Prithvi Information Solutions Ltd
12th Annual Report
2009-2010

We are

Prithvi

We

are

Prithvi

"We Are Prithvi" is a corporate marketing campaign to communicate the many faces and stories that make up the Prithvi brand. It should not be interpreted as a definition or illustration of the legal, financial, or corporate structure of Prithvi Information Solutions Ltd. Prithvi Information Solutions LLC is a separate and legally distinct partner company with separate ownership."

CONTENTS

BOARD OF DIRECTORS	**Madhvai Vuppalapati,** Whole time Director **Lalith Prasad S,** Independent Director **Dr. Satyapal Narang,** Independent Director **Omkar Srinivas Bhongir,** Independent Director (Upto 31.12.2009) **Satish Kumar Vuppalapati,** Managing Director **Srikanth Reddy Gaddam,** Whole time Director (Upto 31.12.2009) **Chinmoy Chakravarty,** Independent Director (w.e.f. 31.12.2009) **Prithipal Singh** (w.e.f. 31.12.2009)
Vice President (F) & Company Secretary	**Malleswara Durga Prasad**
Auditors	**V K Asthana & Company**
Registrars & Share Transfer Agents	Karvy Computersshare Private Limited
Bankers	UCO Bank Industrial Development Bank of India Ltd. ING Vysya Bank Ltd.
Overseas Offices	USA - Pittsburgh - PA, Seattle - WA, Parsippany - NJ, Indianpolis - IN, Roswell - GA, Irvine - CA Canada, Brazil, South Africa Middle East - Dubai and Bahrain
Registered Office	Prithvi House, # 2-56/2/19, Khanamet, Madhapur, Hyderabad – 500 081.

Website www.prithvisolutions.com

Amitava Lahiri

Senior Vice President and Head, IT Services

"Prithvi is growing with its core team. Integration of sales teams is opening new markets."

Mr. Amitava Lahiri is Prithvi Information Solutions' Senior Vice President and Head of IT Services business unit, one of the three units within Prithvi. Lahiri came to Prithvi in 2009 after a long career in IT services management with both Tata Consultancy Services and EDS.

Lahiri's 20+ years of executive relationship building, sales, delivery and operations management experience are being put to good use in his role at Prithvi. "I am focused on creating a solid base, improving our operational metrics and overall process orientation. Integrating our sales forces has already produced significant results. At Prithvi, I feel my role is able to provide the leadership in shaping IT services unit by focusing on large account development integrated with strong delivery systems."

By building a solid foundation, Lahiri intends to systematically develop rewarding business relationships, with the goal of creating client-dedicated delivery centers. "By working closely with our clients, we learn their needs, hone our teams and create the perfect IT delivery approach." states Lahiri.

Operations management and improving efficiency are Lahiri's key professional skill sets. He also excels in developing and executing business strategy under the Balanced Scorecard performance measurement framework.

"I feel really heard and valued at Prithvi, being part of the executive leadership team. There is mutual respect and trust here. This is what greatness is built on."

Hari Shankar Goud Bhandaram

Apple and Mobility Solutions, Delivery Head

"We are focused on growing the business, taking our delivery model and consolidating functions, while keeping creative IT synergy. It's an exciting prospect with great advances in enterprise application services, new teams and dev strategies."

Mr. Goud was part of the original Prithvi team formed in 1999. From the beginning, he has served as an innovator and leader, developing new technology practices and systematically applying them to enterprise models.

Hari considers it very fortunate to learn of Prithvi Information Solutions as it was being formed. Upon graduation from the University of Osmania, he taught at the Center for the Development of Advanced Computing (CDAC) and it was here that he first learned of plans to form a new and innovative IT company.

"Prithvi's identity is as an IT delivery company, but Prithvi has always been interested in developing new solutions, rather than repeating existing programs," observes Goud. As an engineer and programmer, this approach was an immediate incentive to Hari, who leads the Global Delivery Center 1, (GDC1), which is responsible for Apple and mobility solutions. "At GDC1 we work as a team to find the best strategy for each technology need. We work with both the client and process engineering side to find the best approach, then we create, deliver and support our applications." states Hari.

In April 2010, Mr. Goud assumed his current role, overseeing all operations in GDC1, which includes ADM, Enterprise Solutions, Infrastructure, Apple Platform Solutions, Mobile and Cloud Computing, as well as System Integration.

"We are focused on growing the business, taking our delivery model and consolidating functions, while keeping creative IT synergy. It's an exciting prospect with great advances in enterprise application services, new teams and dev strategies."

Srikanth Surapaneni

Assistant Vice President

"I am building a mentoring program for managers, guiding them in key aspects of process definition and core values. It really excites me to see motivated team members, meeting requirements without outside reminders, constantly improving and growing as individuals."

Mr. Srikanth Surapaneni became a member of Prithvi Information Solutions' management team in February 2010. Prior to Prithvi he was the VP Global Delivery at Catalytic Software responsible for project delivery and customer satisfaction on all client accounts.

He brings to Prithvi a deep understanding of team building, international delivery process and best practices, and customer management. While at Catalytic he led the company's successful CMMI Level 5 accreditation, spearheaded an innovative quality program that resulted in a 100% customer satisfaction on all global delivery projects, and at the same time maintained a utilization rate in excess of 85%. At Prithvi he is responsible for Global Development Center 2 (GDC2), which encompasses Mobile and Wireless, Microsoft Technologies, and Technology practice areas. He has nearly 20 years experience in a wide range of IT enterprises, including US on site work at Fusion Technologies, Dun & Bradstreet, Anheuser Busch and Koch Industries.

Srikanth is translating his work values and understanding of resource development as a comprehensive process into GDC2. Leadership seminars are held every six weeks at GDC2, with a strong focus on the systematic steps needed for successful delivery.

"At the end of the day, even for IT, delivery to customers really is about the teams and their understanding of each aspect of project requirements. I am building a mentoring program for managers, guiding them in key aspects of process definition and core values. It really excites me to see motivated team members, meeting requirements without outside reminders, constantly improving and growing as individuals. This individual growth means accountable teams, enhanced delivery and greater value for all our customers."

Sridhar Pappu, PhD

Advanced Business Solutions Center Head

"We have the scope, talent and ideal placement to provide scalable teams for BI, Data Analytics and BPM projects. We deliver smart, detailed solutions, which lead to satisfied clients and future engagements."

Dr. Sridhar Pappu, PhD came to Prithvi Information Solutions in 2009. He has worked many years with Dr. Dakshina Murthy (R&D Head) on public and privately funded development projects, so the collaboration of these engineers is bringing significant impacts on Prithvi's overall R&D prospects and the integration of new technologies organization-wide.

Dr. Pappu graduated from the National Institute of Technology in Tiruchirapalli, and continued his studies at the University of Texas at El Paso. His career path took him next to semi-conductor giant KLA-Tencor in fast-paced Silicon Valley. Returning to India, he worked developing technologies for the Indian government and with several startup companies. "My background includes very big companies which have highly regimented processes to very small start-ups, where there is no process in place but tremendous scope for innovation. With Prithvi, I have found the middle ground, which allows growth, flexibility and innovation with capable teams in place to implement new ideas," states Sridhar.

At its 2010 conference, Gartner Research cited business intelligence (BI) and data analytics (DA) as the top areas for growth in the next wave of technology development. The 2010 Gartner CIO survey results, representing approximately 1600 CIOs controlling more than $120 billion in IT spend, highlight Business Process Improvement and Data Analytics among the top 5 priorities through the year 2013. These are growth predictions that really excite Dr. Pappu; the Advanced Business Solutions group has cultivated market-leading competencies in these areas.

"Every company must stay competitive and save more on operations. They have processes that can be improved and volumes of data that can provide valuable insights. We have the scope, talent and ideal placement to provide scalable teams for BI, Data Analytics and BPM projects. We deliver smart, detailed solutions, which lead to satisfied clients and future engagements."

Sree Nithin Midudula

Project Manager Telecom

"Prithvi has absolutely been with me since the beginning of my work experience, providing me with work and training. They have provided an opportunity to explore my skills, and offered constant encouragement."

As Prithvi Information Solutions Project Manager, Nithin is responsible for overseeing all North American telecom projects for major service providers.

He came to Prithvi Information Solutions while studying for his Bachelors Science degree in Hyderabad. "I worked with Prithvi as an intern while researching my senior project on e-commerce and the dot-com boom." After graduating from Jawaharlal Nehru Technological University, he applied to study in the United States, working towards a MS Computer Science degree, first at Lawrence Technological University, and then at Stratford University in Virginia, where he graduated in 2008.

As a graduate, Prithvi started Nithin as a junior radio frequency engineer with telecom teams in its Pittsburgh office. In 2009, Prithvi advanced Nithin to a program manager and he relocated to Prithvi headquarters in Bellevue, Washington. Today he is responsible for overseeing North America telecom projects and sees great opportunities ahead in new telecom markets for Prithvi.

"The Prithvi telecom team has solid experience in emerging technologies. As other countries want to upgrade their telecom systems, we can apply our skills, saving them time and money.

"Prithvi has absolutely been with me since the beginning of my work experience, providing me with work and training. They have provided an opportunity to explore my skills, and offered constant encouragement." says Sree Nithin Midudula.

Guru Prasad Pandyar

Senior Manager for Finance and Accounts

"Prithvi really practices an 'open door' policy and this makes it a great place to work. My views and opinions have always been heard and valued."

Mr. Guru Prasad Pandyar is Prithvi Information Solutions' Senior Manager for Finance and Accounts. He is responsible for overseeing the performance and growth of Prithvi's many business segments and is the liaison between the company's Hyderabad and North American operations.

Guru is quick to say his first passion is numbers, remembering how much he enjoyed teaching mathematics to middle grade students while still in college himself as an 18 year old.

It was only through a coincidence that he encountered Prithvi, dropping by to see a friend during the company's first months of operations. "I thought it might be a good place for me to be an intern as I completed my studies; little did I know how important Vuppalapati Satish Kumar, (Prithvi's Managing Director) would become to my future." Guru recalls.

The past few years have been especially rewarding for Guru, as he has cultivated important acquisitions for Prithvi in emerging markets, adding to the company's business performance management (BPM), Apple Platform and telecom capabilities. "Prithvi's acquisitions add new markets and competencies to its portfolio, and are helping Prithvi to meet its financial goals at an accelerated pace."

"Prithvi has always given me a free hand and guided me towards advancement. My views and opinions have always been heard and valued. Prithvi really practices an 'open door' policy and this makes it a great place to build a career," states Guru Prasad Pandyar.

Thomas Antunez

Senior Vice President, Hyperion Solutions

(a Division of Prithvi Information Solutions)

"For our clients, we now offer the assurance of being part of a very large, financially significant organization. We are very excited by Prithvi's future growth prospects."

Thomas Antunez heads up Prithvi's Hyperion Solutions group. Providing implementation and consulting services around the leading EPM package from Oracle, the group works directly with CFOs of large enterprises. "Our position is unique in the IT services landscape because of our access to the top financial decision-makers of our clients," says Thomas. "We believe this relationship with top tier clients is of great value to Prithvi and an important step towards positioning Prithvi as a single-source IT partner."

Although the group is relatively new at Prithvi, cross-selling Hyperion solutions and IT services is an opportunity to leverage existing client relationships right across Prithvi. "For our clients, we now offer a seamless experience across a range of services. Hyperion solutions help clients understand and monitor their business fundamentals; now Prithvi's global delivery infrastructure can help them improve their business fundamentals."

In discussing key initiatives as the company moves forward, Antunez cites two prime areas "We believe installed Hyperion users struggle more than they would like to admit with complex system administration (SA) issues. We are offering a new solution for SA, which is better, less expensive and can be delivered through a single source. Another shift is that we are in the process of engineering solutions through dedicated teams. This greatly reduces the build portion of new application rollout. It moves Hyperion forward and enhances services for our customers. We are very excited by Prithvi's future growth prospects. "

Shannon Krohn

Vice President,
Managed Solutions Group
(a Division of Prithvi Information Solutions)

"We build talented teams, delivering tailored management solutions for leading companies."

Shannon Krohn heads up the company's newly minted Managed Solutions service offering, and is based in Prithvi's new U.S. headquarters in Bellevue, Washington. She has spent the last decade perfecting a managed solution framework for technology projects, and counts numerous successful implementations at some of the largest and most innovative companies in the world. Her background includes the business development and operational management of a $100M+ account for a large U.S. technology talent provider.

"We have a significant opportunity before us," says Shannon. "Enterprises are looking to develop business relationships that help them solve a range of pain points. We've proven that our team's delivery capability is among the best in the industry. Coupled with our global footprint, our solutions look very attractive."

Known within industry circles as a dynamic problem-solver, Shannon is focused on establishing her framework of best practices so that the service scales seamlessly. The Managed Solutions offering will officially launch in Q4 2010, but already has significant traction with major accounts.

"We are shooting for the stars."

Dear Shareholders,

During FY 2009/10 the world's investors have heard a common refrain: a global economic recession created one of the most difficult business environments since the 1930s. This past fiscal year has indeed been difficult for Prithvi, but it has also crystallized opportunity and the need for action. On a grander scale, the world's economy has 'reset' with consumers and businesses changing the way they think about spending, investment, and what constitutes value. In response to these changes, companies need to refine their value offerings to maximize fit with today's priorities, and to take full advantage of tomorrow's opportunities.

At twelve years old, Prithvi is also hitting the reset button. Fiscal year 2009/10 has been a year of introspection, driven by extraordinary economic and publicity issues. We have taken the time to examine our business, management structure and operations, and have made important progress in retooling the company to meet our challenges, achieve our goals, and operate from a position of strength.

Along with most companies in FY 2009/10, Prithvi's business contracted over the previous year. As a result, Prithvi is reporting its first non-growth year in over 10 years of operation. Revenue was down from Rs. 197,572.72 Lakhs in Fiscal 2009 to Rs. 190,470.24 Lakhs in Fiscal 2010 on a standalone basis, a decline of 3.6% percent.

Despite the economic challenges, Prithvi continued building its IT Services operations and completing the acquisition of a leading Hyperion consulting firm. IT Services now has a strengthened profile in the United States as well as direct relationships with leading brand-name clients. In addition to exports, Prithvi has invested in penetrating the growing Indian domestic market, and has gained initial traction in the e-governance projects and initiatives. IT Services goes to market with four core technical solutions Business Process Management (BPM), Cloud Computing, Mobile Computing, and Services Oriented Architecture (SOA) captured within five service lines Custom Applications, Data Analytics, Enterprise Applications, Managed Solutions, and Infrastructure Services. We also added experienced leadership to IT Services, appointing Amitava Lahiri as SVP and Head of IT Services. Mr. Lahiri's focus at

Prithvi is to build out the IT Services offering globally, overseeing sales and delivery of all software services business worldwide.

Telecom Engineering Services outperformed the market reporting double-digit growth, driven largely by new

Madhavi Vuppalapati

Founding Chairperson and CEO

business development in Brazil and India. This convincing result demonstrates the viability of our decision to invest in South America, as well as our capacity to deliver value in hotly contested emerging markets. We have developed a solid understanding of the principal technologies and consideration points in large-scale international telecom infrastructure projects, and are establishing the business relationships and track record of success that will help take our business to the next level in the months and years ahead. Today Prithvi has one of the strongest integrated telecom offerings of any Indian services company, a situation that will continue to support business expansion as business and governments begin investing in 3G/4G infrastructure upgrades over the coming years.

Facing Additional Challenges

The uncertainty generated by deteriorating and confusing economic conditions was compounded for Prithvi in FY 2009/10 by legal issues spilling over into the public domain. Unknown parties waged an unprecedented campaign of negativity against Prithvi in the press. Despite the allegations being baseless, their effect on employee morale was all too real. Our company's performance has suffered as a result of higher than normal attrition and a longer hiring cycle. However, we have successfully brought on key personnel, and begun the process of rebuilding our brand. We will continue brand-building activities through a series of campaigns over the coming year that counter the negative allegations made in the press about Prithvi, and which reinforce a corporate culture that is a pleasure to do business with after with.

Decisiveness in Times of Uncertainty

Tightening of budgets around the globe created difficult challenges for the technology industry as a whole, but it has also sharpened the value proposition of outsourcing and increased the attractiveness of the offshore model. This year we have strengthened our global delivery capabilities and increased our customer-facing footprint in target markets. We have invested in account management capabilities with top-tier customers. These measures will improve our relationships with clients, which in turn will improve business fundamentals like reduced days service outstanding, and shortened sales cycles in the future. As the economy recovers, this will create new opportunities to increase revenues.

In addition, Prithvi management responded to the economic climate by focusing on our most strategic opportunities, and on rationalizing services to more effectively use resources During FY2010 we made important adjustments to our business plan through a decision to pull back from staffing business, reallocating these funds to higher value-add business where Prithvi is responsible for project deliverables. This decision promises greater results for the company in the years ahead, as it allows us to apply our India cost structures to business acquired in higher cost regions like the United States.

We remain committed to controlling costs in the future, and have earmarked resource utilization, quality systems, and delivery process for continued refinements over the next twelve months. This will drive costs lower and yield more scalable delivery capabilities, both necessary for Prithvi to master as it fulfills its financial objectives. All told, Prithvi is a stronger company as a result of these measures we are better placed to weather economic crises, and are more competitive than we were twelve months ago.

Future Directions

The changing landscape throughout the year showed that Prithvi must continue to develop innovative business models, sales channels, and delivery capabilities in order to stay competitive and compelling. Some of the technology areas that we believe offer the most scope for growth and profitability are:

Third Generation (3G)/Fourth generation (4G) networks and technologies

Mobile computing

Cloud computing

Managed solutions

We Are Prithvi

We believe that although the economic climate is likely to remain turbulent in FY 2011, our people and the changes we have made will position us for a return to growth. We are emerging from a difficult period with a renewed sense of self. “We Are Prithvi” is more than the theme of this Annual Report; it is the united spirit with which we broach the future. Prithvi is now in a great position to execute on the next stage of its journey to becoming a globally recognized brand and leading Indian company. Your continued support enables us to pursue this goal; thank you.

V. Madhavi

Madhavi Vuppalapati

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Company will be held on Wednesday, **the 29th September, 2010 at 11.00 a.m. at Sri KLN Prasad Auditorium, Federation House, The Federation of Andhra Pradesh Chamber of Commerce and Industry, Red Hills, Lakdikapul, Hyderabad - 500 004,** Andhra Pradesh, to conduct the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit and Loss account for the year ended 31st March, 2010 as on that date along with the Reports of Auditors and Directors there on.
2. To appoint a Director in place of Dr. Satyapal Narang, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint statutory auditors and to authorize the Board to fix their remuneration.

Special Business

4. Re-Appointment of Ms Madhavi Vuppalapati as Whole time Director.

   To consider and if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution**:**

   "RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Ms. Madhavi Vuppalapati as Whole time Director, for a period of 5 years effective from 1st September, 2010 on the same terms and conditions including remuneration of the present employment as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the amount not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

5. Re-appointment of Mr. Satish Kumar Vuppalapati as Managing Director.

   To consider and if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution**:**

   "RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Satish Kumar Vuppalapati as a Managing Director, for a period of 5 years effective from 1st October, 2010 on the same terms and conditions including remuneration of the present employment as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the amount not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

6. **To raise long term resources.**

   To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

   RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956, in terms of the provisions of SEBI Act, FEMA and Rules and Regulations made there under, and any other laws for the time being in force, and subject to such consents and approvals as may be necessary, and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as "Board", which term shall be deemed to include any Committee of the Board of Directors constituted for this purpose, to exercise the powers conferred on the Board by this resolution) or as may be prescribed or made, in granting such consents and approvals agreed to by the Board, the consent of the Company be and is hereby accorded to offer, issue and allot in one or more tranches, either in the course of international offerings or otherwise, to foreign institutions, foreign investors/ collaborators, non-resident Indians, corporate bodies, mutual funds, banks, insurance companies, pension funds or others wherever located, whether shareholders of the Company or not, through a rights/public issue and/or on a private placement basis, equity shares and/or equity shares in the form of Global Depository Receipts (GDRs), and/or securities convertible into equity shares and/ or securities linked to equity shares and/or securities with or without detachable share warrants.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board/its Committee be and is hereby authorized to determine the form and terms of the issue(s), including the class of investors to whom the Securities are to be allotted, number of securities to be allotted in each tranche, issue price, face value, premium amount on issue/conversion of securities/exercise of warrants/redemption of securities, rate of interest, redemption period, listing on one or more stock exchanges in India and/or abroad, including, without limitation, marketing, custodian, depository arrangements etc., as the Board/its Committee in its absolute discretion deems fit, and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad and to settle any questions or difficulties that may arise in regard to the issue(s).

RESOLVED FURTHER THAT the Board/its Committee be and is hereby authorized to issue and allot such number of additional equity shares as may be required in pursuance of the above issue of securities and that the additional equity shares so allotted shall rank in all respects, including right/entitlement to dividend, pari passu with the existing equity shares of the company.

RESOLVED FURTHER THAT the Board/its Committee be and is hereby authorized to do all such acts, deeds, matters, things and changes as it may deem necessary/ desirable for such purpose including, if necessary, creation of mortgages and/or charges in respect of securities on the whole or in part of the undertaking of the Company and to exercise such documents or writing as may be considered necessary and proper and incidental to this resolution.

By Order of the Board

MALLESWARA DURGA PRASAD

Company Secretary & Vice President (F)

Hyderabad
September 02, 2010

Registered Office: Prithvi House, # 2-56/2/19, Khanamet, Madhapur, Hyderabad – 500 081.

Notes

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item No.s 4, 5 and 6 above, are annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Company's registered office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organization.
3. Members should bring the Admission Slip duly filled in and hand over the same at the entrance of the Meeting Hall.
4. The Register of Members and Transfer Books of the Company will be closed from 20th September, 2010 to 29th September, 2010 (both days inclusive).
5. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Unit: Prithvi Information Solutions Limited, Plot Nos. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 quoting their Folio Number/ Client ID.
6. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
7. Brief notes on the background and the functional expertise of the Directors proposed for appointment / re-appointment are furnished below, along with details of companies in which they are Directors and the Board Committees of which they are members:

   i) Dr. Satyapal Narang is an Independent Director with Prithvi Information Solutions. He holds a Doctorate in Financial Management, and is a post-graduate in commerce and a law graduate. He is a fellow member of The Institute of Company Secretaries of India and All India Institute of Management Association. Presently, he is a Professor of Management and Director of Jagannath International Management School, New Delhi.

