Investor Update

Prithvi Information Solutions Limited

Q2 FY'09

PRITHVI

November 1, 2008

Four-S Services

Strategies and Services for Stakeholder Success

Index

Strong Traction in Revenues: Quarterly

Performance Review – Q2 FY’09 Vs Q2 FY’08

143.5%	57.5%	35.7%
Revenue	**EBITDA***	**PAT***

- **Revenue up 143.5% from Rs 2,640.8mn in Q2 FY’08 to Rs 6,430.1mn in Q2 FY’09 driven by key business segments and growing client engagement size**
  - ✓ IT segment up 77.1% to Rs 4,600.2mn
  - ✓ Telecom Products contribute Rs 1,829.8mn to top-line
  - ✓ US$ 5mn clients increased to 26 in Q2 FY’09 from 4 in Q2 FY’08 and US$ 10mn clients increased to 3 in Q2 FY’09 from 0 (none) in Q2 FY’08
  - ✓ Engagement size for the top client increased by 2.7 times from 3.1% to 8.4%; for top 5 clients increased by 1.6 times from 12.9% to 20.6% and for top 10 clients increased by 1.4 times from 23.6% to 33.8%

- **EBIDTA* up 57.5% from Rs 298.3mn in Q2 FY’08 to Rs 469.7mn in Q2 FY’09**

- **EBITDA Margin* declined from 11.3% in Q2 FY’08 to 7.3% in Q2 FY’09 due to**
  - ✓ Lower margin on Telecom Products at 1.3% compared to 9.7% margins on IT segment in Q2 FY’09
  - ✓ Increase in direct costs in IT segment as the company has not been able to realize full revenues from a few mile-stone projects under execution

- **Net Profit after tax* up 35.7% from Rs 283.1mn in Q2 FY’08 to Rs 384.0mn in Q2 FY’09;** Net Profit Margin down from 10.7% to 6.0% due to decline in EBITDA Margin

** Before provision of Rs 282.3mn on account of MTM Loss on derivatives in Q2 FY’09, foreign exchange gain of Rs 254.3mn in Q2 FY’09 and foreign exchange loss of Rs 13.6mn in Q2 FY’08*

(Refer Slide 7 for the detailed Profit and Loss Statement)

Strong Traction in Revenues: Half-Yearly

Performance Review – H1 FY'09 Vs H1 FY'08

Revenue	EBITDA*	PAT*
104.2%	51.2%	44.2%

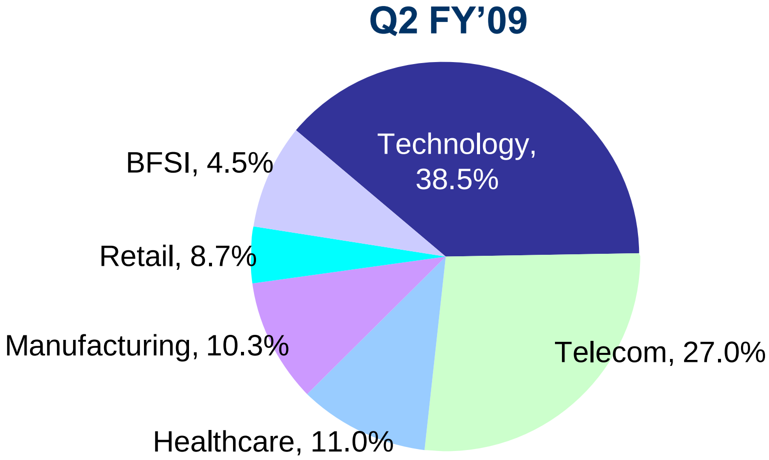
- **Revenue up 104.2% from Rs 5,024.9mn in H1 FY'08 to Rs 10,261.8mn in H1 FY'09 driven by key business segments and growing client engagement size**
  - ✓ IT segment up 69.2% to Rs 8,431.9mn
  - ✓ Telecom Products contribute Rs 1,829.8mn to top-line
  - ✓ 9 new customers added during H1 FY'09
- **EBIDTA* up 51.2% from Rs 625.1mn in H1 FY'08 to Rs 945.0mn in H1 FY'09**
- **EBITDA Margin* declined from 12.4% in H1 FY'08 to 9.2% in H1 FY'09 due to** lower margins on Telecom Products
- **Net Profit after tax* up 44.2% from Rs 566.5mn in H1 FY'08 to Rs 816.7mn in H1 FY'09;** Net Profit Margin down from 11.3% to 8.0% due to decrease in EBITDA Margin

