



Red Herring Prospectus
Please read Section 60B of the Companies Act, 1956
Dated October 13, 2005
100% Book Building Issue

PRITHVI INFORMATION SOLUTIONS LTD.

(The Company was incorporated on July 24, 1998 as Prithvi Information Solutions Private Limited under the Companies Act 1956. In 2000, our Company was converted to a public limited company and received a fresh certificate of incorporation on April 27, 2000. In 2001, the registered office of the Company was shifted from Flat No. 5, Jamuna Apartments, Somajiguda, Hyderabad 500 083 to 7004, 7005, 7012, Emerald House, S.D. Road, Secunderabad 500 003. In 2005, the registered office was shifted to 10Q3-A1, 10th floor, Cyber Towers, Hitech City, Madhapur, Hyderabad 500 081.

Registered Office and Corporate Office: 10Q3-A1, 10th floor, Cyber Towers, Hitech City, Madhapur, Hyderabad 500 081,

Tel: +91 40 5584 6019; **Fax:** +91 40 5584 6021

Contact person: Mr. P S Shastri CFO & CO. Secretary; **Email:** ipo@prithvisolutions.com; **Website:** www.prithvisolutions.com

PUBLIC ISSUE OF 50,00,000 EQUITY SHARES OF Rs. 10/- EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE, AGGREGATING Rs. [●] LACS, (HEREINAFTER REFERRED TO AS THE "ISSUE"). COMPRISING 4,50,000 EQUITY SHARES OF RS. 10 EACH RESERVED FOR THE ELIGIBLE EMPLOYEES OF THE COMPANY AND A NET OFFER TO PUBLIC OF 45,50,000 EQUITY SHARES OF RS. 10 EACH. THE ISSUE WOULD CONSTITUTE 27.66% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY. THE NET OFFER TO THE PUBLIC WOULD CONSTITUTE 25.17% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. 250 TO Rs. 270 PER EQUITY SHARE OF FACE VALUE OF Rs. 10/- EACH.

THE FACE VALUE OF THE EQUITY SHARES IS Rs 10/- EACH AND THE ISSUE PRICE IS 25 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 27 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding/ Issue Period shall be extended for three additional days after such revision, subject to the Bidding/ Issue period not exceeding ten working days. Any revision in the price band, and the revised Bidding/ Issue period, if applicable, shall be widely disseminated by notification to Bombay Stock Exchange Ltd. ("BSE") and The National Stock Exchange of India Limited ("NSE") by issuing a press release and by indicating the change on the websites of the Book Running Lead Managers and the terminals of the syndicate.

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

RISKS IN RELATION TO ISSUE

This being the first public Issue of Equity Shares of the Company, there has been no formal market for the equity shares of the Company. The face value of the Equity Shares is Rs. 10/- each and the Issue Price is [●] times of the face value. The Issue Price (as determined and justified by the Company in consultation with the Book Running Lead Managers ("BRLMs") on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the section titled "Risk Factors" beginning on page 9 of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY


The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING


The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Ltd ("BSE") and The National Stock Exchange of India Limited ("NSE"). The in-principle approvals of BSE and NSE have been received on October 7, 2005. For the purposes of this Issue, BSE is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

 **AnandRathi**
PROFIT FROM RESEARCH
Anand Rathi Securities Private Limited
J.K. Somani Building, 3rd Floor,
British Hotel Lane, Bombay Samachar Marg,
Fort, Mumbai-400 023.
Tel:+91-22 5637 7000
Fax: +91-22 5637 7070
Email: prithvisolutions@rathi.com
Website: www.rathi.com

 **KARVY**
INVESTOR SERVICES LTD.
Karvy Investor Services Limited
"Karvy House", 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034
Tel:+91 40 23374714
Fax: +91 40 23374714
Email: mbd@karvy.com
Website: www.karvy.com

REGISTRAR TO THE ISSUE

 **KARVY**
Karvy Computershare Private Limited
Karvy Computershare Private Limited
"Karvy House", 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034
Tel:+91 40 23312454
Fax: +91 40 23431551
Email: murali@karvy.com
Website: www.karvy.com

ISSUE PROGRAMME

BID / ISSUE OPENS ON : 25TH OCTOBER, 2005

BID / ISSUE CLOSSES ON : 28TH OCTOBER, 2005

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SECTION I: DEFINITIONS AND ABBREVIATIONS

Conventional / General Terms

| Terms | Description |
|---|--|
| “Prithvi” or “Company” or “Issuer” or “our Company” or “we” or “us” | Unless the context otherwise requires, refers to Prithvi Information Solutions Ltd, a limited Company incorporated under the Companies Act together with its subsidiaries. |
| “our Group” or “our Group Companies” or “Group Companies” | Unless the context otherwise requires, refers to those companies mentioned in “Promoters and their Background” on page 78 of this Red Herring Prospectus. |

Issue Related Terms

| Term | Description |
|--|--|
| Allotment | Issue of Equity Shares of the Company pursuant to the Public Issue to the successful Bidders. |
| Allottee | The successful Bidder to whom the Equity Shares are being issued. |
| Articles / Articles of Association | Articles of Association of Prithvi Information Solutions Ltd. |
| Banker (s) to the Issue and Escrow Collection Bank (s) | ICICI Bank, HDFC Bank, Standard Chartered Bank, UTI Bank, UCO Bank |
| Bid | An Indication to make an offer made by a prospective investor to subscribe for Equity Shares of the Company at a price within the Price Band, during the Bidding Period and includes all revisions and modifications thereto |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue |
| Bid / Issue Closing Date | The date after which the Syndicate Members to the Issue will not accept any Bids for the issue; any such date shall be notified through a notice in an English national newspaper, a Hindi national newspaper and a Telugu news paper |
| Bid / Issue Opening Date | The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue; any such date shall be notified through a notice in an English national newspaper, a Hindi national newspaper and a Telugu news paper |
| Bid-cum- Application Form | The form in terms of which the Bidder shall Bid for the Equity Shares of the Company and shall, upon allocation of the Equity Shares by the BRLMs and filing of the Prospectus with the RoC, be considered as the application for allotment of the Equity Shares in terms of this Red Herring Prospectus |
| Bidder(s) | Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus through the Book Building Process |
| Bidding / Issue Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids |
| Board / Board of Directors | Board of Directors of Prithvi or a committee thereof |
| Book Building Process/ Method | Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is made |



| Term | Description |
|--|--|
| BRLMs | Book Running Lead Manager, in this case being Anand Rathi Securities Private Limited, Karvy Investor Services Limited and SREI Capital Markets Limited |
| CAN/Confirmation of Allocation Note | Means the note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process |
| Cap Price | The higher end of the Price Band, Rs [.] per equity share in the issue, above which the Issue Price will not be finalised and above which no bids will be accepted |
| Companies Act/ The Act | The Companies Act, 1956, as amended from time to time. |
| Cut-off / Cut-off Price | The Issue price finalized by the Company in consultation with the BRLMs |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time |
| DP / Depository Participant | A depository participant as defined under the Depositories Act |
| Designated Date | The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall transfer / allot the Equity Shares to successful Bidders |
| Designated Stock Exchange | Bombay Stock Exchange Limited |
| Director(s) | Director(s) of Prithvi, unless otherwise specified |
| Eligible Employee | Eligible Employee Means a permanent employee or Director of the Company (or its Subsidiaries), on the date of submission of the Bid cum-Application Form. In addition, such person should be an employee or Director during the period commencing from the date of filing of the Red Herring Prospectus with the RoC upto the Bid/Issue Closing Date. Promoter Directors are not eligible to be treated as Eligible Employees. |
| Employees | Permanent Employees of Prithvi excluding the Directors. |
| Employee Reservation Portion | That portion of the Issue being a maximum of 4,50,000 Equity Shares available for allocation to Eligible Employees |
| Equity Shares | Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof |
| Escrow Account | Account opened with the Escrow Collection Bank and in whose favour the Bidder will Issue cheques in respect of the Bid and in which account the cheques/demand drafts will be deposited by the Syndicate Members |
| Escrow Agreement | Agreement entered into between the Syndicate Members, the Company, the Registrars and BRLMs for collection of the Bid Amounts and refunds of the amounts collected to the Bidders |
| FII(s) / Foreign Institutional Investors | Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India |
| Financial Year/ Fiscal/ FY | The twelve months ended March 31 of a particular year (unless otherwise specified) |



| Term | Description |
|--|--|
| First Bidder | The bidder whose name appears first in the bid cum application form or revision form |
| Floor Price | The lower end of price band, below which the Issue Price will not be finalized and below which no Bids will be accepted |
| Fresh Issue/ Issue/ Public Issue/ Offer | Public Issue of 50,00,000 new Equity Shares of Rs. 10/- each for cash at the Issue Price of Rs. [●] aggregating to Rs. [●] lacs by the Company in terms of this Red Herring Prospectus |
| Income-tax Act | The Income tax Act, 1961, as amended from time to time |
| Issue Price | Price determined by the Company in consultation with BRLMs on the Pricing Date after the bidding period and which shall be set forth in the Prospectus to be filed with ROC |
| Issue Account | Account opened with the Banker to the Issue to receive monies from the Escrow Accounts on the Designated Date |
| Issuer | Prithvi Information Solutions Limited |
| Margin Amount | The amount paid by the bidder at the time of submission of his/her bid, being 0% to 100% of the bid amount |
| Memorandum/ Memorandum of Association | The Memorandum of Association of Prithvi Information Solutions Ltd. |
| Net Offer to the Public | 45,50,000 Equity Shares of Rs. 10 each, being the Issue size (net off Employee Reservation Portion) |
| Non-Institutional Bidders | All Bidders that are not Qualified Institutional Buyers or Retail Bidders |
| Non-Institutional Portion | The portion of the Issue being 6,82,500 Equity Shares of Rs.10/- each available for allocation to Non-Institutional Bidders |
| OCB / Overseas Corporate Body | Overseas corporate body, is a Company, partnership, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRIs and includes overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 |
| Pay-in-Date | Bid/Issue closing date or the last date specified in the CAN sent to Bidders, as applicable |
| Pay-in-Period | Pay-in-Period means the period commencing on the Bid Opening Date and extending till the Bid Closing Date, during which the Bidders have to pay the maximum bid amount into the Escrow Account arising during the Bidding Period, unless such requirement is waived by the Syndicate Members for Bidders. In case of requirement of payment during the Bidding Period is waived by the Syndicate Members for Bidders, the closure of the Pay-in-Period for such Bidders, for payment into the Escrow Account, shall be within four calendar days of communication of the allocation list of respective Syndicate Member to them by the BRLMs |
| Price Band | The price band of Rs. 250 to Rs. 270 including revisions thereof. |



| Term | Description |
|--------------------------------------|--|
| Pricing Date | The date on which the Company in consultation with the BRLMs finalizes the Issue Price |
| Promoters | Ms. V. Madhavi and Mr. V. Satish Kumar |
| Prospectus | The Prospectus to be filed with the RoC containing, <i>inter-alia</i> , the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information |
| Public Issue Account | Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date |
| Qualified Institutional Buyers/ QIBs | Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Foreign Institutional Investors registered with SEBI, Multilateral And Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory And Development Authority (IRDA), Provident Funds with a minimum corpus of Rs. 2500 Lacs and Pension Funds with a minimum corpus of Rs. 2500 Lacs |
| QIB Portion | The portion of the Issue being 22,75,000 Equity Shares of Rs.10 /- each available for allocation to QIB Bidder(s) |
| Red Herring Prospectus/ RHP | This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allocation |
| Registrars/ Registrars to the Issue | Karvy Computershare Private Limited |
| Retail Individual Bidders | Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs.100,000 /- in any of the bidding options in the Issue |
| Retail Portion | The portion of the Issue being 15,92,500 Equity Shares of Rs.10 /- each available for allocation to Retail Bidder(s) |
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any |
| RoC | Registrar of Companies, Hyderabad |
| Stock Exchanges | The BSE and the NSE |
| Syndicate | The BRLMs and Syndicate Member(s). |
| Syndicate Agreement | The agreement between the Syndicate Members and the Company to be entered into on the Pricing Date |
| Syndicate Members | Collectively the BRLMs and the Syndicate Members as disclosed in this Red Herring Prospectus and are persons who are registered with SEBI and are eligible to act as Underwriters |



| Term | Description |
|--------------------------------|---|
| TRS or Order Confirmation Note | Transaction Registration Slip means the slip or document registering the Bids, issued by the Syndicate Member to the Bidder as proof of registration of the Bid upon submission of the Bid-cum-Application Form in terms of this Red Herring Prospectus |
| Underwriters | The BRLMs and Syndicate Members |
| Underwriting Agreement | The agreement between the BRLMs, Syndicate Members, and the Company to be entered into on the Pricing Date |

Company/ Industry related Terms

| Term | Description |
|----------|--|
| Auditors | The statutory auditors of the Company, M/s Patwari & Company, Chartered Accountants |
| ODC | Offshore Delivery Centre |
| Offshore | Refers to the work facilities in India |
| Offsite | Refers to service work done outside India at a place other than the clients' premises. |
| Onsite | Refers to service work conducted at the clients' premises. |
| STP | Software Technology Park |
| NQA | National Quality Assurance Limited |

Abbreviations

| Term | Description |
|--------------|---|
| AGM | Annual General Meeting |
| ARSPL/ ARS | Anand Rathi Securities Pvt Ltd |
| AS | Accounting Standards issued by the Institute of Chartered Accountants of India |
| AY | Assessment Year |
| BSE | Bombay Stock Exchange Ltd. |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CEPS | Cash Earning per Equity Share |
| CFO | Chief Finance Officer |
| ECS | Electronic and Clearing System |
| EGM | Extraordinary General Meeting |
| EOU | Export Oriented unit |
| EPS | Earnings Per Share |
| ERP | Enterprise Resource Planning |
| FCNR Account | Foreign Currency Non Resident Account |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under. |



| Term | Description |
|--|--|
| FII(s) / Foreign Institutional Investors | Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India |
| FIPB | Foreign Investment Promotion Board |
| GDC | Global Development Centre |
| GDP | Gross Domestic Product |
| GoI | Government of India |
| HUF | Hindu Undivided Family |
| IPO | Initial Public Offering |
| ISO | International Standard Organization |
| Karvy | Karvy Investor Services Limited |
| MNC | Multi National Company |
| NAV | Net Asset Value |
| NRE Account | Non-Resident External Account |
| NSDL | National Securities Depository Limited |
| NSE | The National Stock Exchange of India Limited |
| PAN | Permanent Account Number |
| PAT | Profits After Taxation |
| PBT | Profits Before Taxation |
| P/E Ratio | Price/Earnings Ratio |
| PLR | Prime Lending Rate |
| RBI | The Reserve Bank of India |
| RHP | Red Herring Prospectus |
| ROC | Registrar of Companies |
| RONW | Return on Net Worth |
| Rs. / Rupees / INR | Indian Rupees |
| R&D | Research and Development |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act. |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time |
| SEBI DIP Guidelines | SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time |
| SREI | SREI Capital Markets Limited |
| STPI | Software Technology park of India |
| UK | United Kingdom |
| US | United States of America |
| USD or \$ or US \$ | United States Dollar |
| YOY | Year on year |



SECTION II: RISK FACTORS

Certain Conventions - Use of Market Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our unconsolidated restated financial statements prepared in accordance with Indian GAAP, included on page 81 of this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by Persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, and all references to "UK" are to the United Kingdom.

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "USD", "US\$" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

The calculation of revenues by customer geography is based on the location of the specific customer entity for which services are performed, irrespective of the location where a billing invoice may be rendered.

Market and Industry Data used throughout this Red Herring Prospectus has been obtained from publications available in the public domain and internal Company reports. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent source.



FORWARD LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Increasing competition in and the conditions of the global and Indian IT industry;
- General economic and business conditions in India;
- Changes in the value of the Rupee and other currencies; and
- Changes in laws and regulations that apply to the Indian and global software / IT industry.

For further discussion of factors that could cause our actual results to differ, please refer to the section titled “Risk Factors” beginning on page 9 of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our Directors, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

Internal Risk Factors

- 1. Our success depends largely upon our highly skilled software professionals and our ability to attract and retain these personnel. The Industry where we exist is a highly employee intensive industry having a notoriously high rate of attrition.**

The Company's ability to execute projects and to obtain new clients depends largely on their ability to attract, train, motivate and retain highly skilled software professionals, particularly project managers and other mid-level professionals. Our future performance will be affected by the continued service of these persons. We do not maintain key man life insurance for any of the senior members of our management team or other key personnel. Competition for senior management in the IT industry is intense, and we may not be able to retain such senior management personnel or attract and retain new senior management personnel in the future. The loss of any of the members of senior management or other senior professionals may adversely affect our business, results of operations and financial condition.

- 2. The Company satisfies a substantial part of its manpower requirements through various vendor agreements.**

The Company has entered into various agreements with vendors for procuring manpower for the purpose of providing services to its customers and as such the most of the professionals are not the employees of the company. The Company does not have a dedicated long-term contract with any of the vendors and any disruption in service from its vendors can have an adverse effect on our business, results of operations and financial condition.

- 3. Our revenues are highly dependent on clients located in the United States. Economic slowdowns and other factors that affect the economic health of the United States may affect our business.**

A significant proportion of our revenue is derived from clients located in the United States. In FY 2004-05, approximately 90% of our revenues were derived from clients located in the United States. Consequently, if there is an economic slowdown in the United States, our clients may reduce or postpone their IT spending significantly, which may in turn lower the demand for our services and negatively affect our revenues and profitability.

- 4. Any inability to manage our growth could disrupt our business and reduce our profitability.**

We have experienced significant growth in revenues in recent years. Our revenues have grown at a compound annual growth of 84.16% from Rs.2653.01 Lacs in FY 2001 to Rs. 30512.77 Lacs in FY 2005. We expect this growth to place significant demands on both our management and our resources. This will require us to continuously evolve and improve our operational, financial and internal controls across the organisation.

In particular, continued expansion increases the challenges involved in:

1. Recruiting, training and retaining sufficient skilled technical, sales and management personnel;
2. Adhering to our high quality and process execution standards;
3. Maintaining high levels of client satisfaction;
4. Preserving our culture, values and entrepreneurial environment; and



5. Developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Any inability to manage growth may have an adverse effect on our business, results of operation and financial condition.

5. **Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.**

Our clients typically retain us through non-exclusive service agreements. Most of our client project contracts can be terminated with or without cause, with 0 to 30 days notice and without termination-related penalties. Additionally, our service agreements with clients are typically without any commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination of a project or the loss of a client. Our clients may demand price reductions, change their outsourcing strategy by moving more work in-house or to our competitors or replace their existing software with packaged software supported by licensors. Any of these factors could adversely affect our revenues and profitability.

In the past 7 years, there have been no such occurrences, Prithvi is confident of continuing its record.