   Before joining this self financing institution, he was a Professor of Management & Law. He contributes significantly to the management process at Prithvi and brings with him a strong process orientation to guide the company in its future endeavors.

Details of other Directorships / Committee Memberships held in public limited companies by him:

1. JCT Limited
2. NH Elite Education Services Limited

ii) Ms. Madhavi Vuppalapati is one of the founders of Prithvi Information Solutions Limited. She is based in the United States and is responsible for the US operations. She holds an M.S. in Computational Mechanics from Carnegie Mellon University, USA and is a B.E. from Osmania University, Hyderabad.

She has extensive experience, having worked with organizations such as ALCOA Technical Centre, Management Science Associates, KCS Computer Services Inc., Gateway Resources Inc. In Prithvi Information Solutions she guides the strategy and oversees the entire client marketing process. She is a recipient of various awards, both in India and the USA.

Details of other Directorships / Committee Memberships held in public limited companies by her:

1. Prithvi Wireless Solutions Limited

iii) Mr. Satish Kumar Vuppalapati, aged 34 years is the co-founder of Prithvi and heads the Indian operations and the executive management of the Company. He is responsible for developing client relations in the Indian sub-continent and Asia Pacific region. He is B.E. from Osmania University, Hyderabad.

Mr. Satish Kumar brings to the Company an exemplary enthusiasm and management capabilities, in addition to jointly shaping the Company's growth strategies.

None of the aforesaid Directors is related to each other or to any other Director of the Board of the Company or related to Promoters of the Company.

Details of other Directorships/Committee Memberships held in public limited companies by him:

1. Prithvi Wireless Solutions Limited

Dr. Satyapal Narang is not related to any director of the Board of the Company or related to Promoters of the Company. Ms. Madhavi Vuppalapati and Mr.Satish Kumar Vuppalapati are related to each other as sister and brother.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

Item No.4

The Board of Directors of the Company (the 'Board'), at its meeting held on 2nd September, 2010, subject to the approval of Members and statutory approvals, if any, re-appointed Ms. Madhavi Vuppalapati as a Whole time Director for a period of 5 years from the expiry of her present term i.e., August 31st, 2010, on the following terms and conditions of the present employment:

1. *Salary:* US$ 15,000 (fifteen thousand) per month.
2. *Perquisites:* Perquisites including housing / house rent allowance, gas, electricity, water, furnishings, medical reimbursement and leave travel benefit for self and family, club fees/subscription, personal accident insurance premium, company's contribution to provident and superannuation funds, gratuity, etc., in accordance with the Rules of the Company. The perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rules, at actual cost. However, the following shall not be treated as perquisites.
   a) Use of company car for official purposes and telephone at residence (including local calls and long distance official calls).
   b) Encashment of un-availed leave as per the Rules of the Company at the time of retirement / cessation of services.
3. Commission: As may be determined by the Board for each financial year.

   In the event of inadequacy or absence of profits in any financial year during the tenure of Ms. Madhavi Vuppalapati, she will be entitled to such remuneration along with the perquisites / benefits mentioned above by way of minimum remuneration.

   The above may be treated as an abstract of the terms of appointment of Ms. Madhavi Vuppalapati under Section 302 of the Companies Act, 1956.

   Ms. Madhavi Vuppalapati is interested in the resolution as set out in Item No.4 of the Notice which pertains to her re-appointment and remuneration payable to her. Except for Ms. Madhavi Vuppalapati and Mr. Satish Kumar Vuppalapati, none of the other Directors of the Company are, in any way, concerned or interested in the Resolution.

Your directors recommend the resolution for approval.

Item No.5

The Board of Directors of the Company (the 'Board'), at its meeting held on 2nd September, 2010, subject to the approval of Members, re-appointed Mr. Satish Kumar Vuppalapati as a Managing Director for a period of 5 years from the expiry of his present term which will expire on September 30th, 2010, on the following terms and conditions of the present employment:

1. *Salary:* Rs.5,00,000 (five lakhs) per month.
2. *Commission:* 1% of net profits of the Company.
3. Contribution to provident fund and superannuation – as per the rules of the Company – not exceeding 25% of salary is eligible for this purpose.
4. *Perquisites:*
   a. House rent allowance
   b. Gas, electricity, water at actuals.
   c. Medical expenses at actuals for self and family.
   d. Leave travel assistance, once per year, for self and family on actual basis.
   e. Entertainment expenses: actually and properly incurred in the course of legitimate business of the Company.
   f. Personal accident policy of an amount / annual premium as permissible under the provisions of the Companies Act.
   g. Earned/Privilege Leave on full pay and allowance, as per rules of the Company, but not exceeding one month's leave for every 11 months of services. However, leave encashed at the end of tenure will not be included in calculation of overall limits.
   h. Clubs: membership of two clubs. However, admission fee, and / or life subscription is not to be borne by the Company.
   i. The total amount of perquisites shall not exceed an amount equal to the basic salary in a year.

   The above may be treated as an abstract of the terms of appointment of Mr. Satish Kumar Vuppalapati under Section 302 of the Companies Act, 1956.

   Mr. Satish Kumar Vuppalapati is interested in the Resolution as set out at Item No.5 of the Notice which pertains to his re-appointment and remuneration payable to him. Except for Mr. Satish Kumar Vuppalapati and Ms. Madhavi Vuppalapati, none of the other Directors of the Company are, in any way, concerned or interested in the Resolution.

   Your directors recommend the resolution for approval.

Item No. 6

1. Long term resources are required to meet the capital expenditure to be incurred for capacity expansion and for upgrading the product mix, including expenditure on Research and Development, replacement programmes and for investments required to be made in the next few years. In addition, the Company is also pursuing various acquisitions (in India and overseas) as part of global expansion / currency de-risking initiatives which will require additional resources.
2. While part of the funding requirement is contributed by internal accruals and loans, it is proposed to raise up to Rs. 250 crores (denominated in any currency) through issue of appropriate equity/equity-linked securities, in one or more tranches and at such time as may be considered appropriate by the Board, to various categories of investors including international offerings as set out in the Special Resolution.
3. To the extent that any part of the above mentioned funding plan includes issue of securities linked to or convertible into Equity Shares of the Company, members' approval is being sought. Section 81 and other applicable provisions of the Companies Act provides, that whenever it is proposed to increase the issued/subscribed capital of a company by allotment of further shares, such further shares shall be offered to the persons who, on the date of the offer, are holders of the equity shares of the Company in proportion to the capital paid up on that date, unless the shareholders in a General Meeting decide otherwise. The listing agreements executed by the Company with the various Stock Exchanges also provide that the Company shall, in the first instance, offer all securities for subscription pro-rata to the existing equity shareholders unless the shareholders in a General Meeting decide otherwise. Hence, shareholders' consent is sought pursuant to Section 81 and other applicable provisions of the Companies Act, 1956 and in terms of the listing agreement with Stock Exchanges to the issue of the above securities to other than shareholders.

While no specific instrument has been identified at this stage, in the event the Company issues any equity-linked instruments, the equity shares on issue, conversion of securities into equity shares or exercise of warrants and consequent issue of equity shares, shall all rank, in all respects including the right/ entitlement to dividend, pari passu with the existing equity shares of the Company.

4. As per current guidelines of GOI, foreign currency denominated bonds can be subscribed by non-residents only. However, Indian shareholders (including mutual funds, and banks/insurance companies resident in India) cannot participate in the bond issue; hence if a foreign currency denominated bond issue is made, it could dilute their shareholding if bonds get converted. If issue is offered to foreign investors, the Company will not be able to determine at this stage, the revised shareholding pattern after the completion of allotment of the proposed securities.

5. The said securities (till they remain as Loan/Bond) may be secured by way of first mortgage hypothecation of the Company's fixed assets in favour of the security holders. As the documents to be executed between the security holders and the Company may contain, as per normal practice, the power to repossess and dispose the assets of the Company in certain events of default, it is necessary for the Company to obtain shareholders' approval through a resolution under Section 293 (1)(a) of the Companies Act, 1956 before creation of the said mortgage or charge, if so required.

The proposed issue is in the interests of the Company and your Directors recommend the resolution for approval.

Directors may be deemed to be interested in this resolution to the extent of entitlement, if any, to subscription of equity-linked offerings.

By Order of the Board

MALLESWARA DURGA PRASAD
Company Secretary & Vice President (F)

Hyderabad
September, 2, 2010

Registered Office: Prithvi House, # 2-56/2/19, Khanamet, Madhapur, Hyderabad – 500 081.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Investors are advised that throughout this report to the share owners, we discuss some of our expectations regarding the Company's future performance. All of these forward looking statements are based on our current views and assumptions. Actual results could differ materially from these current expectations and from historical performance. Our future results could also be affected by a variety of factors such as competitive dynamics in the market place, the impact of competitive products and pricing, product development, actions of competitors, changes in capital structure, changes in laws and regulations including changes in accounting standards, customer demand, effectiveness of marketing programs, economic conditions including changes in interest rates, and foreign economic conditions including currency rate fluctuations.

The Company undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances.

Industry Structure and Developments

IT Services

Businesses around the world practiced a degree of fiscal austerity throughout 2009, cancelling or delaying many IT projects as corporate budgets were reined in. According to Gartner, the result was a drop of 5.9% in IT spending from 2008 levels. However, the outlook is uniformly positive from leading research firms Gartner, Forrester, and IDC that the world IT market will return to growth in 2010, albeit in the range of 3-5%. This CAGR will put worldwide IT Services spending at US$ 695 billion in 2013.

In the setting of cautious optimism, Forrester reports that global outsourcing services will capture market share, outpacing non-global service providers with a growth rate of 6.6% during 2010. Enterprises continue to engage global technology service providers in order to meet the new paradigm for value: all the services of a local provider at a globally competitive rate. In addition to enterprises outsourcing IT functions to global service providers, independent software companies have increasingly been outsourcing whole stages of the product lifecycle, including research and development, as offshore providers offer improved performance in the form of reduced cycle times, and higher return on R&D budgets.

Exports continue to dominate the industry landscape, accounting for nearly 70% of the industry's revenues. The United States continues to be India's largest export market accounting for 61% of export earnings, estimated by NASSCOM to be almost US$ 31 billion in 2010. Total exports of IT services, which includes application development and maintenance services, testing services, infrastructure services, consulting, and systems integration reached US$ 27.3 billion, or 55% of total IT exports. While BPO is a fast-growth segment, IT software and services accounts for some 87% of the aggregate industry spend, totaling US$ 63.7 billion.

In terms of direct employment, the Indian industry is set to grow 4% in 2010 to 2.3 million people, with a further 8.2 million people employed indirectly (NASSCOM Strategic Review 2010). Perhaps the most exciting development for the industry is the continued growth of IP driven services capabilities during a difficult year. Engineering design and products development segments generated revenues of US$ 10 billion in fiscal 2010, representing growth of 4.2% from the previous period.

In the Indian domestic market, IT spending trended downward in line with the rest of the world during 2009/10, where according to IDC, the domestic IT/ITeS market growth rate will drop from an average 24% for the five years to 2008 to average 14% between 2009 and 2013. NASSCOM estimates that for 2010, the IT industry in India will total $US 23 billion on the back of strong infrastructure investment from government and industry alike.

Opportunities and Threats

Opportunities

The global technology landscape continues to evolve, driven largely by technology advances. Historically, each 'generation' of technology has provided opportunity for service providers in the form of direct services (implementation, integration, and support services), as well as competitive edge from technology-enabled delivery capability improvements. In fiscal 2010, Microsoft released its long awaited Windows 7 operating system, and a number of emerging technology platforms like 'cloud computing' began going mainstream. Advances in storage and computing power also started trickling through to the services industry, with data analytics entering into the vocabulary and budgets of executives and government officials around the world. Applications of innovative consumer electronics are also bleeding into the business arena, with scope for game-changing outcomes.

At the end of a decade of accelerating technology-driven business innovation, there is evidence of new 'rules' in the services industry. Fewer enterprises are agreeing to multi-year mega deals; instead deals are being broken into smaller chunks over shorter timeframes to ensure competitiveness over the life of the engagement. Enterprises are looking for more turn-key solutions to business problems, requiring service providers to invest further in solution R&D and industry understanding than ever before. These developments are encouraging for Indian service companies as deals previously cornered by global giants are opened up to smaller, niche players with more competitive value propositions.

In order to be a serious contender in this new landscape, Indian companies need to examine their delivery models to maximize the cost benefits of their India-based infrastructure. Delivery models that are not innovative, or which do not invest in reducing delivery risk will not attract the more lucrative business, and will quickly be forced into a commodity marketing model.

In this setting, opportunity abounds for service providers. We believe we are in a strong position to penetrate the U.S. market further with solutions built around unique offerings such as Apple platform engineering competencies, leading data analytics capabilities, and deep understanding of emerging technologies and applications within the telecom and technology industries. We also continue to invest in improving our global delivery model, and ability to provide 'right shore' delivery options to our customers.

Threats

Despite predictions of a return to growth in calendar 2010, this may not translate into IT budgets and projects being reinstated by our customers. Capital-intensive projects such as those in telecom industry will be under particular pressure. Continued postponement of projects may negatively impact our revenues and overall performance.

A significant portion of our revenue is in US Dollars while costs are in Indian Rupees. Currency rate fluctuations are therefore a potential source of variability in our profitability.

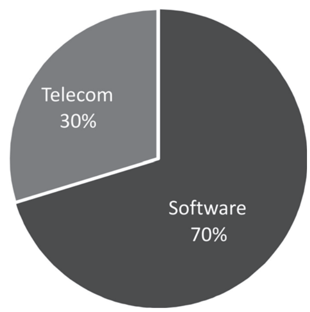
Although the Company has embarked on a geographic diversification strategy, the Company still derives the majority of its revenues from U.S. based business. Our largest exposure is to the U.S. economy, which is predicted to grow by 2.6% (YoY) during calendar 2010 according to a consensus of analysts. Weak recovery indicates that businesses will seek to renegotiate existing contracts and scale back new projects. In this scenario, the competitive landscape will become more price sensitive, and according to Gartner Research, cost optimization solutions will be a persistent and overriding value driver for IT buyers even as markets return to growth through 2011.

Other geographies like China are becoming increasingly competitive in their service mix, quality, and delivery infrastructure. Other low-cost countries such as Brazil, Philippines, Vietnam, and eastern European nations like Poland and Bulgaria are also building up strong niche offerings, the aggregate effect of which could impact India's near-term ability to keep growing at current rates. At its core however, the Indian IT services industry is based on solid fundamentals and a real value proposition.

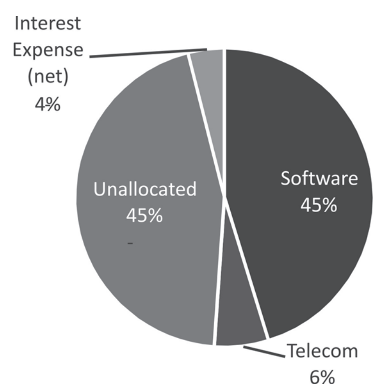
Segment-Wise Performance

The Company's business is divided into two segments, namely Software Services and Telecom Services & Products.

Contribution to Revenue



Contribution to PBIT



Outlook

The Company faced many challenges during fiscal 2010, and returned the first negative growth year in its history. Management does consider many of the factors that contributed to this result as extraordinary, but is committed to examining and strengthening the business' fundamentals over the coming periods.

According to NASSCOM, key demand indicators such as deal flow, volume growth, pricing stability, and faster cycle times are all trending positive in the early quarters of calendar 2010. The global outlook, according to market research firm Gartner, shows a weak recovery that favors global delivery providers over domestic (country of origin) providers. India currently has a 51% share of the global IT services market; it is Management's belief that movement toward SaaS and cloud computing, and more selective outsourcing will open opportunities for sustained services growth.

The domestic outlook in India is bullish, with NASSCOM projecting IT services growth to be 12% driven by e-government implementations and efficiency-related IT projects by Indian corporations.

Risks and Concerns

Brand Dilution

The Company's reputation came under sustained attack during the year by parties in a concerted effort to discredit the Company. In a brand audit conducted by the Company, this campaign has resulted in a negative association with the Prithvi brand. This has affected our employee morale, and our credibility with stakeholders including customers. Management regards this dilution of the Company's good name as a serious matter that puts at risk the Company's ability to meet its growth targets. Management has put into effect a reorganization of internal marketing, and has set an agenda to address the allegations and rebuild the brand.

Access to Capital

As a direct result of the libelous activity in the media, the Company's banks reduced existing working capital facilities. The Company's reduced access to capital impacted its ability to adequately fund business opportunities, resulting in a large portion of the domestic business being sub-contracted at a substantially lower margin.

Heightened Business Risk

Although all indicators point to a sustained (albeit weak) global recovery, large accounts with individual customers still expose the Company to business risk. While every effort is made to keep accounts current, the Company is prioritizing sales efforts on clients with shorter days outstanding.

Internal Control Systems and their adequacy

Suitable control systems are in place to protect against sensitive information leakage and monitoring of financials. The Company completes a quarterly audit on its accounts, monitored by the Audit Committee consisting of majority Independent Directors. The Company has taken additional steps to get the accounts of U.S. operations audited on a quarterly basis by a professional CPA and submit to the Audit Committee for review and appraisal. The Company shall implement other controls as deemed necessary and practical to ensure investors are adequately informed.

Discussion on Financial Performance with respect to Operational Performance

Amounts in Rupees		
For the Year Ended Mar 31:	**2009 – 10**	2008 – 09
Gross Revenue	**19,047,023,613**	19,757,272,500
Operating Expenditure	**17,428,568,364**	19,466,955,680
Profit (PBIDT)	**1,618,455,249**	290,316,820
Interest	**214,335,047**	225,173,608
Depreciation	**68,237,588**	77,164,853
Other Income	**(1254,971,638)**	521,181,792
Profit before Tax	**80,910,977**	509,160,150
Provision for Tax	**11,035,941**	61,288,116
Profit after Tax and before prior period items	**69,875,035**	447,872,034
Prior period items	**15,419,265**	3,199,901
Net Profit	**54,455,771**	444,672,133
Balance brought forward from previous year	**2,988,508,557**	2,543,836,424
Amount available for Appropriation	**3,042,964,328**	2,988,508,557
Balance carried to		
Balance Sheet	**3,042,964,328**	2,988,508,557
Earnings per Share	**3.01**	24.60

Revenue

Gross revenues declined 3.59% to Rs. 19,047 million from Rs. 19,757 million the previous period. The contraction in revenue was attributable to the global economic slowdown during the first half of FY 2009 -10.

Operational Costs

Due to strict measures adopted by the Company, the Company has made considerable operational efficiency gains and implemented tighter cost control measures, resulting in reduced operational costs.

EBIDTA

The EBIDTA has improved substantially due to adoption of economy in all segments.

Interest Costs

There has been no additional borrowing during the period. Debt levels were reduced, enabling the Company to have save on interest costs.

Other Income

All foreign currency derivative transactions undertaken by the Company in the previous period have been crystallized and the liability has been provided. This impacted the company's after tax profit.

PBT

PBT decreased in lieu of crystallization of foreign currency derivative transactions. During the year PBT decreased to 0.43% of revenue as compared to 2.58% of revenue in the previous period.

Free Cash Flows

During the financial year company generated Rs. 654 million from its operations which was reinvested in business development in new geographical areas of operation.

Material Developments in Human Resources / Industrial Relations front including number of people employed.

The Company conducts business in six countries around the globe, and is continually adjusting its business according to technology changes and business demands. The Company therefore continually assesses its human resource needs to keep its services competitive in the global arena. Employment arrangements differ according to specific business needs and geographic location, but in all situations the objective is to utilize our resources in a flexible and cost-effective manner.

During the reporting period, the Company decreased its strength from 2,680 in the beginning of the period to 2,050 fulltime equivalents by the end of the period.

DIRECTORS' REPORT

Dear Members,

The 12th Annual Report on the business and operations of the Company and accounts for the Financial Year ended March 31, 2010 are as furnished here under:

Financial Results (Amount in Rupees)

The highlights of financial results of the Company are as follows:

For the Year ended March 31 :	2009 – 10	2008 – 09
Gross Revenue	**19,047,023,613**	19,757,272,500
Operating Expenditure	**17,428,568,364**	19,466,955,680
Profit (PBIDT)	**1,618,455,249**	290,316,820
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Amount available for Appropriation	**3,042,964,328**	2,988,508,557
Balance carried to Balance Sheet	**3,042,964,328**	2,988,508,557
Earnings per Share	**3.01**	24.60

Revenue fell at the beginning of the fiscal year before stabilizing in the fourth quarter, resulting in a 3.59% decline from the previous year. Losses totaling Rs. 135 crores related to poorly performing foreign currency derivatives dramatically impacted the Company's after tax profit. Management regards these losses as an extraordinary item, and not an ongoing component of the Company's operating model. Domestic business totaled Rs. 566 crores, contributing substantially to the Company's revenue, however value addition was marginal as the bulk of the business was sub-contracted due to inadequacy of working capital.

Dividend

In lieu of inadequate profits due to the fall in the turnover and marginal income from the domestic business and also the legal battle company is facing, the Directors have not recommended any dividend for the year 2009-10. The Directors are optimistic that all these issues are in the final stages of settlement and also expecting good future business, the total outlook on the business front would be optimistic by year end 2011. Keeping this in view, the directors has not recommended a dividend for the year 2009-10.

Challenges Faced

The Company's reputation came under heavy fire during the fiscal year 2009-10, compounding the business difficulties caused by the economic climate. A malicious and libelous campaign was waged in the media by parties in a concerted effort to discredit the Company. It is alleged that parties connected to creditors were the instigators of this damaging offensive, despite the disputes being under litigation. The Company correctly did not debate sub judice matters in the media, however considerable time was spent rebutting the legitimacy of specific allegations, and in taking action to protect the legal rights of the Company, its shareholders and other stake-holders. It is pertinent to note here that the Company is addressing all legitimate claims through due legal process, and is hopeful of favorable outcomes.

As a direct result of the negative activity in the media, the Company's banks reduced existing working capital facilities. This is despite the Company keeping the banks periodically updated. Assertions of heightened business risk associated with Prithvi interfered with trusted relationships and caused our business partners to react to perceptions rather than facts. The Company's reduced access to capital impacted its ability to fund business opportunities, resulting in a large portion of the domestic business being sub-contracted on a substantially lower margin.

