



PRITHVI INFORMATION SOLUTIONS LIMITED

Registered Office: 10Q3, A 1, Cyber Towers, HITEC City, Madhapur, Hyderabad-500 081

Notice

Notice is hereby given that the 10th Annual General Meeting of the Company will be held on **Monday, the 29th day of September, 2008 at 3.30 p.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 transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2008 and Balance Sheet as on that date along with the Reports of Auditors and Directors thereon.
2. To declare dividend for the financial year ended March 31, 2008.
3. To appoint a Director in place of Mr. S. Lalith Prasad, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Satyapal Narang who retires by rotation and being eligible offers himself for reappointment.
5. To appoint statutory auditors and to authorize the Board to fix their remuneration for the financial year 2008-09.

Special Business

6. Change of Usage funds

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

"RESOLVED that Rs.53.50 crore from the IPO proceeds, which have been earmarked for Offshore Development Centre as per the objectives of IPO and remain unutilized, because the said Centre is no longer required on account of withdrawal of the Income Tax benefits under the STPI Scheme, the consent be and is hereby accorded for utilization of these funds for the working capital requirements and general usage."

By Order of the Board
For **Prithvi Information Solutions Limited**

P. S. Shastry
Company Secretary

Hyderabad
August 29, 2008

Notes

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item 6 above, is 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. The Register of Members and Transfer Books of the Company will be closed from 24th September, 2008 to 29th September, 2008 (both days inclusive).
4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered in their respective depository accounts will be used by the Company for payment of the dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
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.
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.

Explanatory Statement

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item 6 of the accompanying Notice dated August 29, 2008.

Item 6

In the IPO, one of the objectives has been to set up an Offshore Development Centre in view of the Income Tax Benefits that are available as per the STPI Scheme. These tax benefits are not available from the assessment year 2010-11.

The Company has done an IPO of 5,000,000 Equity Shares of Rs.10 each for cash at a price of Rs.270 per Equity Share in the month of October 2005, aggregating to Rs.135 crore.

The usage of funds indicated in the IPO document was as under:

Buildings	...	Rs.30 crore
Interiors	...	Rs.12 crore
Computers & other assets	...	Rs.49 crore
Working Capital	...	Rs.34 crore
Share issue expenses	...	Rs.10 crore

The Company proposed to have its own building for software development activities to be set up as a Software Techno Park Unit and continue its STPI status that is giving the Company exemption from 100% software exports under the Income Tax Act.

After the Public Issue, the Company identified a suitable place for construction of ODC. It also took some effective steps and invested through an SPV (Special purpose vehicle) in a property for development and occupation. It is at various stages of obtaining government approvals. In the meantime, in Finance Bill 2008, the benefits of tax exemption under provisions of Section 10A of Income Tax Act, 1961, has been extended by only one more year that is up to Assessment Year 2010-11 thereby withdrawing the benefits available for units set up in STPI after that. A new provision Section 10AA was introduced for locating units in Special Economic Zones (SEZ) under Income Tax Act, 1961 granting tax concessions for a period of 10 years. It is clear now that the Company by locating its units in STPI would have to forego the tax benefits available until now.

Further concessions in tax can be availed only by planning to locate itself in the SEZ premises as per the new provisions. Hence,

the Company in order to have benefits under Income Tax Act, 1961, proposes to locate its Development Centre in SEZ.

The concept of SEZ is that, a developer constructs the space and lets it out to individual companies for their use on rent or the Company has to have its own only its units in SEZ. The Company, in order to get approval under SEZ, requires minimum of 25 acres of land and other approvals. Considering the present scale of operation of the Company, it may not be economical at this stage to have its own SEZ units. Hence, in order to have benefits under Income Tax, the Company has to have space under rent in other SEZs.

Further, due to the increased scale of operation, the Company needs enhanced working capital. The working capital requirement as appraised by different banks works out to be:

2008-09	...	Rs.325 crore
2009-10	...	Rs.375 crore
2010-11	...	Rs.400 crore

The Company has got sanctions from different banks for working capital of about Rs.276 crore. In addition, the Company also has on hand business proposals and opportunities for expanding its business in the telecom sector which requires further more additional working capital which has not been factored in the above working capital requirements given. Hence, the requirement of the Company for working capital has increased to an amount of Rs.375 crore.

It would be beneficial and advantageous for the Company to have additional working capital from its own sources. The Company proposes to use the unutilized IPO proceeds for additional working capital requirement for the expanded business activities and other general purposes.

The Board of Directors recommends the Resolution for your approval. None of the Directors are interested in the above Resolution.

By Order of the Board
For **Prithvi Information Solutions Limited**

P. S. Shastry
Company Secretary

Hyderabad
August 29, 2008



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ATTENDANCE SLIP

Regd. Folio No./Client ID :

Name & Address of First/Sole Shareholder :

No. of Shares held :

I hereby record my presence at the 10th Annual General Meeting of the Company on Monday, September 29, 2008 at 3.30 p.m. at Sri KLN Prasad Auditorium, Federation House, The Federation of Andhra Pradesh Chamber of Commerce and Industry, Red Hills, Lakdikapul, Hyderabad - 500 004,

Signature of Member/Proxy

Note: A Member/Proxy who wishes to attend the Meeting shall bring this Attendance Slip to the meeting and hand over at the entrance duly signed.



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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 appoint _____ of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 10th Annual General Meeting of the Company on Monday, September 29, 2008 at 3.30 p.m. at Sri KLN Prasad Auditorium, Federation House, The Federation of Andhra Pradesh Chamber of Commerce and Industry, Red Hills, Lakdikapul, Hyderabad - 500 004, and at any adjournment thereof.

Signed this _____ day of _____ 2008

Affix 15 paise
Revenue
Stamp

- A Proxy need not be a Member of the Company.
- The Proxy form duly signed by the Member(s) across the revenue stamp should reach the Company's Registered Office at least 48 hours before the time fixed for the meeting.
- In the case of joint holders, the vote of the first named Member who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders.
- Submission by a Member of this form of proxy will not preclude such Member from attending in person and voting at the Meeting.