6. **Our business will suffer if we fail to keep pace with the rapid changes in technology and the industries on which we focus. We need to anticipate and develop new services and enhance existing services in order to keep our clients satisfied.**

The IT services market is characterised by rapid technological changes, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new service offerings to meet client needs. We may not be successful in anticipating or responding to these advances on a timely basis or, if we do respond, the services or technologies we develop may not be successful in the marketplace. Furthermore, services or technologies that are developed by our competitors may render our services non-competitive or obsolete.

7. **Our client's proprietary rights may be misappropriated by our employees in violation of applicable confidentiality agreements. We may also be subject to third party claims of intellectual property infringement.**

Our client contracts may require us to comply with certain security obligations including maintenance of network security, back-up of data, ensuring our network is virus free and ensuring the credentials of those employees that work with our clients. We cannot assure you that we will be able to comply with all such obligations and that we will not incur liability or have a claim for substantial damages against us.

Although we believe that our intellectual property rights do not infringe on the intellectual property rights of any other party, infringement claims may be asserted against us in the future. There are currently no material pending or threatened intellectual property claims against us. However, if we become liable to third parties for infringing their intellectual property rights, we could be required to pay substantial damages and be forced to develop non-infringing technology, obtain a license or cease selling the applications that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all.

8. **We have not registered any of our intellectual property under the relevant intellectual property laws. The name 'Prithvi Information Solutions Limited' has not been registered under the Trade Marks Act, 1999. The logo of the Company has not been registered under the relevant intellectual property laws.**
9. **There are legal proceedings pending against us, that we believe, even if finally determined against us, will not have a material adverse effect on our business.**

We are defendants in claim against us by the Income Tax authority, the Assistant Provident Fund Commissioner and that of HSBC claims aggregates to Rs. 4,98,62,478/-. The Income Tax Litigation pending to the extent of



Rs. 4,33,18,520 is at appeal with the Income Tax Appellate Tribunal for the assessment year 2001-02. If the Tribunal decision is determined against us we may have a tax liability for subsequent assessment years. The company has taken opinions from legal and tax experts supporting its stand taken in the Tribunal. For more information regarding litigations involving us, our subsidiaries and our directors, refer "Outstanding Litigations and defaults" on page 107 of this Red Herring Prospectus.

10. We have not entered into any definitive agreements to utilize the proceeds of the Issue.

The estimate of costs for the acquisition of the ODC, interiors and computers is based on quotations received from builders, architects, vendors and our internal estimates. These quotes are subject to change, and may result in a cost overrun. As of the date of this Red Herring Prospectus, we have not placed any orders for supply of equipment or construction and other related services, which may be required for the ODC. For further details, please refer the section titled "Objects of the Issue" beginning on page 36 of this RHP.

The ODC has not yet been set up. The delay in setting up of the ODC, could result in an over run of cost. Such delays could also have a bearing on our future profitability. The working Capital requirement as mentioned in the objects of the issue has not been tied up with any of the banker.

11. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution.

The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. UTI Bank will be monitoring the use of proceeds. For further details please refer to section titled "Objects of the Issue" beginning on page 36 of this Red Herring Prospectus.

12. As at June 30 2005, we had contingent liabilities as disclosed in our unconsolidated statement of assets and liabilities under Indian GAAP.

As at June 30 2005, our contingent liabilities as disclosed in our unconsolidated statement of assets and liabilities, as restated under Indian GAAP, were as follows:

The Income Tax authorities have raised a demand for Rs. 4,38,42,478/-, which is under contest by Prithvi before the Income Tax Appellate Tribunal.

13. Prithvi is dependent on its promoters and any inability on their part to contribute to the business may affect its performance.

Prithvi is dependent on the experience and the continued efforts of its promoters who are first generation entrepreneurs and have been associated with Prithvi since inception. The promoters have been involved with critical functions like marketing, and operations of Prithvi.

14. Certain agreements provide for restrictive covenant that may affect shareholder rights

Prithvi has been sanctioned certain credit limits by UCO Bank which inter alia provides for certain restrictive covenants that may affect shareholders rights stating that without the bank's permission the Issuer shall not effect any change in the capital structure or pay dividend except out of current year's profits after making all due provisions. Further, in terms of the Investment Agreement between Opulent Venture Capital Trust ("VC Investor"), the Company and Ms. V Madhavi and Mr. Satish Kumar dated June 22, 2005, the VC Investors' consent is required by the Company and the Promoters at every general meeting of the shareholders for the issue of any ordinary shares at such a price which is lower than the price at which ordinary shares have been allotted to the VC Investor except allotment of shares to the promoters of the Company to the tune of Rs.12.50 lacs, any transfer of shares by Promoters and their affiliates which would reduce promoters shareholding before this Offer below 51% or any alteration to the rights of any class of shares.

15. In the past 12 months, we have issued Equity Shares, which may be at a price less than the lower end of the price band for the Equity Shares being offered in the Issue.

In April 2005, we have issued 50,00,000 equity shares by way of rights Issue of Rs 10/ each for cash at a



price of Rs 10/ each. Further, in the same month a preferential Issue of 1,50,000 equity shares of Rs 10/ each for cash at a price of Rs 100/ each were done. In June 2005, preferential issue of 2,00,000 equity shares of Rs 10/ each for cash at a price of Rs 75/ each were made. Further, in August, 2005 there was a preferential issue of 1,00,000 equity shares of Rs 10/ each, which were made for cash, at a price of Rs 250/ and followed by another for 15,50,000 equity shares of Rs 10/ each, made for cash, at a price of Rs 50/ each.

The price at which equity shares have been issued in last 12 months is not indicative of the price, which may be offered in the issue.

For further details, please refer to section titled "Capital Structure" beginning on page 29 of the Red Herring Prospectus.

16. We may not be able to hire and retain sufficient numbers of qualified and competent personnel in the highly competitive job market for software professionals

Our ability to execute projects and to obtain new customers depends largely on our ability to attract, train, motivate and retain qualified and experienced professionals. Our attrition rates for FY 03, FY 04 and FY 05 have been 6.7%, 7.5% and 8.0%, respectively. We define attrition as the ratio of the number of employees that have left us during a defined period to the total number of employees that are on our payroll at the end of such period. Any increase in our attrition rates, particularly the rates of attrition for experienced software personnel will adversely affect our growth strategy. Competition for experienced professionals is intense as they are in limited supply. Other than in the domestic market, we also face competition for skilled professionals from the international labour markets, where the demand for Indian software professionals is fast increasing. If we cannot hire and retain additional qualified personnel, our ability to bid on and obtain new projects will be impaired and our revenues could decline. In addition, we may not be able to expand our business effectively. There can be no assurance that we will be able to successfully attract, integrate or retain qualified personnel. Additionally, we may not be able to redeploy and retrain employees to keep pace with continuing changes in technology and evolving industry standards.

17. Our fixed price contract may expose us to additional risks, many of which are beyond our control, which could reduce our profitability.

Some of our contracts are on a fixed price basis. In the Financial Year ending March 31, 2005, we derived approximately 11% of our total consolidated revenues from fixed price contracts. Any failure to accurately estimate the resources and time required for the performance of the contract or any failure to complete our contractual obligations within the performance levels committed could adversely affect our profitability.

18. Our revenues and profits are dependent on a number of factors to predict and can vary significantly from quarter to quarter. This could cause our share price to decline.

Our revenues and profitability have fluctuated in recent years and may vary significantly in the future from quarter to quarter. Therefore, we believe that a period-to-period comparison of our results of operations is not necessarily meaningful and should not be relied upon as an indication of our future performance.

It is possible that in the future some of our results of operations may be below the expectations of market analysts and our investors, which could lead to a significant decline of the share price of our Equity Shares.

Factors, which affect the fluctuation of our revenues and profits, include:

1. Pressures on our clients' IT budgets and the proportion of their IT services requirements that they outsource;
2. Our ability to respond to adverse changes in Labour laws particularly in India and the United States;
3. Currency exchange rate fluctuations, particularly of the Indian Rupee against the U.S. Dollar;
4. The proportion of projects that we perform at our clients' sites to the work we perform at our offshore facilities in India; and
5. General economic and political conditions.



A significant part of our expenses, particularly those related to personnel and facilities, are fixed in advance of any particular quarter. As a result, unanticipated variations in the number and timing of our projects or employee utilisation rates may cause significant variations in our operating results in any particular quarter. There are also a number of factors other than our performance that is not within our control, which could cause fluctuations in our operating results from quarter to quarter. These include:

1. The duration of tax holidays or exemptions and the availability of other Government of India incentives;
2. Currency exchange rate fluctuations, particularly when the Rupee appreciates in value against the U.S. Dollar since the majority of our revenues are in U.S. Dollars and a significant part of our costs are in Rupees; and
3. Other general economic factors.

External Risk Factors

1. An economic downturn may negatively impair our operating results.

Discretionary spending on IT products and services in most parts of the world has significantly decreased due to a challenging global economic environment. This may result in cancelled, reduced or deferred expenditures for IT services. In an economic downturn, our utilisation and billing rates for our software professionals could be adversely affected which may result in lower gross and operating profits.

2. Offshore outsourcing has come under increased scrutiny by various state governments in the United States.

Recently, offshore outsourcing has come under increased government scrutiny within the United States and Europe due to its perceived association with loss of jobs in such countries. Some of the U.S. states in the past have enacted legislation restricting government agencies from outsourcing their back office processes to companies outside the United States.

It is also possible that U.S. private sector companies that work with these states may be restricted from outsourcing their work related to government contracts. Any changes to existing laws or the enactment of new legislation restricting offshore outsourcing may adversely impact our ability to do business in the United States and thus adversely affect our revenues and profitability.

3. Wage pressures in India may prevent us from sustaining our competitive advantage and may reduce our profit margins.

Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, which may negatively affect our profit margins. Wages in India are increasing at a faster rate than in the United States, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may result in a material adverse effect on our business, results of operation and financial condition.

4. Reduction or termination of our tax incentives will increase our tax liability and reduce our profitability.

Currently, we benefit from certain tax incentives under Section 10A of the Income Tax Act for the IT services that we provide from specially designated "Software Technology Parks," or STPs, and other eligible units located in designated free trade zones. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities.

We believe that as a result of recent amendments and clarifications to Section 10A of the Income Tax Act, these tax incentives will continue to be available to us following the Transfer. Under current laws, the tax incentives available to these units terminate on the earlier of the ten year anniversary of the commencement of operations of the unit or March 31, 2009. However, we cannot assure you that we will continue to benefit from these incentives after the Transfer. When our tax incentives expire or terminate, our tax expense will materially increase,



reducing our profitability. Further, the Government of India could enact laws in the future that may adversely impact our tax incentives and consequently, our tax liabilities and profits.

5. We are subject to risks arising from exchange rate fluctuations.

The exchange rate between the Rupee and the U.S. Dollar has changed substantially in recent years and may continue to fluctuate substantially in the future. During FY 2004, we suffered losses to the extent of Rs. 558 Lacs on account of foreign exchange fluctuations. However, for FY 2005, we have earned a foreign exchange gain of Rs 34 Lacs. We expect that a majority of our revenues will continue to be generated in U.S. Dollars for the foreseeable future and that a significant portion of our expenses, including personnel costs as well as capital and operating expenditures, will continue to be denominated in Rupees. We have not entered into any forward contract or any other hedging tool, to minimise the impact of fluctuating exchange rates, and cannot assure you that we will be able to effectively mitigate the adverse impact of currency fluctuations on our results of operations.

6. Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, results of operations and financial condition.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C., on September 11, 2001, New Delhi on December 13, 2001, London July 7, 2005 and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition.

More generally, any of these events could adversely affect client confidence in India as a outsourcing base and increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

Prithvi has been able to successfully come out of the major attack in US in September 2001, and is confident of continuing to do so.

7. Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

South Asia has, from time to time experienced instances of civil unrest and hostilities amongst neighbouring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. Such political tensions could create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares and on the market for our services.

8. After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

1. Volatility in the Indian and global securities market;
2. Our results of operations and performance;
3. Performance of our competitors, the Indian IT industry and the perception in the market about investments in the IT sector;
4. Adverse media reports on Prithvi or the Indian IT industry;
5. Changes in the estimates of our performance or recommendations by financial analysts;
6. Significant developments in India's economic liberalisation and deregulation policies;
7. Significant developments in India's fiscal and environmental regulations.



Further, valuations in the IT services sector have appreciated over the last several months and current valuations may not be sustainable in the future and may also not be reflective of future valuations for the industry. There has been no public market for our Equity Shares and the prices of our Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

9. We operate in a highly competitive environment and this competitive pressure on our business is likely to continue.

The market for IT services is rapidly evolving and highly competitive. We expect that competition will continue to intensify. We face competition from 2nd Tier Software Solutions Development companies in India and other American IT solution providers.

Note to Risk Factors

1. Public Issue of 50,00,000 Equity Shares of Rs.10/- each at a price of Rs. [●] for cash aggregating Rs. [●]. Comprising 4,50,000 equity shares of Rs. 10 each reserved for the eligible employees of the company and a net offer to public of 45,50,000 equity shares of Rs. 10 each. The issue would constitute 27.66% of the fully diluted post issue paid-up capital of the company. The net offer to the public would constitute 25.17% of the fully diluted post issue paid-up capital of the company
2. The Book Value per Equity Share of Rs.10/- each is at Rs 103.63 as at June 30, 2005 as per our restated unconsolidated financial statements under Indian GAAP. Pursuant to allotment of additional Equity Shares after June 30, 2005 the Book Value per Equity Shares stands decreased to Rs.90.67.
3. The Net Worth of our Company is Rs. 12,117.44 Lacs as at June 30 2005, as per our restated financial statements under Indian GAAP. Pursuant to allotment of additional Equity Shares after June 30, 2005 the Net Worth of our Company stands increased to Rs 13142.44 Lacs.
4. The average cost of acquisition of the Equity Shares by the promoters is Rs. 15.22 per Equity Share.
5. For related party transactions, please refer to the section entitled "Related Party Transactions" on page 79 of this RHP.
6. Investors may note that in case of over-subscription in the issue, allotment to Non Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, refer "Basis of Allotment" on page 137 of this RHP.
7. Investors are free to contact the BRLMs for any clarification or information relating to the issue, who will be obliged to provide the same to the investor.
8. Investors may contact the BRLMs or the Compliance Officer for any complaints pertaining to the issue.
9. Investors are advised to refer to the paragraph entitled "Basis for Issue Price" on page 40 of this Red Herring Prospectus.



SECTION III INTRODUCTION

SUMMARY

You should read the following summary together with the Risk Factors on page 9 of this Red Herring Prospectus and the more detailed information about Prithvi and its financial statements included in this Red Herring Prospectus.

Overview

The Company is a global provider of customized IT solutions and software services to clients and having the bulk of its operations in USA. It was promoted in 1998 by Ms V. Madhavi (based in Pittsburgh) and Mr. V. Satish Kumar (based in India). The company provides software solutions across a host of technologies and platforms. We have software solutions design / development centres and marketing offices in Pittsburgh U.S.A., Springfield VA, Lewis Center Oh, Sugar Land TX, San Ramon CA, Durham, Singapore and Offshore Delivery Centres in Hyderabad and Bangalore, India.

Prithvi started its business in 1998 with outsourcing contracts for offshore software development and has, over the years, evolved into a solution provider with a number of services that meet most of its client's outsourcing needs. Prithvi provides clients with smart solutions that enable them to derive strategic benefits, apart from operational and tactical advantages from deployment of technology. It was this guiding principle that made Prithvi tailor all its processes to understand and solve business problems faced by the client rather than the technological issues, and perform a root-cause analysis before suggesting a solution.

Prithvi's solutions are characterized by innovation, and in order to convince Engagement Patrons and Decision Influencers in client organizations to implement forward-looking solutions, Prithvi has had to demonstrate exceptional flexibility in designing client work contracts to de-risk the engagement from the client's point of view.

This philosophy of sharing risks and rewards has helped Prithvi forge strong client relationships. The strong focus on innovation, apart from providing Prithvi with a competitive advantage, has made engagements enjoyable and exciting for its employees, resulting in high levels of motivation.

The Company's strong domain skills and customer-centric approach, has resulted in several strategic client relationships. The Company has invested in building a strong sales team and has a core team of 20 sales personnel covering the offices in USA. Several of the Company's senior executives are based in client geographies and are focused on developing client relationships at senior levels.

We have been ranked at number 6 amongst the top 10 software exporters from the state of Andhra Pradesh for the FY 2002. We have also been ranked at number 19 amongst the top 20 software exporters from India for the FY 2003. In the year 2002, the annual publication of Indian Express adjudged us as 'The Star Performer' in the state of Andhra Pradesh for providing IT Services and Products.



The Issue

| | |
|---|--|
| Equity Shares offered | |
| Fresh Issue | 50,00,000 Equity Shares of Rs.10/- each |
| Of which: | |
| Employees Reservation Portion | 4,50,000 Equity Shares of Rs 10/- each |
| And | |
| Net Offer To The Public | 45,50,000 Equity Shares of Rs.10/- each |
| Comprising: | |
| Qualified Institutional Buyers portion | Upto 22,75,000 Equity Shares of Rs.10/- each (Allocation on a discretionary basis) |
| Non-Institutional Portion | Atleast 6,82,500 Equity Shares of Rs.10/- each (Allocation on a proportionate basis) |
| Retail portion | Atleast 15,92,500 Equity Shares of Rs.10/- each (Allocation on a proportionate basis) |
| Equity Shares outstanding prior to the Issue | 1,30,70,000 Equity Shares of Rs.10/- each |
| Equity Shares outstanding after the Issue | 1,80,70,000 Equity Shares of Rs.10/- each |
| Objects of the Issue | <p>The proceeds of the Issue would be used for setting up of an ODC, to meet the working capital requirements of Prithvi and to meet the expenses of the issue.</p> <p>For more information, please refer the Section entitled "Objects of the Issue" on page 36 of this Red Herring Prospectus.</p> |



Summary of Financial Data

The following tables set forth summary financial information derived from our unconsolidated restated financial statements as of and for the fiscal years ended March 31, 2001, 2002, 2003, 2004, 2005 and for the quarter ending June 30, 2005 prepared in accordance with Indian GAAP and SEBI guidelines and as described in the Statutory Auditors' report dated 21st August, 2005 included in the section titled 'Financial Information' beginning on page 81 of this RHP and should be read in conjunction with those financial statements and the notes thereto.

