

Sify Technologies Limited
Consolidated Statements of Cash Flows

For the fiscal years ended March 31,

(In thousands of Rupees, except share data and as otherwise stated)

| | Year ended March 31, | | | 2011 |
|--|-----------------------------|----------------|------------------|--------------------|
| | 2011 | 2010 | 2009 | Convenience |
| | Rs | Rs | Rs | translation |
| | | | | into US\$ |
| | | | | thousands |
| | | | | (Unaudited) |
| | | | | Note 2(c) |
| Profit/(loss) for the year | (519,492) | 26,813 | (851,633) | (11,635) |
| <i>Adjustments for:</i> | | | | |
| Depreciation and amortization | 685,836 | 656,797 | 498,872 | 15,360 |
| Impairment loss on intangibles including goodwill | 1,857 | 47,269 | 15,200 | 42 |
| Share of profit of equity accounted investee | (73,032) | (91,135) | (64,091) | (1,636) |
| (Gain) / loss on sale of property, plant and equipment | (594) | (2,414) | (828) | (13) |
| Provision for doubtful receivables | 161,922 | 121,987 | 84,346 | 3,626 |
| Provision for finance lease receivables | - | - | 6,929 | - |
| Realized loss on sale of investments | - | 373 | - | - |
| Stock compensation expense | 10,201 | 30,589 | 61,380 | 229 |
| Net finance (income) / expense | 212,924 | 265,879 | 129,095 | 4,769 |
| Income tax expense/(benefit) | - | (81,479) | 97,049 | - |
| Unrealized (gain)/ loss on account of exchange differences | 1,196 | 703 | 455 | 27 |
| Amortization of leasehold prepayments | - | 3,917 | 8,403 | - |
| Provision for infrastructure costs | - | - | 10,000 | - |
| | 484,579 | 979,299 | (4,823) | 10,853 |
| Change in trade and other receivables | (153,560) | (585,805) | (314,349) | (3,439) |
| Change in inventories | 5,851 | 17,600 | (1,337) | 131 |
| Change in other assets | (34,082) | (64,112) | 224,625 | (763) |
| Change in trade and other payables | (26,597) | 517,497 | (171,261) | (596) |
| Change in employee benefits | 1,341 | (3,984) | 17,704 | 30 |
| Change in deferred income | (5,972) | 63,762 | (13,555) | (134) |
| | 267,799 | 924,257 | (262,996) | 5,998 |
| Income taxes paid | (42,440) | (164,455) | (108,560) | (951) |
| Net cash from / (used in) operating activities | 225,359 | 759,802 | (371,556) | 5,047 |

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(In thousands of Rupees, except share data and as otherwise stated)

| | Year ended March 31, | | | |
|--|-----------------------------|------------------|--------------------|--|
| | 2011 | 2010 | 2009 | 2011 |
| | Rs | Rs | Rs | Convenience translation into US\$ thousands (Unaudited) Note 2(c) |
| Cash flows from / (used in) investing activities | | | | |
| Acquisition of property, plant and equipment | (674,558) | (759,435) | (1,170,905) | (15,107) |
| Expenditure on intangible assets | (120,710) | (220,299) | (165,247) | (2,703) |
| Proceeds from sale of property, plant and equipment | 3,109 | 5,979 | 2,393 | 69 |
| Net investment in leases | - | - | 5,111 | - |
| Payment towards purchase of unquoted equity shares | (160) | - | - | (4) |
| Finance income received | 61,669 | 57,130 | 154,492 | 1,381 |
| Short term investments (net) | - | 19,942 | - | - |
| Net cash from / (used in) investing activities | (730,650) | (896,683) | (1,174,156) | (16,364) |
| Cash flows from / (used in) financing activities | | | | |
| Proceeds from issue of share capital (including share premium) | 1,000,000 | 84 | - | 22,396 |
| Proceeds from / (repayment) of borrowings (net) | (103,860) | 8,409 | 1,227,733 | (2,326) |
| Finance expenses paid | (293,265) | (318,723) | (249,908) | (6,568) |
| Repayment of finance lease liabilities | (51,175) | (44,256) | (9,028) | (1,146) |
| Net cash from / (used in) financing activities | 551,700 | (354,486) | 968,797 | 12,356 |
| Net increase / (decrease) in cash and cash equivalents | 46,409 | (491,367) | (576,920) | 1,039 |
| Cash and cash equivalents at April 1 | (181,586) | 312,715 | 888,690 | (4,067) |
| Effect of exchange fluctuations on cash held | (627) | (2,934) | 945 | (14) |
| Cash and cash equivalents at March 31 | (135,804) | (181,586) | 312,715 | (3,042) |

Refer note 3 (c) and note 8 for the composition of cash and cash equivalents.

Supplementary information

| | | | | |
|---|--------|--------|---------|-----|
| Additions to property, plant and equipment represented by finance lease obligations | 38,111 | 99,950 | 158,962 | 854 |
|---|--------|--------|---------|-----|

The accompanying notes form an integral part of these consolidated financial statements