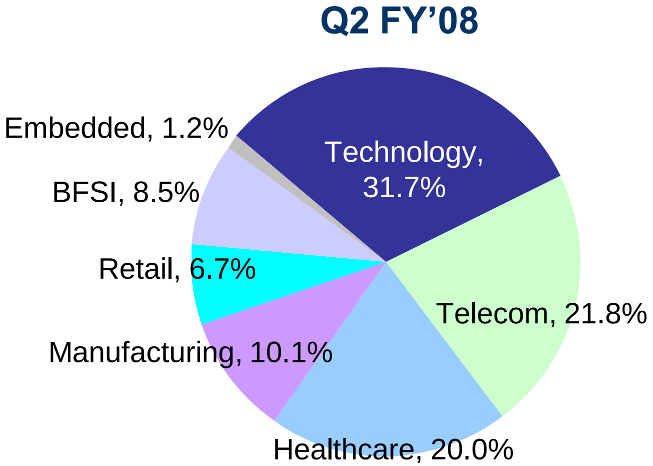
** Before provision of Rs 1,045.2mn on account of MTM Loss on derivatives in H1 FY'09, foreign exchange gain of Rs 514.6mn in H1 FY'09 and foreign exchange loss of Rs 107.4mn in H1 FY'08*

(Refer Slide 7 for the detailed Profit and Loss Statement)

