flows from financing activities:</b>			
Repayments of short term borrowings from banks, net	-	(770,357)	(19,380)
Payment under capital lease obligation	(2,025)	(1,572)	(41)
Net proceeds from issuance of common stock	51,345	4,665	117
<b>Net cash provided/(used) by financing activities</b>	<b>Rs. 49,320</b>	<b>Rs.(767,264)</b>	<b>\$ (19,304)</b>
Effect of exchange rate changes on cash and cash equivalents	11,235	2,064	52
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(506,949)</b>	<b>(1,068,133)</b>	<b>(26,872)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,822,501</b>	<b>3,070,157</b>	<b>77,237</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>Rs. 2,315,552</b>	<b>Rs. 2,002,024</b>	<b>\$ 50,365</b>
<b>Supplementary Information</b>			
Cash paid towards interest	4,012	5,047	127
Cash paid / (refund received) towards income taxes	23,766	71,965	1,810
Additions to property, plant and equipment represented by capital lease obligations	1,720	2,832	71

See accompanying notes to unaudited condensed consolidated financial statements