Summary Statement of Assets And Liabilities

(Rupees in Lacs)

| PARTICULARS | For the Quarter Ending June 2005 | 31st March 2005 | 31st March 2004 | 31st March 2003 | 31st March 2002 | 31st March 2001 |
|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| SHARE CAPITAL (A) | | | | | | |
| Equity | 1,142.70 | 607.70 | 607.70 | 607.00 | 607.00 | 607.00 |
| Preference | - | - | - | - | - | - |
| Share Application Money (Pending Allotment) | 276.00 | 440.00 | - | 5.25 | - | - |
| RESERVES AND SURPLUS (B) | | | | | | |
| Share Premium | 269.55 | 4.55 | 4.55 | | | |
| P&L Account Appropriation A/c | 10,442.14 | 9,419.21 | 6,550.23 | 4,730.34 | 2,653.14 | 611.74 |
| Total Reserves | 10,711.69 | 9,423.76 | 6,554.78 | 4,730.34 | 2,653.14 | 611.74 |
| MISC. EXPENDITURE (C) | 12.95 | - | 9.07 | 18.14 | 27.51 | 36.75 |
| NET WORTH (A+B-C) | 12,117.44 | 10,471.46 | 7,153.41 | 5,324.45 | 3,232.63 | 1,181.99 |
| ASSETS | | | | | | |
| GROSS BLOCK - Tangible | 280.91 | 248.12 | 234.53 | 177.32 | 169.85 | 171.87 |
| Less: Depreciation | 139.95 | 130.27 | 94.54 | 65.27 | 43.16 | 22.45 |
| Net Block | 140.96 | 117.85 | 139.99 | 112.05 | 126.69 | 149.42 |
| TOTAL - (A) | 140.96 | 117.85 | 139.99 | 112.05 | 126.69 | 149.42 |
| INVESTMENTS - (B) | - | - | - | - | - | - |
| CURRENT ASSETS, LOANS & ADVANCES: | | | | | | |
| Sundry Debtors | 10,444.09 | 9,715.21 | 6,920.70 | 5,492.09 | 3,389.16 | 1,257.65 |
| Unbilled Revenues | 1,021.21 | 849.32 | 466.46 | 308.95 | 115.73 | 20.93 |
| Cash & Bank Balance | 619.36 | 54.53 | 18.90 | 41.43 | 729.37 | 83.33 |
| Other Current Assets, Loans & Advances | 157.38 | 53.23 | 42.80 | 10.74 | 11.22 | 4.79 |
| TOTAL - (C) | 12,242.04 | 10,672.29 | 7,448.86 | 5,853.21 | 4,245.48 | 1,366.70 |
| LESS CURRENT LIABILITIES & PROVISIONS: | | | | | | |
| Current Liabilities | 234.91 | 307.85 | 249.98 | 488.21 | 1120.94 | 303.62 |
| Provisions | 7.41 | 10.83 | 91.81 | 81.58 | 4.93 | 4.53 |
| TOTAL - (D) | 242.32 | 318.68 | 341.79 | 569.79 | 1,125.87 | 308.15 |
| NET CURRENT ASSETS (C-D) | 11,999.72 | 10,353.61 | 7107.07 | 5283.42 | 3,119.61 | 1,058.55 |
| TOTAL - (A+B+C-D) | 12,140.68 | 10,471.46 | 7247.06 | 5395.47 | 3,246.30 | 1,207.97 |
| SECURED LOANS (E) | 23.24 | - | 0.75 | 1.30 | 13.67 | 25.98 |
| UNSECURED LOANS (F) | - | - | 92.90 | 69.72 | - | - |
| LOANS (E + F) | 23.24 | - | 93.65 | 71.02 | 13.67 | 25.98 |
| NET WORTH | 12,117.44 | 10,471.46 | 7,153.41 | 5,324.45 | 3,232.63 | 1,181.99 |



Summary Statement of Profits and Losses

(Rupees in Lacs)

| PARTICULARS | For the Quarter Ending June 2005 | 31st March 2005 | 31st March 2004 | 31st March 2003 | 31st March 2002 | 31st March 2001 |
|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| INCOME | | | | | | |
| Sales | | | | | | |
| - Export | 9,819.74 | 30,500.84 | 24,624.87 | 19,430.74 | 10,972.91 | 2,627.14 |
| - Domestic | 2.59 | 11.94 | 51.65 | 34.56 | 13.90 | 25.87 |
| Total Sales | 9,822.33 | 30,512.78 | 24,676.52 | 19,465.3 | 10,986.81 | 2,653.01 |
| Other Income (Forex Fluctuation) | (22.85) | 33.75 | (558.21) | (128.99) | 99.19 | 9.07 |
| TOTAL | 9,799.48 | 30,546.53 | 24,118.31 | 19,336.31 | 11,086.00 | 2,662.08 |
| EXPENDITURE | | | | | | |
| Administration, General & other Expenses | 8,740.13 | 27,604.67 | 22,240.93 | 17,140.72 | 8,971.24 | 1,831.78 |
| Miscellaneous expenses W/Off | NIL | 9.07 | 9.07 | 9.38 | 10.06 | 9.06 |
| TOTAL | 8,740.13 | 27,613.74 | 22,250.00 | 17,150.10 | 8,981.30 | 1,840.84 |
| Profit before Depn., Int. & Tax | 1,059.35 | 2,932.79 | 1,868.31 | 2,186.21 | 2,104.70 | 821.22 |
| Depreciation | 9.68 | 35.74 | 29.27 | 22.11 | 20.71 | 13.86 |
| Profit before Interest & Tax | 1,049.67 | 2,897.05 | 1,839.04 | 2,164.10 | 2,083.99 | 807.36 |
| Finance Charges | 26.37 | 12.33 | 17.75 | 10.14 | 42.20 | 5.58 |
| Profit before Tax | 1,023.30 | 2,884.72 | 1,821.29 | 2,153.96 | 2,041.79 | 801.78 |
| Less Prov. For Tax | | | | | | |
| (Including FBT) | 0.38 | 0.42 | 1.39 | 76.76 | 0.40 | - |
| Profit after Tax | 1,022.92 | 2,884.30 | 1,819.90 | 2,077.20 | 2,041.39 | 801.78 |
| Less: Income Tax for Earlier Years | NIL | 15.31 | - | - | - | - |
| | 1,022.92 | 2,868.98 | 1,819.90 | 2,077.20 | 2,041.39 | 801.78 |
| Add: Balance Brought Forward | 9,419.22 | 6,550.24 | 4,730.34 | 2,653.14 | 611.75 | 101.66 |
| Bal. Avail. for Appropriation | 10,442.14 | 9,419.22 | 6,550.24 | 4,730.34 | 2,653.14 | 903.44 |
| Less: Appropriations | - | - | - | - | - | 291.69 |
| Balance Carried to Summary of Assets and Liabilities | 10,442.14 | 9,419.22 | 6,550.24 | 4,730.34 | 2,653.14 | 611.75 |



GENERAL INFORMATION

Incorporation

Prithvi was incorporated under the name Prithvi Information Solutions Private Limited on July 24, 1998 with the Registrar of Companies, Hyderabad, as a private limited company. In 2000, Prithvi was converted to a public limited company. The registration number assigned to Prithvi is 01-29831 of 1998-99. The Registrar of Companies, Hyderabad, issued a fresh certificate of incorporation on April 27, 2000. In 2001, the registered office of Prithvi was shifted from Flat No. 5, Jamuna Apartments, Somajiguda, Hyderabad- 500 083, to 7004, 7005, 7012, Emerald House, S.D. Road, Secunderabad 500 003 and in 2005 the registered office has been shifted to 10Q3-A1, 10th floor, Cyber Towers, Hitech City, Madhapur, Hyderabad 500 081.

Registered Office :

Prithvi Information Solutions Limited
10Q3-A1, 10th floor, Cyber Towers, Hitech City,
Madhapur, Hyderabad 500 081
Tel: +91 40 5584 6019;
Fax: +91 40 5584 6021;
Email: ipo@prithvisolutions.com
Website: www.prithvisolutions.com

Prithvi is registered with:

Registrar of Companies, Andhra Pradesh
2nd Floor, Kendriya Sadan
Sultan Bazaar, Hyderabad,
Andhra Pradesh 500 195

Board of Directors:

| | | |
|------------------------------|---|---|
| Ms. Madhavi Vuppalapati | : | Chairperson and Whole-time Director |
| Mr. Satish Kumar Vuppalapati | : | Managing Director |
| Mr. Gaddam Srikanth Reddy | : | Wholetime Director |
| Dr. S.P. Narang | : | Additional Director |
| Mr. Omkar S. Bhongir | : | Additional Director |
| Mr. PVR Rajendra Prasad | : | Additional Director |
| Mrs. V. Shilpa | : | Alternate Director to Ms.V. Madhavi |
| Mr.K. Ramesh Kumar | : | Alternate Director to Mr. G. Srikanth Reddy |

For more details on our directors, please refer to this Section titled "Management and Organisation" beginning on page 69 of this RHP.

Compliance Officer, Chief Financial Officer and Company Secretary

Mr. P.S. Shastry

Chief Financial Officer & Co. Secretary
10Q3-A1, 10th floor,
Cyber Towers, Hitech City,
Madhapur,
Hyderabad 500 081
Tel: 040-5584 6019
Fax: 040-5584 6021
Email: shastry@prithvisolutions.com

Investors can contact the Compliance Officer in case of any pre-offer or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.



Statutory Auditors To The Company

M/s. Patwari & Co.

Chartered Accountants
3-6-659, St. No. 9, Flat 5B,
Anushka Enclave,
Himayat nagar
Hyderabad 500029
Tel: +91 040-55623712
Fax: +91 040-55623712
Email: patwari.co@gmail.com

Bankers To The Company

INDIA

UCO Bank Ltd.

Pushpanjali Complex,
1st floor, Kothi,
Hyderabad 500 095
Tel: +91 040 24741016
Fax: +91 040 24744024

UTI Bank Ltd.

LPF House no: 5-3-338/3,
RP Road,
Secunderabad 500 003
Tel: +91 040 55333185/ 86/ 87
Fax: +91 040 27815386

UTI Bank Ltd.

Raheja Point, Ashoka Nagar,
Magarath Road,
Bangalore 560 025
Tel: +91 80 - 25559555/666
Fax: +91 80 - 25559444

ING Vysya Bank Ltd.

1-7, I.T. Subbarami Reddy Complex,
S.P. Road, Secunderabad 500 003
Tel: +91 40 -23446692/93
Fax: +91 40 -23446697

USA

National City Bank of Pennsylvania

116, Allegheny Centre Mall,
Pittsburgh, USA – 152125356
Tel: +91 412-523-7531
Fax: +91 412-774-1683

PNC Bank

Craig Street Bank 4600,
5th Avenue, Oakland,
Pittsburgh, USA
Tel: +001 412-683-7161
Fax: +001 412-683-1760



ISSUE MANAGEMENT TEAM

Book Running Lead Managers



Anand Rathi Securities Pvt. Ltd.

J.K. Somani Building, 3rd Floor
British Hotel Lane
Bombay Samachar Marg, Fort,
Mumbai-400 023.

Contact Person: Ms. Nisha Shah

Tel: (+91-22) 5637 7000

Fax: (+91-22) 5637 7070

Email: prithvisolutions@rathi.com

Website: www.rathi.com



Karvy Investor Services Limited

"Karvy House", 46 Avenue 4, Street No. 1
Banjara Hills,

Hyderabad – 500 034

Contact Person: Mr T.R. Prashanth Kumar

Tel: 91 40 23374714

Fax: 91 40 23374714

E-mail: mbd@karvy.com

Website: www.karvy.com



SREI Capital Markets Ltd.

'Vishwakarma', 86 C,

Topsia Road (South),

Kolkata - 700 046

Contact Person: Mr Manoj Agarwal

Tel: 91 33 2285 0112-5/ 0124-7

Fax: 91.33.2285 7542 / 85015

Email: prithviipo@srei.com

Website: www.srei.com

Legal Advisors to the Issue

J. Sagar Associates

Advocates and Solicitors

Vakils House, 18 Sprott Road

Ballard Estate

Mumbai 400 001

Tel: +91 022 56561500

Fax: +91 022 56561515

Email: mumbai@jsalaw.com

Registrars to the Issue



Karvy Computershare Private Limited

Karvy Computershare Pvt. Ltd.

“Karvy House”, 46 Avenue 4, Street No. 1
Banjara Hills,
Hyderabad – 500 034
Contact Person: Mr Murali Krishna
Tel: +91 40 23312454
Fax: +91 40 23311968
Email: murali@karvy.com
Website: www.karvy.com

Syndicate Member



Enam Financial Consultants Pvt. Ltd.

Khatau Building, 2nd Floor
44, Bank Street, Fort
Mumbai - 400 023
Contact Person: Mr. Ajay Sheth
Tel: 91- 22 - 22677901
Fax: 91-22 - 22665613
Email: ajays@enam.com
Website: www.enam.com



KARVY
STOCK BROKING LIMITED

Karvy Stock Broking Limited

“Karvy House”, 46 Avenue 4, Street No. 1
Banjara Hills,
Hyderabad – 500 034
Contact Person: Mr K.Sridhar
Tel: 91 40 23374714
Fax: 91 40 23311968
E-mail: mbd@karvy.com
Website: www.karvy.com

Bankers to the Issue and Escrow Collection Banks

ICICI Bank Limited

Capital Markets Division
30, Mumbai Samachar marg
Mumbai 400 001
Tel: 91- 22 - 22655285
Fax: 91-22 - 22611138

HDFC Bank

2nd Floor, Trade World
New Building, Kamala Mills,
Senapati Bapat marg
Lower Parel Mumbai – 400 013
Tel: 91 – 22 – 24988484
Fax: 91 – 22 -24963871



Standard Chartered Bank

Corporate & Institutional Banking
90, M G Road,
2nd Floor Fort,
Mumbai 400 001
Tel: 91- 22 – 22670162
Fax: 91- 22- 2262 4912

UCO Bank

Pushpanjali Complex,
1st floor, Kothi,
Hyderabad 500 095
Tel: +91 040 24741016
Fax: +91 040 24744024

UTI Bank

R.P. Road Branch
1st floor, 3-3-4, RP Road,
Secunderabad 500 003
Tel: +91 040 55333185/ 86/ 87
Fax: +91 040 27815386

Brokers

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue



Statement of Inter-Se Allocation of Responsibilities Amongst BRLMs

The responsibilities and co-ordination for various activities in relation to the Issue have been distributed between the BRLMs as under:

| Particulars | Responsibility | Coordinator |
|--|------------------|-------------|
| 1. Capital structuring with the relative components and formalities such as type of instruments etc. | ARS/ KARVY/ SREI | KARVY |
| 2. Due diligence of our Company's operations/ management/ business plans/ legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same. | ARS/ KARVY | ARS |
| 3. Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements. | ARS/ KARVY/ SREI | ARS |
| 4. Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, roadshow presentations, FAQs, corporate films etc. | ARS/ KARVY/ SREI | ARS |
| 5. Appointment of other intermediaries viz. Syndicate Members/brokers, Registrar, Printers, Advertising Agency and Bankers to the Issue. | ARS/ KARVY/ SREI | KARVY |
| 6. Institutional Marketing of the Issue, which will cover, <i>inter alia</i> , Finalize the list and division of investors for one to one meetings; and Finalize roadshow schedule and investor meeting schedules | ARS/ KARVY/ SREI | ARS |
| 7. Non-Institutional and Retail Marketing of the Issue, which will cover, <i>inter alia</i> , Formulating marketing strategies, preparation of publicity budget; Finalise Media & PR strategy; Finalise centres for holding conferences for brokers etc.; Finalise collection centres; and Follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the Issue material. | ARS/ KARVY/ SREI | KARVY |
| 8. Deciding pricing and institutional allocation in consultation with the Company | ARS/ KARVY/ SREI | ARS |
| 9 The post bidding activities including management of escrow accounts, coordinate non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Issue activities will involve essential follow up steps, which include the finalisation of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company. | ARS/ SREI | ARS |

Credit Rating

As the present Issue is of Equity Shares, credit rating is not required.

Trustees

As the present Issue is of Equity Shares, appointment of Trustees is not required.

Monitoring Agency

UTI bank would be the Monitoring agency to monitor the utilization of the issue proceeds.



Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date without assigning any reason therefore.

Book Building Process

Book Building refers to the collection of bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid Closing Date. The principal parties involved in a Book Building Process are:

- (1) The Company;
- (2) BRLMs being ARS, Karvy and SREI; and
- (3) The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters. The Syndicate Members are appointed by the BRLMs.

SEBI, through its SEBI DIP Guidelines, has permitted an Issue of securities to the public through the 100% book building facility wherein 10% of the Issue has been reserved for Eligible Employees and up to 50% of the Net Offer to the Public shall be allocated on a discretionary basis to QIBs. Further, not less than 15% of the Net Offer to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer to the Public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price. Prithvi will comply with these guidelines for this Issue. In this regard, Prithvi has appointed Anand Rathi Securities Pvt. Ltd., Karvy Investor Services Ltd and SREI Capital markets Ltd as the BRLMs to the Issue, to procure subscription to the Issue.

The Book Building Process under SEBI DIP Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue. Pursuant to recent amendments to the SEBI DIP Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date refer page 39 of the section on “Basic Terms of the Issue/ Issue Structure” in this Red Herring Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he / she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 70/- to Rs. 80/- per Share, Issue size of 3,000 Equity Shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the Shares of the company at various prices and is collated from bids from various investors.

| Number of Equity shares Bid For | BID PRICE (Rs.) | Cumulative Equity | Subscription Shares bid for |
|---------------------------------|-----------------|-------------------|-----------------------------|
| 500 | 70 | 500 | 16.67% |
| 1000 | 73 | 1500 | 50.00% |
| 1500 | 75 | 3000 | 100.00% |
| 2000 | 77 | 5000 | 166.67% |
| 2500 | 80 | 7500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to Issue the desired quantum of Shares is the price at which the book cuts off i.e., Rs. 75/- in the above example. Prithvi, in consultation with the BRLMs will finalise the Issue price at or below such cut off price i.e. at or below Rs. 75/-. All bids at or above this Issue price and cut-off bids are valid bids and are considered for allocation in respective category.



Underwriting Agreement

After the determination of the Issue Price and prior to filing the Red Herring Prospectus with the RoC, Prithvi will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. In terms of Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following numbers of Equity Shares

| Name and Address of the Underwriter | Indicated Number of Equity Shares to be Underwritten | Amount Underwritten (Rs. Lacs) |
|---|--|--------------------------------|
| ANAND RATHI SECURITIES PRIVATE LIMITED J.K Somani Building 3rd Floor British Hotel Lane Bombay Samachar Marg Fort Mumbai- 400023 Telephone: (+91-22) 5637 7000 Fax (+91-22) 5637 7070 Email: prithvisolutions@rathi.com Website: www.rathi.com | 12,50,000 | [●] |
| KARVY INVESTOR SERVICES LIMITED “Karvy House”, 46 Avenue 4, Street No. 1 Banjara Hills, Hyderabad – 500 034 Tel: 91 40 23374714 Fax: 91 40 23374714 Email: mbd@karvy.com Website: www.karvy.com | 12,49,900 | [●] |
| SREI CAPITAL MARKETS LIMITED ‘Vishwakarma’, 86 C, Topsia Road (South), Kolkata - 700 046 Tel: 91 33 2285 0112-5/ 0124-7 Fax: 91.33.2285 7542 / 85015 Email: prithviipo@srei.com Website: www.srei.com | 12,50,000 | [●] |
| ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED Khatau Building, 2nd Floor 44, Bank Street, Fort Mumbai - 400 023 Tel: 91 22 22677901 Fax: 9122 22665613 Email: ajays@enam.com Website: www.enam.com | 12,50,000 | [●] |
| KARVY STOCK BROKING LIMITED “Karvy House”, 46 Avenue 4, Street No. 1 Banjara Hills, Hyderabad – 500 034 Tel: 91 40 23374714 Fax: 91 40 23311968 E-mail: mbd@karvy.com Website: www.karvy.com | 100 | [●] |

The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation.