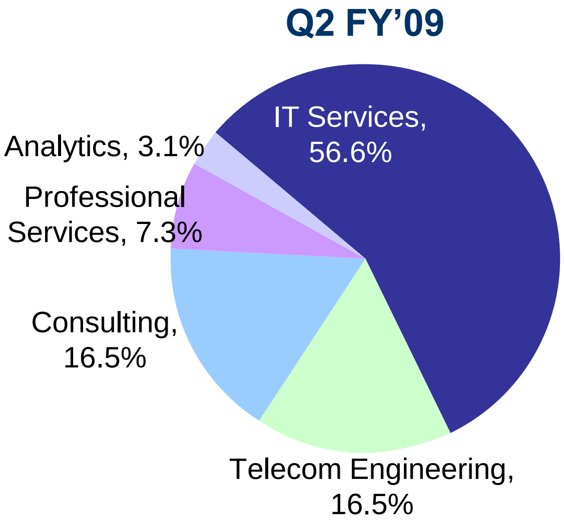
De-risked Business Model

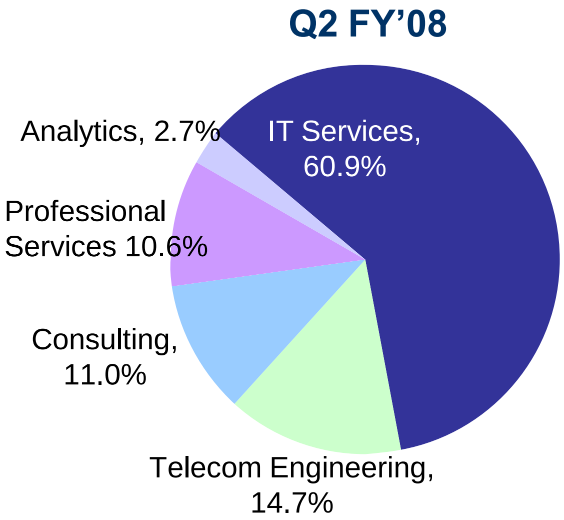
Focus on High Growth Verticals





With Diversified Business Mix and increased focus on Higher Value Added Services

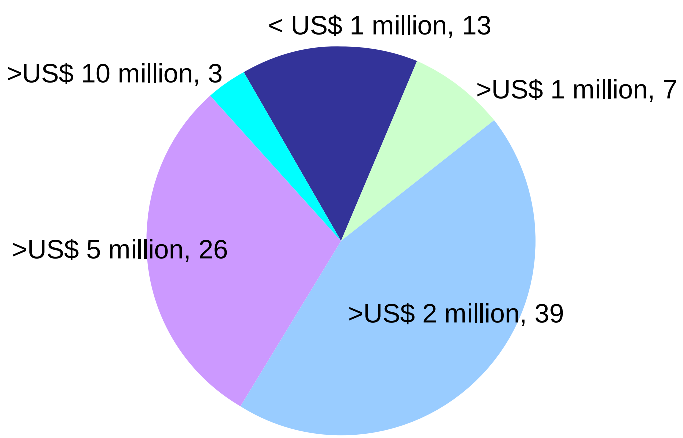




Increasing engagement size and addition of new clients

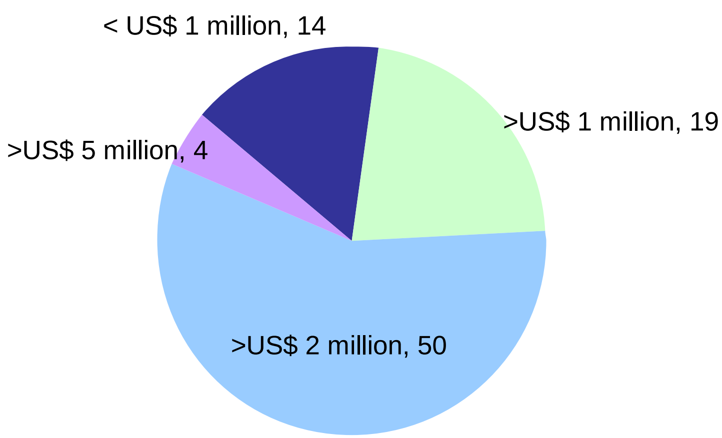
Increasing number of big ticket clients

Q2 FY’09



Total Clients - 88

Q2 FY’08



Total Clients - 88

- **Increase in number of US$ 5mn clients from 4 in Q2 FY’08 to 26 in Q2 FY’09**
- **Increase in number of US$ 10mn clients from 0 in Q2 FY’08 to 3 in Q2 FY’09**
- During the quarter, **the company won a contract from a leading global telecom equipment player**
- **Expanding its breath of Retail Technology Services, Prithvi Information Solutions assisted Vcommerce Corp. (a leader in SaaS end-to-end e-commerce services) in the implementation of the Hancock Fabrics e-Commerce Solution.** (Hancock, a $250mn+ company, is a specialty retailer of fabrics and related home sewing and decorating accessories. It operates retail fabric stores in 37 states in U.S.A.)