Despite these difficulties, the Company is optimistic of the legal outcomes, its ability to rebuild business relationships, and restore public faith in the Company.

Business Outlook

During the fiscal year 2009-10, software exports have fallen by 23.36% due to contraction in U.S. business spending on which the bulk of the Company's software export business depends, and Rupee appreciation against the greenback. However, this downward adjustment was partially offset by growth in Telecom Engineering Services (**TES**) and Telecom Products (**TP**) business segments.

The Company's strategy to diversify its geographic markets is trending positive, with strong order books developing in Canada, Brazil, Middle East Countries, and India. The market diversification strategy will also serve as a hedge against a depreciating US Dollar, which all indicators point to being long-term. However, the IT market in the U.S. is by far the largest in the world, and the benefits of offshore outsourcing to India is well-established; for these reasons, the Company will continue to focus growing a footprint in the U.S.

Telecommunications is in a nascent stage in India, and telecom engineering services and telecom products continue to enjoy strong demand; telecom is one of the strongest growth segments in the country. Prithvi has established itself in this segment and has developed relationships with all the big players in the industry. The Company's track record and strong business relationships underpin an excellent outlook over fiscal 2010-11. Company continues to participate in tenders and has won orders in competitive bid situations.

The Company continues to restructure its IT Services operations to increase the portion of work done in India for delivery to international clients. This is a major effort, requiring more focused sales and marketing materials and personnel, and a greater ongoing investment in quality delivery processes in India. The strategy of leveraging lower cost software engineers in India on international projects is well understood and will yield higher margins for the Company.

Prithvi's IT Services is also targeting domestic work; central and state governments in India have embarked on an ambitious plan to create data centers involving IT activities on a large scale. Company has established itself in setting up data centers for the State Governments of Nagaland and Haryana, and also in the Central Government. Company participated in several tenders and is expecting further business from this segment. Finally, the Company has set up a software solutions R&D centre in Hyderabad which has filed six patents till date. The Company has set aggressive revenue targets of USD 50 million for IT Services to be achieved over the next two years from the IT Services business.

Operating Results

Total earnings were down 3.59% from Rs 19,757 million the previous year to Rs 19,047 million for the fiscal year 2009-10. Profit before Taxes decreased from Rs. 509.16 million in the previous year to Rs 80.910 million in fiscal year 2009-10, a result equal to 0.43% of total revenue, as compared to 2.58% in the previous year. Net Profit was Rs. 54.455 million, a reduction of 87.75% on the previous year's result of Rs. 444.67 million. The Company attributes the severe drop in net profit to the crystallized and translation losses of Rs. 1,350 million associated with foreign currency hedging activity. The Company reported a Rs. 521.18 million gain for the same activity in the previous year. With this Company has completely provided for all the foreign currency derivative losses which the Company had on account of currency hedging transactions.

Explanation on Auditors' reservation/qualification:

a. *The Company is contesting few ongoing litigations refer note 9 - to the notes to accounts. The manner and timing of settlement of these disputes may stress the financial resources of the Company. Further in respect of factored invoices which are the subject matter of a dispute the Company has collected some factored invoices and retained the amounts with it, pending disposal of litigation* : Settlement of these disputes on account of litigation and the Derivative losses shall be taken care of as and when they arise and PISL is having adequate resources to meet the same. In one of the case, PISL has already reached an arrangement for converting the liability into a long term loan payable over a period of six years, and in another case, there is a settlement for which the company has already in the process of arranging the funds. In the balance case, the company is hopeful that there will be adequate relief coming from out of the judgments and once this is obtained, Company has necessary resources to liquidate them and also it is expected that the promoters shall be infusing further capital into the Company.

b. *During the year withdrawals were made in cash from the Company's bank accounts aggregating to Rs.89 Lakhs as the amounts were used for spending on salaries of staff for software division. These expenses could not be explained satisfactorily by the Company :* Company has Telecom Engineering Services as one of its segment which is an upcoming business segment and also software data centre projects from Nagaland and Haryana States. TES and these projects are man power oriented business and requires huge sums to be paid periodically (weekly) as wages at various sites all over India in cash. TES division has done approximately 88,000 sites all over the country. There were substantial cash requirements as these sites were in remote areas and the respective officials on their visit to the Head Quarters use to make requests and the same were complied with. We have received all these statements at the year end and the same were accounted for during the last days of the year end.

c. *In respect of referral services availed from one party, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time in the absence of comparable transactions :* Company is paying referral fees since last 4 / 5 years. As such the fee paid is at arms length.

d. *Further the Company has entered into execution of contracts for supplies to be made to BSNL, against orders placed on the Company, on back to back basis retaining a margin of 1% for the Company; the normal margin retentions in such transactions is 1.6% :* Company shall try to recover additional 0.6% from the sub contractor.

e. *The Company did not have any overdue loans as at the end of the year other than the loans under litigation and crystallized liability of Rs.2887 Lakhs on discounted bills that were overdue at the year end :* These were dues in FBD to a Bank which was crystallized. The same was subsequently paid.

Manpower Resources

The Company conducts business in six countries around the globe, and is continually adjusting its business according to technology changes and business demands. The Company therefore continually assesses its human resource needs to keep its services competitive in the global arena. Employment arrangements differ according to specific business needs and geographic location, but in all situations the objective is to utilize our resources in a flexible and cost-effective manner.

During the reporting period, the Company decreased its strength from 2,680 in the beginning of the period to 2,050 fulltime equivalents by the end of the period.

Utilization of FCCB Funds

During the fiscal year 2009-10, the Company utilized USD 4,815,000 for acquisition of business assets in the U.S. through its subsidiary.

Subsidiary and Joint Venture Companies

M/s. Prithvi Inc., as a Wholly Owned Subsidiary (WOS) located in the USA, has acquired U.S.-based business assets in areas targeted by the Company for inorganic growth. The Company also has established business operations in the Middle East via a joint venture called Prithvi Middle East WLL.

Legal Issues

As informed, the criminal complaint lodged by a Bank has been quashed stating that there is no criminality in the complaint and that the matter is of civil nature. Further Bank has approached DRT with its claim. Prima facie on two occasions, DRT has said Bank has suppressed material facts and obtained stay order which was vacated and in a rejoinder by the Bank, DRT once again stated that there are no new facts and that the Bank is only prolonging the litigation and as such dismissed with costs. The matter is under adjudication. Bank also approached AP High Court by filing winding up petition. The matter is pending.

A foreign supplier, who has already filed in the Court of Arbitration where the proceedings are ongoing, has approached the Courts in India by filing a criminal complaint on the Company and its officials. The same has been stayed by Hon. High Court of AP.

Directors

Dr. S. P. Narang who retires by rotation as a Director is eligible for reappointment.

Ms. Madhavi Vuppalapati, Whole time Director and Mr. Satish Kumar Vuppalapati, Managing Director are seeking reappointment for a further period of five years effective from 1st September, 2010 and 1st October, 2010 respectively. Necessary resolutions seeking approval of the members for the reappointment is incorporated in the Notice.

Auditors

M/s. V K Asthana & Company, Chartered Accountants, Hyderabad, Statutory Auditors of the Company retires at the Annual General Meeting and are eligible for reappointment.

Fixed Deposits

Your Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding on the date of the Balance Sheet.

Report on Corporate Governance

A separate report on Corporate Governance along with the Certificate from the Statutory Auditor is attached and forms part of this Report.

Particulars of Employees

The information required under Section 217(2A) of the Act and the Rules made there under, is provided in an Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are set out in an annexure to this Report.

Directors' Responsibility Statement

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 and based on the representations received from the operating management, the Directors hereby confirm that:

i. In the preparation of the Annual Accounts for the fiscal year 2009-10, the applicable Accounting Standards have been followed and there are no material departures;

ii. They have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgment and estimates that are reasonable and product so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit of the company for the financial year;

iii. There has been proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. They have prepared the Annual Accounts on a going concern basis.

Acknowledgements

The Directors wish to thank the members for their cooperation and reposing faith in the company and for their support to the Company. The Directors also thank the Company's customers, business associates, vendors and bankers for their continuous support in the development of the company. The Directors also thank the Government of India and other concerned State Governments and agencies for their cooperation. In the least, the Directors place on record their appreciation for the contributions made by members and associates of the Prithvi family across the globe. Company places on record for the cooperation extended by the Banks.

For and on behalf of the Board of Directors

V. Satish Kumar	**S. Lalith Prasad**
Managing Director	Director

Hyderabad
September 02, 2010

Annexure - I

Particulars pursuant to Companies (Disclosure of Particulars in their Report of the Board of Directors) Rules, 1988.

a. Conservation of Energy

The operations of the Company involve low energy consumption. However, adequate measures have been taken to conserve energy, wherever possible.

b. Technology Absorption, Adaptation and Innovation

Specific areas in which R&D was carried out by the Company

Regular up-gradation of technology is achieved through the constant training of all the software professionals.

Benefits derived as a result of the above R&D

The efforts shall result in building competitive business solutions that incorporate emerging technologies.

c. Expenditure on R&D

A policy on R&D is being formulated and based on this policy capitalization of R&D expenditure shall be undertaken.

Earnings in foreign currency

Particulars	**2009-10**	2008-09
Income from Services	**11,905,380,013**	17,456,195,020
Interest Income	**45,467,550**	65,778,428
Total	**11,950,847,563**	17,521,973,448

Expenditure in Foreign Currency

Particulars	**2009-10**	2008-09
Professional and consultancy	**11,059,776,928**	14,760,157,759
Remuneration	**438,697,593**	391,067,685
Traveling	**34,914,727**	89,429,131
Marketing	**16,474,544**	6,673,288
Communication	**7,214,547**	6,303,835
Bank Charges	**779,728**	644,845
Other expenses	**27,285,297**	16,847,849
Total	**11,585,143,363**	**15,271,124,362**

Report on Corporate Governance

Corporate governance at Prithvi is a commitment to shareholders, clients, employees, and business partners that ethical conduct is entwined in our pursuit of operational excellence and value creation. From a philosophical perspective and an everyday practice, the Company believes that to operate on the principle of truth is to operate from a position of strength. This philosophy is the cornerstone of our new Good Governance Framework initiative, and shall be infused in all of the Company's practices, policies, and dealings, to be overseen by the Board, management, and employees.

The Company has adopted a Code of Conduct within which are guidelines for preventing insider trading in its shares. Other governance initiatives being put in place by the Company include a whistle blower policy. This policy provides a channel and process for employees to report violation of law, infringement of Company's code of conduct or ethic policies, mismanagement, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety, or abuse of authority. The policy prohibits managerial action in retaliation to any such allegations.

The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreement with the stock exchanges in India.

Board Composition

As on March 31, 2010 the Company has a total of six directors. Of these six, two are promoter directors and the other four are independent directors with considerable experience in the industry. The composition of the Board conforms to Clause 49 of the Listing Agreement entered into with the Stock Exchanges in India.

None of the Directors on the Board is a member of more than 10 committees or chairman of more than five committees as specified in Clause 49, across all the companies in which he/she is a director. Necessary disclosures regarding committee positions in other public companies as at March 31, 2010 have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year, and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies and of companies incorporated outside India.Chairmanship/Membership

Name	Category	No.of Board meetings during the year		Attended last AGM	No. of director ships in other public companies		No. of committee positions held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Ms. V Madhavi	Promoter,Chair person & Whole time Director	10	8	Yes	—	1	—	—
Mr. V. Satish Kumar	Promoter, Managing Director	10	10	Yes	—	1	—	—
Dr. S. P. Narang	Independent Non-Executive	10	8	Yes	—	2	—	—
Mr. S. Lalith Prasad	Independent Non- Executive	10	10	Yes	—	—	—	—
Mr. Omkar Bhongir#	Independent Non-executive	9	—	No	—	—	—	—
Mr. G. Srikanth # Reddy	Whole time Director	9	—	No	—	—	—	—
Mr. Prithipal Singh*	Independent Non-executive	1	—	NA	—	—	—	—
Mr. Chinmoy Chakravary*	Independent Non-executive	1	—	NA	—	—	—	—

* Date of Appointment : 31st December, 2010 # Date of Cessation : 31st December, 2010

of Board Committees includes only audit and shareholders/investors grievance committees:

Board Meetings

Ten Board Meetings were held during the year and the gap between any two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows: May 20, 2009; May 29, 2009; June 18, 2009; July 23, 2009; October 31, 2009; November 30, 2009; December 7, 2009; December 21, 2009; December 30, 2009; and January 23, 2010.

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company except to the extent of their remuneration. A brief profile of Director(s) seeking re-appointment is given as an annexure to this report.

Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has laid down standards on secretarial practices related to meetings of the board and board committees, general meetings, dividends, etc. The secretarial and the operating practices of the Company are in line with the ICSI standards. Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration from time to time.

Audit Committee

i. Constitution

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges, read with Section 292A of the Companies Act, 1956. The Audit Committee was reconstituted on 24th April, 2010 by induction of Mr. Prithipal Singh as a Member. Existing members to the Committee are Mr. S Lalith Prasad, Dr. S P Narang and Mr. V Satish Kumar.

ii. Composition of the Audit Committee

Independent Directors: Mr.S.Lalith Prasad, Chairman,
Dr. S. P. Narang and
Mr. Prithipal Singh.

Promoter Director: Mr. V. Satish Kumar

The Company Secretary acts as Secretary of the Audit Committee.

iii. Terms of Reference of the Audit Committee are broadly as under:

a. To discuss with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors, and review the periodical financial statements before submission to the Board of Directors.

b. To review the Company's internal control systems and to ensure that an adequate system of internal audit exists and is functioning.

c. To investigate any matter as may be referred to it by the Board of Directors.

d. To recommend the appointment of internal auditors and statutory auditors.

e. To establish accounting policies.

f. To review officers' expense accounts.

g. To review and approve signatories to various bank accounts.

h. To provide the Company's statutory auditors and internal auditors with access to the Board of Directors.

i. To serve as an informed voice on the Board of Directors in support of the financial and accounting departments of the Company.

j. Other functions as may be assigned by the Board of Directors and applicable statutory enactment.

The Committee, inter alia, has reviewed the financial statements including the Auditor's Report for the year ended March 31, 2010 and has recommended its adoption. In addition, the Committee has also reviewed quarterly results and half yearly results for the financial year 2009-10, which were subject to Limited Review by the Statutory Auditors of the Company.

iv. Audit Committee Meetings

During the financial year, nine meetings of the Audit Committee were held on 20th May 2009, 18th June 2009, 23rd July 2009, 31st October 2009, 30th November 2009, 7th December 2009, 30th December 2009, 23rd January 2010, and 2nd March, 2010. The details of attendance by the Members of the Committee are as below:

Name Category		No. of meetings during the year 2009-10	
		Held	Attended
Mr. S. Lalith Prasad	Independent Non-Executive	10	10
Dr. S. P. Narang	Independent Non-Executive	10	9
Mr. V. Satish Kumar	Executive	10	10

Remuneration Committee

The Company constituted a Remuneration Committee of Directors. The purpose for which the Remuneration Committee was constituted and the general business transacted by the committee was to decide and approve the terms and conditions for appointment of executive directors of the Company and other matters related thereto.

Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, and benefits. Individual performance pay is determined by business performance and the performance of the individuals measured through an annual appraisal process.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Wholetime Directors. The Remuneration Committee decides on the commission payable to the Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 1956, based on the performance of the Company as well as that of the Managing Director.

The Committee presently comprises of three members: Mr. Prithipal Singh, Mr. S. Lalith Prasad and Dr. S. P. Narang. Mr. Prithipal Singh is the Chairman of the Committee. The Company Secretary acts as Secretary.

Details of remuneration paid/payable to Directors for the financial year ended March 31, 2010:

(In Rupees)

Name	Position	Remuneration	Sitting Fees	Total
Ms. V. Madhavi	Chairperson & Wholetime Director	85,47,863	—	85,47,863
Mr. V. Satish Kumar	Managing Director	45,00,000	—	45,00,000
Mr. G. Srikanth Reddy	Whole time Director	43,21,175	—	43,21,175
Mr. S. Lalith Prasad	Non-Executive Director	3,00,000	4,03,000	7,03,000
Dr. S. P. Narang	Non-Executive Director	3,00,000	3,58,000	6,58,000
Mr. Omkar Bhongir	Non-Executive Director	3,00,000	—	3,00,000
Mr. Prithipal Singh	Non-Executive Director	75,000	—	75,000
Mr. Chinmoy Chakravary	Non-Executive Director	75,000	—	75,000

None of the Non-Executive Directors hold any shares in the Company.

Share Transfers/Investors Grievance Committee

This Committee deals with and approves all share transfers, transmissions and also all other matters relating to investor relations and grievances. Dr. S P Narang is the present Chairman of the Committee; Dr. S. P. Narang, Independent Director, Mr. Prithipal Singh and Mr. V. Satish Kumar, Managing Director are the other members.

The Company Secretary acts as Secretary of the Share Transfers/Investor Grievance Committee.

Meetings and Attendance

Share Transfers/Investors Grievance Committee meetings held during the year 2009-10 and attendance details:

Date of Meeting	Committee Strength	Members present
18th June, 2009	3	3
23rd July, 2009	3	3
7th December, 2009	3	3
30th December, 2009	3	3
23rd January, 2010	3	3

The Committee reviews the performance of the Company's Registrar and Transfer Agents (R&TA), and their system of dealing with and responding to correspondence from all categories of shareholders. The manner and timeliness of dealing with complaint letters received from Stock Exchanges/SEBI/ Dept. of Company Affairs etc. and the responses thereto, are reviewed by the Committee. During the year, 15 complaints were received from investors on matters relating to refund orders, revalidation of dividend warrants etc. and all were dealt with satisfactorily. There were no complaints forwarded by SEBI/ stock exchanges which were pending. Similarly, there are no valid requests pending for transfer of shares as at the year end.

Limited Review Committee

The Committee was constituted as per the provisions of the Listing Agreement to oversee the Limited Review Reports (LRR) of the Statutory Auditors along with the quarterly financial results. The Committee comprised S! of the Board, which is equivalent to two directors. Mr. S Lalith Prasad, Independent Director and Mr. V Satish Kumar, Managing Director are the members of the Committee. Company Secretary acts as Secretary of the Committee. This Committee constituted on 31st March, 2008. However, there was one occasion during the year for the committee to meet, the details of which are as follows:

Date of Meeting	Committee Strength	Members present
23rd September 2009	2	2

Compensation Committee

A Compensation Committee was constituted to deal with the issue of ESOPs. However, there was no occasion during the year for the Committee to meet.

General Body Meetings

The details of the Annual General Meetings held are furnished as under:

Financial year ended	Date	Time	Venue
March 31, 2006	29.09.2006	3.30 p.m.	Sri KLN Prasad Auditorium, Federation of AP Chamber of Commerce & Industry, Red Hills, Hyderabad
March 31, 2007	29.09.2007	10.30 a.m	Sri KLN Prasad Auditorium, Federation of AP Chamber of Commerce & Industry, Red Hills, Hyderabad
March, 2008	29.09.2008	3.30 p.m	Sri KLN Prasad Auditorium, Federation of AP Chamber of Commerce & Industry, Red Hills, Hyderabad
March, 2009	31.12.2009	10.30 a.m	Surana Udyog Auditorium, Federation of AP Chamber of Commerce & Industry(FAPCCI), Red Hills, Hyderabad
March, 2009	30.01.2010 (Adjourned)	3.30 p.m	Surana Udyog Auditorium, Federation of AP Chamber of Commerce & Industry(FAPCCI), Red Hills, Hyderabad

The Chairman of the Audit Committee was present at all the above Annual General Meetings.

Details of Extra Ordinary General Meetings held in the last three years:

Date	Time	Venue
July 23, 2009	3.30 p.m	Surana Udyog Auditorium, Federation of AP Chamber of Commerce & Industry(FAPCCI), Red Hills, Hyderabad Hills, Hyderabad

All the resolutions placed before the shareholders at the above meetings were approved. There were no resolutions requiring approval through postal ballot.

Disclosures

There have been significant related party transactions with the Company's promoters, Directors, the management, their subsidiaries or relatives which may have potential conflict with the interests of the Company. The necessary disclosures regarding the transactions with related parties are given in the Notes to the Annual Accounts for the year 2009-2010.

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.

M/s. Ravi & Subramanyam, Company Secretaries, Hyderabad have carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Means of Communication

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include the Financial Express and Andhra Prabha. The results are also displayed on the Company's website www.prithvisolutions.com. The Company's website also displays official press/news releases, presentations made to analysts, and several other details/information of interest to stakeholders.

Shareholders' Information

Date, Time and Venue of 12th Annual General Meeting

Wednesday, 29th September, 2010 at 11.00 a.m.

Venue: Sri KLN Prasad Auditorium, Federation of AP Chamber of Commerce & Industry (FAPCCI), Red Hills, Hyderabad

Financial Calendar for April, 2010 to March 31, 2011:

1st Quarter	ended June, 2010	July 25, 2010
2nd Quarter	ended September, 2010	on or before November 15, 2010
3rd Quarter	ended December, 2010	on or before February 15, 2011
4th Quarter	ended March, 2011	on or before May 30, 2011

Name, Designation and Address of the Compliance Officer:

Mr. Malleswara Durga Prasad
Company Secretary & Vice President(F)
Prithvi House, # 2-56/2/19, Khanamet
Madhapur, Hyderabad - 500 081
Ph. +91 40 44856019 ; Fax +91 40 44856021
Contact for investor grievances:
ir@prithvisolutions.com

Listing on Stock Exchanges Equity Shares

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra -Kurla Complex,
Bandra (East) Mumbai - 400 051
FCCB: The Singapore Stock Exchange

Trustee for the FCCB Issue

The Bank of New York, London Branch
One Canada Square, 48th Floor London E14 5AL, UK

Listing Fee

Paid to BSE, NSE and Singapore Stock Exchange as per the Listing Agreements.

ISIN No.