The above Underwriting Agreement is dated [●]



In the opinion of our Board of Directors (based on a certificate given to it by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The above Underwriting Agreement has been accepted by the Board of Prithvi at their meeting held on [•] on behalf of Prithvi, and Prithvi have issued letters of acceptance to the Underwriters.

Allocation amongst the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Member shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure or subscribe to the extent of the defaulted amount. Allocation to QIBs may not be proportionate in any way and the patterns of allocation to the QIBs could be different for the various Underwriters.

The allocation to the QIBs shall be determined by the BRLM based on certain terms including prior commitment, investor philosophy, price aggression and earliness of bids.



Capital Structure of the Company

Share Capital as on the date of filing of Red Herring Prospectus with SEBI is set forth below:

| Particulars | Nominal Value Value at Issue Price | Aggregate |
|---|--|------------|
| A. Authorised Capital 2,00,00,000 Equity Shares of Rs. 10/- each | 20,00,00,000 | |
| B. Issued, Subscribed And Paid Up Capital 1,30,77,000 Equity Shares of Rs. 10/- each fully paid up | 13,07,70,000 | |
| C. Present Issue through this Red Herring Prospectus Employee Reservation Portion 4,50,000 Equity Shares of Rs 10/- each | 45,00,000 | [•] |
| Net Offer to Public 45,50,000 Equity Shares of Rs 10/- each | 4,55,00,000 | [•] |
| D. Equity Shares after the Issue 1,80,77,000 Equity Shares of Rs. 10/- each fully paid up | 18,07,70,000 | [•] |
| E. Share Premium Account Before the Issue | 11,29,55,000 | Nil |
| After the Issue | [•] | [•] |

The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known, after the Book Building Process.



Notes to Capital Structure:

i) Share Capital History of Company

Capital Build up: The existing equity share capital of Company has been subscribed and allotted as under: -

| Date of Allotment | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Consideration | Nature of Allotment | No. of Equity Shares (Cumulative) | Paid up Capital (Rs.) | Cumulative Share Premium (Rs.) |
|-------------------|-------------------------|------------------|-------------------|---------------|---|-----------------------------------|-----------------------|--------------------------------|
| 16-Jul-98 | 200 | 10 | 10 | Cash | Subscription on signing of Memorandum of Association | 200 | 2,000 | - |
| 31-Mar-00 | 299,800 | 10 | 10 | Cash | Promoters and Associates | 300,000 | 3,000,000 | - |
| 10-Apr-00 | 500 | 10 | 10 | Cash | Promoters, Relatives and Associates | 300,500 | 3,005,000 | - |
| 6-Jun-00 | 1,010,400 | 10 | Nil | Bonus | 3.368: 1 bonus | 1,310,900 | 13,109,000 | - |
| 30-Jun-00 | 239,100 | 10 | 10 | Cash | Promoters and Associates | 1,550,000 | 15,500,000 | - |
| 28-Oct-00 | 1,906,500 | 10 | Nil | Bonus | 1.23:1 bonus | 3,456,500 | 34,565,000 | - |
| 28-Oct-00 | 989,800 | 10 | 10 | Cash | Promoters and Associates | 4,446,300 | 44,463,000 | - |
| 22-Nov-00 | 746,850 | 10 | 10 | Cash | Promoters and Associates | 5,193,150 | 51,931,500 | - |
| 26-Feb-01 | 876,850 | 10 | 10 | Cash | Promoters and Associates | 6,070,000 | 60,700,000 | - |
| 23-Jun-03 | 7,000 | 10 | 75 | Cash | Promoters and Associates | 6,077,000 | 60,770,000 | 455,000 |
| 19-Apr-05 | 150,000 | 10 | 100 | Cash | Preferential Issue to persons other than promoters ¹ | 6,227,000 | 62,270,000 | 13,955,000 |
| 19-Apr-05 | 5,000,000 | 10 | 10 | Cash | Rights Issue ² | 11,227,000 | 112,270,000 | 13,955,000 |
| 30-Jun-05 | 200,000 | 10 | 75 | Cash | Preferential Issue to persons other than promoters ³ | 11,427,000 | 114,270,000 | 26,955,000 |
| 6-Aug-05 | 100,000 | 10 | 250 | Cash | Preferential Issue to persons other than promoters ⁴ | 11,527,000 | 115,270,000 | 50,955,000 |
| 8-Aug-05 | 1,550,000 | 10 | 50 | Cash | Preferential Issue to Promoters ⁵ | 13,077,000 | 130,770,000 | 112,955,000 |

- Allotted to Tjirat Impex Pvt. Ltd. (Not related to the Promoter)
- Allotted to the following shareholders:
 - V. Satish Kumar – 2,85,766 Equity Shares (Promoter)
 - Origin Management Consultants Pvt Ltd – 17,85,000 Equity Shares (Promoter group)
 - Mangala Shrimal –6,00,000 Equity Shares (Not related to the Promoter)
 - Prashant Shrimal – 5,14,234 Equity Shares (Not related to the Promoter)
 - D. P. Real Estate Pvt Ltd – 9,90,000 Equity Shares (Not related to the Promoter)
 - Rakhy Trading Pvt Ltd – 4,95,000 Equity Shares (Not related to the Promoter)
 - Dungarpur Capital Services Pvt Ltd – 3,30,000 Equity Shares (Not related to the Promoter)
- Allotted to Opulent Ventures Private Limited (Not related to the Promoter)
- Allotted to Mr. Pramod Jain (Not related to the Promoter)
- Allotted to Promoters
 - V. Satish Kumar – 13,87,500 Equity Shares
 - V. Madhavi – 1,62,500 Equity Shares



The Authorised Share Capital of the Company has been increased as per the details given below:

| Sr. No. | From | Increased by | Total (Rs.) | Date of Members Resolution |
|---------|--------------|--------------|--------------|----------------------------|
| 1. | - | 15,00,000 | 15,00,000 | With Memorandum |
| 2. | 15,00,000 | 15,00,000 | 30,00,000 | 09.04.1999 |
| 3. | 30,00,000 | 70,00,000 | 1,00,00,000 | 08.04.2000 |
| 4. | 1,00,00,000 | 2,00,00,000 | 3,00,00,000 | 10.06.2000 |
| 5. | 3,00,00,000 | 8,00,00,000 | 11,00,00,000 | 25.09.2000 |
| 6. | 11,00,00,000 | 7,00,00,000 | 18,00,00,000 | 25.03.2005 |
| 7. | 18,00,00,000 | 2,00,00,000 | 20,00,00,000 | 30.06.2005 |

The current authorised capital is sufficient to meet the requirements of the Fresh Issue.

2. Shareholding Pattern:

| Entity | Pre-Issue | | Post-Issue | |
|-----------------------------|-------------------|---------------|-------------------|---------------|
| | No. of Shares | % | No. of Shares | % |
| PROMOTER HOLDING | | | | |
| Promoters | 5,520,201 | 42.21 | 5,520,201 | 30.54 |
| Promoter Group | 1,800,223 | 13.76 | 1,800,223 | 9.96 |
| Total (A) | 7,320,424 | 55.97 | 7,320,424 | 40.50 |
| NON PROMOTER HOLDING | | | | |
| Director & Employees | 28,496 | 0.22 | 4,78,496 | 2.65 |
| Others | 5,728,080 | 43.80 | 10,278,080 | 56.86 |
| Total (B) | 5,756,576 | 44.02 | 10,756,576 | 59.51 |
| Total (A + B) | 13,077,000 | 100.00 | 18,077,000 | 100.00 |

3. Shareholding Pattern of Promoter's of the company before and expected after the Issue is given below:

| Name of the Promoter | No. of Shares | Nominal Value (Rs.) | % of Shareholding of Pre-Issue Capital | % of Shareholding of Post-Issue Capital |
|----------------------|------------------|---------------------|--|---|
| Mr. V Satish Kumar | 3,386,934 | 10/- | 25.90 | 18.74 |
| Ms. V Madhavi | 2,133,267 | 10/- | 16.31 | 11.80 |
| Total | 5,520,201 | 10/- | 42.21 | 30.54 |

4. Shareholding Pattern of Person in the Promoter Group of the company before and expected after the Issue is given below:

| Name of the Promoter Group | Date of Allotment | No. of Shares | Nominal Value (Rs.) | Issue Price/ Transfer Price (Rs.) | Consideration | % of Shareholding of Pre-Issue Capital | % of Shareholding of Post-Issue Capital |
|---------------------------------------|-------------------|------------------|---------------------|-----------------------------------|---------------|--|---|
| Origin Management Consultants Pvt Ltd | 10.02.05 | 15,000 | 10/- | 25/- | Cash | 0.11% | 0.09% |
| | 19.04.05 | 1,785,000 | 10/- | 10/- | Cash | 13.65% | 9.87% |
| Ms. Hima Bindu | 10.04.00 | 223 | 10/- | 10/- | Cash | 0.002% | 0.001% |
| Total | | 1,800,223 | | | | 13.76% | 9.96% |



5. Promoters Contribution and Lock-in period:

| S. No. | Name of the Promoter | Date of Allotment | Consideration | No. of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | % of Post-Issue paid up capital | Lock-in-period (Years) |
|--------|--|-------------------|---------------|----------------------|------------------|-------------------|---------------------------------|------------------------|
| 1 | V. Satish Kumar | 31.03.00 | Cash | 116,965 | 10 | 10 | 0.65 | 3 |
| | | 06.06.00 | Bonus | 505,200 | 10 | 0 | 2.80 | 3 |
| | | 30.06.00 | Cash | 102,050 | 10 | 10 | 0.56 | 3 |
| | | 28.10.00 | Bonus | 820,518 | 10 | 0 | 4.54 | 3 |
| | | 22.11.00 | Allotment | 100,000 | 10 | 10 | 0.55 | 3 |
| | Total (A) | | | 1,644,733 | | | 9.10 | |
| 2 | V. Madhavi | 31.03.00 | Cash | 149,900 | 10 | 10 | 0.84 | 3 |
| | | 06.06.00 | Bonus | 505,200 | 10 | 0 | 2.79 | 3 |
| | | 30.06.00 | Cash | 102,050 | 10 | 10 | 0.56 | 3 |
| | | 28.10.00 | Bonus | 931,417 | 10 | 0 | 5.15 | 3 |
| | | 26.02.01 | Cash | 282,100 | 10 | 10 | 1.56 | 3 |
| | Total (B) | | | 1,970,667 | | | 10.90 | |
| | Total Shares to be Locked in (A +B) | | | 3,615,400 | | | 20.00 | |

Promoters contribution has been calculated as per the provisions of clause 4.6 of the DIP Guidelines. Other than the above equity shares which are locked in for three years from the date of allotment in this Issue, the entire pre-Issue share capital of Prithvi (92,61,600 Equity Shares) shall be locked in for a period of one year from the date of allotment in the Issue, except the 2,00,000 equity shares held by Opulent Venture Capital Trust (lock-in period shall not be applicable to Venture Funds as per SEBI DIP Guideline clause 4.14.2, the relevant portion of which is reproduced as follows:

- i) Pre-issue share capital held by Venture Capital Funds and Foreign Venture Capital Investors registered with the Board. However, the same shall be locked-in as per the provisions of the SEBI (Venture Capital Funds) Regulations, 1996 and SEBI Foreign Venture Capital Investors) Regulations, 2000 and any amendments thereto;"
 - ii) Further, under the existing SEBI Guidelines, shares held by persons (other than promoters) may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("SAST"), as applicable. Under the existing SEBI Guidelines, shares held by promoters, which are locked in, may be transferred to and among promoter/promoter group or to a new promoter or persons in control of Prithvi, subject to the continuation of the lock-in with the transferees for the remaining period and compliance with the SAST, as applicable.
6. The Promoters' contribution has been brought to the extent of not less than the specified minimum lot and from persons as defined as promoters under the SEBI DIP Guidelines and from friends and business associates with minimum holding of Rs. 25,000/- from individual and Rs 1,00,000/- from corporate.
 7. The Promoters, Directors and Lead Merchant Banker of the Issue have not entered into any buy-back and "stand by" and similar arrangement for the securities being issued through this Offer Document.
 8. An over subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of 25 while finalizing the allotment.
 9. The Equity Shares offered through the Issue will be fully paid up.
 10. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
 11. An investor cannot make a Bid for more than the number of Equity Shares offered under the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.



12. In this Issue, in case of over-subscription in all categories, up to 50% of the Issue shall be available for allocation on a discretionary basis to Qualified Institutional Buyers, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category would be met with spill over from other categories at the sole discretion of the company in consultation with the BRLMs.
13. The company will not issue further capital whether by way of bonus shares, rights issue or preferential allotment or in any other manner during the period commencing from the submission of this Red Herring Prospectus with SEBI until the Equity Shares have been listed.
14. Presently, the company does not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue whether by way of split or consolidation of the denomination of the Shares or by way of a further issue of capital (including issue of securities convertible into or exchangeable, directly or indirectly for Shares) whether preferential or otherwise, if the company enters into any joint venture, merger or acquisition, it may consider raising additional capital to fund such activity or use Shares as currency for acquisition or participation in such joint ventures or issue shares on such merger, if any.
15. The company has not raised any bridge loans against the proceeds of the Issue.
16. The Company has not issued Equity Shares for consideration other than cash except to the extent of Bonus Shares issued to the existing shareholders by capitalization of free reserves mentioned in the Notes to Capital Structure on page 29 of the Red Herring Prospectus. Prithvi has no Revaluation reserves as on June 30, 2005.
17. There will be only one denomination of the Equity Shares of Prithvi, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
18. The Company has a total of 88 Equity Share holders as on Date.
19. The Equity Shares to be held by the Promoters under the lock-in period shall not be sold / hypothecated/ transferred during the lock-in period, except for pledging to Indian Banks and Financial Institutions for obtaining financial assistance by way of term loan or working capital assistance. However, interse transfers between the promoters named as such would be permitted, provided that the requirement of the lock-in period guidelines continue to apply, to the extent initially prescribed.
20. The Promoters may pledge their equity shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions. Presently, Ms. V. Madhavi and Mr. V. Satish Kumar have pledged 12,00,000 Equity Shares and 10,00,000 Equity Shares respectively in favour of UCO Bank.
21. The Company has not revalued its assets since inception.
22. Only Eligible Employees would be eligible to apply in the Issue under the Employees Reservation Portion on competitive basis. Eligible Employees can also make Bids in the Net Public Offer and such Bids shall not be treated as multiple Bids.
23. The unsubscribed portion, if any, out of the 4,50,000 Equity Shares reserved for allotment to Eligible Employees may be added to the Net Offer to the Public under any of the categories.
24. Details of the capitalization of the reserves by Prithvi in the past

| Date of Allotment of Bonus Shares | Date of Approval to the Bonus Issue | Ratio of Bonus Issue | Number of Equity Shares of Rs.10/- each issued as Bonus | Amount of Reserves Capitalised |
|-----------------------------------|-------------------------------------|----------------------|---|--------------------------------|
| 30.06.2000 | 30.06.2000 | 3.368:1 | 1,010,400 | 10,104,000 |
| 28.10.2000 | 28.10.2000 | 1.23:1 | 1,906,500 | 19,065,000 |
| Total | | | | 29,169,000 |

25. **Top Ten Shareholders**

- a) Particulars of top ten shareholders as on October 11, 2005 (being the date of filing of the Red Herring Prospectus with RoC)



| Sr. No. | Name of the Shareholder | No. of Shares | % of holding |
|---------|---------------------------------------|---------------|--------------|
| 1 | V Satish Kumar | 3,386,934 | 25.90 |
| 2 | V Madhavi | 2,133,267 | 16.31 |
| 3 | Origin Management Consultants Pvt Ltd | 1,800,000 | 13.76 |
| 4 | Prashant Shrimal | 1,014,234 | 7.76 |
| 5 | D P Real Estates Pvt. Ltd | 1,000,000 | 7.65 |
| 6 | Mangala Shrimal | 8,50,000 | 6.50 |
| 7 | Rakhi Trading Pvt. Ltd | 500,000 | 3.82 |
| 8 | Dungarpur Capital Services Pvt. Ltd | 3,50,000 | 2.68 |
| 9 | Enam Securities | 3,00,000 | 2.29 |
| 10 | Opulent Venture Capital Trust | 2,00,000 | 1.53 |
| 10 | Nimesh Shah | 2,00,000 | 1.53 |

- b) Particulars of top ten shareholders as on October 1, 2005 (being 10 days prior to the date of filing of this Red Herring Prospectus with RoC)

| Sr. No. | Name of the Shareholder | No. of Shares | % of holding |
|---------|---------------------------------------|---------------|--------------|
| 1 | V Satish Kumar | 3,386,934 | 25.90 |
| 2 | V Madhavi | 2,133,267 | 16.31 |
| 3 | Origin Management Consultants Pvt Ltd | 1,800,000 | 13.76 |
| 4 | Prashant Shrimal | 1,014,234 | 7.76 |
| 5 | D P Real Estates Pvt. Ltd | 1,000,000 | 7.65 |
| 6 | Mangala Shrimal | 8,50,000 | 6.50 |
| 7 | Rakhi Trading Pvt. Ltd | 5,00,000 | 3.82 |
| 8 | Dungarpur Capital Services Pvt. Ltd | 3,50,000 | 2.68 |
| 9 | Enam Securities | 3,00,000 | 2.29 |
| 10 | Opulent Venture Capital Trust | 2,00,000 | 1.53 |
| 10 | Nimesh Shah | 2,00,000 | 1.53 |

- c) Particulars of top ten shareholders as on October 11, 2003 (being two years prior to the date of filing of the Red Herring Prospectus with RoC)

| S. No. | Name of the Shareholder | No. of Shares | % of holding |
|--------|-------------------------|---------------|--------------|
| 1 | V Satish Kumar | 1,963,768 | 32.31 |
| 2 | V Madhavi | 1,970,767 | 32.43 |
| 3 | Mangala Shrimal | 1,000,000 | 16.46 |
| 4 | Prashant Shrimal | 625,000 | 10.28 |
| 5 | Laxmidas Jhaveri | 200,000 | 3.29 |
| 6 | G Srikanth Reddy | 78,273 | 1.29 |
| 7 | M Gidda Reddy | 42,000 | 0.69 |
| 8 | Shakuntala Bai | 25,000 | 0.41 |
| 9 | G Venkata Yadagiri Rao | 24,000 | 0.39 |
| 10 | S Harsha Vijay | 10,000 | 0.16 |

26. Details of sale/purchase/financing of shares by Promoters.

The Promoter / Promoter's group/directors have not purchased and/or sold/financed any shares of Prithvi during the preceeding 6 months from the date of filing of the RHP with SEBI

27. Restrictive Covenants in the Loan Agreement from UCO Bank

The sanction letter dated May 16, 2005 issued by UCO Bank for a fund based limit of Rs. 20,00,00,000 (Rupees Twenty Crores only) against Post Shipment Export Bill Discounting Facility, contains the following restrictive covenants on the Company, during the currency of the facility, wherein the Company shall not, without the prior consent of the Bank in writing:

- a) Effect any change in the company's capital structure (except issue of Bonus Shares by capitalizing its reserves)
- b) Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the bank;
- c) Formulate any scheme of amalgamation or reconstruction;
- d) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern; normal trade credit or security deposits in the normal course of business or advances to employees can however be extended.
- e) Enter in borrowing arrangements either secured or unsecured with any other bank, financial institutions, company or persons;
- f) Undertake guarantee obligations on behalf of any other Company, firm or person;
- g) Monies brought in by principal shareholders / directors / depositors will not be allowed to be withdrawn without the bank's permission;
- h) Create any further charge, lien or encumbrance over the assets and properties of the company to be charged to the bank in favour of any other bank, financial institutions, company, firm or persons;
- i) Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the bank;
- j) Pay dividend except out of current year's profits after making all due provisions;
- k) Should obtain prior permission of the Bank for change of remuneration to Directors if it is not within the limit permissible under the Company's Act.