Note: Client revenues are on trailing twelve months basis

Financial Statements – Consolidated Income Statement

Particulars (Rs mn)	Q2 FY'09	Q2 FY'08	YoY Growth %	Q1 FY'09	QoQ Growth %	H1 FY'09	H1 FY'08	YoY Growth %
Revenue	**6,430.1**	**2,640.8**	143.5%	**3,831.7**	67.8%	**10,261.8**	**5,024.9**	104.2%
Direct Expenditure	**5,404.0**	**2,021.9**	167.3%	**2,881.7**	87.5%	**8,285.8**	**3,754.1**	120.7%
Puchase of traded goods	1,805.7	38.4	4602.3%	-	NA	1805.7	38.4	4602.3%
Software Development Expenses	3,598.3	1,983.5	81.4%	2,881.7	24.9%	6,480.1	3,715.7	74.4%
Gross Profit	**1,026.0**	**618.9**	65.8%	**950.0**	8.0%	**1,976.0**	**1,270.8**	55.5%
Employee Cost	299.6	19.0	1476.8%	260.4	15.1%	560.0	196.3	185.3%
SGA Expenses	256.7	301.6	-14.9%	214.3	19.8%	471.0	449.4	4.8%
Forex loss/ (gain)	(254.3)	13.6	NA	(260.3)	NA	(514.6)	107.4	NA
Provision for MTM Loss on Derivatives	282.3	-	NA	762.9	-63.0%	1,045.2	-	NA
EBITDA Before forex loss/ (gain) and MTM Provision	**469.7**	**298.3**	57.5%	**475.3**	-1.2%	**945.0**	**625.1**	51.2%
EBITDA After forex loss/ (gain) and MTM Provision	**441.7**	**284.7**	55.2%	**(27.3)**	NA	**414.5**	**517.7**	-19.9%
Depreciation & Amortization	21.6	14.9	44.5%	10.2	111.6%	31.8	29.1	9.1%
EBIT Before Forex loss/ (gain) and MTM Provision	**448.1**	**283.4**	58.2%	**465.1**	-3.6%	**913.2**	**596.0**	53.2%
EBIT After Forex loss/ (gain) and MTM Provision	**420.1**	**269.8**	55.7%	**(37.5)**	NA	**382.6**	**488.6**	-21.7%
Other Income	17.8	61.2	-70.9%	21.5	-17.3%	39.3	71.8	-45.2%
Interest and Financial Cost	47.6	26.4	80.3%	37.3	27.5%	84.9	41.9	102.7%
PBT before Forex loss/ (gain) and MTM Provision	**418.3**	**318.2**	31.5%	**449.2**	-6.9%	**867.6**	**625.9**	38.6%
PBT after Forex loss/ (gain) and MTM Provision	**390.3**	**304.6**	28.2%	**(53.3)**	NA	**337.0**	**518.5**	-35.0%
Provision for Tax	**34.3**	**35.1**	-2.2%	**16.6**	106.3%	**50.9**	**59.4**	-14.2%
Current Tax	34.3	35.1	-2.2%	16.6	106.3%	50.9	59.4	-14.2%
PAT before Forex loss/ (gain) and MTM Provision	**384.0**	**283.1**	35.7%	**432.6**	-11.2%	**816.7**	**566.5**	44.2%
PAT after Forex loss/ (gain) and MTM Provision	**356.0**	**269.5**	32.1%	**(69.9)**	NA	**286.1**	**459.1**	-37.7%
Basic EPS (Rs) After Forex loss/ (gain) and MTM Provision	19.7	14.9	32.1%	(3.9)	NA	15.8	25.4	-37.7%
Diluted EPS (Rs) After Forex loss/ (gain) and MTM Provision	12.8	9.7	31.8%	(3.9)	NA	10.3	18.2	-43.4%

Financial Statements – Segmental Analysis & Key Ratios

Revenue Break Up	Q2 FY'09	Q2 FY'08	Q1 FY'09	H1 FY'09	H1 FY'08
- IT	4,600.2	2,598.2	3,831.7	8,431.9	4,982.3
- Telecom Products	1,829.8	42.6	-	1,829.8	42.6
Total Revenues	**6,430.0**	**2,640.8**	**3,831.7**	**10,261.7**	**5,024.9**

EBITDA Break Up (before forex loss/(gain) & MTM Provision	Q2 FY'09	Q2 FY'08	Q1 FY'09	H1 FY'09	H1 FY'08
- IT	445.6	294.1	475.3	920.9	620.9
- Telecom Products	24.1	4.2	-	24.1	4.2
Total EBITDA	**469.7**	**298.3**	**475.3**	**945.0**	**625.1**

PAT (before forex loss/(gain) & MTM Provision	Q2 FY'09	Q2 FY'08	Q1 FY'09	H1 FY'09	H1 FY'08
Total	**384.0**	**283.1**	**432.6**	**816.7**	**566.4**

EBITDA Margin Break Up (before forex loss/(gain) & MTM Provision	Q2 FY'09[1]	Q2 FY'08[1]	Q1 FY'09[1]	H1 FY'09[2]	H1 FY'08[2]
- IT	9.7%	11.3%	12.4%	10.9%	12.5%
- Telecom Products	1.3%	9.9%	-	1.3%	9.9%
Total EBITDA Margin	**7.3%**	**11.3%**	**12.4%**	**9.2%**	**12.4%**

PAT Margin (before forex loss/(gain) & MTM Provision	Q2 FY'09[1]	Q2 FY'08[1]	Q1 FY'09[1]	H1 FY'09[2]	H1 FY'08[2]
Total	**6.0%**	**10.7%**	**11.3%**	**8.0%**	**11.3%**

Note:

1. EBITDA Margin & PAT Margin for Q2 FY'09, Q2 FY'08 and Q1 FY'09 before provision of Rs 282.3mn on account of MTM Loss on derivatives in Q2 FY'09, foreign exchange gain of Rs 254.3mn in Q2 FY'09, foreign exchange loss of Rs 13.6mn in Q2 FY'08, Rs 762.9mn on account of MTM Loss on derivatives in Q1 FY'09 and foreign exchange gain of Rs 260.3mn in Q1 FY'09.