Equity : INE700C01013
FCCB : XS0289045501

Stock Codes

BSE : 235675
NSE : PRITHVI

Other

Reuters Code : PRIS@IN
Bloomberg Code : PISL.BO

Registered Office

Prithvi House, # 2-56/2/19, Khanamet
Madhapur, Hyderabad - 500 081
T: + 91 40 44856019
F: + 91 40 44856021
www.prithvisolutions.com

Market Price Data

High, low and number of shares traded during each month in the last financial year on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for the year 2009-10:

Month		Bombay Stock Exchange			National Stock Exchange		
		High	Low	Volume	High	Low	Volume
2009	April	63.25	42.05	1045844	62.25	40.15	1471379
	May	74.65	42.00	2973698	74.75	42.25	3484430
	June	83.95	49.00	3864035	84.40	49.25	4187830
	July	67.70	47.30	2204492	68.00	47.30	2229005
	August	82.40	57.25	3019410	85.00	57.15	3293188
	September	83.80	72.50	1484552	81.55	72.05	1640303
	October	83.60	61.20	1195222	81.65	60.95	1197276
	November	67.50	53.15	1451105	67.45	55.20	1515491
	December	72.45	62.00	1346661	72.30	63.10	1164997
2010	January	79.50	65.35	2324020	79.75	64.05	3007100
	February	71.75	58.00	787178	70.10	58.00	1205078
	March	74.20	60.65	3221215	74.20	50.20	4050010

Source: BSE & NSE website

Shareholding as on March 31, 2010

Distribution of shareholding as on March 31, 2010

Category (Rs.)	No. of Accounts	% of Accounts	Total Shares	% of Value
1 - 5000	26615	90.00%	2962460	16.39%
5001 - 10000	1546	5.23%	1259756	6.97%
10001 - 20000	714	2.41%	1073165	5.94%
20001 - 30000	224	0.76%	568469	3.14%
30001 - 40000	121	0.41%	433773	2.40%
40001 - 50000	94	0.32%	436623	2.42%
50001 - 100000	133	0.45%	967558	5.35%
100001 & Above	127	0.43%	10375196	57.39%
Total	**29574**	**100%**	**18077000**	**100%**

Categories of shareholders as on March 31, 2010

Category	No. of shares	Percentage
Promoters	47,67,856	26.38
Mutual Funds/Financial/ Institutions/Banks/FIIs	8,73,510	4.83
Bodies Corporate	35,26,765	19.51
NRIs/OCB/Trusts	7,42,165	4.11
Individual shareholders	81,66,704	45.17
	18,077,000	**100.00**

Registrar and Transfer Agent

Karvy Computershare Pvt. Ltd
Unit: Prithvi Information Solutions Limited
Plot No. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081
Phone: +91 40 2342 0815,
Fax: +91 40 2342 0814
E-mail: einward@karvy.com
Contact Person: Mr. K.S. Reddy

Dematerialization of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 97.35% of the Company's share capital are dematerialized as on March 31, 2010. The Company's shares are regularly traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited

ADR/GDR/Warrants etc.

In February 2007, the Company issued FCCBs amounting to US$ 50 million and these are due for conversion into equity shares on or before February 2012. The Company has not issued any ADR/GDRs.

A brief profile of Directors who were appointed and re appointed as Directors & Managing Director in the 12th Annual General Meeting held on 29th September, 2010.

i. Dr. Satyapal Narang is an Independent Director with Prithvi Information Solutions. He holds a Doctorate in Financial Management, besides being a post graduate in commerce and a law graduate. He is a Fellow of The Institute of Company Secretaries of India and All India Institute of Management Association. Presently, he is a Professor of Management and Director of Jagannath International Management School, New Delhi.

   Before joining this self financing institution, he was a Professor of Management & Law. He contributes significantly to the management process at Prithvi and brings with him a strong process orientation to guide the company in its future endeavors.

ii. Ms. Madhavi Vuppalapati is one of the founders of Prithvi Information Solutions Limited. She is based in the United States and is responsible for the US operations. She holds an M.S. in Computational Mechanics from Carnegie Mellon University, USA and is a B.E. from Osmania University, Hyderabad.

   She has extensive experience, having worked with organizations such as ALCOA Technical Centre, Management Science Associates, KCS Computer Services Inc., Gateway Resources Inc. In Prithvi Information Solutions she guides the strategy and oversees the entire client marketing process. She is a recipient of various awards, both in India and in the USA.

iii. Mr. Satish Kumar Vuppalapati is the co-founder of Prithvi and heads the Indian operations and the executive management of the Company. He is responsible for developing client relations in the Indian sub-continent and Asia Pacific region. He holds a B.E. from Osmania University, Hyderabad.

   Mr. Satish Kumar brings to the Company an exemplary enthusiasm and management capabilities, in addition to jointly shaping the Company's growth strategies.

Declaration by the Managing Director (CEO)

The Members of
Prithvi Information Solutions Limited

I, V. Satish Kumar, Managing Director of Prithvi Information Solutions Limited declare that to the best of my knowledge and belief, all the Members of the Board and senior management personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the year ended March 31, 2010.

Hyderabad
September 02, 2010

V. Satish Kumar
Managing Director

Managing Director (CEO) and Chief Financial Officer (CFO) Certification

We, V. Satish Kumar, Managing Director and Malleswara Durga Prasad, Vice President (F) & Company Secretary of Prithvi Information Solutions Limited to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account and all its schedules and notes on accounts as well as the Cash Flow Statements for the year ended March 31, 2010.
2. To the best of our knowledge and belief,
   i. these statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading;
   ii. the financial statements and other financial information included in this report
   iii. present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws and regulations.
3. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
4. We, are responsible for establishing and maintaining internal controls and procedures for financial reporting and we have:
   a) evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting; and
   b) disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any.
5. We have indicated to the Company's auditors and the Audit Committee of the Company's Board of Directors that during the year:
   i. there are no significant changes in internal control over financial reporting;
   ii. there are no significant changes in accounting policies, and,
   iii. there are no frauds, whether or not material that involves management or other employees who have significant role in the company's internal control system over financial reporting.

V Satish Kumar	**Malleswara Durga Prasad**
Managing Director	Vice President (F) & Company Secretary

Hyderabad
September 02, 2010

Auditor's Certificate on Compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement

To
The Members of
Prithvi Information Solutions Limited

We have examined the relevant records M/s. Prithvi Information Solutions Limited (the Company) for the purpose of certifying the compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement being entered into by the Company with Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for the financial year ended March 31, 2010. We have obtained relevant information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was in accordance with the Guidance Note on Corporate Governance Certificate (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Company Secretaries of India and was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records, explanations and information furnished to us by the Company and its officers, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

For **V.K. Asthana and Company**
Chartered Accountants

V.K. Asthana
Proprietor
M.No 19664

Hyderabad
September 02, 2010

AUDITORS REPORT

To

The Members of Prithvi Information Solutions Limited,

1. We have audited the attached balance sheet of Prithvi Information Solutions Limited ("The Company") as at 31st March 2010, the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

2. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. The Company has substantial operations in the United States and due to their relative inaccessibility from India the accounts for year ended 31st March 2010 were audited by M/s Ram Associates a CPA firm based at Hamilton, New Jersey. In forming our opinion we have relied upon these audited final accounts concerning U S operations and the audit report dated 18th June, 2010 as per provisions of AAS 10.

4. We further report that

   (i) The Company is contesting few ongoing litigations refer note - to the accounts. The manner and timing of settlement of these disputes may stress the financial resources of the Company. Further in respect of factored invoices which are the subject matter of a dispute the Company has collected some factored invoices and retained the amounts with it, pending disposal of litigation.

   (ii) During the year withdrawals were made in cash from the Company's bank accounts aggregating to Rs.89 Lakhs as the amounts were used for spending on salaries of staff for software division. These expenses could not be explained satisfactorily by the Company.

5. Further to our comments in the Annexure referred to in paragraph 2 above and *basis our observations in paragraphs 4 above*, we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books.

   (c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   (e) On the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

      (b) in the case of the Profit & Loss Account, of the profit for the year ended on the date; and

      (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For V.K. Asthana & Company,
Chartered Accountants

Hyderabad
September 02, 2010

Vijay Kumar Asthana
Proprietor,
M.No.19664

Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date Re: Prithvi Information Solutions Limited ('the Company')

i. **a.** The Company has maintained fixed assets register giving quantitative details and situations of fixed assets.

b. Fixed assets have been physically verified by Management during the year.

c. There was no substantial disposal of fixed assets during the year.

ii. **a.** The Management has conducted physical verification of inventory during the year.

There was no inventory at the year end.

b. The Company has established procedures for physical verification of inventory.

c. The Company has maintained proper records for inventory.

iii. **a.** The Company has granted interest free loans/ advance to 4 (four) parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 16892 Lakhs and the year-end balance of loans granted to such parties was Rs. 16445 Lakhs.

b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans, including loan to a wholly owned subsidiary, are not prima facie prejudicial to the interest of the Company except in case of a Private Limited Company where interest free advance of Rs. 428 Lakhs does not carry any interest and is prejudicial to the Company's Interest.

c. The loan/advance granted is re-payable on demand in case of wholly owned subsidiary and as informed, the company has not demanded repayment of loan during the year. There are no covenants with regard to repayment of loan given to Private Limited Company. There has been no default on the part of other parties to whom the money has been lent. As substantial part of amount advanced is spent in asset and business acquisitions by the borrowing company any repayments in near future are not expected; the Company may convert these loans to investment in share capital of the borrowing company.

d. There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

e. As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parries covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii)(f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

v. **a.** According to the information and explanations provided by Management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

b. In our opinion and according to the information and explanations given to us, the sale of services made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time. *However, in respect of referral services availed from one party, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time in the absence of comparable transactions. Further the Company has entered into execution of contracts for supplies to be made to BSNL, against orders placed on the Company, on back to back basis retaining a margin of 1% for the Company; the normal margin retentions in such transactions is 1.6%.*

vi. The Company has not accepted any deposits from the public.

vii. The Company has an internal audit system in India and the internal audit is carried by external firm of chartered accountants, which in our opinion needs to be strengthened further. However no such audits are carried for the Company's branch operations in

US – which constitute larger share of commercial operations of the business.

viii. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.

ix. **a.** Undisputed statutory dues including employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable have not generally been regularly deposited with appropriate authorities and there had been significant delays in few cases.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except following amounts on account of income tax.

Name of the Statute	Nature of Dues	Amount Rs.	Period to Which the Amount Relates	Due Date	Date of Payment
Income Tax Act,1961	Income Tax	42,56,140	2008-2009	31.03.2009	-
Income Tax	**FBT**	**38,88,032**	**2008-2009**	**31.03.2009**	**-**

c. According to the information and explanation given to us, there are no dues of sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute; *however dues of customs duty of Rs 2667 Lakhs has not been deposited and is disputed*.

x. The Company has no accumulated losses at the end of the financial year nor has it incurred cash losses in the current financial year or previous financial year.

xi. Based on our audit procedures and as per the information and explanations given by the management, *the Company did not have any overdue loans as at the end of the year other than the loans under litigation and crystallized liability of Rs.2887 Lakhs on discounted bils that were overdue at the year end* . The Company did not have any outstanding debentures during the year.

xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xv. The Company has not given any guarantee in respect of loans taken by others from bank or financial institutions in respect of which it has not charged any commission.

xvi. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment.

xvii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xviii. The Company did not have any outstanding debentures during the year.

xix. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company, other than the ones under litigation, has been noticed or reported during the course of our audit.

For V.K. Asthana & Company,
Chartered Accountants

Hyderabad
September 02, 2010

Vijay Kumar Asthana
Proprietor,
Firm Regn No. - 0263S / M.No.19664

Balance Sheet as at March 31, 2010

(All amounts in Indian Rupees except as otherwise stated)

	Schedules	As At March 31, 2010	As At March 31,2009
I. SOURCES OF FUNDS			
Shareholders' Funds			
a) Capital	1	180,770,000	180,770,000
b) Reserves and Surplus	2	3,846,294,326	4,055,746,587
		4,027,064,326	4,236,516,587
Loan Funds			
a) Secured Loans	3	4,119,934,881	4,079,983,123
b) Unsecured Loans	4	4,044,944	202,739,447
Deferred Tax Liabilities (net)	5	17,393,824	15,993,940
TOTAL		**8,168,437,977**	8,535,233,097
II. APPLICATION OF FUNDS			
Fixed Assets	6		
a) Gross Block		569,367,792	558,740,564
b) Less : Accumulated Depreciation		365,237,600	297,000,012
c) Net Block		**204,130,192**	**261,740,552**
d) Capital Work-in-Progress including Capital Advances		640,988,000	898,993
		845,118,192	**262,639,545**
Investments	7	9,975,216	47,519,278
Current Assets, Loans and Advances			
a) Inventories	8	-	1,141,700,327
b) Sundry Debtors	9	9,663,026,767	7,406,717,385
c) Cash and Bank Balances	10	2,045,573,464	2,426,969,317
d) Other Current Assets	11	1,603,646,051	231,228,888
e) Loans and Advances	12	2,323,125,203	1,395,032,170
		15,635,371,485	**12,601,648,088**
***Less:* Current Liabilities and Provisions**	13		
a) Current Liabilities		8,199,262,375	4,171,138,919
b) Provisions		122,764,540	205,434,894
		8,322,026,915	**4,376,573,813**
Net Current Assets		7,313,344,570	**8,225,074,274**
TOTAL		**8,168,437,977**	8,535,233,097
Notes to Accounts	20		

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For and Onbehalf of the Board of Directors

M/s. V.K. Asthana & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Kumar Asthana	**V. Satish Kumar**	**S. Lalith Prasad**	**Malleswara Durga Prasad**
Proprietor	Managing Director	Director	Vice President (Finance) &
M.No. 19664			Company Secretary

Place : Hyderabad
Date : September 02, 2010

Profit and Loss Account for the year ended March 31, 2010

(All amounts in Indian Rupees except as otherwise stated)

		Schedules	Year Ended March 31, 2010	Year Ended March 31, 2009
I.	**INCOME**			
	a) Sale of Telecom Products and Services		5,662,198,804	2,293,269,137
	b) Sale of Software Services		13,384,824,809	17,464,003,363
			19,047,023,613	**19,757,272,500**
	c) Other Income	14	(1,254,971,638)	521,181,792
	TOTAL		17,792,051,975	20,278,454,291
II.	**EXPENDITURE**			
	a) Consumption of Materials		5,090,899,478	2,025,070,215
	b) Software Development Expenses		10,319,786,677	13,616,489,777
	c) Personnel Expenses	15	1,147,890,151	1,165,741,073
	d) Operating and Other Expenses	16	869,992,058	2,659,654,615
	e) Depreciation	6	68,237,588	77,164,853
	f) Financial Expenses	17	214,335,047	225,173,608
			-	-
	TOTAL		**17,711,140,998**	19,769,294,141
III.	**Profit before Tax and Prior Period Items**		80,910,977	509,160,150
	Provision for Tax			
	a) Current Tax		9,167,214	48,509,324
	b) Less: MAT Credit Entitlement		-	(8,700,992)
	c) Net Current Tax Liability		**9,167,214**	**39,808,332**
	d) Deferred Tax		1,399,885	13,589,946
	f) Fringe Benefit Tax		-	3,888,032
	g) Fringe Benefit Tax for Earlier Year		-	386,960
	h) Tax Adjustments for Earlier Year		468,842	14,689,373
	i) MAT Credit Entitlement Earlier Year		-	(11,074,527)
	j) Deferred Tax Earlier Year		-	-
	Total Tax Expenses		**11,035,941**	61,288,116
IV.	**Profit After Tax and Before Prior Period Items**		**69,875,036**	447,872,034
	Prior Period Items	18	15,419,265	3,199,901
V.	**Net Profit**		**54,455,771**	444,672,133
	Balance Brought Forward from Previous Year		2,988,508,557	2,543,836,424
	Profit Available for Appropriation		**3,042,964,328**	2,988,508,557
	Appropriations:			
	Proposed Final Dividend		-	-
	Tax on Dividend		-	-
	Transfer to General Reserve		-	-
	Surplus Carried to Balance Sheet		**3,042,964,328**	2,988,508,557
	Earnings Per Share	19		
	Basic [Nominal value of shares Rs. 10 (Previous Year : Rs. 10)]		3.01	24.60
	Diluted [Nominal value of shares Rs. 10 (Previous Year : Rs. 10)]		1.96	16.02
	Notes to Accounts	20		

The schedules referred to above form an integral part of the Profit and Loss Account.
This the Profit and Loss Account referred to in our report of even date.

For and Onbehalf of the Board of Directors

M/s. V.K. Asthana & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Kumar Asthana.	**V. Satish Kumar**	**S. Lalith Prasad**	**Malleswara Durga Prasad**
Proprietor	Managing Director	Director	Vice President (Finance) &
M.No. 19664			Company Secretary

Place : Hyderabad
Date : September 02, 2010

Cashflow Statement for the year ended March 31, 2010

	Amount in INR
A. Cash flow from operating activities	
Net profit before taxation	71,743,763
Adjustments for:	
Depreciation	68,237,588
Income from Interest on dividends	(96,228,083)
Provision for loss on derivative contracts	861,370,960
Foreign exchange Loss	489,828,761
Operating profit before working capital changes	1,394,952,989
Movements in working capital :	
Decrease in Inventory/Stock in trade	1,141,700,327
Increase in sundry debtors	(2,256,309,382)
Increase in other current assets	(1,372,417,163)
Increase in loans and advances	(928,093,033)
Increase in current liabilities	2,756,737,950
Increase in provisions	(82,670,354)
Cash Used for Working Capital activities	(741,051,655)
Net cash used / generated in operating activities	653,901,334
B. Cash flows from investing activities	
Purchase of fixed assets	(9,728,234)
Purchase of investments	37,544,062
Increase in Capital work in Progress	(640,988,000)
Net cash used for investing activities	(613,172,173)

Cashflow Statement for the year ended March 31, 2010

	Amount in INR
C. Cash flows from financing activities	
Repayment of Secured Loans	39,951,758
Repayment of Unsecured Loans	(198,694,503)
Interest Earned	80,339,976
Payment of Derivative Losses	(79,814,215)
Reduction in Reserves & Surplus	(263,908,033)
Net cash used for financing activities	(422,125,016)
Net decrease in cash and cash equivalents (A + B + C)	(381,395,855)
Cash and cash equivalents at the beginning of the year	2,426,969,317
Cash and cash equivalents at the end of the year	2,045,573,464
Components of cash and cash equivalents	
Cash	3,660
With banks - on current accounts	230,354,802
With banks - on call money accounts	1,603,140,627
With banks - on unpaid dividend account	1,165,346
Total cash and cash equivalents	1,834,664,435
Add: Deposits with banks with original maturity of more than three months	210,909,028
Cash and cash equivalents as per Balance sheet	2,045,573,464
As disclosed in the Balance Sheet	2,045,573,464

For and Onbehalf of the Board of Directors

M/s. V.K. Asthana & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Kumar Asthana	**V. Satish Kumar**	**S. Lalith Prasad**	**Malleswara Durga Prasad**
Proprietor	Managing Director	Director	Vice President (Finance) &
M.No. 19664			Company Secretary

Place : Hyderabad
Date : September 02, 2010

Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 1 : Capital		
Authorised		
30,000,000 (Previous year:30,000,000) Equity shares of Rs.10/- each	300,000,000	300,000,000
Issued, Subscribed and Paid up:		
18,077,000 (Previous year:18,077,000) Equity shares of Rs.10/- each	180,770,000	180,770,000
Schedule 2 : Reserves and Surplus		
Securities Premium Account		
Balance at the Beginning of the Year	770,496,796	1,035,286,171
Less:Foreign Currency Convertible Bonds issue expenses :		
net of defered tax of Rs.Nil (Previous Year .NIL)	-	-
Less:Provision for FCCB Premium	263,908,031	264,789,375
	506,588,765	**770,496,796**
General Reserve		
Balance at the Beginning of the Year	296,741,234	296,741,234
Add: Transferred from Profit and Loss Account	-	-
	296,741,234	**296,741,234**
Profit and Loss Account	3,042,964,328	2,988,508,557
Add*:Adjustment for Gratuity : Net of deferred tax of Rs.Nil (Previous Year NIL)	-	-
	3,042,964,328	**2,988,508,557**
	3,846,294,327	4,055,746,587

Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 3 : Secured Loans		
Loans from banks		
Working Capital Loans	1,105,073,665.41	972,083,606.06
(Secured by present and future charge over all current and fixed assets)		
Vehicle Loans	1,735,220.31	3,807,632.78
(Secured by charge over assets for which finance is provided)		
Other Loans		
Vehicle loans	5,652,478.00	7,400,225.00
(Secured by charge over assets for which finance is provided)		
Foreign Currency Convertible Bonds	2,257,000,000.00	2,547,500,000.00
(Due within one year Rs.Nil (previous year Rs.Nil)		
(Secured by second charge over all consolidated receivables)		
Premium Payable on Foreign Currency Convertible Bonds	750,473,517.63	549,191,659.48
Interest Accrued and Due	-	-
	4,119,934,881.35	**4,079,983,123.32**
Schedule 4 : Unsecured Loans		
- From Banks	-	200,000,000.00
- Interest Accrued and Due	4,044,944.00	2,739,446.77
	4,044,944.00	**202,739,446.77**
Schedule 5 : Deferred Tax Liability (net)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	36,528,779.58	34,563,314.33
Gross Deferred Tax Liabilities	**36,528,779.58**	34,563,314.33
Deferred Tax Assets		
Effect of FCCB expenditure debited to securities premium account in the current year but allowed for tax purposes in following years	16,444,206.33	16,444,206.33
Provision for Gratuity	2,690,749.69	2,125,169.01
Gross Deferred Tax Assets	**19,134,956.02**	18,569,375.33
Net Deferred Tax Liability	**17,393,824.56**	15,993,939.00

Schedule 6: Fixed Assets

(All amounts in Indian Rupees except as otherwise stated)