28. The promoters contribution does not constitute any shares, which have been issued to the promoters during the preceding one year, at a price lower than the price at which equity is being offered to public.



OBJECTS OF THE ISSUE

The objects of the Issue are as stated below:

1. To setup a state of the art Offshore Delivery Centre in Hyderabad with a 1500-seater capacity, which would involve setting up of a building and its interiors, and also for purchase of Computers and other equipment..
2. To meet the working capital requirement.
3. To meet the expenses of the issue.
4. To list equity shares of PRITHVI on the BSE and NSE, which will enhance our brand name and provide liquidity to our shareholders.

The main Objects clause of our Memorandum of Association permit us to undertake our existing activities and the activities for which the funds are being raised by us, through the present issue.

Requirement of Funds

The proceeds of the Issue are to be utilised for the following activities (collectively referred to as the "Project")

(Rupees in lacs)

| ACTIVITY | | ESTIMATED AMOUNT |
|-----------------------------------|-------|------------------|
| Setting Up Of The ODC | | |
| Building | 6,000 | |
| Interiors | 1,200 | |
| Computer and other capital Assets | 1,900 | 9,100 |
| Working Capital | | 4,900 |
| Issue Expenses | | 1,000 |
| TOTAL | | 15,000 |

Means of Finance

The net proceeds of the Issue after deducting underwriting and management fees, selling commissions and all other Issue-related expenses, is estimated at Rs. [•] Lacs. The Issue amount will be determined based on the Issue Price discovered through the book- building process

The net proceeds of the Issue would be used to meet all or any of the uses of the funds described above. In case funds raised in the Issue are lower than our total budgeted requirements, company intends to use internal accruals to finance the shortfall .The Free reserves as on 30th June 2005 stands at Rs.10,711 Lacs.

Appraisal

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution.

Deployment of funds

i. SETTING UP OF OFFSHORE DELIVERY CENTRE

Prithvi has proposed to develop an Offshore Delivery Centre with a capacity for 1500 people at Hyderabad.

Schedule Of Implementation

(Rupees in lacs)

| Sr. No. | Particulars | Quarter ending December 2005 | Quarter ending March 2006 | Total Cost |
|---------|-----------------------------------|---------------------------------|------------------------------|--------------|
| 1. | Cost of Building | 3,100 | 2,900 | 6,000 |
| 2. | Interiors | 600 | 600 | 1,200 |
| 3. | Computer and other Capital Assets | 1,000 | 900 | 1,900 |
| | TOTAL | 4,700 | 4,400 | 9,100 |



Company has carried out an extensive research on various facilities suitable for IT Park / Global Delivery Centre at Hyderabad. One of the properties, the Company has short listed is that of Sanali Infotech Plaza, situated at: Road No.2, Banjara Hills, Hyderabad.

Sanali Group is a developer in Hyderabad & Bangalore. At present, it is developing three IT approved parks in Hyderabad. The property identified by the Company is strategically located at Banjara Hills.

Sanali Group had already developed the office Block No.1 for IGate Global Solutions, a NASDAQ listed company, and given it for lease. I-Gate has occupied 1st Block (65,000 Sft) and is presently running Global Delivery Centre for the last 2 years.

This property would be having 6 floors and a basement. The basement car parking is adequate for 213 vehicles. All the 6 floors have 3 different office blocks identified as Block No.2, 3 & 4. Block No.1 is being occupied by I-Gate. The total area under development is 2,09,019 Sft, the details of which are as follows:

| Sr. No. | Particulars | Area in Sq ft |
|---------|---------------|-----------------|
| 1. | Ground Floor | 31,794 |
| 2. | First Floor | 35,445 |
| 3. | Second Floor | 35,445 |
| 4. | Third Floor | 35,445 |
| 5. | Fourth Floor | 35,445 |
| 6. | Fifth Floor | 35,445 |
| | Total: | 2,09,019 |

We have estimated the cost of acquisition of the ODC based on quotations received from Sanali Group as elaborated above.

The new ODC is proposed to be setup as a STP unit, which enjoy certain income tax benefits. For details regarding tax benefits available to us, please refer to the section entitled "Statement of Tax Benefits" beginning on page 42 of this RHP.

Interiors:

Prithvi will be utilizing the services of Sanjay N Kumar Architect (L'essencede la terre) for its interior designs. He is situated at: 115/116, II Floor, 27th Cross, 7th Main Road, Jayanagar IV Block, Bangalore - 560001 Negotiations are already in progress with them and the total cost for the 200,000 sq. ft as per their quotation would be Rs 1,200 Lacs, approximately.

Computer Software / Hardware etc. The workspace would be properly supported by required specification of computer hardware, software networking communications and other equipments. Quotations have been obtained from various suppliers and the total cost is likely to be around Rs.1,900 Lacs. The distribution of the same is as under

(Rupees in lacs)

| Particulars | Amount |
|---------------------------|-------------|
| Computers/Hardware | 675 |
| Software/Licenses | 1018 |
| Communications/Networking | 77 |
| Other Office Equipment | 129 |
| Total | 1900 |



2. WORKING CAPITAL

Prithvi is starting a new ODC and is focussed on increasing its revenues. Working capital requirements have been estimated based on the FY ending 2006-07:

(Rupees in lacs)

| Particulars | Number of days | Estimates for FY 2006-07 |
|--|----------------|--------------------------|
| Current Assets | | |
| Debtors | 90-100 | 17,000 |
| Less Current Liabilities | | |
| Creditors for Expenses | 30-45 | (1100) |
| Estimated Working Capital Requirement | | 15,900 |

Based on above, we estimate working capital requirement of Rs 15,900 Lacs. This requirement is to be funded in following manner:

(Rupees in lacs)

| Particulars | Amount |
|----------------------------|---------------|
| Bank working capital loans | 4,100 |
| Internal Accruals | 6,900 |
| From IPO Proceeds | 4,900 |
| Total | 15,900 |

The aforementioned estimates of working capital have not been assessed by any bank or financial institution and have been estimated by us.

3. ISSUE EXPENSES:

The expenses for this Issue include underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, fees to various advisors, statutory advertisement expenses and listing fees payable to the Stock Exchanges, among others. The estimated Issue expenses are as under:

(Rupees in Lacs)

| Activity | Estimated Amount | % of Total Expenses | % of Total Issue Size* |
|---------------------------------------|------------------|---------------------|------------------------|
| Lead Management Fees | 150 | 15% | [●] |
| Underwriting Commission | 150 | 15% | [●] |
| Selling Commission | 150 | 15% | [●] |
| Advertisement and Marketing expenses | 200 | 20% | [●] |
| Printing and Stationery | 150 | 15% | [●] |
| Registrar to the Issue | 10 | 1% | [●] |
| Others (legal fee, listing fee, etc) | 190 | 19% | [●] |
| Total Estimated Issue expenses | 1000 | 100% | [●] |

*Will be incorporated after finalisation of Issue Price

All expenses with respect to the Issue would be borne by the Company.

Interim Use of Funds:

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by the company from the Issue. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, inter-corporate deposits, deposit with banks for necessary duration or reducing the working capital / term borrowings from banks and financial institutions.

No part of the Issue proceeds will be paid by the Company as consideration to Prithvi's Promoters, Directors, key management personnel or companies promoted by Prithvi's Promoters except in the course of normal business.

Monitoring of Utilisation of Funds:

UTI bank would be the Monitoring agency to monitor the utilization of the issue proceeds.



BASIC TERMS OF ISSUE/ ISSUE STRUCTURE

Public Issue of 50,00,000 Equity Shares of Rs. 10/- each at the Issue Price of Rs.[•] for cash aggregating Rs. [•] lacs is being made through a 100% book building process. Details of the Issue structure are tabulated below:

| PARTICULARS | QIBs | Non Institutional Bidders | Retail Individual Bidders |
|--|--|--|---|
| Number of Equity Shares | Upto 22,75,000 equity shares | Atleast 6,82,500 equity shares | Atleast 15,92,500 equity shares |
| Percentage of Issue size available for allocation | Upto 50% of the Net offer to Public or Issue size less allocation to non – institutional Bidders and Retail individual Bidders | Atleast 15% of the Net offer to Public or Issue size less allocation to QIBs and Retail individual Bidders | Atleast 35% of the Net offer to Public or Net offer to public Issue size less allocation to QIBs and Non-Institutional Bidders. |
| Basis of Allocation or Allotment if respective category oversubscribed | Discretionary | Proportionate | Proportionate |
| Minimum Bid | Such number of Equity Shares and in multiples of 25 Equity Shares thereafter, that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 25 | Such number of Equity Shares and in multiples of 25 Equity Shares thereafter, that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 25 | 25 Equity Shares and thereafter in multiples of 25 |
| Maximum Bid | Not exceeding the size of the Issue subject to applicable limits | Not exceeding the size of the issue | Such number of Equity Shares whereby the Bid Amount does not exceed Rs.1,00,000 |
| Allotment Mode | Compulsory in Dematerialized form | Compulsory in Dematerialized form | Compulsory in Dematerialized form |
| Trading Lot/ Market Lot | One Equity Share | One Equity Share | One Equity Share |
| Bidding Lot | 25 | 25 | 25 |
| Who can apply | Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs. | Companies, corporate bodies, scientific institutions societies and trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (Applying for an amount exceeding Rs. 1,00,000 amount) | Individuals (including NRIs and HUFs) applying for an amount up to Rs. 1,00,000. |
| Terms of Payment | Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate | Margin Amount applicable to non-institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate | Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate |
| Margin Amount | Nil | Full Bid Amount on Bidding | Full Bid Amount on Bidding |

- Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.
- Subject to valid bids received at or above the Issue Price.
- Under-subscription, if any, in any of the categories, other than QIB would be allowed to be met with spill over from any of the other categories, at the discretion of the Company and the BRLMs.



BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with BRLMs on the basis of assessment of market demand for the proposed Issue of Equity Shares by way of the Book Building Process.

The price band of the Issue is Rs 250 to Rs 270 per Equity Share. The face value of the equity share is Rs 10/- and the price is 25 times the face value at the lower end of the price band and 27 times the face value at the higher end of the price band.

Quantitative Factors

Information presented in this section is derived from our unconsolidated restated financial statements prepared in accordance with Indian GAAP.

- Earnings Per Share (EPS) (as adjusted for changes in capital)

| PARTICULARS | EPS (Rs.) | Weight |
|---------------------------|--------------|--------|
| Year ended March 31, 2003 | 34.23 | 1 |
| Year ended March 31, 2004 | 29.94 | 2 |
| Year ended March 31, 2005 | 47.21 | 3 |
| Weighted Average | 39.29 | |

Note: EPS is calculated on equity capital outstanding at the end of the respective FYs

- Price Earning (P/E) ratio in relation to the Issue Price of Rs [●]

- Based on the FY ending March 31, 2005 EPS is Rs 47.21
- P/E based weighted average EPS of Rs 39.29
- Industry P/E

| | |
|---------------------------|---------------|
| Highest | 344.30 |
| Lowest | 1.90 |
| Industry composite | 19.20 |

Source: Capital Markets, Vol XX/ II, August 1-14, 2005, for Computers- Software- Medium/ Small

- Average Return on Net worth (RONW)

| Particulars | AVERAGE RONW % | Weights |
|---------------------------|----------------|---------|
| Year ended March 31, 2003 | 48.58 | 1 |
| Year ended March 31, 2004 | 29.18 | 2 |
| Year ended March 31, 2005 | 33.39 | 3 |
| Weighted Average | 34.52 | |

Average RONW has been calculated as per the following formula:

{Net profit after tax and before exceptional item}/ {Average Networth excluding revaluation reserve and Share application money during the period}

- Minimum Return on increased Net Worth required to maintain pre Issue EPS is [●]
- Net Asset Value per Equity Share
 - As at March 31, 2005 is Rs. 165.07
 - After the Issue is [●]
 - Issue Price of [●], determined on the basis of the demand from investors through the Book Building Process.



6. Comparison of Accounting ratios for the year end 2005

| Company | EPS | P/E | RONW% | NAV Per Share |
|---|-------|-------|-------|---------------|
| Prithvi | 47.21 | [●] | 28.59 | 165.07 |
| Industry Average | | 19.20 | | |
| Industry Data Category Computers- Software- Medium/ Small Peer Group | | | | |
| Hexaware | 3.5 | 23.00 | 17.9% | 22.20 |
| Igate | 4.1 | 36.60 | 4.1% | 116.1 |

Source: Capital Markets, Vol XX/ II, August 1-14, 2005, for Computers- Software- Medium/ Small

7. The face value of the Equity Shares is Rs. 10/- each and the Issue price is [●] of the face value.

The Price Band of Rs. 250 to Rs. 270 has been determined by the Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

Qualitative Factors

Factors external to the company

- India has emerged as one of the most preferred destinations for sourcing IT services as well as business process outsourcing services. (Source: NASSCOM Strategic Review 2004)
- According to a February 2004 report by Gartner, total worldwide IT services spending is projected to grow from US\$535 billion in 2002 to US\$727 billion by 2007, which represents a compound annual growth rate of 6.3%.

Factors internal to the company

- *Broad range of IT services*
Our service offerings span the complete software life cycle, including consulting, architecture, development, testing, and maintenance, migration, re-engineering and integration services. Development had contributed 37% to total revenues while, maintenance and reengineering contribute 18% each in the financial year ending 2004-05.
- *Strong management team*
Many of our senior management are from the premier technical/management institutes in India and abroad. The Promoters are first-generation IT entrepreneurs, who have conceptualised, designed and developed the software solutions that form the core of the product offerings. The senior management has on an average experience of 7 to 10 years.
- *Diversified Client Base*
Our revenue stream comes from diverse domains, which in turn reduces the company's dependence on a particular client. This ability to diversify the revenue streams and also to retain various clients differentiates us from most of our competitors. In FY 2005 top 5 clients contributed only 16% to total revenues in 2005, while top 10 clients contributed only 28% to total revenue.
- *Global delivery model*
Our facilities have been modelled, and employees trained with the objective of delivering world-class quality and operational excellence to the clients. We have received organisation-wide ISO 9001:2000 certification in 2002. We have 8 offices spread across 3 countries.
- *Strategic focus on e-governance Contracts*
We have built a good presence in the US government sector, which has hitherto not been tapped by many IT companies. The wide market of government contracts offers opportunities to strengthen our capabilities, especially relating to large, end-to-end, mission critical projects.
- *Strong Sales network*
We have a strong core marketing team of 20 people who have built relations with the top organisations in US. we have presence by way of offices in 6 states in USA .
- *Ability to scale*
We have successfully managed our growth by investing in infrastructure and by recruiting; training and rapidly deploying new professionals from a pool of highly qualified candidates from our base in India. In last 6 months alone we have ramped up our employee strength from around 145 in March 2005 to 230 personnel in September 2005.



STATEMENT OF TAX BENEFITS

To

Prithvi Information Solutions

10Q3-A1, 10th Floor, Cyber Towers

Hitech City, Madhapur, Hyderabad – 500 081

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to Prithvi Information Solutions Limited (the “Company”) and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been/ would be met with.
- The contents of this annexure are based on information, explanations, and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For **PATWARI & COMPANY**

Chartered Accountants

VIJAY PATWARI

PROPRIETOR

Membership No. 201653

Date: 28TH MAY, 2005

Place: HYDERABAD

Tax Benefits

A. BENEFITS TO THE COMPANY UNDER INCOME TAX ACT, 1961:

1. Under the provisions of Section 10A of the Act, a company which is engaged in the business of export of articles or things or computer software and which satisfies the prescribed conditions is eligible to claim a benefit with respect to profits derived by its undertaking/s from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. The eligible deduction would be the amount which bears to the profits of the undertaking/s the same proportion as the export turnover of the undertaking/s bears to the total turnover of the undertaking/s. Profits on domestic turnover would get taxed. The corporate tax rate for the Assessment Year 2005-06 is 36.59% (including a surcharge of 2.5% and education cess of 2% on the overall tax). The corporate tax rate for the Assessment Year 2006-07 as per the Finance Act, 2005 is 33.66% (including a surcharge of 10% and education cess of 2% on the overall tax). However, for the Assessment Year 2003-2004, the tax holiday under Section 10A of the Act was limited to 90 per cent of the eligible profits instead of 100 per cent of such profits. As a consequence, 10 per cent of the eligible profits of the undertakings would be taxable at the normal corporate tax rate of 36.75 per cent (including surcharge of 5 per cent) for Assessment Year 2003-04. The 10 per cent restriction has been removed thereafter. The benefit is available subject to fulfilment of conditions prescribed by the Section and no benefit under this Section shall be allowed to any assessee with respect to any such undertaking for the assessment year beginning on the 1st day of April 2010 and subsequent years.
2. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 (hereinafter referred to as "the Act") the Company will be entitled to a deduction for depreciation:
 - a) In respect of tangible assets;
 - b) In respect of intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under Income Tax Rules, 1962; and
 - c) In respect of machinery or plant which has been acquired and installed after 31st March, 2002 for the purpose of new industrial undertaking or in respect of the existing manufacturing facilities which results in increasing the installed capacity by not less than ten percent, a further sum of 15% of the actual cost of such machinery or plant.
3. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) received on the shares of any company is exempted from the tax.
4. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller (0.1% with effect from 1 June, 2005 as per the Finance Act, 2005). The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller (0.02% with effect from 1 June, 2005 as per the Finance Act, 2005).
5. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long-term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gain are invested in certain notified bonds within a period of 6 months after the date of such transfer for a period of at least 3 years. However, if the assessee transfers or converts the notified bonds into money with in a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money.



7. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of investment in shares will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -
 - a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public;
8. Under section 112 of the Act and other relevant provisions of the Act, long-term capital gains, (i.e., if the shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge & cess) after indexation as provided in the second proviso to section 48. The amount of such tax should, however, be limited to 10% (plus applicable surcharge & cess) without indexation, at the option of the shareholder.
9. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if the shares are held for a period not exceeding 12 months), arising on transfer of investment in shares listed on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge & cess) in cases where securities transaction tax has been paid.

B. BENEFITS AVAILABLE TO THE COMPANY UNDER INDIRECT TAX LAWS

The Company has Units registered under the Software Technology Parks ('STP') Scheme. The key benefits that could be available under indirect tax laws to a STP unit, subject to satisfaction of the specified conditions, are as under:

Customs duty

Specified goods, which are in the nature of capital goods, office equipment, components, etc. procured by a STP unit, are exempt from customs duty. All goods, other than prohibited goods under the EXIM Policy are exempt from customs duty.

Excise duty

The local purchases by the Company will qualify as deemed exports. Further, the Company can avail of an exemption from payment of Central excise duty on all goods as per its entitlement for creating a central facility for use by software development units.

Sales tax

Concessions under the State Sales Tax legislations (depending upon the relevant State where the unit is set-up) are available. Further, the Company can claim a reimbursement of the Central Sales Tax paid on its local purchases. Further, export sales made by the Company would not be subject to sales tax. Purchases by a unit in a SEZ will also be exempt from Central Sales Tax. Further, in order to avail the above benefits, the unit will be required to meet prescribed export obligations.

Service tax

A company which renders services in relation to computer software is eligible for exemption available to "Consulting Engineer" from levy of service tax on services rendered.

C. BENEFITS TO THE SHAREHOLDERS OF THE COMPANY - UNDER THE INCOME TAX ACT, 1961

Resident Shareholders

1. In terms of section 10(32) of the Income-tax Act, any income of minor children, included in the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.
2. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
3. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a. The transaction of sale of such equity share is entered into on or after September 10, 2004;
 - b. The transaction is chargeable to such securities transaction tax as explained below.

4. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015 % of the value payable by the seller.
5. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
6. In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.
7. Under section 48 of the Act, if the company's shares are sold after being held for not less than twelve months, the gains [in cases not covered under section 10(38) of the Act], if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
8. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by:
 - a) National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - b) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - c) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
 - d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.
9. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
 - a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public.
10. Under section 54F of the Act, long term capital gains [in cases not covered under section 10(38) of the Act arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
11. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e., if shares are held for a period exceeding 12 months) [in cases not covered under section 10(38) of the Act], arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10%(plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.



12. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company on a recognised stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

Foreign Institutional Investors (FIIs)

13. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
14. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
 - a) The transaction of sale of such equity share is entered into on or after September 10, 2004;
 - b) The transaction is chargeable to such securities transaction tax.
15. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for purchase and sale of the securities in the recognised stock exchange by the investor, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015 % of the value payable by the seller.
16. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
17. The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed @ 10% as per section 115AD of the Act. However in case of such long term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation)
18. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain [in cases not covered under section 10(38) of the Act] arising on the transfer of share of the company will be exempt from capital gain tax if the capital gain are invested within a period of 6 month after the date of such transfer for a period of last 3 year in bond issued by: -
 - a) National Bank for agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - b) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988
 - c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.
19. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of a eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
 - a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public.

Venture Capital Companies/Funds

In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

(D) Benefits to Members of the Company under the Wealth Tax Act, 1957.

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act 1957, hence shares are not liable to Wealth Tax Act, 1957.

(E) Benefits to Members of the Company under the Gift Tax Act, 1958.

Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance (No. 2) Act, 2005.
2. The stated benefits will be available only to the sole/first named holder in case joint holders hold the shares.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
5. The content of this annexure is based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.



SECTION IV: ABOUT THE COMPANY

Industry Overview

For the purpose of industry review we have relied for information on “NASSCOM Strategic Review 2005”, the IT industry in India, NASSCOM report dated February 2005.

Industry Outlook

While the forecast spend in the global IT-ITES industry remains moderate, the India Industry is expected to continue on its significantly higher-than-average growth trajectory. As before, service exports will be the key drivers of this growth – suitably complemented by a booming economy and a growing domestic market.

Global IT-ITES – What Lies Ahead?

Global IT-ITES spending is expected to grow at a CAGR of 7.9% over 2004-08. IT spending, comprising amounts spent on hardware, software and IT services is forecast to grow at a CAGR of 6.3% over the same period. ITES-BPO is expected to grow at a significantly higher CAGR of over 11% over the same period.

Global IT-ITES Services Spend Forecast By Segment 2004-08

| USD Billion | 2004 | 2005 | 2006 | 2007 | 2008 | CAGR |
|-------------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Hardware | 365.4 | 386.6 | 409.9 | 434.8 | 460.9 | 6.0% |
| Software Products | 197.3 | 211.1 | 226.4 | 242.6 | 259.0 | 7.0% |
| IT Services | 399.8 | 422.6 | 449.7 | 467.6 | 510.4 | 6.3% |
| ITES-BPO | 447.7 | 497.8 | 554.8 | 614.9 | 682.5 | 11.1% |
| TOTAL | 1410.2 | 1518.1 | 1640.8 | 1759.8 | 1912.8 | 7.9% |

Key Trends Forecast for global IT-ITES over 2005-08

- Moderate growth in IT spending as consumer spending softens and SMB and enterprise spending witnesses marginal growth.
- Marginal slowdown in hardware spending, steady growth in software and services demand.
- Relatively slower growth in the mature markets of US, Western Europe and Japan, Emerging geographies such as Central and Eastern Europe, China and India to drive demand.
- Major Market shifts in the consumer segment driven by continued digitization of media, proliferation and expansion of broadband options, rapid adoption of new converged devices and continued consolidation of industry players.

What this means for the INDIAN IT-ITES INDUSTRY?

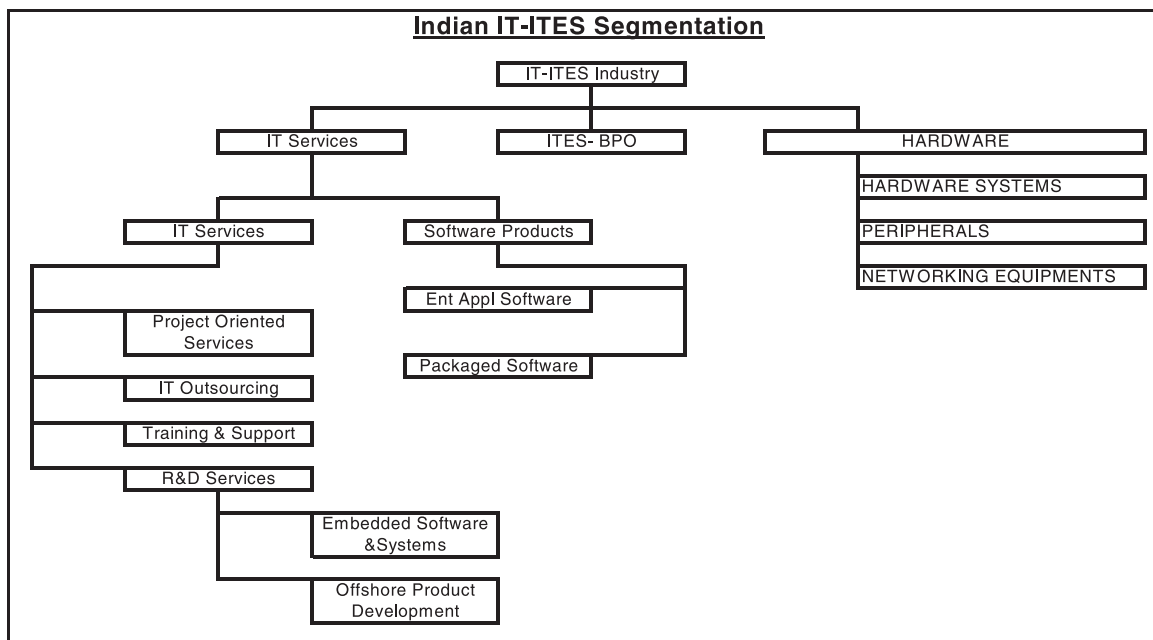
Overall forecasts for the Indian IT-ITES industry indicate unabated growth of nearly 32% over FY 2004-05, with the total value of the sector expected to exceed USD 28 billion by the end of the current fiscal.

While services exports will continue to dominate the sector's revenues, the expected increase in domestic demand for ITES-BPO will contribute towards increasing the size of the overall pie- providing a further boost to the industry . The earnings from exports will increase from USD 13.3 billion (61.9 % of total industry revenues) in FY 2003-04 to USD 17.9 billion (63.7 %) in FY 2004-05.

Following are the highlights of the expected trends in earnings from exports in FY 2004-05:

- IT services and software will account for more than 68 %; ITES-BPO will account for 28.4 % and hardware for less than 4 % of Indian IT-ITES exports.
- Forecasts of increased global demand for network integration, application management and services, infrastructure system maintenance and services bode are key opportunities for Indian IT services vendors.
- Offshore engineering R&D and HR outsourcing are key opportunities for Indian ITES-BPO vendors.
- North America will remain the key market with the US alone accounting for more than half of the industry's export earnings.

- Banking Financial Services Industry (BFSI), telecom are expected to remain the key verticals served, with healthcare / pharmaceuticals-biotechnology emerging as an area of potential opportunity as India adopts the international IP protection regime outlined by the WTO.



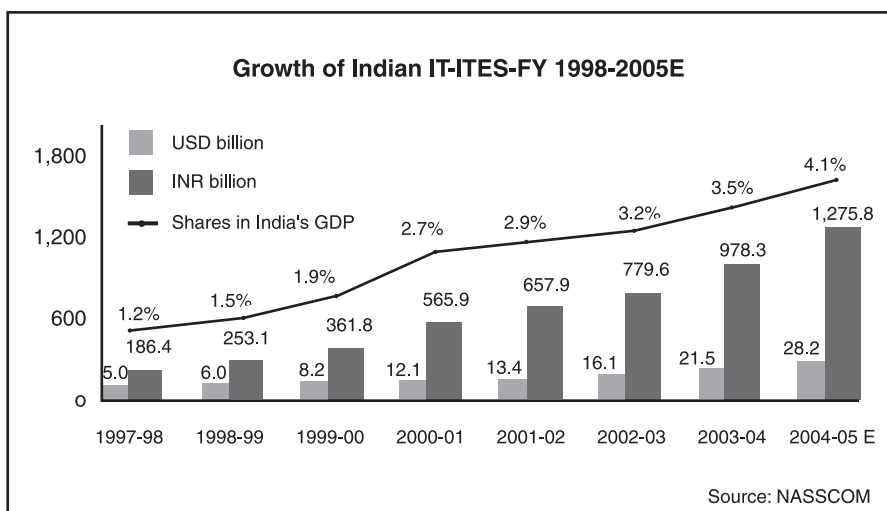
INDIAN IT - ITES INDUSTRY

Indian IT-ITES in 2004- the Year in Review

The Indian IT-ITES industry is broadly categorised into IT services and software, ITES-BPO and Hardware segments.

The industry continues to chart remarkable double-digit growth, with industry aggregate revenue for 2004-05 expected to reach US\$ 28 billion. The industry is forecast to grow more than fivefold over FY 1998-05, at a CAGR of 28 percent.

The industry's contribution to the national economic output has nearly tripled – from 1.2 percent in FY 1997-98 to 3.5 percent in FY 2003-04. This sector is forecast to grow at nearly 31 percent this fiscal to account for an estimated 4.1 percent of the national GDP in FY 2004-05.

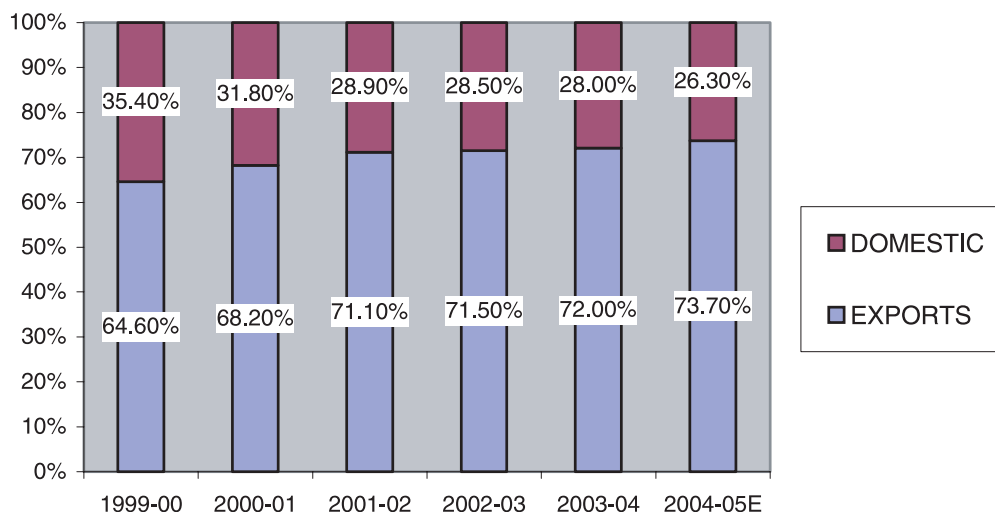




Composition of Indian ITES Sector

Exports continue to dominate the revenues earned by the segment. As depicted in the below figure, the share of exports in the total revenues earned by the Indian IT services and software segment has grown from 65% in FY 1999-00 to nearly 72% in FY 2003-04.

Composition of Indian IT Services and Software - FY 2000-05E



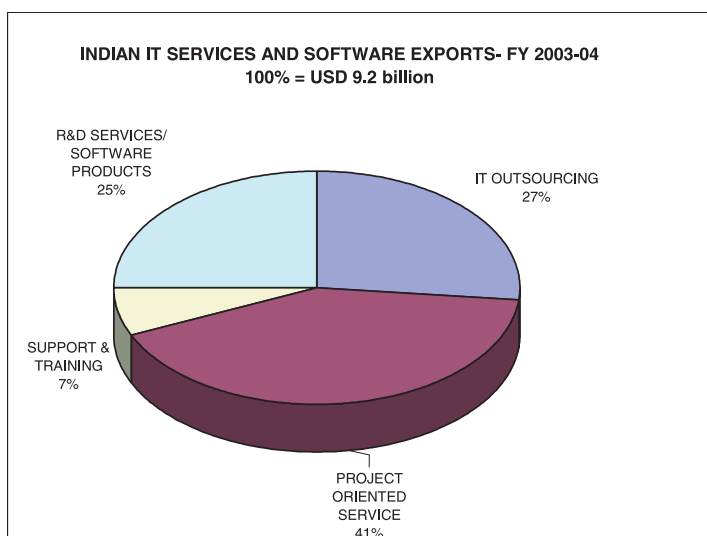
The share of exports in total industry revenue is expected to rise further and to account for nearly three-fourths of the segment revenue by the end of the current fiscal.

Key Service Lines

Indian It Services and software product exports are categorized into:

IT Services, which include IT outsourcing, project oriented services, support and training;

R&D services and software products, which includes product development, design and development of embedded systems and sales of packaged/proprietary software.



Project Oriented Services

Indian exports of project oriented services grew from USD 3.2 billion in FY 2002-03 to USD 3.9 billion in FY 2003-04 – a growth of 19.2 % over the previous year. In contrast, the worldwide market for project oriented services grew by a mere 4.8% over a comparable period. While India continues to lead in traditional segments, vendors are now also gaining ground in newer services such as system integration and network infrastructure management.

Custom Application Development and Maintenance

Custom application development and maintenance continues to dominate Indian IT service exports, accounting for 51% of the total IT service exports from India in FY 2003-04. The segment revenue grew from USD 3.0 billion in FY 2002-03 to USD 3.5 billion in FY 2003-04.

While custom application development and maintenance comprises only 5% of global IT services market, it has a high off-shorable component (nearly 85% of the work can be off shored) – making it a key service line for Indian vendors. The various MNCs have rated application development and deployment as high priority areas in their initiatives for 2004 & 2005 giving Indian companies the opportunities to leverage their skilled manpower, domain and technical expertise, to capitalize on the opportunity. Consequently, Indian exports of these services is likely to witness steady growth over the next few years.

IT Outsourcing

Globally, outsourcing is the largest IT services macro market. Worldwide spending on outsourcing services grossed USD 144.6 billion in FY 2004 and is expected to surpass USD 198.3 billion by 2008, representing a 5 year CAGR of 8.3%. Key trends in the global IT outsourcing market include:

Integration of more automated technologies, including web services, that support the shift towards using modular and more standardized components to provide business and application processes

The emergence of on demand/utility computing or the application service provider model as a substitute for traditional IT procurement and delivery, and for traditional outsourcing.

Increased utilization of offshore service delivery.

Indian IT services revenue from the export of IT outsourcing services registered a growth of 27 % in the previous fiscal, from USD 1.9 billion in FY 2002-03 to USD 2.5 billion in FY 2003-04. The segment accounted for 36 % of the total Indian IT service exports in FY 2003-04. With global demand for every segment of IT outsourcing forecast to grow at above average growth rates, this segment presents significant potential for Indian vendors who can leverage their offshore expertise and relatively lower cost structures to tap into this segment.

Application outsourcing continues to be the key service line for Indian exports of IT outsourcing services, accounting for over 88 % of the outsourcing segment revenue earned in FY 2003-04.

IT Consulting

Indian export revenues from IT consulting services grew by 50 % to reach USD 12 million at the end of FY 2003-04.

Although IT consulting has traditionally remained immune to offshore outsourcing, Indian vendors are now moving up the value chain and aggressively pursuing this high margin segment. IT consulting may be a natural progression for software service companies considering the entry barriers are not very high compared to software products space. The billing rates in consulting are also higher, upwards of USD 100 an hour, while in services, its upwards of USD 20 an hour. However, IT consulting is typically not driven by cost consideration and its successful execution requires in-depth local knowledge and domain expertise – which offshore vendors often lack. Recognizing the need to fill this gap, Indian companies are actively engaged in building capabilities to tap this segment.

Changing economic and business conditions, rapid technological innovation, proliferation of the Internet and increasing globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. Managing customer expectations is becoming increasingly difficult with customers demanding improved products and services with accelerated delivery times and at lower prices.

To adequately address these needs, corporations are focusing on their core competencies and are using outsourcing service providers to help improve productivity, develop new products, conduct research and development activities, reduce business risk, and manage operations more effectively.