2. EBITDA Margin & PAT Margin for H1 FY'09 and H1 FY'08 before provision of Rs 1,045.2mn on account of MTM Loss on derivatives in H1 FY'09, foreign exchange gain of Rs 514.6mn in H1 FY'09 and foreign exchange loss of Rs 107.4mn in H1 FY'08.

Revenue Breakup

Revenue Distribution (%)	Q2 FY'09	Q2 FY'08	Q1 FY'09	H1 FY'09	H1 FY'08
Revenues (excluding trading revenues)	**4,600.2**	**2,598.2**	**3,831.7**	**8,431.9**	**4,982.3**
Geographical					
US	99.61%	97.10%	99.65%	99.63%	98.22%
India	0.39%	2.55%	0.35%	0.37%	1.45%
Others	0.00%	0.35%	0.00%	0.00%	0.33%
On-site v/s offshore breakup of revenues					
Onsite	89.7%	87.0%	89.5%	89.6%	88.2%
Offshore	10.3%	13.1%	10.5%	10.4%	11.8%
Vertical					
Technology	38.5%	31.7%	38.7%	38.6%	31.4%
Telecom	27.0%	21.8%	23.6%	25.5%	22.8%
Health Care	11.0%	20.0%	13.1%	12.0%	20.2%
Manufacturing	10.3%	10.1%	10.1%	10.2%	9.6%
Banking, Financial and Insurance	4.5%	8.5%	4.9%	4.7%	7.6%
Retail	8.7%	6.7%	9.5%	9.1%	7.1%
Embedded	0.0%	1.2%	0.0%	0.0%	1.3%
Project Type					
Fixed Price	25.9%	6.9%	14.0%	20.5%	6.5%
Time and Materials	74.1%	93.1%	86.0%	79.5%	93.5%
Horizontal Revenue Mix					
IT Services	**56.6%**	**60.9%**	**57.3%**	**56.9%**	**61.1%**
ADM	24.7%	32.2%	26.0%	25.3%	32.0%
Testing	2.2%	3.8%	2.7%	2.4%	4.1%
SW Deployment	20.2%	18.7%	21.0%	20.5%	18.7%
Product Development	9.5%	6.3%	7.6%	8.7%	6.3%
Consulting	**16.5%**	**11.0%**	**14.5%**	**15.6%**	**10.5%**
SCM Consulting	4.1%	2.3%	5.2%	4.6%	1.6%
CRM Consulting	2.6%	2.0%	1.8%	2.2%	1.6%
IT Consulting	9.8%	6.7%	7.5%	8.8%	7.3%
Analytics	**3.1%**	**2.7%**	**4.0%**	**3.5%**	**2.7%**
Telecom Engineering Services	**16.5%**	**14.7%**	**16.9%**	**16.7%**	**14.7%**
Professional Services	**7.3%**	**10.6%**	**7.4%**	**7.4%**	**11.1%**

Strengthening the Team of Software Professionals to Execute the Growing Business

Optimum Mix of Manpower Resources

	Q2 FY'09	Q2 FY'08	Addition
Software Professionals	3,463	2,148	1,315
- Billable	3,384	2,113	1,271
- Trainees / Non-Billable	79	35	44
Sales and Support	129	65	64
Total	3,592	2,213	1,379