	Gross Block				Depreciation				Net Block	
	As at March 31, 2009	Additions during the year	Deletions / Adjustments	As at March 31, 2010	%	Upto March 31, 2009	For the Year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
TANGIBLE ASSETS										
Plant and Machinery	**4,523,076**	-	-	**4,523,076**	4.75%	695,750	214,846	**910,596**	**3,612,480**	**3,827,326**
Computers and Computer Equipment	**65,489,972**	3,818,577	-	**69,308,549**	16.21%	30,888,464	9,756,600	**40,645,063**	**28,663,486**	**34,601,508**
Office Equipment	**26,674,450**	9,062,537	1,655,600	**34,081,387**	16.21%	6,026,751	8,966,140	**14,992,890**	**19,088,497**	**20,647,699**
Furniture and Fixtures	**9,091,690**	27,900	-	**9,119,590**	6.33%	3,689,672	466,445	**4,156,117**	**4,963,473**	**5,402,018**
Leasehold Improvements	**9,021,100**	-	-	**9,021,100**	5Yrs	3,280,004	1,913,698	**5,193,702**	**3,827,398**	**5,741,096**
Vehicles	**20,086,248**	-	1,025,427	**19,060,821**	9.50%	4,255,177	1,810,212	**6,065,389**	**12,995,432**	**15,831,071**
INTANGIBLE ASSETS										
Software *	**309,406,831**	399,240	-	**309,806,071**	16.21%	233,619,770	24,855,852	**258,475,622**	**51,330,449**	**75,787,061**
Acquisition of Clients	**114,447,197**	-	-	**114,447,197**	5Yrs	11,858,640	22,939,581	**34,798,220**	**79,648,977**	**102,588,557**
TOTAL	558,740,564	13,308,254	2,681,027	569,367,791		294,314,227	70,923,373	365,237,601	204,130,190	264,426,336
Previous Year (Rs.)	396,085,519	168,698,539	6,043,494	558,740,564		224,424,012	77,164,854	297,000,013	261,740,551	171,661,507

Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 7 : Investments		
Long Term Investments(At cost)		
A. In Joint Ventures - Trade (Unquoted)		
98 (Previous Year 98) Shares of Qatari Riyals 1,000 each fully paid-up in Prithvi Qatar WLL	1,226,960.00	1,226,960.00
25 (Previous Year 25) Shares of Bahraini Dinars 1,000 each fully paid-up in Prithvi Middle East WLL	8,748,215.28	2,651,317.50
B. Other than trade		
Unquoted		
Nil (Previous Year 150,000) Units of Rs.1,000 each fully paid-up of		
Opulent Venture Capital Trust A/C Chetana Fund	-	-
C. In Subsidiary Companies		
Unquoted, Fully Paid up		
3,371,550 (Previous Year 3,371,550) Equity Shares of Rs. 10 each in Walking Stick Solutions Private Ltd.	-	67,431,000.00
Less: Provision for Dimunition in the Value of Investment	-	(44,000,000.00)
100 (Previous Year 100) Equity Shares of USD 0.01 each in Prithvi Solutions Inc.	40.42	20,210,000.00
	9,975,215.70	**47,519,277.50**
Aggregate amount of quoted investments Rs. Nil		
(Previous Year Market value Rs. 135,214,225)	-	-
Aggregate amount of unquoted investments	9,975,215.70	47,519,277.50
Schedule 8: Inventories (at lower of cost and net realisable value)		
Raw Materials and Components	-	1,141,700,327.03
	-	**1,141,700,327.03**
Schedule 9 : Sundry Debtors		
Debts outstanding for a Period Exceeding Six Months		
Unsecured, Considered Good	674,782,618.95	675,734,052
Unsecured, Considered Doubtful	-	55,751,699.00
Other debts		
Unsecured, Considered Good	9,010,814,148.00	7,594,137,297.00
	9,685,596,766.95	**8,325,623,048.00**
Less: Provision for Doubtful Debts	22,570,000.00	918,905,663.00
	9,663,026,766.95	**7,406,717,385.00**

Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 10 : Cash and Bank Balances		
Cash on Hand	3,660.00	25,353.00
Balances with Scheduled Banks:		
On Current Accounts	230,354,801.71	40,964,018.35
On Deposit Accounts	-	315,614,453.28
On Margin Money Accounts	206,380,987.00	65,928,290.44
On Call Money Accounts	1,603,140,627.38	1,998,053,459.55
On Unpaid Dividend Accounts	752,439.00	579,458.00
Balance with Other Banks		
On Current Account	412,907.27	704,822.50
On Money Market Account	4,528,041.45	5099462.31
	2,045,573,463.81	**2,426,969,317.43**
Bank Balances with Others include:		
Key Bank ,USA	**412,907.27**	**704,822.50**
Schedule 11 : Other Current Assets		
Unbilled Revenue	1,563,617,806.94	167,932,672.92
Interest Accrued on Deposits	13,616,606.17	14,888,392.42
Unamortised Premium on Forward Contract	26,411,638.00	48,407,823.00
	1,603,646,051.11	**231,228,888.34**
Schedule 12 : Loans and Advances		
(Unsecured, considered good)		
Loans to Subsidiaries	924,585,255.09	386,575,903.00
Advances Recoverable in Cash or Kind or for Value to be Received	691,547,388.61	316,104,239.94
Share Application Money Pending Allotment	465,394,969.58	431,089,700.00
Inter Company Balances	50.00	0.17
Inter Corporate Deposits	21,052,055.00	21,052,055.00
Balances with Customs, Excise,etc.	144,662,586.89	166,021,694.32
MAT Credit Entitlement	58,549,393.00	58,549,393.00
Deposits with Govt. Authorities and Others	17,333,505.00	15,639,185.00
VAT Input Credit Receivable	-	-
	2,323,125,203.17	**1,395,032,170.43**
Schedule 13: Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors	-	-
- Dues of Micro, Small and Medium Enterprises		
- Dues of Other than Micro, Small and Medium Enterprises	7,076,800,688.07	3,879,839,080.30
Investor Education and Protection Fund	752,439.00	579,458.00
Book Overdraft	17,066,788.16	275,321,968.56
Others	1,104,642,459.55	15,398,411.97
	8,199,262,374.78	**4,171,138,918.83**
Provisions		
Provision for Taxation (Net of Advance Tax)	(19,626,933.91)	35,860,149.46
Provision for Fringe Benefit Tax (Net of Advance Tax)	3,888,032.00	3,888,032.00
Provision for Gratuity	7,916,298.00	6,252,336.00
Provision for Compensated Absences	13,654,486.00	15,821,994.00
Provision for Derivative Contracts	116,932,658.00	143,612,383.00
	121,764,540.09	**205,434,894.46**

Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 14 : Other income		
Interest		
Bank Deposits	53,080,798.20	111,220,161.85
Others	43,147,285.00	7,446,779.00
Income from Investments in Mutual Funds	-	2,028,021.58
Exchange Gain/(Loss)	(489,828,760.75)	627,418,915.73
Provision for Forward Contract gain /(Loss)	-	(536,483,936.48)
Provision for Loss on Derivative Contracts	(861,370,960.00)	309,551,850.00
	(1,254,971,637.55)	**521,181,791.68**
Schedule 15 : Personnel Expenses		
Salaries and Benefits	1,134,964,605.49	1,151,132,126.05
Contribution to Provident Fund	9,285,377.00	7,867,649.00
Gratuity Expense	1,663,962.00	2,905,699.00
Staff Welfare Expenses	1,976,206.22	3,835,599.11
	1,147,890,150.71	**1,165,741,073.16**
Schedule 16 : Operating and Other Expenses		
Rent	57,584,681.81	35,052,390.00
Rates and Taxes	4,639,038.00	6,897,719.06
Marketing Expenses	375,332,762.60	616,738,910.37
Electricity	5,522,553.00	4,412,906.00
Insurance	7,901,045.73	8,700,267.00
Repairs and Maintenance - Others	17,426,284.71	16,553,581.02
Advertising and Sales Promotion	2,316,991.00	2,275,813.00
Travelling and Conveyance	135,447,199.91	131,817,638.52
Communication Costs	21,494,810.88	16,397,724.60
Printing and Stationery	4,138,311.24	7,058,582.74
Legal and Professional Fees	124,340,781.53	87,882,526.41
Product Development expenses	3,600,000.00	3,975,000.00
Liquidated Damages	-	379,558,916.00
Clearing and Forwarding Expenses & Customs duty	1,414,166.00	7,778,647.00
Directors' Sitting Fees	779,175.00	137,000.00
Auditor's Remuneration		
Audit Fee	2,552,800.00	3,843,305.00
Tax Audit Fee	110,251.00	110,300.00
Doubtful Debts	-	877,287,207.00
Bad debts Written off	43,029,173.07	111,075,989.00
Assets Written Off	-	1,454,641.00
Dimunition in the Value of Investment	861,000.00	44,000,000.00
Installation and Commissioning	60,649,111.00	29,622,205.00
General Expenses	851,921.38	350,652.95
Customs Duty	-	266,672,693.00
	869,992,057.86	**2,659,654,614.67**

Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 17 : Financial Expenses		
Interest		
-on Banks	117,769,912.17	163,182,338.18
-on Others	71,912,424.46	22,603,735.02
Bank Charges	24,652,710.01	39,387,535.18
	214,335,046.64	**225,173,608.38**
Schedule 18 : Prior Period Items		
Legal and Professional Fees	-	2,026,559.00
Bank Charges	-	862,053.00
General Expenses	15,419,265.00	311,289.00
	15,419,265.00	**3,199,901.00**
Schedule 19 : Earnings Per Share		
Net profit as per Profit and Loss Account	544,55,771.16	444,672,133.33
Net profit for calculation of Basic EPS	**54,455,771.16**	**444,672,133.33**
Net profit as per Profit and Loss Account	54,455,771.16	444,672,133.33
Net profit for calculation of Diluted EPS	**54,455,771.16**	**444,672,133.33**
Weighted average number of equity shares in calculating basic EPS	**18,077,000.00**	**18,077,000.00**
Add : Weighted average number of equity shares which would be issued on the conversion of foreign currency convertible bonds	**9,688,851.00**	**9,688,851.00**
Weighted average number of equity shares in calculating diluted EPS	**27,765,851.00**	**27,765,851.00**

Schedule 20 - Notes annexed to and forming part of accounts for the year ended March 31, 2010

(All amounts in Indian Rupees, except as otherwise stated)

1. **Nature of Operations**

   Prithvi Information Solutions Limited ('the Company') is a global provider of customized information technology solutions and software services for various businesses. The Company provides intelligent IT solutions which enables its client's to achieve operational and tactical advantages from the deployment of the Company's technology.

2. **Statement of Significant Accounting Policies**

   a. **Basis of preparation**

      The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with the Accounting Principles Generally Accepted in India. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

   b. **Use of estimates**

      The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

   c. **Fixed Assets**

      Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

   d. **Depreciation**

      Depreciation is provided using the Straight Line Method ('SLM') as per the useful lives of the assets estimated by Management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher as described below:

Nature of the fixed assets	Rates SLM	Schedule XIV Rates SLM
Computers and computer equipment	16.21%	16.21%
Office equipment	16.21%	4.75%
Furniture and fixtures	6.33%	6.33%
Vehicles	9.5%	9.5%
Plant & Machinery	4.75%	4.75%
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets	-

Individual assets costing 5,000 or less are fully depreciated in the year of purchase.

Intangible Assets are depreciated as per the Useful life of the Acquisiton period.

   e. **Impairment**

      The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

      After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful Life.

   f. **Intangible assets**

      An intangible asset is recognized, where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably.

Intangible assets are stated at cost less accumulated amortization.

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future sales from the related project, not exceeding ten years.

Software

Cost of software is amortized on straight line basis over the stipulated license period and for software without any stipulated license period.

g. Leases

Finance lease

Leases, which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are expensed as incurred.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease

Leases where the lessor effectively retains substantially all the risks and the benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

h. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

i. Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares.

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first in first out basis.

Work-in-progress and finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Income from Services

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered.

- Time and material contracts- Revenues are recognised on the basis of time spent and duly approved by the respective customers.
- Fixed price contracts- Revenues are recognised on the basis of approval received from the respective customers.
- Unbilled revenue- Unbilled revenue related to project is valued based on internal timesheets or timesheets submitted by vendors for time

and material contracts and for fixed price contracts based upon assessment of work done. Unbilled revenue recognised is subsequently billed to customer after receipt of approval.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend from investments in Mutual Funds is recognised once the right to receive dividend is established.

k. Deferred Revenue Expenditure

Costs incurred in raising Foreign Currency Convertible Bonds are adjusted against Securities premium account.The Interest Provided on FCCB bonds payable on Yearly basis is adjusted against Securities premium Account.

l. Foreign currency transaction

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Translation of foreign branch

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

m. Retirement and other employee benefits

- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the Provident Fund authorities.
- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method
- Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

n. Income taxes

Tax expense comprises of current, and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

o. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p. Provisions

A provision is recognised when the Company has a present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q. Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r. Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the loss is charged to the income statement. Gains are ignored.

3. Gratuity plan

The Company has an unfunded defined benefit gratuity plan. Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972. The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the plan:

(A) Net employee benefit expenses **(In Rupees)**

	For the year ended March 31, 2010	For the year ended March 31, 2009
Interest cost	7,74,631	4,52,607
Current service cost	3,576,141	2,361,533
Past Service Cost	9,73,489	-
Actuarial (gain)/loss	(3,660,299)	91,559
Net employee benefit expenses	1,663,962	2,905,699

(B) Changes in the present value of the defined benefit obligation are as follows:

	March 31, 2010	March 31, 2009
Opening defined benefit obligation	6,252,336	3,346,637
Interest cost	7,74,631	4,52,607
Current service cost	3,576,141	2,361,533
Past Service Cost	9,73,489	-
Actuarial (gain)/Loss	(3,660,299)	91,559
Closing defined benefit obligation	7,916,298	6,252,336

(C) Details of provision for gratuity

	March 31, 2010	March 31, 2009
Defined benefit obligations	7,916,298	6,252,336
Net Liability	7,916,298	6,252,336

The principal assumption used in determining gratuity obligations for the Company's plan is shown below:

March 31, 2010

Discount rate	8.30% p.a.
Expected rate of return on plan assets	Not Applicable
Salary escalation rate	10% for first 2 years and 7% thereafter
Attrition rate	Age 21-30-10%, Age 31-40 - 5% Age 41-50-3%, Age 51-59 - 2%

March 31, 2009

Discount rate	7.95% p.a.
Expected rate of return on plan assets	Not Applicable
Salary escalation rate	10% for first 3 years and 7% thereafter
Attrition rate	Age 21-30-10%, Age 31-40 - 5% Age 41-50-3%, Age 51-59 - 2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market..

4. Segment Information

The company is engaged in the business of

1. Software Services
2. Telecom Services and Products

The business is in single geographical segment and therefore geographical segment information is not applicable.

5. Related Parties

During the year ended March 31, 2010 and March 31, 2009 the Company has entered into commercial transactions with its related parries. The details of such transactions, balances as at March 31, 2010 and March 31,2009 and names of related parties and the nature of relationship is given below.

Name of the Related Party	Investments made	Advance Given	Loan Given	Loan Received	Remuneration	Expenses Paid	Guarantee Given	Professional Services Rendered	Professi-onal Services	Trading Goods	Balance as at 31.03.2010	Balance as at 31.03.2009
SUBSIDIARY COMPANIES												
Walking Stick Solutions Pvt. Ltd.												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	23,431,000
Prithvi Solutions Inc.												
Year ended march 31,2010	488,031,500	(49,977,852)	53,878	53,878	-	-	-	23,253,087	-	-	947,838,343	-
Year ended march 31,2009	60,682,500	86,725,903	-	-	-	-	-	33,402,488	-	-	-	386,575,903
JOINT VENTURES												
Prithvi Qatar WLL												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	1,226,960	
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	1,226,960
Prithvi Middle East WLL												
Year ended march 31,2010		-	-	-	-	6,096,898	-	-	-	-	8,748,215	-
Year ended march 31,2009	2,651,317	-	-	-	-	-	-	-	-	-	-	2,651,317
SIGNIFICANT INFLUENCE												
Vuppalamritha Magnetic Components Limited												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	(4,451,578,498)	(4,451,578,498)	-
Year ended march 31,2009	-	-	-	-	-	13,188,634	-	-	-	-	-	276,705,629
Prithvi Solutions International LLC												
Year ended march 31,2010	-	-	-	-	-	-	-	421,487,376	-	-	452,469,485	-
Year ended march 31,2009	-	10,190,000	-	-	-	-	-	160,520,524	-	-	-	36,418,739
Prithvi Brazil												
Year ended march 31,2010	-	-	-	-	-	-	-	153,476,000	-	-	153,476,000	-
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	-
Prithvi Canada												
Year ended march 31,2010	-	-	-	-	-	-	-	451,400,000	-	-	451,400,000	-
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	-
Prithvi Informaion Solutions BV												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	-
KEY MANAGERIAL PERSONNEL												
Shri V.Satish Kumar												
Year ended march 31,2010	-	-	-	-	4,500,000	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	6,000,000	-	-	-	-	-	-	-
Smt. V.Madhavi												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	8,311,650	-	-	-	-	-	-	-
Shri.G.Srikanth Reddy												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	5,541,100	-	-	-	-	-	-	-
Shri P.S.Shastry												
Year ended march 31,2010	-	-	-	-	1,926,024	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	2,407,524	-	-	-	-	-	-	-

6. **Operating lease**

The Company has obtained office premises on non-cancellable operating lease. The operating lease term is for eleven months to ten years. There are no restrictions imposed by lease agreement. There are no sub-leases. Some of the leases have escalation and renewal clauses. The Company does not have purchase option. The lease payments for the year ended March 31, 2010 is Rs. 4,20,64,024/-(Previous Year- Rs. 2,80,75,672).

The minimum lease payments due are as under:

Particulars	**March 31, 2010**	March 31, 2009
Not later than one year	36,075,328	32,309,225
Later than one year and not later than five years	78,159,648	123,746,772
Later than five years	-	-

7. **Interest in joint venture**

The Company has a 49% interest in the assets, Liabilities, income and expenses of Prithvi Qatar WLL, incorporated in the State of Qatar, Doha, which is engaged in Software Development.

The Company has wounded up Joint Venture with Prithvi Qatar WLL. The Company has invested Rs.12.26 lakhs and realized Rs. 9.17 lakhs in June, 2010. The balance amount will be written off in the FY. 2010-11.

There are no capital expenditure commitments and contingent liabilities of the joint venture as on 31st March 2010.

8. **Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for.

	March 31, 2010	**March 31, 2009**
Capital Commitment	Nil	Nil

9. **Contingent liabilities - Claims against the Company not acknowledged as debts** **(In Rupees)**

	March 31, 2010	March 31, 2009
Income tax demand for the FY – 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06.***	NIL	543,700,260
Fixed deposits placed as security with UTI Bank Limited on behalf of Vuppalamritha Magnetic Components Limited.	NIL	35,000,000
Amount to be paid for Acquisition of SRDGA Assets payable after 18 months from the date of Acquisition.	NIL	$ 5,00,000.
Interest and Fx Losses payable to Deutsche Bank - As per their Communication	80300860	NIL
Sojitz Corporation - Excess of Interest payable over amount provided	11193804	NIL
Marubeni Corporation - Out of Pocket Expenses claimed	25831824	NIL
Standard Chartered Bank - Derivative Losses difference	315000	NIL
Suguna Technologies - Interest Claimed	180531	NIL

10. Derivative Instruments

a) As per the announcement of the Institute of Chartered Accountants of India, accounting for derivative contracts, other than those covered under AS 11, are marked to market on a portfolio basis.

b) Details of outstanding derivatives:

March 31, 2010	
Particulars of derivatives	**Purpose/Nature**
Forward cover contract outstanding	
Sell	
NIL	Hedge against receivable
Buy	
NIL	Hedge against payables
Option contract outstanding	
Sell	
1,500,000 Euro	Structured Currency Options Euro Options
Buy	
3,000,000 Euro	Cross currency swap/option Euro Options

March 31, 2009

Particulars of derivatives	Purpose/Nature
Forward cover contract outstanding	
Sell	
16,000,000 USD	Hedge against receivables USD forwards
Buy	
4,000,000 USD	Hedge against payables USD Forwards.
Option contract outstanding	
Sell	
USD 126,500,000	Structured Currency Options
Buy	
USD 3,000,000	Cross currency swap/option

11. Foreign Currency Exposure:

	USD	Exchange rate	Amount (Rs.)
Sundry debtors	97,479,568	45.14	4,400,227,708
Loans to subsidiary	20,482,615	45.14	924,585,255
Loans to Others	200,000	45.14	9,028,000
Payable to vendors	1,931,621	45.14	87,193,388
Secured loans	8,005,007	45.14	361,346,016
Investment in subsidiary (at historical rate)	500,000	45.14	20,210,000
Share application money (at historical rate)	1,500,000	45.14	60,682,500
Cash and bank balance	36,636,254	45.14	1,653,760,528
Unbilled revenue	18,800,000	45.14	848,632,000
Sundry creditors	2,486,714	45.14	112,250,262
Foreign currency convertible bonds (including premium)	66,625,466	45.14	3,007,473,517
	Euro	**Exchange rate**	**Amount**
Sundry debtors	8,200	61.00	500,200
	JPY	**Exchange rate**	**Amount**
Sundry creditors	4,675,576,640	0.4811	2,249,419,921
	BHD	**Exchange rate**	**Amount**
Investment in Joint Venture (at historical rate)	25,000	106.0527	2,651,318
	QAR	**Exchange rate**	**Amount**
Investment in Joint Venture (at historical rate)	98,000	12.52	1,226,960

March 31, 2009

	USD	Exchange rate	Amount (Rs.)
Sundry debtors	24,241,336	50.95	1,235,096,069
Loans to subsidiary	7,671,505	50.95	390,863,196
Advance to vendors	2,00,000	50.95	10,190,000
Secured loans	11,770,426	50.95	599,703,200
Investment in subsidiary (at historical rate)	500,000	50.95	20,210,000
Cash and bank balance	39,417,325	50.95	2,008,312,691
Unbilled revenue	1,950,000	50.95	99,352,500
	Euro	**Exchange rate**	**Amount**
Sundry debtors	12,736	67.04	853,820
	QAR	**Exchange rate**	**Amount**
Investment in Joint Venture (at historical rate)	98,000	12.52	1,226,960

12. Foreign currency Convertible Bonds (FCCB)

The Company issued Zero Coupon Foreign Currency Convertible Bonds amounting to USD 50,000,000 due in 2012, convertible into ordinary shares of the Company. The bonds are issued in denomination of USD 100,000 each and integral multiples there of. The bonds will constitute direct un-conditional and secured obligations of the Company and will rank pari passu, without any preference among themselves, with all other outstanding secured and unsubordinated obligation of the Company, present and future, but in the event of insolvency, only to the extent permitted by applicable laws relating to the creditors' right. The bond will be secured by a second charge on all consolidated receivables. The Bond will have yield to maturity @ 8.58% per annum compounded semi-annually.

The bondholders can convert the bonds into equity share of the Company at conversion price of Rs. 346.30 shares at fixed exchange rate of 1 USD= Rs. 44.0900 during Bondholder Conversion Period, which starts on March 12, 2007 and ends at the place where certificate is deposited for conversion of a Bond on January 26, 2012.