Offshore outsourcing, which began with Information Technology, has expanded over the years to Business Process Outsourcing as well. Reducing telecommunication costs and the success of pioneers like GE are driving growth in offshore outsourcing.

IT departments of many companies are placing great emphasis on lowering costs and improving performance by accessing the latest technology expertise and accelerating the delivery of new systems and solutions. To accomplish these objectives, many IT departments have shifted all or a portion of their IT development, integration and maintenance requirements to IT outsourcing vendors that provide high quality, timely and cost-effective solutions and services. This outsourcing enables companies to eliminate or reduce the large in-house IT staff otherwise required to evaluate, implement and manage IT initiatives, thereby reducing their present and future investment requirements.

Increasing trend towards leveraging offshore delivery capabilities to attain high quality IT solutions and services at a lower cost, companies are turning to providers with a global delivery model that combines onsite client teams with offshore delivery centres. IT vendors with offshore delivery capabilities that are able to offer products and services at a lower total cost of ownership are increasingly being preferred by clients globally, for the quality of their services, their responsiveness to clients and their on-time delivery capabilities.

India has been recognized as a preferred destination for offshore technology services. In June 2004, the Gartner Strategic Analysis Report indicated that through 2008 India may remain a dominant offshore service provider. A NASSCOM-KPMG report published in 2004 indicated that the total Indian IT services and IT-enabled services export market was nearly \$10 billion in 2003 and is projected to grow to \$49 billion by 2009, representing a compound annual growth rate of approximately 30%. There are several key factors contributing to this growth. These include:

- High quality delivery capabilities of Indian organizations;
- Accelerated delivery through round-the-clock execution for global clients;
- Significant cost savings;
- A large pool of skilled IT professionals.

Company Overview

Prithvi Information Solutions Ltd is a provider of Technology and Process Outsourcing services that strategically harness the power of Information Technology to help clients maximize their business value.

Since its inception in 1998, Prithvi has grown consistently and has served over 85 client relationships in US and India. Prithvi is one of the fastest growing companies in its field and has achieved a compounded annual growth rate of 84.16% since its inception.

Our functional expertise and business solutions cover a broad spectrum of industries including Banking and Finance, Health Care, Manufacturing, Distribution and Logistics and the Services sector.

Some key facts about Prithvi:

- **ISO 9001 certified:**
Recertification twice with zero non-conformities
- **Exponential growth in revenues:**
US\$ 1 Million to about US\$ 70 Million in seven years
- **Strong client base:**
55 Active Clients
- **High customer satisfaction:**
 - About 65% of business comes from repeat orders from current clients
 - Strong project pipeline for 2005-2006
 - Offshore Delivery Centres in Hyderabad and Bangalore India.
 - Strong US presence Marketing offices in Pittsburgh, PA, San Ramon, CA, Lewis Centre, Oh; Sugar Land, TX and Springfield, VA.



Prithvi was ranked at number 6 amongst the top 10 software exporters from the state of Andhra Pradesh for the FY 2002. Prithvi has been ranked at number 19 amongst the top 20 software exporters from India for the FY 2003. In the year 2002 annual publication of Indian Express Prithvi was adjudged as “The Star Performer” in the state of Andhra Pradesh for providing IT Services and Products.

Global Delivery Model

The Global Delivery Model is a well-developed methodology that lets clients benefit from geographical differences in skill-sets and cost of inputs. The methodology is based on the principle of dividing a project into components that can be logically separated and executed at various geographic locations, where the execution creates maximum value. The critical challenge in deploying the Global Delivery Model is managing distributed execution across geographies and time zones, which Prithvi has perfected over the years.

The Global Delivery Model is able to provide lower costs, higher quality and productivity to clients, apart from freeing resources that can be put to use in research, solution definition and new initiatives that add to competitive advantages.

Prithvi fuses the Global Delivery Model with its innovation in designing work contracts that address client concerns to provide an unbeatable value proposition to clients.

PORTFOLIO OF SERVICES:

We render software solutions across technologies and platforms. We provide manpower for the purpose of developing software solutions for our clients, which is predominantly done onsite and also includes offshore development. Our business philosophy revolves around working across various industries (Technologies and Domain) to de-risk our revenue stream.

Prithvi has expanded its service lines over the years to be able to meet most outsourcing needs of its client. Prithvi has organized its service lines into three Segments, jointly addressing a wide spectrum of typical client needs.

1. TECHNOLOGY DEVELOPMENT OUTSOURCING

Services:

a) Application Development Services

Prithvi studies specific problems faced by its clients and develops completely customized solutions to address them. Prithvi's Business Consultants conduct requirements analysis and solution definition from the business and technology points of view and prepare a development and deployment plan for implementation.

Case Study

A financial services firm in USA with a dedicated division for undertaking research and systems development work focused on capital and financial markets. The client frequently undertakes advanced technology investigations and evolves futuristic business models leveraging on global information and communication networks.

Challenges:

- To handle increasing business volumes and the heightened market demand for value, the firm needed to set up an easily accessible end-to-end trading system with the following features:
- Support the buying and selling of a variety of securities instruments like stocks, options, futures, mutual funds and instrument trusts
- Online access to details of trade execution as well as settlement information
- Provision for necessary checks like valid business time checks, customer validity, account balance checks and business logic checks
- Inbuilt payment and calculation services for the client
- Calculation of the break-even pricing for squaring off an instrument taking into account commissions, transaction expenses, transfer tax, multi currency support.

Solution:

The system was developed using 3-tier architecture with Netscape Application Server, Oracle dB and Netscape Enterprise Server.



Server: Unix server with Netscape Application Server (NAS), Unix Oracle database server (version 7.3.4), Unix web server with Netscape Enterprise Server (version 3.0), all Sun Microsystems machines. Server programs residing on NAS server are written in Java and converse with the Oracle DB data. Programs in C receive and process the requests that are passed into MQ.

The key elements of the solution were:

- Design and implementation of the Common Framework classes
- Prototyping with Netscape Application Server to find out the right architecture
- Coding of the Application logic (Business Logic) for the trading systems and code reviews.
- Development of the MQ programs for the Mainframe connectivity.
- Onsite Testing and Deployment in the Test Setup.

Benefits:

- The ability to trade in different financial instruments over the Web
- Increased the market reach for the product
- The Web based design enabled ease of accessibility to users
- 24 x 7 availability enabling anytime / anywhere trading capability The user gets the advantage of discounted brokerage due to electronic transactions.

b) Product Development Services

Prithvi, after understanding key challenges faced specifically by clients engaged in Product Development, has prepared a well-developed methodology for partnering with them. Prithvi has built groups with specific expertise in meeting design, development, project management and testing requirements of such clients.

Case Study

Application in client's perspective:

Client is a technology start-up planning to build infrastructure solutions that provide integrated information visibility and control.

Client's requirement was to develop a product, which is capable to store data in centralized repository for all or significant parts of the data that an enterprise business systems collect and to meet immediate business objectives such as order and payment transactions, business communications through mails or documents.

Key Challenges:

This product deals with data-mining, data-warehousing capabilities in which it should extract the required data from the various text/binary documents, databases from the local system or from various distributed locations through TCP/IP communication and file reading mechanisms.

Solution Provided:

Prithvi has developed an API in Java using Web DAV protocol, which has functionality of online document archive, catalogues and classifies data, enforces policies that dictate when and where documents are archived, and makes information retrieval fast and easy.

c) Enterprise Solutions

Prithvi provides consultancy on evaluation, implementation and maintenance of large packages like Enterprise Resource Planning, Supply Chain Management and Customer Relationship Management. Prithvi has also developed suites of solutions for the healthcare and manufacturing industries.

Case Study

Challenge:

The challenge was to provide technical leadership for integrating the entire Human Resource Management system of our client



Solution:

The Solution involved major technological and business level re-engineering of systems and processes to integrate a host of systems like PeopleSoft HR over 90 interfaces to diverse systems in the two companies, Bonus and Compensation planning tools, Performance Management tools, Recruiting Application and self service portals for all employees of the combined company.

In order to accomplish this multiple requirement analysis, workshops were conducted bringing the HR communities from both companies together to determine the overall set of functionality required. Client systems were determined to be the base system and a rigorous gap analysis was performed to establish development efforts required to reach the end stage of integrated functionality. The development effort included the building of custom features (using People Tools), re-working of current features, and a massive data migration/integration to get historical Novell and Clients data merged together.

Benefits to the Client:

- Providing technical leadership for the integration of Novell Networks and Cambridge Technology Partners
- Leading the efforts in moving Cambridge Technology Partner's data center from Cambridge, MA to Provo, Utah
- Building project plans for software development projects, management of tasks, schedule and resources for ensuring the successful completion and delivery of projects
- Conducting business requirement analysis and technical architecture
- Conducting design sessions, developing release strategies and managing the systems development life cycle of software development projects.
- Upgrade PeopleSoft HRMS from 7.51 to 8SP1
- Developing PeopleSoft 8 custom features using People Tools Application Designer, People Code, Query
- Installation and Administration of PeopleSoft File Server, Application Server, Process Scheduler and Distribution Agent.
- Building data conversion routines to move data from PeopleSoft HRMS 7.02 to HRMS 8SP1, using SQR, SQL, PL/SQL and Data Mover Scripts
- Software development using PeopleSoft 8, XML, Dermal, BEA Web Logic, Oracle8i, Erwin
- Providing database administration support to create, monitor and configure Oracle 8i database and its objects, performance tuning and scripts

2. INTELLIGENCE SOLUTIONS SERVICES:**1. Business Intelligence**

Prithvi provides solutions for Online Analytical Processing (OLAP) and Data mining to clients who generate large amounts of raw transactional data. These solutions help organizations perform quick analysis and uncover hidden information from data marts.

Case Study

Micro Strategy Analytical Reporting:
(Sales Data Warehouse)

Cardinal Health's success secret is strategic acquisition. With acquisitions come integration challenges. The client was facing daunting challenges in providing an analytical Z reporting tool to their sales and purchasing representatives. Existing data warehouse was inefficient in handling increasing data volumes and had limited analytical capabilities.

The Client:

The client provides products and services supporting the health care industry.



Proposed Solution:

Client selected Terawatt V2R5 as their RDBMS platform for their next generation data warehouse keeping in mind the growing data volumes and data processing speed requirements. MicroStrategy was selected as the Enterprise reporting tool. The data warehouse was designed to handle Slowly Changing Dimensional Data Elements like customer, product, sales representative and distribution centers.

Our Consultants were involved in following-

Design of the Data Warehouse to store the Cardinal's sales and purchasing data for the past 30 months.

Micro Strategy project architecture and development of reports.

Prithvi's Role:

- Architect and Develop MicroStrategy reports on a Teradata V2R5 Data Warehouse.
- Develop the Enterprise Self-Service Architecture for supporting end user report creation and true ad-hoc reporting capabilities.
- Recommend Data Model enhancements for efficient MicroStrategy Reporting comparing DB2 model with Teradata model.
- Making enhancements and tuning the MicroStrategy Reports for better response time.
- Re-engineering the MicroStrategy configuration to have Development, Test and Production environment.
- Administering and configuring the MicroStrategy Intelligence Server for better performance.
- Monitoring the memory usage of MicroStrategy Intelligence Server and determining the caching strategy for MicroStrategy projects.
- Architecting the MicroStrategy schema objects and configuration objects such as Attributes, Facts, Hierarchies and Database Instance objects.
- Developing the complex reports using relationship filters, transformations and custom groups.
- Coming up with the Migration plan for moving from DB2 platform to Teradata platform.
- Automatic delivery of the reports to the users using MicroStrategy NarrowCast Server 7.2.
- Providing Support and Maintenance to over 500 MicroStrategy Reports for Cardinal Health Sales and Purchasing Data warehouse.

Value Delivered:

- Prithvi Consultants were instrumental in the success of Cardinal's next generation Data Warehouse implementation.
- Tremendous improvement in the response time for the Report generation by utilizing advanced features like Partition Primary Indexes, Volatile Table and Aggregate Join Indexes in Teradata V2R5
- Users are able to create new reports, perform ad-hoc queries, drill down into details, rather than relying on IT for developing new reports, there by saving time & cost.
- Users are able to do advanced analytical analysis.

Technology:

- Teradata V2R5 Warehouse
- IBM DB2 Data Warehouse
- AS/400
- MicroStrategy NarrowCast Server 7.2
- MicroStrategy Intelligence Server
- Showcase Query
- SQLAssistant

Analytics

Prithvi provides statistical analysis and predictive modelling services that help clients in directing, optimizing, and automating decisions. Clients are able to clearly quantify risk of various decision options and base decisions on actionable results.

The Challenge:

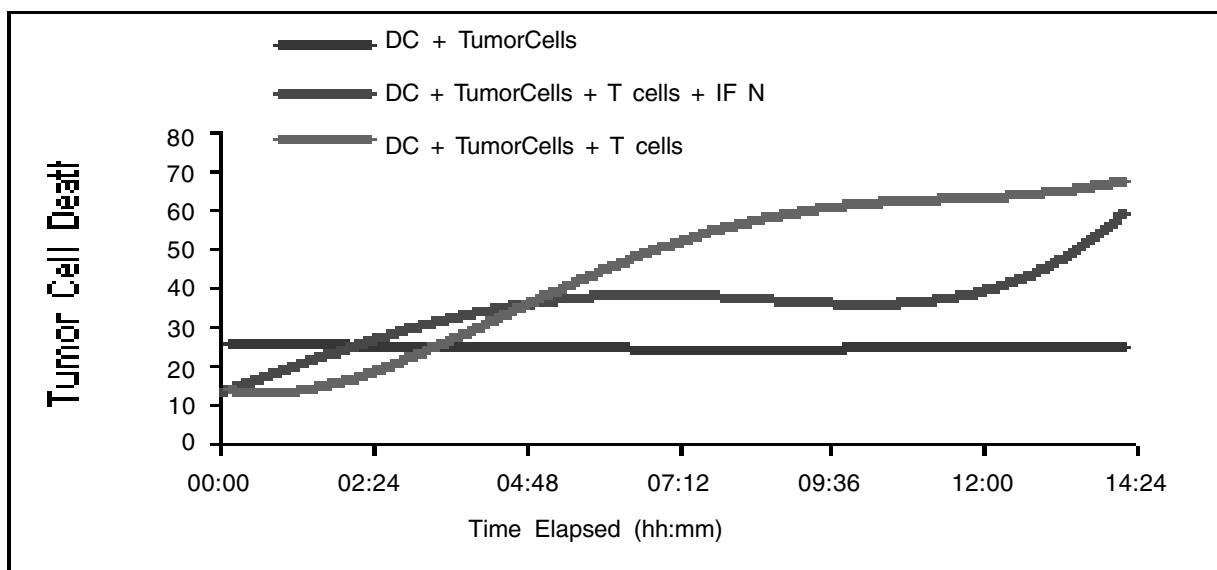
The Client wanted to develop a ProteinBase, knowledgebase of protein function, cellular and molecular relationships. Also to develop extensive bio-informatics tools to analyze the data and create information and knowledge. The knowledgebase is also the foundation that will use to create computer (i.e. in-silico) models of protein function and to allow virtual testing based upon those computer models

The Solution:

Prithvi performed functional analysis measures over sixty parameters per protein. This functional data is analyzed by their bio-informatics system that automatically generates protein results and is compiled in ProteinBase.

Data acquired from thousands of data images deliver information on quantitative values and kinetics of cell movement, cell division, apoptosis, morphology, adherence, and physiologic function. Specific cellular targets for analysis of each candidate novel protein include proprietary assays using human T, B, NK, dendritic, monocyte, macrophage, and multi-lineage haematopoietic progenitor cell targets, culture of single cells, or groups of cells.

Data is presented for evaluation in a variety of formats. Combinatorial and multi-parametric assays yield highly informative results. Two-dimensional plots reveal cell sub-population responses and offer useful perspectives, often revealing subtle or unexpected responses, or as one customer calls it “unexpected biology”. A database of results is automatically constructed to allow for further “data mining” as additional mathematical analyses are devised. Typical information outputs are shown in the following three figures below.



Technology

VB, ASP, HTML, SQL Server, Windows NT.

2. Data Processing

Prithvi provides high volume Extraction-Transformation-Load (ETL) and digitization services with guaranteed accuracy.

Client Requirement:

Digitizing & Data Entry for: The Governor's Office of Veterans' Affairs - (GOVA).



GOVA is responsible for maintaining the veteran's records, supervising the 88 local county offices that deal directly with the Veterans and providing the county offices with the necessary documentation, verification and information. GOVA also has the administrative responsibility to maintain the bonus benefit records paid to certain Veterans by the client.

Background:

Client's Veterans' records currently reside on a variety of media. Records from the WWII, Korea and Vietnam eras are on microfilm and index cards. There is a paper index card (3" X 5") on file for each of the Ohio Veterans who applied for a bonus benefit from these time periods. The cards contain information about each Veteran and have a reference number that refers back to the associated microfilm on which the records reside. There are about 1.7 Million index cards. These index cards have been copied to 166 rolls of microfilm.

GOVA processes approximately 50,000 to 60,000 requests for Veterans information each year. When an inquiry is received from a county office, Veteran's Affairs staff attempts to locate the Veteran in the card file and then retrieve the appropriate records from the microfilm. The conditions of many of Veterans' records were poor from the start and were deteriorating. Some of the index cards are 50 years old and have to be handled carefully; many of them are literally crumbling.

The objective was to increase the efficiency and provide the better service to the Veterans by giving GOVA's direct access to Veterans' records. GOVA initiated a proposal to computerize the records it currently has stored for Client Veterans. GOVA's objective was to automate the existing index cards records into a newly designed GOVA database, populate the database with pertinent Veterans information and stabilize the condition of the manual Veteran's records.

Digitalizing & Data Entry:

- OCR and Data entry to convert 1.7 million Veterans index card data into a database. Many of the cards were crumbling and had to be handled with care.
- Project category:
- Open competitive bidding process for the project

Prithvi's Solution:

- Prithvi was chosen by GOVA, State of Ohio through an open competitive bidding process to provide the services to automate the Veterans' information. The scope of the work included:
- Scan Index cards
- Design a database for GOVA to meet existing and future requirements
- OCR and Data entry to Convert 1.7 million Veterans index card data into a database
- Provide user-level security access to the Veterans database
- Develop an Interface to maintain the Veterans database (adding/changing/deleting) by GOVA staff
- Develop an interface for querying GOVA database on various parameters
- Prithvi provided a comprehensive suite of solutions to GOVA for digitizing the veterans' records.

The process included:

- Scanning, OCR, data entry and designing a robust and scalable Veterans database application to meet the current and future requirements.
- The database was populated using efficient and effective procedures to minimize the data entry errors.
- The database was populated with 99.8% accuracy. Prithvi provided the search capabilities for the Veterans' information on any parameters.
- Achieved **1-second response time** by tuning the database for optimal retrieval times.
- Developed an interface to add, edit and delete the Veteran's information.
- A user level security scheme was designed to provide secure access to the Veteran's database.