As on 30 September, 2008

Total employee addition of 1,379 including 1,315 software professionals

Efforts and Billing Rates

Period Ending	Q2 FY'09	Q2 FY'08	Q1 FY'09
Volume (Person-Months)			
Onsite	7,778	4,517	6,807
Offsite	2,799	2,095	2,495
Efforts %			
Onsite	75.0%	68.3%	74.6%
Offshore	25.0%	31.7%	25.4%
Billing Rate* (US$ per hr.)			
Onsite	71.2	69.1	71.0
Offsite	24.5	24.0	24.5

** Billing rate calculation excludes Telecom Products revenues*

Client Metrics

Client Metrics (Nos.)	Q2 FY'09	Q2 FY'08
Active Customers*	88	88
Added during the Period	**1**	**1**
< US$1 million**	13	14
> US$1 million**	7	19
> US$2 million**	39	50
> US$5 million**	26	4
> US$10 million**	3	0
> 5% of the revenue	1	0
Revenue Contribution (%)		
Top Client	8.4%	3.1%
Top 5 Clients	20.6%	12.9%
Top 10 Clients	33.8%	23.6%

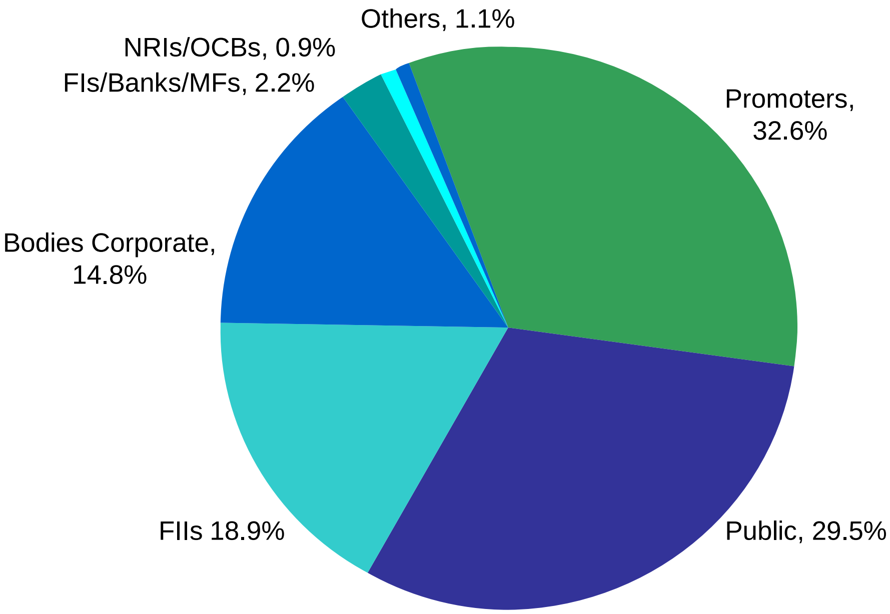
**As on 30 September, 2008*

*** Client revenues are on trailing twelve months basis*

Shareholding Pattern

Category of Shareholder	Total No. of Shares
Promoters & Promoters Group	5,900,211
Public	5,331,215
Foreign Institutional Investors	3,416,519
Bodies Corporate	2,676,954
MFs/Bank/FIs	394,923
NRIs/OCBs	167,194
Others	189,984
TOTAL	**18,077,000**

Percentage Shareholding



As on September 30, 2008

Key Investors

Name of the Shareholder	% Holding
Copthall Mauritius Investment Ltd	6.3
Lehman Brothers Asia	2.8
Enam Investment Services	2.6
Credit Suisse	2.5
Acacia Partners	2.5
DSP Merrill Lynch	2.0
Deutsche Securities Mauritius Ltd	1.4
BSMA Ltd	1.4
Total	**21.5**

Contact us

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About Prithvi Information Solutions Ltd.

Prithvi Information Solutions Limited is a software consulting, outsourcing and business solutions company. It is an aggressively growing company with over 2000 professionals all over the world. Prithvi's expertise is in the Telecom, Retail, Healthcare, Government, BFSI and Hi-Tech verticals. It also has strong capabilities in data analytics technologies. Operating from state-of-the-art research and development centers in Bangalore and Hyderabad, India and USA, we have offices in USA, Qatar and UK. For further information please visit **www.prithvisolutions.com**

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Forward Looking Statement

Certain statements in this document with words or phrases such as "will", "should", etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company