The Company may, at its absolute discretion at any time on or after February 26, 2008 and prior to February 26, 2010, elect to convert all (but not some) of the Bonds into Shares at the Conversion Price subject to the terms and conditions mentioned in the Offering circular.

If the bonds are not redeemed or converted earlier, the Company will redeem each bond at 100% of their principal amount plus the redemption premium due on the maturity date.

In the opinion of the Company, bonds are convertible into equity shares, the creation of Debenture Redemption Reserve is not required.

Utilization of funds raised through FCCB: **(In Rupees)**

Particulars	**March 31, 2010**	March 31, 2009
Investment and Loans to subsidiary	428,830,000	412,067,460
Professional and bank charges	101,097,169	97,154,087
Acquisition of Business	333,907,983	184,642,800
Total	**863,835,152**	693,864,347

13. Directors' Remuneration **(In Rupees)**

Particulars	**March 31, 2010**	March 31, 2009
Salaries, bonus and allowances	17,369,037	19,852,750
Commission to non executive directors	-	900,000
Total	**17,369,037**	20,752,750

Note: As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

14. Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors:

(In Rupees)

Particulars	**March 31, 2010**	March 31 ,2009
Profit after tax and prior period items as per Profit and Loss Account	**55,855,656**	**444,672,133**
Add:		
Directors' remuneration	17,369,037	20,752,750
Loss on Derevative Contracts	781,556,745	1,454,641
Provision for doubtful debts	-	8,77,287,207
Directors Sitting Fees	779,175	137,000
Less:		
(Loss) Profit on sale of fixed assets (net) as per Profit and Loss account	-	1,454,641
Net profit as per Section 349 of the Companies Act, 1956	**855,560,614**	**1,342,849,090**
Maximum commission allowed to Managing and Whole-time directors at 10% of the net profits as calculated above	**85,556,061**	**149,205,454**
Maximum commission allowed to other directors at 1 % of the net profits as calculated above	**8,555,606**	**14,920,545**

15. Earnings in foreign currency (Accrual basis) **(In Rupees)**

Particulars	March 31, 2010	March 31, 2009
Income from services	11,905,380,013	17,456,195,020
Interest income	45,467,550	65,778,428
Total	**11,950,847,563**	17,521,973,448

16. Expenditure in foreign currency (Accrual basis) **(In Rupees)**

Particulars	March 31, 2010	March 31, 2009
Professional and consultancy	11,059,776,928	14,760,157,759
Remuneration	438,697,593	391,067,685
Travelling	34,914,727	89,429,131
Marketing	16,474,544	6,673,288
Communication	7,214,547	6,303,835
Bank charges	715,516	644,845
Other expenses	27,285,297	16,847,849
Total	**11,585,079,152**	15,271,124,362

17. Value of imports calculated on CIF basis **(In Rupees)**

Particulars	March 31, 2010	March 31, 2009
Raw materials	Nil	2,145,353,941
Capital goods	Nil	7,953,798

18. Net dividend remitted in foreign exchange

Particulars	March 31 ,2010
Final dividend for the year ended March 31, 2009	
Number of non-resident shareholders	NIL
Number of equity shares held on which dividend was due	NIL
Total amount remitted	NIL
Amount remitted in foreign currency	NIL
Final dividend for the year ended March 31, 2008	
Number of non-resident shareholders	237
Number of equity shares held on which dividend was due	170,744
Total amount remitted (Rs.)	512,232
Amount remitted in foreign currency	NIL

19. Details of loan given to subsidiary (clause 32 of the listing agreement) Prithvi Solutions Inc.
(In Rupees)

Particulars	March 31, 2010	March 31, 2009
Balance as at	924,585,255	386,575,903
Maximum amount outstanding during the year	924,585,255	386,575,903

There is no repayment schedule in respect of this loan

20. Mutual fund transaction

March 31, 2010 : NIL

March 31, 2009

Asset Management Company	Plan	Rate	Number of Unit Purchased	Amount	Number of Unit Sold	Amount (Rs.)
Birla sun life	Interval income monthly series 1	-	-	-	535,955.078	6,065,082.04
DSP Merrill Lynch	Liquid Plus Fund Institutional Plan	-	-	-	64,761.669	64,813,478.35
LIC Mutual Fund	Daily Dividend Plan	10.000	1,308,840.7055	13,083,500.00	1,308,840.705	13,088,407.05
LIC Mutual Fund	Daily Dividend Plan	10.000	-	14,077,255.00	1,409,986.959	14,099,869.59
Reliance	Liquid plus	-	-	-	65,611.842	65,951,734.95
Reliance Mutual Fund	Dividend Plan	20.5759	48,60,054.724	100,000,000.00	48,60,054.724	100,384,430.32

21. Installed Capacity and Actual Production

Class of Goods	Unit	Installed Capacity		Actual Production	
		March 31, 2010	March 31, 2009	**March 31, 2010**	March 31, 2009
Optical transmission equipment	Nos.	NIL	NIL	7,500	7,500
DWDM equipment	Nos.	NIL	NIL	3,500	3,500
STM equipment	Nos.	NIL	NIL	3,000	3,000
Optical cross connect equipment	Nos.	NIL	NIL	1,000	1,000
Telephone sets-Basic/CLI Feature phones	Nos.	NIL	NIL	2,000,000	2,000,000
ADSL Modems Nos.	No.s	NIL	NIL	1,000,000	1,000,000
Fixed wireless phones	Nos.	NIL	NIL	1,000,000	1,000,000
Fixed wireless terminals	Nos.	NIL	NIL	1,000,000	1,000,000
RF Optimization of GSM networks	Nos.	NIL	NIL	1,000,000	1,000,000

22. Previous Year Comparatives

Previous year's figures have been regrouped where necessary to confirm to this year's classification.

For and Onbehalf of the Board of Directors

M/s. V.K. Asthana & Co.
Chartered Accountants

Sd/-
Vijay Kumar Asthana
Proprietor
M.No. 19664

Sd/-
V. Satish Kumar
Managing Director

Sd/-
S. Lalith Prasad
Director

Sd/-
Malleswara Durga Prasad
Vice President (Finance) &
Company Secretary

Place : Hyderabad
Date : September 02, 2010

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (As amended)

Balance Sheet Abstract and Company's General Business Profile

(Rs. in thousands)

I.	**Registration Details**	
	Registration Number	L 7 2 2 0 0 A P 1 9 9 8 P L C 0 2 9 8 3 1
	State Code	01
	Balance Sheet Date	March 31, 2010
II.	**Capital raised during the year**	
	Public Issue	-
	Rights Issue	-
	Bonus Issue	-
	Private Placement	-
III.	**Position of mobilisation and deployment of funds**	
	Total Liabilities	8168437
	Total Assets	8168437
	Sources of Funds	
	Paid-up Capital	180770
	Reserves & Surplus	3846294
	Secured Loans	4119935
	Unsecured Loans	4045
	Deferred Tax Liability	17394
	Application of Funds	
	Net Fixed Assets	845118
	Investments	9975
	Net Current Assets	7313345
	Miscellaneous expenditure	-
IV.	**Performance of Company**	
	Turnover	19047024
	Total Expenditure	17711141
	Profit before Tax	80911
	Profit after Tax	54456
	Earings per Share (Rs.)	3.01
	Dividend Rate (%)	-
V.	**Generic names of three principal products / services of Company (as per monetary terms)**	
	Item Code No. (ITC Code)	85249009.10
	Product description	Software Development

US Operations
REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Prithvi Information Solutions, Ltd.

We have audited the accompanying balance sheet of Prithvi Information Solutions, Ltd, (a branch of Prithvi Information Solutions, Ltd - India) as of March 31, 2010 and the related statements of income, changes in branch equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prithvi Information Solutions, Ltd. As of March 31, 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principals generally accepted in the United States of America.

RAM ASSOCIATES

Hamilton, NJ
June 18, 2010

Balance Sheet as on March 31, 2010	(US Dollars)
Current Assets	
Cash	$ 104,895
Accounts receivable (net of allowances of $ 2,144,496)	95,011,975
Unbilled revenue	18,800,000
Other current assets	22,562,196
Total current assets	**136,479,066**
Fixed assets, net	**46,369**
Intangible assets	**13,200,000**
Goodwill	**1,000,000**
Total assets	**$ 150,725,435**
Liabilities and Branch Equities	
Current Liabilites :	
Accounts payable and accured expenses	$ 1,951,621
Total current liablities	**1,951,621**
Branch equities :	
Head office equity in branch	148,773,814
Total current liablities	**150,725,435**

Statement of Income for the year ended March 31, 2010	(US Dollars)
Net revenue	$ **265,307,891**
Cost of revenue	**216,878,386**
Gross profit	**48,429,505**
Operating expenses :	
General and administrative expenses	28,845,407
Operating income before other income and expenses	**19,584,098**
Other income / (expenses)	
Interest Income	727
Depreciation	(15,274)
Total other income / (expenses)	(14,547)
Net income	**$ 19,569,551**

Statement of Changes in Branch Equity

(US Dollars)

	Head Office Equity in Branch	Total Branch Equity
Balance as on March 31, 2009	**$ 154,238,863**	**$ 154,238,863**
Prior Period adjustment	(9,333,876)	(9,333,876)
Increase / (Decrease) in funds from / to head office	(15,700,724)	(15,700,724)
Net Income	19,569,551	19,569,551
Balance as on March 31, 2010	**$ 148,773,814**	**$ 148,773,814**

Statement of Cash Flow for the year ended March 31, 2010

	(US Dollars)
Cash flows from operating activities	
Net Income	$ 19,569,551
Adjustment to reconcile net income to net cash provided by Operating activities	
Depreciation	15,274
Prior period adjustment	(9,333,876)
Changes in assets and liabilities :	
(Increase) decrease in:	
Accounts receivable	61,011,154
Unbilled revenue	(18,800,000)
Other current assets	(22,166,338)
Increase (decrease) in:	
Account payable	(404,068)
Net Cash provided by operating activities	**29,891,697**
Cash flows from investing activities:	
Software development	(13,200,000)
Goodwill	(1,000,000)
Net Cash used in investing activities	**(14,200,000)**
Cash flows from financing activities:	
Increase / (Decrease) in funds from / to head office	(15,700,724)
Net Cash provided by financing activities	**(15,700,724)**
Net decrease in cash	(9,027)
Cash at the beginning of the year	113,922
Cash at the end of the year	**$ 104,895**
Supplementary disclosure of cash flows information	
Cash paid during the period for	
Interest	-
Income taxes	-

Notes to Financial Statements
March 31, 2010

1. Nature of Business

Prithvi Information Solutions, Ltd., "the Branch/ Liaison Office" is a branch of Prithvi Information Solutions, Ltd. of Company incorporated In India, "the Parent Company". The Branch/Liaison Office is an established Information Technology Consulting and Engineering solutions provider having liaison offices at Pittsburg- Pennsylvania, Parsippany-New Jersey, Bellevue-Washington, Indianapolis-Indiana and Orange County-California.

2. Summary of Significant Accounting Policies

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities and assumptions that management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual result could differ from those estimates.

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates used are made prospectively based on such periodic evaluations.

Cash and cash equivalents

The branch/liaison office considers all highly-liquid investments (including money market funds) with an original maturity at acquisition of three months or less to be cash equivalents. The branch/liaison office maintains cash balances, which may exceed federally insured limits. The branch/liaison office does not believe that this results in any significant credit risk.

Revenue recognition

The branch/ liaison office recognizes revenue in accordance with the SEC's Staff Accounting Bulletin 'Topic 13 ("Topic 13"), "Revenue Recognition." Revenue is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller's price to buyer is fixed and determinable, and (4) collectibility is reasonably assured.

Revenues are primarily derived from professional services under time and materials contracts, which are recognized in the period in which services are provided.

Revenue related to services performed without a signed agreement or work order are not recognized until there is evidence of an arrangement, such as when agreements or work orders are signed or payment is received; however, the cost related to the performance of such work is recognized in the period the services are rendered.

For all services, revenue is recognized when, and if, evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectibility is assured.

Revenues related to fixed price contracts for professional services are recognized using a model that is similar to the proportional performance method. Anticipated losses are recognized when they become known. Revisions in estimated profits are made in the month in which the circumstances requiring the revision become known.

Accounts receivable

The branch/ liaison office extends credit to clients based upon management's assessment of their credit-worthiness on an unsecured basis. The branch/liaison office provides an allowance for uncollectible accounts based on historical experience and management evaluation of trend analysis. The allowances for uncollectible accounts as of March 31,2010 were $ 2,144,496.

Fixed Assets

Fixed assets are stated at cost, net of accumulated depreciation. Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful life of the asset or the term of the lease. Furniture and equipment are depreciated on a straight-line basis over the useful lives of the assets as follows:

Computers and computers accessories	3-5 years
Furniture and equipment	5-7 years

The branch/liaison office charges repairs and maintenance costs that don't extend the live's of the assets to expenses as incurred.

Fixed assets consist of the followings:	
Computer and accessories	$ 74,998
Furniture	1,919
Total	76,917
Less: Accumulated depreciation	30,548
Property and equipment, net	$ 46,369

The depreciation expense for the year ended March 31, 2010 was $ 15,274.

Intangible Assets

Goodwill is not subject to amortization for financial reporting purposes but is expected to be fully deductible over 15 years for income tax purposes. The branch/liaison office has also purchased certain products and entered into agreements to design, develop and test modules for its Enterprise eCommerce Suite.

Goodwill represents the amount paid towards premium value of software product and license acquired by the branch/liaison office. The branch/liaison office will start amortizing the software product / license once the product is fully tested and released for user deployment.

The branch/liaison office periodically reviews the carrying value of intangible assets not subject to amortization, including goodwill, to determine whether impairment may exist. Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 142, Goodwill and other intangible assets, requires that goodwill and certain intangible assets be assessed annually for impairment using fair value measurement techniques. During the year ended March 31, 2010 no such impairment was assessed.

Income taxes

The branch/liaison office has taken a position on tax return that a U.S. tax treaty overrules or modifies an Internal Revenue law of the United States, thereby causing a reduction of tax.

According to US-INDIA tax treaty Article 5, the Company does not maintain a permanent establishment in the US. It operates a liaison office at the above US address, for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise (Article5(3d)) and for the purpose of advertising, for the supply of information, for scientific research or for other activities which have a preparatory or auxiliary character, for the enterprise (Article5(3e)).

According to Article 7(Ia), the Company's taxes on business profits will be paid in its corporate head quartered Country i.e., - India. The company does not have any other income specified in article 12;

3. Credits and Business Concentration

The branch/liaison office financial instruments that are exposed to concentration of credit risks consist primarily of cash and accounts receivable. The branch/liaison office maintains its cash and in bank accounts, which, at times, exceed federally insured limits.

The branch/ liaison office has not experienced any losses in such accounts. The Company believes it is not exposed to significant credit risk on cash. Concentration of credit risks with respect to accounts receivable are limited because of the credit worthiness of the Company's major customers. Revenue from the Company's major five customers accounted for approximately 39% of the Company's net sales for the year ended March 31, 2010 and the accounts receivable from the same major five customers were approximately 52% as of March 31,2010.

4. Fair value of Financial Instruments

The branch/liaison office financial instruments, including cash, accounts receivable, short-term borrowings and accounts payable are carried at cost, which approximates their fair value because of the short-term maturity of these instruments. The fair value of long-term borrowings are estimated based on current interest rates available to the branch/

liaison office for debt instruments with similar terms, degrees of risk, and remaining maturities. The carrying value of these obligations approximates their fair values.

5. Prior Period Adjustment

The Parent Company subsequent to the issue of last year audited financials of the branch, decided to write off an additional $9,333,876 as bad debts. This was part of the process of writing off uncollectible debts during the year, This amount is shown as a prior period adjustment to the Branch equity.

6. Subsequent Events

The Parent Company and the branch/liaison office have pending legal cases going on in India and United States. Management has advised that it will vigorously pursue the cases and has assured that the end results would have no effect on the operations and financials of the US Branch.

7. Commitments and Contingencies

Leases

The branch/liaison office does not maintain a permanent establishment in the USA. It operates from liaison offices at Pittsburg- Pennsylvania, Parsippany-New Jersey, Bellevue-Washington, Indianapolis-Indiana and Orange County-California. The branch/ liaison office does not have commitment for any office lease.

Consolidated Auditors' Report

The Board of Directors Prithvi Information Solutions Limited

1. We have audited the attached Consolidated Balance Sheet of Prithvi Information Solutions Limited and its subsidiaries ('the Group'), as at March 31, 2010, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Prithvi Information Solutions Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs.1,039,791,874 as at March 31, 2010, the total revenue of Rs.97,480,799 and net cash inflows amounting to Rs.320,208,136 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We further report that

   (i) The Company is contesting few ongoing litigations refer note 4 to the accounts. The manner and timing of settlement of these disputes may stress the financial resources of the Company. Further in respect of factored invoices which are the subject matter of a dispute the Company has collected some factored invoices and retained the amounts with it, pending disposal of litigation.

   (ii) During the year withdrawals were made in cash from the Company's bank accounts aggregating to Rs.89 Lakhs and the amounts were used for spending on salaries of staff for software division. These expenses could not be explained satisfactorily by the Company .

5. The consolidated financial statements have been prepared by the Group in accordance with the requirements of Accounting Standards 21, Consolidated financial statements and Accounting Standard-27, Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other unaudited financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion *that subject to our observations in paragraphs 4 above,* the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

   b. in the case of the Consolidated Profit & Loss Account, of the profit of the Group for the year ended on that date; and

   c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For V.K. Asthana & Company,
Chartered Accountants

Sd/-
Vijay Kumar Asthana
Proprietor,
Firm Regn No. - 0263S / M.No.19664

Hyderabad
September 02, 2010

Consolidated Balance Sheet as at March 31, 2010

(All amounts in Indian Rupees except as otherwise stated)

	Schedules	As At March 31, 2010	As At March 31,2009
I. SOURCES OF FUNDS			
Shareholders' Funds			
a) Capital	1	277,014,500	180,770,000
b) Reserves and Surplus	2	3,835,932,842	4,006,122,561
		4,112,947,342	**4,186,892,561**
Loan Funds			
a) Secured Loans	3	4,119,934,881	4,079,983,123
b) Unsecured Loans	4	4,044,944	202,739,447
		-	-
Deferred Tax Liabilities (net)	5	17,393,824	15,993,940
TOTAL		**8,254,320,994**	**8,485,609,071**
II. APPLICATION OF FUNDS			
Fixed Assets	6		
a) Gross Block		731,976,750	558,740,564
b) Less : Accumulated Depreciation		365,237,600	297,000,012
c) Net Block		**366,739,150**	**261,740,552**
d) Capital Work-in-Progress including Capital Advances		640,988,000	898,993
		1,007,727,150	**262,639,545**
Investments	7	446,225,284	200,369,278
Current Assets, Loans and Advances			
a) Inventories	8	-	1,141,700,327
b) Sundry Debtors	9	9,695,358,441	7,710,735,780
c) Cash and Bank Balances	10	2,046,510,292	2,427,130,370
d) Other Current Assets	11	1,603,646,051	231,228,888
e) Loans and Advances	12	2,730,789,547	902,156,579
		16,076,304,332	**12,412,951,944**
***Less:* Current Liabilities and Provisions**	13		
a) Current Liabilities		9,153,171,232	4,184,916,802
b) Provisions		122,764,540	205,434,894
		9,275,935,772	**4,390,351,696**
Net Current Assets		**6,800,368,560**	**8,022,600,248**
TOTAL		**8,254,320,994**	8,485,609,071
Notes to Accounts	20		

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For and Onbehalf of the Board of Directors

M/s. V.K. Asthana & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Kumar Asthana	**V. Satish Kumar**	**S. Lalith Prasad**	**Malleswara Durga Prasad**
Proprietor	Managing Director	Director	Vice President (Finance) &
M.No. 19664			Company Secretary

Place : Hyderabad
Date : September 02, 2010

Consolidated Profit and Loss Account for the year ended March 31, 2010

(All amounts in Indian Rupees except as otherwise stated)

		Schedules	Year Ended March 31, 2010	Year Ended March 31, 2009
I.	**INCOME**			
	a) Sale of Telecom Products and Services		5,662,198,804	2,293,269,137
	b) Sale of Software Services		13,482,305,608	17,464,003,363
			19,144,504,412	**19,757,272,500**
	c) Other Income	14	(1,254,613,290)	521,181,792
	TOTAL		**17,889,891,121**	20,278,454,291
II.	**EXPENDITURE**			
	a) Consumption of Materials		5,090,899,478	2,025,070,215
	b) Software Development Expenses		10,364,208,305	13,616,489,777
	c) Personnel Expenses	15	1,186,731,168	1,165,741,073
	d) Operating and Other Expenses	16	869,992,058	2,659,654,615
	e) Depreciation	6	69,749,267	77,164,853
	f) Financial Expenses	17	214,768,391	272,527,557
			-	-
	TOTAL		**17,796,348,667**	**19,816,648,090**
III.	**Profit before Tax and Prior Period Items**		93,542,454	461,806,202
	Provision for Tax			
	a) Current Tax		12,509,966	48,509,324
	b) Less : MAT Credit Entitlement		-	(8,700,992)
	c) Net Current Tax Liability		**12,509,966**	**39,808,332**
	d) Deferred Tax		1,399,885	13,589,946
	f) Fringe Benefit Tax		-	3,888,032
	g) Fringe Benefit Tax for Earlier Year		-	386,960
	h) Tax Adjustments for Earlier Year		468,842	14,689,373
	i) MAT Credit Entitlement Earlier Year		-	(11,074,527)
	j) Deferred Tax Earlier Year		-	-
	Total Tax Expenses		**14,378,693**	**61,288,116**
IV.	**Profit After Tax and Before Prior Period Items**		**79,163,761**	400,518,086
	Prior Period Items	18	15,419,265	3,199,901
V.	**Net Profit**		**63,744,496**	397,318,185
	Balance Brought Forward from Previous Year		2,941,154,609	2,543,836,424
	Profit Available for Appropriation		**3,004,899,105**	2,941,154,609
	Appropriations:			
	Proposed Final Dividend		-	-
	Tax on Dividend		-	-
	Transfer to General Reserve		-	-
	Surplus Carried to Balance Sheet		**3,004,899,105**	2,941,154,609
Earnings Per Share		19		
Basic [Nominal value of shares Rs. 10 (Previous Year : Rs. 10)]			2.30	21.98
Diluted [Nominal value of shares Rs. 10 (Previous Year : Rs. 10)]			1.70	14.31
Notes to Accounts		20		

The schedules referred to above form an integral part of the Profit and Loss Account.
This the Profit and Loss Account referred to in our report of even date.

For and Onbehalf of the Board of Directors

M/s. V.K. Asthana & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Kumar Asthana	**V. Satish Kumar**	**S. Lalith Prasad**	**Malleswara Durga Prasad**
Proprietor	Managing Director	Director	Vice President (Finance) &
M.No. 19664			Company Secretary

Place : Hyderabad
Date : September 02, 2010

Consolidated Cashflow Statement for the year ended March 31, 2010

	Amount in INR
A. Cash flow from operating activities	
Net profit before taxation	81,032,488
Adjustments for:	
Depreciation	69,749,267
Income from Interest on dividends	(96,586,430)
Provision for loss on derivative contracts	861,370,960
Foreign exchange Loss	488,317,081
Operating profit before working capital changes	**1,403,883,365**
Movements in working capital :	
Decrease in Inventory/Stock in trade	1,141,700,327
Increase in sundry debtors	(1,984,622,661)
Increase in other current assets	(1,372,417,163)
Increase in loans and advances	(1,828,632,968)
Increase in current liabilities	3,696,868,925
Increase in provisions	(82,670,354)
Cash Used for Working Capital activities	**(429,773,895)**
Net cash used / generated in operating activities	**974,109,470**
B. Cash flows from investing activities	
Purchase of fixed assets	(172,337,193)
Purchase of investments	(245,856,006)
Increase in Capital work in Progress	(640,988,000)
Increase in Share Application	96,244,500
Net cash Used for investing activities	**(962,936,699)**

Consolidated Cashflow Statement for the year ended March 31, 2010

	Amount in INR
C. Cash flows from financing activities	
Repayment of Secured Loans	39,951,758
Repayment of Unsecured Loans	(198,694,503)
Interest Earned	80,698,323
Payment of Derivative Losses	(79,814,215)
Reduction in Reserves & Surplus	(233,934,215)
Net cash used for financing activities	**(391,792,851)**
Net decrease in cash and cash equivalents (A + B + C)	(380,620,080)
Cash and cash equivalents at the beginning of the year	2,427,130,370
Cash and cash equivalents at the end of the year	**2,046,510,292**
Components of cash and cash equivalents	
Cash	3,660
With banks - on current accounts	230,354,802
With banks - on call money accounts	1,603,140,627
With banks - on unpaid dividend account	2,102,175
Total cash and cash equivalents	1,835,601,264
Add: Deposits with banks with original maturity of more than three months	210,909,028
Cash and cash equivalents as per Balance sheet	2,046,510,292
As disclosed in the Balance Sheet	2,046,510,292

For and Onbehalf of the Board of Directors

M/s. V.K. Asthana & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Kumar Asthana	**V. Satish Kumar**	**S. Lalith Prasad**	**Malleswara Durga Prasad**
Proprietor	Managing Director	Director	Vice President (Finance) &
M.No. 19664			Company Secretary

Place : Hyderabad
Date : September 02, 2010

Consolidated Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 1 : Capital		
Authorised		
30,000,000 (Previous year:30,000,000) Equity shares of Rs.10/- each	300,000,000	300,000,000
Issued, Subsribed and Paid up:		
2,77,01,450 (Previous year: 18,077,000) Equity shares of Rs.10/- each	277,014,500	180,770,000
Schedule 2 : Reserves and Surplus		
Securities Premium Account		
Balance at the Beginning of the Year	808,562,019	1,035,286,171
Less: Foreign Currency Convertible Bonds issue expenses :		
net of defered tax of Rs. Nil (Previous Year .NIL)	-	-
Less: Provision for FCCB Premium	263,908,031	282,170,538
	544,653,988	**753,115,633**
General Reserve		
Balance at the Beginning of the Year	286,379,750	296,741,234
Add: Transferred from Profit and Loss Account	-	-
	286,379,750	**296,741,234**
Profit and Loss Account	3,004,899,105	2,956,265,694
Add*:Adjustment for Gratuity : Net of deferred tax of Rs.Nil		
(Previous Year NIL)	-	-
	3,004,899,105	**2,956,265,694**
	3,835,932,843	4,006,122,561

Consolidated Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 3 : Secured Loans		
Loans from banks		
Working Capital Loans	1,105,073,665.41	972,083,606.06
(Secured by present and future charge over all current and fixed assets)		
Vehicle Loans	1,735,220.31	3,807,632.78
(Secured by charge over assets for which finance is provided)		
Other Loans		
Vehicle loans	5,652,478.00	7,400,225.00
(Secured by charge over assets for which finance is provided)		
Foreign Currency Convertible Bonds	2,257,000,000.00	2,547,500,000.00
(Due within one year Rs.Nil (previous year Rs.Nil)		
(Secured by second charge over all consolidated receivables)		
Premium Payable on Foreign Currency Convertible Bonds	750,473,517.63	549,191,659.48
	4,119,934,881.35	**4,079,983,123.32**
Schedule 4 : Unsecured Loans		
- From Banks	-	200,000,000.00
- Interest Accrued and Due	4,044,944.00	2,739,446.77
	4,044,944.00	**202,739,446.77**
Schedule 5 : Deferred Tax Liability (net)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	17,393,824.00	34,563,314.33
Gross Deferred Tax Liabilities	**17,393,824.00**	34,563,314.33
Deferred Tax Assets		
Effect of FCCB expenditure debited to securities premium account in the current year but allowed for tax purposes in following years	-	16,444,206.33
Provision for Gratuity	-	2,125,169.01
Gross Deferred Tax Assets	-	18,569,375.33
Net Deferred Tax Liability	**17,393,824.00**	15,993,939.00

Schedule 6 : Consolidated Fixed Assets

(All amounts in Indian Rupees except as otherwise stated)

	Gross Block				Depreciation				Net Block	
	As at March 31, 2009	Additions during the year	Deletions / Adjustments	As at March 31, 2010	%	Upto March 31, 2009	For the Year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
TANGIBLE ASSETS										
Plant and Machinery	**4,523,076**	-	-	**4,523,076**	4.75%	695,750	214,846	**910,596**	**3,612,480**	**3,827,326**
Computers and Computer Equipment	**65,489,972**	3,818,577	-	**69,308,549**	16.21%	30,888,464	9,756,600	**40,645,063**	**28,663,486**	**34,601,508**
Office Equipment	**26,674,450**	17,202,519	1,655,600	**42,221,369**	16.21%	6,026,751	8,966,140	**14,992,890**	**27,228,479**	**20,647,699**
Furniture and Fixtures	**9,091,690**	27,900	-	**9,119,590**	6.33%	3,689,672	466,445	**4,156,117**	**4,963,473**	**5,402,018**
Leasehold Improvements	**9,021,100**	-	-	**9,021,100**	5Yrs	3,280,004	1,913,698	**5,193,702**	**3,827,398**	**5,741,096**
Vehicles	**20,086,248**	541,577	1,025,427	**19,602,398**	9.50%	4,255,177	1,810,212	**6,065,389**	**13,537,009**	**15,831,071**
INTANGIBLE ASSETS										
Software *	**309,406,831**	399,240	-	**309,806,071**	16.21%	233,619,770	24,855,852	**258,475,622**	**51,330,449**	**75,787,061**
Acquisition of Clients/ Goodwill	**114,447,197**	153,927,400	-	**268,374,597**	5Yrs	11,858,640	22,939,581	**34,798,220**	**233,576,377**	**102,588,557**
TOTAL	558,740,564	175,917,213	2,681,027	731,976,750		294,314,227	70,923,373	365,237,601	366,739,149	264,426,336

Consolidated Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 7 : Investments		
Long Term Investments(At cost)		
A. In Joint Ventures - Trade (Unquoted)		
98 (Previous Year 98) Shares of Qatari Riyals 1,000 each fully paid-up in Prithvi Qatar WLL	1,226,960.00	1,226,960.00
25 (Previous Year 25) Shares of Bahraini Dinars 1,000 each fully paid-up in Prithvi Middle East WLL	8,748,215.28	2,651,317.50
B. Other than trade		
Unquoted		
NIL (Previous Year 150,000) Units of Rs.1,000 each fully paid-up of Opulent Venture Capital Trust A/C Chetana Fund	-	-
C. In Subsidiary Companies		
Unquoted, Fully Paid up		
3,371,550 (Previous Year3,371,550) Equity Shares of Rs. 10 each in Walking Stick Solutions Private Ltd.	-	67,431,000.00
Less: Provision for Dimunition in the Value of Investment	-	(44,000,000.00)
100 (Previous Year 100) Equity Shares of USD 0.01 each in Prithvi Solutions Inc.	436,250,108.48	20,210,000.00
Current Investments		
Opel Gem Investments	-	152,850,000.00
	446,225,283.76	**200,369,277.50**
Aggregate amount of quoted investments Rs. Nil (Previous Year Market value Rs. 135,214,225)	-	-
Aggregate amount of unquoted investments	446,225,283.76	200,369,277.50
Schedule 8: Inventories(at lower of cost and net realisable value)		
Raw Materials and Components	-	1,141,700,327.03
	-	**1,141,700,327.03**
Schedule 9 : Sundry Debtors		
Debts outstanding for a Period Exceeding Six Months		
Unsecured, Considered Good	674,782,619.49	675,734,052
Unsecured, Considered Doubtful	-	55,751,699.00
Other debts		
Unsecured, Considered Good	9,043,145,822.49	7,600,261,047.00
	9,717,928,441.49	**8,331,746,798.00**
Less: Provision for Doubtful Debts	22,570,000.00	918,905,663.00
	9,695,358,441.49	**7,412,841,135.00**

Consolidated Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 10 : Cash and Bank Balances		
Cash on Hand	3,660.00	25,353.00
Balances with Scheduled Banks:		
On Current Accounts	230,354,801.71	41,125,071.00
On Deposit Accounts	-	315,614,453.28
On Margin Money Accounts	206,380,987.00	65,928,290.44
On Call Money Accounts	1,603,140,627.38	1,998,053,459.55
On Unpaid Dividend Accounts	752,439.00	579,458.00
Balance with Other Banks		
On Current Account	1,349,735.66	704,822.50
On Money Market Account	4,528,041.45	5099462.31
	2,046,510,292.20	**2,427,130,370.08**
Bank Balances with Others include:		
Key Bank ,USA	**1,349,735.66**	**704,822.50**
Schedule 11 : Other Current Assets		
Unbilled Revenue	1,563,617,806.94	167,932,672.92
Interest Accrued on Deposits	13,616,606.17	14,888,392.42
Unamortised Premium on Forward Contract	26,411,638.00	48,407,823.00
	1,603,646,051.11	**231,228,888.34**
Schedule 12 : Loans and Advances		
(Unsecured, considered good)		
Loans to Subsidiaries	1,327,064,442.67	(4,287,293.00)
Advances Recoverable in Cash or Kind or for Value to be Received	696,732,545.19	315,991,844.00
Share Application Money Pending Allotment	465,394,969.58	329,189,700.00
Inter Company Balances	50.00	0.17
Inter Corporate Deposits	21,052,055.00	21,052,055.00
Balances with Customs, Excise,etc.	144,662,586.89	166,021,694.32
MAT Credit Entitlement	58,549,393.00	58,549,393.00
Deposits with Govt. Authorities and Others	17,333,505.00	15,639,185.00
VAT Input Credit Receivable	-	-
	2,730,789,547.33	**902,156,578.49**
Schedule 13: Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors	-	-
- Dues of Micro, Small and Medium Enterprises		
- Dues of Other than Micro, Small and Medium Enterprises	8,027,713,586.00	3,893,616,963.00
Investor Education and Protection Fund	752,439.00	579,458.00
Book Overdraft	17,066,788.16	275,321,968.56
Others	1,107,638,419.13	15,398,411.97
	9,153,171,232.29	**4,184,916,801.53**
Provisions		
Provision for Taxation (Net of Advance Tax)	(19,626,933.91)	35,860,149.46
Provision for Fringe Benefit Tax (Net of Advance Tax)	3,888,032.00	3,888,032.00
Provision for Gratuity	7,916,298.00	6,252,336.00
Provision for Compensated Absences	13,654,486.00	15,821,994.00
Provision for Derivative Contracts	116,932,658.00	143,612,383.00
	122,764,540.09	**205,434,894.46**

Consolidated Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 14 : Other income		
Interest		
Bank Deposits	53,439,145.36	111,220,161.85
Others	43,147,285.00	7,446,779.00
Income from Investments in Mutual Funds	-	2,028,021.58
Exchange Gain/(Loss)	(489,828,760.75)	627,418,915.73
Provision for Forward Contract gain /(Loss)	-	(536,483,936.48)
Provision for Loss on Derivative Contracts	(861,370,960.00)	309,551,850.00
	(1,254,613,290.39)	**521,181,791.68**
Schedule 15 : Personnel Expenses		
Salaries and Benefits	1,173,805,623.07	1,151,132,126.05
Contribution to Provident Fund	9,285,377.00	7,867,649.00
Gratuity Expense	1,663,962.00	2,905,699.00
Staff Welfare Expenses	1,976,206.22	3,835,599.11
	1,186,731,168.29	**1,165,741,073.16**
Schedule 16 : Operating and Other Expenses		
Rent	57,584,681.81	35,052,390.00
Rates and Taxes	4,639,038.00	6,897,719.06
Marketing Expenses	375,332,762.60	616,738,910.37
Electricity	5,522,553.00	4,412,906.00
Insurance	7,901,045.73	8,700,267.00
Repairs and Maintenance - Others	17,426,284.71	16,553,581.02
Advertising and Sales Promotion	2,316,991.00	2,275,813.00
Travelling and Conveyance	135,447,199.91	131,817,638.52
Communication Costs	21,494,810.88	16,397,724.60
Printing and Stationery	4,138,311.24	7,058,582.74
Legal and Professional Fees	124,340,781.53	87,882,526.41
Product Development expenses	3,600,000.00	3,975,000.00
Liquidated Damages	-	379,558,916.00
Clearing and Forwarding Expenses & Customs duty	1,414,166.00	7,778,647.00
Directors' Sitting Fees	779,175.00	137,000.00
Auditor's Remuneration		
Audit Fee	2,552,800.00	3,843,305.00
Tax Audit Fee	110,251.00	110,300.00
Doubtful Debts	-	877,287,207.00
Bad debts Written off	43,029,173.07	111,075,989.00
Assets Written Off	-	1,454,641.00
Dimunition in the Value of Investment	861,000.00	44,000,000.00
Installation and Commissioning	60,649,111.00	29,622,205.00
General Expenses	851,921.38	350,652.95
Customs Duty	-	266,672,693.00
	869,992,057.86	**2,659,654,614.67**

Consolidated Schedules to the Accounts

(All amounts in Indian Rupees except as otherwise stated)

	As At March 31, 2010	As At March 31,2009
Schedule 17 : Financial Expenses		
Interest		
- on Banks	118,203,256.17	163,182,338.18
- on Others	71,912,424.46	22,603,735.02
Bank Charges	24,652,710.01	86,741,484.00
	214,768,390.64	**272,527,557.20**
Schedule 18 : Prior Period Items		
Legal and Professional Fees	-	2,026,559.00
Bank Charges	-	862,053.00
General Expenses	15,419,265.00	311,289.00
	15,419,265.00	**3,199,901.00**
Schedule 19 : Earnings Per Share		
Net profit as per Profit and Loss Account	63744495.99	397,318,184.00
Net profit for calculation of Basic EPS	**63,744,495.99**	**397,318,184.00**
Net profit as per Profit and Loss Account	63,744,495.99	397,318,184.00
Net profit for calculation of Diluted EPS	**63,744,495.99**	**397,318,184.00**
Weighted average number of equity shares in calculating basic EPS	**18,077,000.00**	**18,077,000.00**
Add : Weighted average number of equity shares which would be issued on the conversion of foreign currency convertible bonds	**9,688,851.00**	**9,688,851.00**
Weighted average number of equity shares in calculating diluted EPS	**27,765,851.00**	**27,765,851.00**

SCHEDULE 20
Significant Accounting Policies and Notes on Accounts

1. Statement of significant accounting policies

a. Basis of consolidation

The Consolidated Financial Statements of Prithvi Information Solutions Limited ("PISL" or "the parent company") together with its subsidiaries and joint ventures (collectively termed as 'the Company" or "the Consolidated Entities" or "the Group") are prepared under the historical cost convention on accrual basis to comply in all material respects with the mandatory Accounting Standards ("AS") notified by Companies Accounting Standards Rules, 2006 using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. Difference in accounting policy which has not been adjusted has been disclosed separately.

Investments in consolidating entities, except where such investments are acquired with a view to their subsequent disposal in the immediate future (discussed more fully in Note 16), are accounted in accordance with accounting principles as defined under AS 21 "Consolidated Financial Statements", on a line by line basis, and AS 27 "Financial Reporting of Interests in Joint Ventures" using proportionate consolidation method.

All material inter-company balances and inter-company transactions and resulting unrealised profits are eliminated in full and unrealized losses are eliminated unless cost cannot be recovered.

The Joint Ventures which are in the form of "Jointly Controlled Entities" are not consolidated.

The Consolidated Financial Statements of the company have been prepared on the basis of the financial statements of the following subsidiaries and joint ventures:

Names of the consolidated entities	Country of incorporation	% of interest
Subsidiaries		
Prithvi Middle East WLL	Behrain	50%
Prithvi Solutions Inc.	U.S.A	100%

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Changes in Accounting Policies

Adoption of Accounting Standard ('AS') 15 (Revised) Employee Benefits

Till March 31 2007, the Company provided for gratuity based on AS15 'Accounting for retirement benefits in the financial statements of Employers'. In the current year, the Company has adopted the Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after from December 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per projected unit credit method.

d. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

e. **Depreciation**

Depreciation and amortization is provided using the Straight Line Method ("SLM"), at the rates based on useful lives of the assets estimated by management or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher, as mentioned below:

Nature of the fixed assets	Rates SLM %	Schedule XIV Rates SLM%
Computers and computer equipment	16.21	16.21
Office equipment	16.21	4.75
Furniture and fixtures	6.33	6.33
Vehicles	9.5	9.5
Plant & Machinery	4.75	4.75
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets	–

Individual assets costing Rs.5,000 or less are fully depreciated in the year of purchase.

f. **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on the internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. **Intangible Assets**

An intangible asset is recognised, where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortisation. Goodwill arising on consolidation of acquired subsidiaries is carried at cost.

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

Software

Cost of software is amortised on straight line basis over the stipulated license period and for software without any stipulated license period over 6.16 years.

Leases

Operating lease

Leases where the lessor effectively retains substantially all the risks and the benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss Account on a straight line basis over the lease term.

h. **Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

i. **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue from traded goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Income from Services

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered.

- Time and material contracts - Revenues are recognised on the basis of time spent and duly approved by the respective customers.

- Fixed price contracts - Revenues are recognised on the basis of approval received from the respective customers.
- Unbilled revenue - Unbilled revenue related to project is valued based on internal timesheets or timesheets submitted by vendors for time and material contracts and for fixed price contracts based upon assessment of work done. Unbilled revenue recognised is subsequently billed to customer after receipt of approval.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

j. Deferred Revenue Expenditure

Costs incurred in raising Foreign Currency Convertible Bonds are adjusted against Securities Premium Account.

k. Foreign currency transactions Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising in respect of fixed assets acquired from outside India during the current year are recognised in the statement of Profit & Loss Account as against adjusted to cost of the asset until previous year. Exchange differences recorded in Profit & Loss Account was immaterial.

Translation of foreign branch

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation are those of the Company itself.

l. Foreign currency translation

The reporting currency for PISL is Indian Rupee. The subsidiaries have been identified as non-integral operations as they accumulate cash and other monetary items, incur expenses, generate income and arrange borrowings, all substantially in their local currency. Assets and liabilities, both monetary and non-monetary of overseas subsidiaries are translated at the exchange rates as at the date of balance sheet. Income and expenses are translated at the average exchange rate for the reporting year.

m. Retirement and other employee benefits

i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the Provident Fund authorities.

ii. Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method

iv. Actuarial gains/losses are immediately taken to Profit & Loss Account and are not deferred.

n. Income taxes

Tax expense comprises current, deferred taxes are measured at the amount expected to be paid to the tax authorities in accordance with the tax laws as applicable to the respective consolidated entities. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified year. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified year.

o. Earnings per Share

Basic earnings per share is determined by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is determined by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for weighted average number of potential equity shares outstanding during the year except to the effect that it is anti dilutive.

p. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q. Cash and cash equivalent

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2. Operating lease

The Company has obtained office premises on non-cancelable operating lease. The operating lease term is for eleven months to ten years. There are no restrictions imposed by lease agreement. There are no sub-leases. Some of the leases have escalation and renewal clauses. The Company does not have purchase option.

3. Interest in Joint Venture

The Company has a 50% interest in the assets, liabilities, income and expenses of Prithvi Middle East incorporated in the State of Qatar, Doha & Behrain which is engaged in Software Development. There are no capital expenditure commitments and contingent liabilities of the joint venture as on March 31, 2010

Estimated amount of contracts remaining to be executed on capital account and not provided for.

Particulars	**March 31, 2010**	March 31, 2009
Capital Commitment	NIL	NIL

4. Contingent Liabilities **(In Rupees)**

	March 31, 2010	March 31, 2009
Income tax demand for the FY – 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06.***	NIL	543,700,260
Fixed deposits placed as security with UTI Bank Limited on behalf of Vuppalamritha Magnetic Components Limited.	NIL	35,000,000
Amount to be paid for Acquisition of SRDGA Assets payable after 18 months from the date of Acquisition.	NIL	$5,00,000.
Interest and Fx Losses payable to Deutsche Bank - As per their Communication	80300860	NIL
Sojitz Corporation - Excess of Interest payable over amount provided	11193804	NIL
Marubeni Corporation - Out of Pocket Expenses claimed	25831824	NIL
Standard Chartered Bank - Derivative Losses difference	315000	NIL
Suguna Technologies - Interest Claimed	180531	NIL

5. Related Parties

During the year ended March 31, 2010 and March 31, 2009 the company has entered into commercial transactions with its related parties. The details of such transactions balances as at March 31, 2010 and March 31, 2009 and names of related parties and the nature of relationship is given below.

Name of the Related Party	Investments made	Advance Given	Loan Given	Loan Received	Remuneration	Expenses Paid	Guarantee Given	Professional Services Rendered	Professi-onal Services	Trading Goods	Balance as at 31.03.2010	Balance as at 31.03.2009
SUBSIDIARY COMPANIES												
Walking Stick Solutions Pvt. Ltd.												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	23,431,000
Prithvi Solutions Inc.												
Year ended march 31,2010	488,031,500	(49,977,852)	53,878	53,878	-	-	-	23,253,087	-	-	947,838,343	-
Year ended march 31,2009	60,682,500	86,725,903	-	-	-	-	-	33,402,488	-	-	-	386,575,903
JOINT VENTURES												
Prithvi Qatar WLL												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	1,226,960	
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	1,226,960
Prithvi Middle East WLL												
Year ended march 31,2010		-	-	-	-	6,096,898	-	-	-	-	8,748,215	-
Year ended march 31,2009	2,651,317	-	-	-	-	-	-	-	-	-	-	2,651,317
SIGNIFICANT INFLUENCE												
Vuppalamritha Magnetic Components Limited												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	(4,451,578,498)	(4,451,578,498)	-
Year ended march 31,2009	-	-	-	-	-	13,188,634	-	-	-	-	-	276,705,629
Prithvi Solutions International LLC												
Year ended march 31,2010	-	-	-	-	-	-	-	421,487,376	-	-	452,469,485	-
Year ended march 31,2009	-	10,190,000	-	-	-	-	-	160,520,524	-	-	-	36,418,739
Prithvi Brazil												
Year ended march 31,2010	-	-	-	-	-	-	-	153,476,000	-	-	153,476,000	-
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	-
Prithvi Canada												
Year ended march 31,2010	-	-	-	-	-	-	-	451,400,000	-	-	451,400,000	-
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	-
Prithvi Informaion Solutions BV												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	-	-	-	-	-	-	-	-
KEY MANAGERIAL PERSONNEL												
Shri V.Satish Kumar												
Year ended march 31,2010	-	-	-	-	4,500,000	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	6,000,000	-	-	-	-	-	-	-
Smt. V.Madhavi												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	8,311,650	-	-	-	-	-	-	-
Shri.G.Srikanth Reddy												
Year ended march 31,2010	-	-	-	-	-	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	5,541,100	-	-	-	-	-	-	-
Shri P.S.Shastry												
Year ended march 31,2010	-	-	-	-	1,926,024	-	-	-	-	-	-	-
Year ended march 31,2009	-	-	-	-	2,407,524	-	-	-	-	-	-	-

6. **Gratuity Plan**

The Company has an unfunded defined benefit gratuity plan. Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972.

The following tables summaries the components of net benefit expense recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for the plan:

A. Net Employee benefit expenses Rs. Millions

	For the year ended March 31, 2010
Interest Cost	0.08
Current Service cost	3.58
Past Service Cost	0.09
Actuarial (gain) / loss	(3.66)
Net employee benefit expenses	1.66

B. Changes in the present value of the defined benefit obligation are as follows: Rs. Millions

	For the year ended March 31, 2010
Opening defined benefit obligation	6.26
Interest Cost	0.07
Current Service cost	3.58
Past Service Cost	0.09
Actuarial (Gain) / Loss	(3.67)
Closing defined benefit obligation	0.08

C. Details of provision for gratuity Rs. Millions

	For the year ended March 31, 2010
Defined benefit obligations	7.91
Net Liability	7.91

The principal assumption used in determining gratuity obligations for the Company's plan is shown below:

Discount rate	8.30% p.a.
Expected rate of return on plan assets	Not Applicable
Salary escalation rate	10% for first 2 years and 7% thereafter
Attrition rate	Age 21-30 - 10% Age 31-40 - 5% Age 41-50 - 3% Age 51-59 – 2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

7. Foreign Currency Exposure March 31, 2010

	USD	Exchange rate	Amount (Rs.)
Sundry debtors	97,479,568	45.14	4,400,227,708
Loans to subsidiary	20,482,615	45.14	924,585,255
Loans to Others	200,000	45.14	9,028,000
Payable to vendors	1,931,621	45.14	87,193,388
Secured loans	8,005,007	45.14	361,346,016
Investment in subsidiary (at historical rate)	500,000	45.14	20,210,000
Share application money (at historical rate)	1,500,000	45.14	60,682,500
Cash and bank balance	36,636,254	45.14	1,653,760,528
Unbilled revenue	18,800,000	45.14	848,632,000
Sundry creditors	2,486,714	45.14	112,250,262
Foreign currency convertible bonds (including premium)	66,625,466	45.14	3007,473,517
	Euro	**Exchange rate**	**Amount**
Sundry debtors	8,200	61.00	500,200
	JPY	**Exchange rate**	**Amount**
Sundry creditors	4,675,576,640	0.4811	2,249,419,921
	BHD	**Exchange rate**	**Amount**
Investment in Joint Venture (at historical rate)	25,000	106.0527	2,651,318
	QAR	**Exchange rate**	**Amount**
Investment in Joint Venture (at historical rate)	98,000	12.52	1,226,960

8. Foreign currency Convertible Bonds (FCCB)

During the previous year, the Company issued Zero Coupon Foreign Currency Convertible Bonds amounting to USD 50,000,000 due in 2012, convertible into ordinary shares of the Company. The bonds are issued in denomination of USD 100,000 each and integral multiples there of. The bonds will constitute direct un-conditional and secured obligations of the Company and will rank pari passu, without any preference among themselves, with all other outstanding secured and unsubordinated obligation of the Company, present and future, but in the event of insolvency, only to the extent permitted by applicable laws relating to the creditors' right. The bond will be secured by a second charge on all consolidated receivables. The Bond will have yield to maturity @ 8.58% per annum compounded semi-annually.

The bondholders can convert the bonds into equity share of the Company at conversion price of Rs. 346.30 shares at fixed exchange rate of 1 USD = Rs. 44.0900 during Bondholder Conversion Period, which starts on March 12, 2007 and ends at the place where certificate is deposited for conversion of a Bond on January 26, 2012.

The Company may, at its absolute discretion at any time on or after February 26, 2008 and prior to February 26, 2010, elect to convert all (but not some) of the Bonds into Shares at the Conversion Price subject to the terms and conditions mentioned in the Offering Circular.

If the bonds are not redeemed or converted earlier, the Company will redeem each bond at 100% of their principal amount plus the redemption premium due on the maturity date.

In the opinion of the Company, bonds are convertible into equity shares, the creation of Debenture Redemption Reserve is not required.

9. Utilization of funds raised through FCCB

The amount Utilized from out of FCCB proceeds towards acquisitions are USD 1,92,53,722 . Prithvi Solutions Inc. has accounted for such investment using the equity method of accounting as against a full line by line consolidation as required by accounting standards in India. Under the equity method,

10. Previous year figures have been re-grouped/rearranged, wherever necessary to confirm to current year's classification.

As per our report of even date M/s. V.K. Asthana & Co. Chartered Accountants

For and Onbehalf of the Board of Directors

M/s. V.K. Asthana & Co.
Chartered Accountants.

Sd/-	Sd/-	Sd/-	Sd/-
Vijay Kumar Asthana	**V. Satish Kumar**	**S. Lalith Prasad**	**Malleswara Durga Prasad**
Proprietor.	Managing Director	Director	Vice President (Finance) &
M.No.19664.			Company Secretary

Place : Hyderabad
Date : September 02, 2010

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder's
of Prithvi Solutions, Inc.

We have audited the accompanying balance sheet of Prithvi Solutions, Inc, (a Delaware Corporation) as of March 31, 2010 and the related statement of income, accumulated deficit, And cash flows for the year then ended. These financial statements are the responsibility of the Company's management, Our responsibility is to express an opinion on these financial statements based on our audit.

We conduct our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note : 3 to the financial statements, the Company reports investment in its affiliates on the equity method of accounting, In our opinion, accounting principles generally accepted in the United States of America requires that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. The effects on the financial statements of the prereceding practice are not reasonably determinable.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prithvi Solutions, Inc, as of March 31, 2010 and the results of its operations and its cash, flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

RAM ASSOCIATES

Hamilton, NJ
June 25, 2010

Balance Sheet as on March 31, 2010

	(US Dollars)
Current Assets	
Cash	3.632
Accounts receivable	557,577
Other current assets	113,547
Advance to related parties	4,257,940
Notes receivable	4,600,000
Total current assets	**9,532,696**
Fixed assets, net	**177,003**
Investment in affiliate	**9,664,379**
Goodwill	**3,410,000**
Total assets	**22,784,078**
Liabilities and Stockholder's Equities	
Current Liabilites :	
Accounts payable	149,221
Payroll liabilities	13,035
Taxes payable	44,900
Current portion of long-term loan	48,381
Total current liabilities	**255,537**
Long-term liabilities	
Long-term loan, net of current portion	60,265
Due to related parties	20,780,189
	20,840,454
Stockholders's equities	
Common stock, par value $ 0.01 per share, 1,000 shares authorized, issued and outstanding	10
Additional paid-in capital	1,999,990
Accumulated deficit	(311,913)
Total stockholder's equity	1,688,087
Total liabilities and stockholder's equities	**22,784,078**

Statement of Income for the year ended March 31, 2010

	(US Dollars)
Net revenue	**1,922,424**
Cost of revenue	**869,460**
Gross profit	**1,052,964**
Operating expenses :	
Selling, general and administrative expenses	809,226
Operating income before depreciation and interest	**243,738**
Depreciation	30,040
Interest expense	9,600
Operating income before income tax expense	**204,098**
Income tax expense	74,053
Operating income after income tax expense	**130,045**
Other income	
Equity in profit of subsidary	531,864
Net income	**661,909**

Cash Flow Statement for the year ended March 31, 2010

	(US Dollars)
Cash flows from operating activities	
Net Income	661,909
Adjustment to reconcile net income to net cash provided by	
Depreciation	30,040
Changes in assets and liabilities :	
(Increase) decrease in:	
Accounts receivable	(557,577)
Other current assets	(113,547)
Increase (decrease) in:	
Account payable	149,221
Payroll liabilities	13,035
Taxes payable	74,053
Net Cash provided by operating activities	**257,134**
Cash flows from investing activities:	
Purchase of fixed assets	(207,043)
Investment in affiliates	(8,326,384)
Goodwill	(3,410,000)
Net Cash used in investing activities	**(11,943,427)**
Cash flows from financing activities:	
Increase in loans from related parties	12,836,058
Increase in loan payable	108,646
Increase in advance to related parties	(1,257,940)
Net Cash provided by financing activities	**11,686,764**
Net decrease in cash	471
Cash at the beginning of the year	3,161
Cash at the end of the year	3,632
Supplementary disclosure of cash flows information	
Cash paid during the period for	
Interest	9,600
Income taxes	-

Notes to Financial Statements
March 31, 2010

1) Nature of Business:

Organization

Prithvi Solutions., Inc. (the "Company"), a wholly-owned subsidiary of Prithvi Information Solutions, Limited (the "Parent"), is a Delaware corporation established solely for the purpose of investing in other closely-held entities that align with the mission of Prithvi Information Solutions, Limited in providing information technology solutions to its customers.

2) Summary of Significant Accounting Policies.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities and assumptions that management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual result could differ from those estimates.

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates used are made prospectively based on such periodic evaluations.

Cash and cash equivalents

The Company considers all highly-liquid investments (including, money market funds) with an original maturity at acquisition of three months or less to be cash equivalents.

The Company maintains cash balances, which may exceed federally insured limits. The Company does not believe that this results in any significant credit risk.

Revenue recognition

The Company recognizes revenue in accordance with the SEC's Staff Accounting Bulletin Topic 13 ("Topic 13"), "Revenue Recognition." Revenue is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller's price to buyer is fixed and determinable, and (4) collectability is reasonably assured.

Revenues are primarily derived from professional services under time and materials contracts, which are recognized in the period in which services are provided.

Revenue related to services performed without a signed agreement or work order are not recognized until there is'evidence of an arrangement, such as when agreements or work orders are signed or payment is received; however, the cost related to the performance of such work is recognized in the period the services are rendered.

For all services, revenue is recognized when, and if, evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability is assured.

Revenues related to fixed price contracts for professional services are recognized using a model that is similar to the proportional performance method. Anticipated losses are recognized when they become known. Revisions in estimated profits are made in the month in which the circumstances requiring the revision become known.

Notes receivable and advances

The Company utilizes the allowance method to provide for probable uncollectible amounts on notes receivable and advances and is based upon an analyses of the Company's prior collection, experience, customer credit worthiness and current economic trends, written-off of account balances or charged against the allowances after all means of collection have been exhausted and the potential for recovery is remote. Management has determined that no allowance for doubtful accounts is necessary at March 31, 2010.

Property and Equipment

Property and equipment is stated at cost. The Company provides for depreciation of property and equipment using the straight-line method over the estimated useful lives after related assets ranging from 3 to 7 years. At March 31, 2010 property and equipment consisted of the following:

Computer Equipment	$ 1,763
Furniture and Fixtures	50,000
Vehicle	155,280
	207,043
Less : Accumulated Depreciation and Amortization	30,040
Net Fixed Assets	$ 177,003

The Company charges repairs and maintenance costs that do not extend the lives of the assets to expenses as incurred.

Depreciation expenses during the year ended March 31, 2010 was $ 30,040.

Goodwill

Goodwill represents the excess of cost over fair value of net assets acquired through acquisition. The Company periodically reviews the carrying value of intangible assets not subject to amortization, including goodwill, to determine whether impairment may exist. Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 142, Goodwill and other intangible assets, requires that goodwill and certain intangible assets be assessed annually for impairment using fair value measurement techniques, There has been no impairment to the value of recorded goodwill.

Income taxes

Income taxes have been provided for using an assets and liability approach in which deferred tax assets and liabilities are recognized for the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided for the portion of deferred tax assets when, based on available evidence, it is not "more-Likely-than-not" that a portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rate and laws.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

3) Investment in Affiliate

Agadia Systems

The Company owns 51% of the common stock of Agadia Systems, Inc ("Agadia"), which sells internally developed prior authorization software.

Accounting principles generally accepted in the United States of America ("US GAAP") require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. Management has instead elected to depart from US GAAP and account for this investment under the equity method of accounting, under which investments are carried at cost and adjusted for the Company's proportionate share of undistributed earnings and losses.

During the year ended December 31, 2009 the Company invested $183,403 in Agadia Systems, Inc.

Following is a summary of the most currently available unaudited information on the financial position and results of operations of Agadia Systems, Inc. for year ended December 31, 2009 as derived from Agadia's general ledger:

	Year ended December 31, 2009
Assets:	
Cash	$ 6,178
Accounts receivable	2,227,153
Property and equipment, net	22,176
Other assets	49,137
Total Assets	$ **2,304,644**
Total Current Liabilities	$ 1,495,263
Stockholders' equity	$ 809,381
Sales	$ 5,569,812
Net income	$ 1,423,266

The difference between the carrying value of the investment of $2,247,264 and the underlying equity in the net assets of Agadia of $412,784 is $1,834,480, The accounting treatment of this difference is to consider it as goodwill.

Other Affiliates

During the year the Company invested $1,902,158 in Prithvi Percentix Inc. a 100% subsidiary. Prithvi Percentix is a management and technology consulting firm that specializes in the diagnosis, design, delivery and deployment of Enterprise Performance Management (EPM) solutions. During the year the Company also invested $ 5,547,808 in acquisitions.

4) Credits and Business Concentration

The Company's financial instruments that are exposed to concentration of credit risks consist primarily of cash and accounts receivable. The Company maintains its cash in bank accounts, which, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to significant credit risk on cash. Concentration of credit risks with respect to accounts receivable are limited because of the credit worthiness of the Company's major customers. For the year ended March 31, 2010, sales to three major customers accounted for 32% of total revenue. These same customers accounted for 44% of the accounts receivable balance at March 31, 2010.

5) Notes Receivable

Notes receivable of $4,600,000 as of March 31, 2010 consists of advances to an unrelated entity. The loan is unsecured and bears no interest. The Company has agreed to extend the recovery date to March 31, 2011.

6) Related Party Transaction

a) As of March 31, 2010 the Company had $3,000,000 receivable advance from Limited Liability Company related by common ownership, During the year Company provided advances of $1,257,940 towards acquisition. These are in the form of equity which will be converted in due course.

b) As of March 31, 2010 the Company had payable of $ 20,780,189 to parent Company and related parties. There are no stated repayment terms and no interest is being accrued. Management expects the entire amounts to be repaid in the short-term.

7) Asset Purchase Agreement

The Company signed an Asset Purchase Agreement on May 1, 2009 with Pro-tech Consulting LLC ("Seller") whereby the Company acquired certain assets of the seller. Pursuant to the agreement, the Company paid to the seller $3,060,000 towards the purchase price. The Company also paid, as per the agreement, initial earn out money of $400,000. The amounts are classified in the accompanying balance sheet as follows:

Furniture and Fixture, before depreciation	$ 50,000
Goodwill	3,410,000
Total	**$ 3,460,000**

8) Loan Payable

The Company, as part of the asset purchase agreement took over the Vehicles, not part of the total amount referred in Note 6, which are classified under fixed assets in the accompanying balance sheet. Subject to Clause 1.04(a)(ii), the Company acquired the loans payable associated with the Vehicles.

As of March 31, 2010, the Company had six long-term loans payable over the period of three years. Future payments on the long-term notes as of March 31, 2009 were as follows:

Loan	Loan A	Loan B	Loan C	Loan D	Loan E	Loan F	Total
Interest rate	7.45%	7.10%	6.99%	7.75%	6.04%	6.89%	
2010-11	$ 4,070	$ 10,678	$ 10,841	$ 12,819	$ 5,895,	$ 4,078	$ 48,381
2011-12	-	11,476	11,640	13,866	-	-	36,982
2012-13	-	7,757	7,291	8,235	-	-	23,283
Total	**$ 4,070**	**$ 29,911**	**$ 29,772**	**$ 34,920**	**$ 5,895**	**$ 4,078**	**$ 108,646**

9) Commitments and Contingencies

Leases

The Company leases its office facilities on a month to month basis. Total rent expense for all leases amounted to $ 33,126 for the year ended March 31, 2010.

For April 2010 $ 2,888

10) Recent Accounting Pronouncements

a) In February 2008, the FASB issued Staff Position (FSP) No. 157-2 which delays the effective date of SFAS No. 157 one year for all nonfinancial assets and nonfinancial liabilities, except those recognized or disclosed at fair value in the financial statements on a recurring basis. FSP 157-2 is effective beginning January 1, 2009.

b) In May 2009, the FASB issued authoritative guidance establishing principles and requirements for recognition and disclosure of subsequent events in the financial statements. The Company's adoption of this guidance on June 30, 2009 did not have a material effect on Company's financial operations.

c) In June 2009, the FASB issued authoritative guidance, "The FASB Accounting standards codification and hierarchy of Generally Accepted Accounting Principle- a replacement of FASB statement No. 162" (the "Codification"), The Codification does not alter current U.S. GAAP, but rather integrates existing accounting standards with other authoritative guidance. Under the codification, there is a single source of authoritative U.S. GAAP for nongovernmental entities and it supersedes all other previously issued non-SEC accounting and reporting guidance. The codification is effective for financial statement periods ending after September 15, 2009. Company's adoption of the codification on July 01, 2009 did not have a material effect on Company's financial condition or result of operations,

d) in July 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income taxes". FIN 48 prescribes detail guidance for the financial statements recognition, measurement and disclosure of certain tax positions recognized in an enterprise's financial statements in accordance with FASB statement no.109, "Accounting for Income Taxes." Tax positions must meet a more-Iikely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. FIN 48 is effective for fiscal years beginning after December 15, 2006, and the provisions of FIN 48 are applied to all tax positions upon initial adoption of the Interpretation. The cumulative effect of applying the provisions of this Interpretation are reported as an adjustment to the opening balance of retained earnings for each fiscal year. The effect of FIN 48 will not have any significant effects on the Company's financial statements.

PRITHVI INFORMATION SOLUTIONS LIMITED

Registered Office : Prithvi House, # 2-56/2/19, Khanamet, Madhapur, Hyderabad–500 081

ATTENDANCE SLIP

Regd. Folio No./Client ID :

Name & Address of First/Sole Shareholder :

No. of Shares held :

I hereby record my presence at the 12th Annual General Meeting of the Company on Wednesday, the 29th September, 2010 at 11.00 A.M. at Sri KLN Prasad Auditorium, Federation House, Federation of Andhra Pradesh Chamber of Commerce & Industry, Red Hills, Lakdikapool, Hyderabad - 500 004 Andhra Pradesh.

Signature of Member/Proxy

Note: A Member/Proxy who wish to attend the meeting shall bring this Attendance Slip to the meeting and submit it at the entrance duly signed.

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PRITHVI INFORMATION SOLUTIONS LIMITED

Registered Office: Prithvi House, # 2-56/2/19, Khanamet, Madhapur, Hyderabad – 500 081

PROXY FORM

Regd. Folio No./Client ID: .... No. of Shares Held: ....
I/We...of.......................................being a member/members of the above named Company, hereby appoint... Of... or failing him/her.. of ....as my/our Proxy to attend and vote for me/us on my/our behalf at the 12th Annual General Meeting of the Company on Wednesday, the 29th September, 2010 at 11.00 A.M. at Sri KLN Prasad Auditorium, Federation House, Federation of Andhra Pradesh Chamber of Commerce & Industry, Red Hills, Lakdikapool, Hyderabad - 500 004 Andhra Pradesh and at any adjournment thereof.

Affix 15 paise revenue stamp

Signed __________ day of September, 2010.

A Proxy need not be a member of the company.

a) The Proxy form duly signed by the member(s) across an affixed 15 paise Revenue Stamp should reach the Company's Registered Office at Prithvi House, #2-56/2/19, Khanamet, Madhapur, Hyderabad – 500 081 at least 48 hours before the time fixed for the meeting.

b) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.

c) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the Meeting.

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PRITHVI INFORMATION SOLUTIONS LIMITED

Registered Office : Prithvi House,
2-56/2/19, Khanamet, Madhapur, Hyderabad–500 081. Tel: 91-40-44856019
Fax: 91-40-44856021, www.prithvisolutions.com