- Deployed the Veterans database to the Ohio Data Network (ODN) servers and installed the Client application in different locations of the Veterans Affairs' offices.

The Hardware and Software used for the project were:

Oracle 81(8.1.7) Active Server Pages, COM Windows 2000 Advanced Server PowerDesigner 6.5 MS Access 2000 Visual Basic 6.0 Compaq DL 580 Scanners

3. Process Outsourcing

The company provides the following services under Process Outsourcing:

i) Helpdesk services

Prithvi provides level 1 and level 2 helpdesk and query handling services using voice, email and chat channels.

ii) Transaction processing

Prithvi provides rules-based transaction processing services like processing of checks, payrolls, claims, accounting, mortgage, etc.

MULTI TECHNOLOGY AND DOMAIN EXPERTISE:

Our business philosophy revolves around - Working across various industries (Technologies and Domain) to de-risk its revenue stream. Hence, we have trained our people to deliver quality solutions across a range of technologies and platforms. We have tapped industries where there is significant scope to render IT services. Our domain expertise is spread across various sectors such as BFSI, Technology, Telecom, HealthCare, Manufacturing, and e-Governance. We provide Application Development, Maintenance, Re-engineering, Package implementation, Consulting, and Testing Engineering services to our clients. We have adopted a pragmatic and dynamic business model, which has resulted in Multi Technology and Domain expertise. We render software solutions across technologies such as SUN, Microsoft, Oracle, IBM and platforms such as SAP, Peoplesoft Micro Strategy etc. In our seven years of operations, we have changed our revenue mix from various industries significantly to keep pace with the changing environment.

SALES AND MARKETING

Prithvi's marketing team is composed of a team of individuals most of whom hold MBAs from institutes worldwide and who have rich work experience. The Marketing team is responsible for planning the company's Marketing Strategy, which guides the sales force. It is also responsible for brand building.

Prithvi has invested in building a strong sales team and has a core team of 20 sales personnel covering the offices in USA and the Asia-Pacific region. Several of Prithvi's senior sales executives are based in client geographies and are focused on developing client relationships at senior levels. The sales team is organised by industry, service offerings and geography. Prithvi has been able to effectively cross-sell its service lines to the existing client base as well as successfully win new business.

Market Segmentation and Targeting

Prithvi provides a broad range of outsourcing services to its clients. Prithvi's clients are of various sizes and operate in various domains. Prithvi has divided its clients into 3 segments, each with its dedicated team of sales personnel who understand the challenges faced by clients in their segments and are able to address them better.

1. Small and Medium Businesses

Companies with revenues of less than US\$100 million

Segment Overview

Small and medium businesses usually have individual differences in business processes, some of which give them distinct competitive advantages. These organizations are acutely aware of the need to nurture and improve such differences and much of the organizations focus is in this direction.

Those in top management positions have a great deal of influence in deciding the kind of business and technology solutions that they will adopt. Outsourcing engagements usually have a strategic impact on such organizations. In many cases, members of the top management are themselves the Chief Patrons of outsourcing engagements. Design of solutions requires an in-depth understanding of not only the business processes but also the constraints faced by the organization. Prithvi's competitors in this segment are companies like igate, Infinite Computer Solutions (ICS), Calsoft etc.



Prithvi's Segment Business Strategy

Target companies in this category are considered to be difficult to work with as compared to larger clients. The criticality of outsourcing engagements means that the impact of project risk is much higher for these companies, which understandably leads to greater concern in the client organization.

Prithvi's strategy has been to identify and educate clients about possible generic and engagement-specific risks and to design innovative work contracts that mitigate them, while keeping Prithvi's exposure under control. Prithvi's agility in responding to unique challenges allows it to undertake new engagements at a speed that matches clients' expectations.

Company's performance

The company has been active in this segment, for the Financial years FY 2002-03, 2003-04 and 2004-05, the revenue as a percentage to the total Revenue for that year was at 64.32%, 48.42% and 68.16% respectively.

Many of Prithvi's client relationships in this segment have moved on from a single engagement to a point where Prithvi handles almost all of the outsourcing requirements of the client organization.

Competitive Strengths

- Technology Competence and mature service delivery processes
- Speed of designing innovative work contracts that address client concerns
- Broad range of service lines that provide a single point of contact for many needs

2. Large Corporate Clients

Companies with revenues of more than US\$100 million

Segment Overview

Large businesses usually have advanced Information Technology capabilities in-house. They deal with multiple vendors to meet their technology and process outsourcing needs. Most engagements are awarded after a fairly complex evaluation process, which sometimes involves competitive bidding.

Chief Patrons of large engagements are usually in the senior managerial level where as middle level managers handle smaller engagements. There are a number of influencers to the decision making process. The most lucrative outsourcing engagements from such clients tend to be fairly large and vendors need to have substantial resources at their disposal to be able to handle such requirement. Prithvi's competitors in this segment are companies like Infosys, IBM Global Services, Siemens etc.

Prithvi's Segment Business Strategy

Prithvi has been working with a number of large corporate clients on small to moderate sized engagements. Prithvi's business alliances with companies like Microsoft, MicroStrategy, Sybase, etc. have enabled it to offer joint solutions to many organizations in this segment.. The bulk of Prithvi's engagements with these companies so far have been executed on-site.

Company's performance

The revenue earned by the company from this segment as a percentage of the total Revenue for the Financial years FY 2002-03, 2003-04 and 2004-05, that year was at 24.76%, 40.10% and 25.43% respectively.

Competitive Strengths

- Business alliances with key technology companies
- Technology Competence and mature service delivery processes
- Focus on information security, risk management and business continuity planning

3. US Government Clients

US Federal and State governments

Segment Overview

The US Federal and State Governments and government agencies form one of the largest customers of technology and process outsourcing services. Most outsourcing engagements are managed through web-based sourcing portals.



Engagements are usually clearly defined and a competitive bidding process ensures that cost plays an important role in the award of the engagements. Prithvi's competitors in this segment are companies like IBM Global Services, Deloitte Consulting, Tata Consultancy Services (TCS) etc.

Prithvi's Segment Business Strategy

Most engagements in this segment come with a stipulation that they cannot be executed at off-shore locations outside the US. Prithvi has a heavy presence of professionals in the US and this enables it to undertake fairly large government engagements. Prithvi has a good understanding of the procurement process in this segment. It has already executed projects with the State of Ohio and the State of Texas.

Company's performance

The revenue earned by the company from this segment as a percentage of the total Revenue for the Financial years FY 2002-03, 2003-04 and 2004-05, was at 6.41%, 10.92% and 11.48% respectively.

Competitive Strengths

Prithvi's Resource strength in the US

We have built a good presence in the US government sector following the successful completion of our assignment with the States of Ohio.

E-Governance has not been tapped by many Indian IT companies, also our past experience in executing government contracts would give us an edge over our competitor.

CUSTOMER BASE:

Our client base has increased purely due to the large and referral driven customer base. Our base of clients spans about 85, out of which 55 form part of our active client base, which are amongst the best names in their respective sectors. A key feature of the company's business is the high proportion of repeat business and strong referrals from our existing clients. Our strong domain skills and customer-centric approach, has resulted in several strategic client relationships. We have invested in building a strong sales team and have a core team of 20 sales personnel covering the offices in USA. Several of our executives are based in client geographies and are focused on developing client relationships at senior levels. With a wide customer base, which spreads over various domains, the sales and marketing team, has been able to effectively cross-sell services to the existing client base as well as successfully win new business.

TECHNOLOGY PARTNERS /ALLIANCES:

We have focused on building a network of alliances for business development and accessing clients. Some of the main alliances that we have entered into partnership with Micro Strategy, Microsoft and Sybase, which in turn gives us rights to implement their solutions and products to their customers.

HUMAN RESOURCE:

Human resources are central to Prithvi's growth plans and the company devotes commensurate resources and attention to ensure that the right talent is hired and motivated to work for mutual benefit. Prithvi follows a two pronged strategy to meet its human resource requirements. Key employees both in India and overseas are hired by the company directly on to its payroll. We outsource technical programmers from technical professional's agencies in the USA. We do not employ the technical programmers in the USA on our own payroll to avoid costs and hassles for processing visas, reduce working capital requirements and hire people with the most appropriate talent. Due to the explosive growth in revenues, almost all the out-sourced software professionals have continued with us since our inception. All the project leaders, project managers, domain experts and business development staff are on our payrolls. This has resulted in the retention of critical marketing, technical and domain talent. The attrition rate has been near zero.

Other non-key employees in the US are resourced using a combination of personnel employed directly by the company and those employed on contract from outside consulting firms.

This strategy enables Prithvi to avoid a number of problems faced by similar Indian companies like visa processing and time and working capital requirements for travel, stay, etc. It also enables Prithvi to hire appropriate talent instead of spending time and resources in re-training personnel depending on client requirements. This strategy is used by almost all US based firms and is being increasingly adopted by Indian firms operating in the US owing to its effectiveness.

Hiring

Employees hired by Prithvi undergo a strict multi-stage process, which tests them for all adequate skills. The first stage is



an aptitude test with a focus on problem solving and analytical ability. The second stage is technical test where the focus is not only on concepts but also on problem solving and judgment. The third stage is filling in a detailed questionnaire followed by an interview where personality traits required of a good professional are assessed.

Motivation

Prithvi believes that the employees are a major stakeholder in its growth and are a part of the entire future planning and policy making of the company. All company policies are stakeholder centric as mentioned in the company mission statement and due importance is given to all aspects of employee satisfaction.

The work environment at Prithvi has been designed to be extremely employee friendly and is characterized by a deep personal rapport between the management and the employees. Career planning and mentoring of employees is an activity that is pursued seriously, and open discussion sessions help in managing expectations adequately. Employee satisfaction surveys conducted by third parties help the management be in touch with the concerns of employees.

The Performance Appraisal process plays a key role in identifying and encouraging employees with required skill sets. It rewards exemplary behaviour and deserving employees are offered opportunities to exploit their skills and qualities to the fullest. Key employees are encouraged and even required to take on bottom-line responsibility for their areas of accountability and to pursue innovative solutions for which they have full support from the management. Such an entrepreneurial culture has ensured that the job content is deeply enriching for employees and the company benefits from the high motivation levels of its employees.

With the upgradation of its offshore units it plans to increase the offshore component in the future. With the onsite-offshore model, Prithvi would be able to have a considerable amount of cost savings while deploying its solutions.

Current Infrastructure:

| S.No | Location | Owned /Leased | Space (Sq.ft) | No. Of Seats |
|--------------|----------------------|---------------|---------------|--------------|
| 1. | GDC-I (Secunderabad) | Leased | 3600 | 50 |
| 2. | GDC-II (HITEC City) | Leased | 4942 | 55 |
| 3. | GDC-III (Bangalore) | Leased | 3000 | 30 |
| 4. | Pittsburgh | Leased | 3000 | 30 |
| Total | | | | 165 |

PROCESSES AT PRITHVI

QUALITY INITIATIVES:

Prithvi's quality processes have been assessed by the NQA from the year 2002 and certified as ISO 9001:2000 compliant. Prithvi has been re-certified twice with zero non-conformity.

Prithvi follows a Quality Management System composed of documented artefacts such as Quality Policy, Quality Objectives, Quality Manuals and procedures. These artefacts facilitate effective planning, operation and control of quality processes and records, which, in turn manifests into quality of work products.

Knowledge Management

Prithvi operates in the knowledge industry and recognizes that a competent Knowledge Management Initiative is essential for continued growth.

The knowledge management initiative at Prithvi has the goal of combining the data and information processing capacity of information technology and the creative and innovative capacity of its people.

The knowledge management system at Prithvi has at its core a document repository built on an in-house developed product called Doc-Net, which is deployed on the Prithvi intranet. This is supported by Organizational Culture and Rewarding Policies that encourage people to contribute and make use of the system. For instance, it is a mandatory step before project closure to have a meeting of all project contributors to identify knowledge assets, contributors who will create these assets and reviewers who will certify that the asset is ready for upload into the system. Knowledge assets are usually overviews of new technologies, specific technical problems, reusable code, domain knowledge, unanticipated problems and strategies for managing them, etc. It is also mandatory at the start of the project to make a list of required information and their sources, the logical starting point for which is the knowledge management system. Key learning's that are broad enough to be applicable in future projects are institutionalized by including them in relevant checklists and



review procedures. Knowledge sharing sessions are held at regular intervals for dissemination of learning.

Risk Management

The risk management process at Prithvi is an adaptation of the risk management process recommended in SEI's Capability Maturity Model.

Client engagements come with generic as well as engagement-specific risks. Generic risks, which are usually organization-wide, are assessed and addressed in periodic reviews and mitigation strategies are prepared. Regular project management processes are modified to implement these mitigation strategies.

Engagement-specific risks are identified at the start of the engagement in a risk control exercise organized by the Quality Advisor for the engagement. The exercise involves key people in deliver as well as client representatives. The Quality Advisor prepares a detailed mitigation plan obtains a sign-off from the client.

Business Continuity

Business disruptions—whether the result of natural disasters, technology failures or criminal acts—can threaten the very survival of a company. Such disruptions cannot always be predicted or prevented, but sound planning can dramatically reduce the damage they cause.

Business continuity plans, which describe the process of disaster recovery, are used in concert with Prithvi's financial planning and corporate governance systems.

Prithvi's business continuity planning is implemented at two levels depending on the severity of the disruption.

Level 1: Localized disruption, partially affecting a functioning of a facility or the organization. Examples: Workplace accident, security breach, minor power or telecom outage, strikes, etc.

Level 2: Disruption partially affecting a complete facility or impacting the entire organization. Examples: Severe weather conditions, significant property damage due to earthquake or fire, major power or telecom outage.

As soon as a disruptive event is reported, the designated members of the Crisis Management team execute the business continuity plan for the corresponding level. Business continuity plans provide clear, concise directions for action at every level along with prioritization of vulnerabilities.

Infrastructure:

Prithvi has in place arrangements with backup service providers for telecom and internet services Backup services for the software and hardware are provided by Prithvi personnel internally. Prithvi retains adequate buffer office space and bench manpower strength at various delivery locations in India and the US to be able to transition activities from affected facilities. Prithvi will enter into contracts with commercial Hot Site providers to meet future requirements. A Hot Site is a fully equipped, operationally ready data centre offering specific hardware platforms ready for almost immediate use when the service provider is notified of a disaster.

Data:

Routine daily back ups of data are taken and stored at in-site and off-site locations. Prithvi also uses techniques like Electronic Vaulting, Shadowing and Remote Mirroring to eliminate the possibility of loss of critical data.

Information Security

- Prithvi recognizes the need to have a competent information security mechanism in place. Prithvi periodically reviews and addresses information security issues as a part of its risk management exercise. Some of the techniques used in meeting Prithvi's information security needs are:
- Physical security of work locations and access control
- Electronic restrictions on access to data except on a need-to-know basis
- Formulation of appropriate business policies with respect to sensitive customer data and inculcation of these policies into employees.
- Electronic isolation of key data and password policies
- Electronic surveillance of traffic
- Periodic vulnerability testing of network by dedicated teams



- Prithvi is considering assessment and certification of its information security policies and processes under BS7799 guidelines.

COMPETITOR INFORMATION:

The Indian IT services industry comprises a diverse group of companies-large, billion dollar global companies and small start-ups, Indian companies and multinationals. Growth rates across companies are quite varied.

Tier 1 companies (i.e. the top 5 firms) account for about 44 percent of total software exports; and have benefited largely due to the increasing offshore momentum and their strong execution capabilities besides the size and depth of their skill pool and client relationships.

Tier 2 companies (with revenues of between INR 1 billion and INR 10 billion) account for about 16 percent of the industry. Their growth has been restrained (compared with Tier-1 players) primarily due to dependence on a limited set of clients, verticals or services. Hence, their growth (and movement into Tier 1) is likely to be driven by efforts to broaden their services.

MNC captives account for about 31 percent of the industry with an increasing amount of their software development and design work being done at their captive centres in India.

Focused players (about 3-4 percent of the industry) include players with a focus on a particular domain/service line/products, who are facing the challenge of cutbacks in key markets such as telecom, and managing to diversify their offerings

Small players, with revenues of less than INR 1 billion, account for 5-6 percent of the market. In order to augment their revenues these companies could attempt to focus on specific niches in either services or verticals.

(*Source: Nasscom)

We face competition from 2nd tier IT Software Development Companies in India such as I-Gate Limited, Mastek, Hexaware Ltd., etc. and various other US based Solution Providers.

COMPETITIVE STRENGTHS OF PRITHVI Our key competitive advantage lies in our top management team. The entire management team has considerable experience in the IT industry. The top management team has allocated the responsibilities according to their strengths and is focused on building a professional organization to sustain the explosive growth. The organization structure is broad based with adequate authority and responsibility and ensures optimum utilization of skills and resources. The operations and marketing team work in sync with each other on every marketing proposal and client and deliver comfort and service of the best quality to the client.

STRATEGY FOR GROWTH

We have positioned ourselves to maintain and enhance our position in the respective domains we have presence in. We intend to grow in a balanced phase by consolidating our strengths and improving our existing facilities. The future business model covering the period up to 2005 revolved around the following ideologies:

Achieve critical size: We believe that achieving a significant mass and momentum is very critical to long-term survival and growth. We will leverage on our strong presence in the US market to increase our client base there.

Partnership with clients: Leverage on strong marketing and client base to build critical size. Follow the 'Toehold, foothold and household' strategy to increase its revenues and deepen relationships with clients.

Multi Domain and Technology presence: We believe in having the ability to deliver solutions across domains and technologies and de-risking the revenue stream.

Cost effective solutions and margins improvement: We believe in delivering cost effective quality solutions. We will increase the offshore component in our assignments steadily and significantly and build flexible frameworks, which will enable us to deliver cost effective quality solutions and improve margins. We propose to expand our offshore software and technology development facilities at Hyderabad so as to deliver cost effective solutions and improve margins there of.

Stay ahead of competition: We propose to tap virgin sectors like biotechnology and e-Governance to stay ahead of competition. We have sent one of our senior persons to the Carnegie Mellon University to co-develop some solutions for the biotechnology sector. We have built a good presence in the US government sector following the successful completion of our assignments with the States of Ohio. E-Governance has not been tapped by many Indian IT companies, which we intend to leverage. We will in turn expand our range of e-governance solutions.



AWARDS AND RECOGNITION

- Prithvi was ranked as the 6th largest Exporter in State of AP for the year 2001-02 (as per STPI website, 2001-02; www.stpi.soft.net).
- Prithvi was ranked as the 19th largest Exporter in India for the year 2002-03 (as per STPI website, 2002 –03; www.stpi.soft.net).
- Prithvi was ranked as the 306th largest company in the unlisted category (in terms of revenue) by Business Standard for the year 2001-02 (Business Standard Web Site; <http://www.business-standard.com>)
- Prithvi was ranked as the 190th largest company in the unlisted category (in terms of revenue) by Business Standard for the year 2002-03. (Business Standard Web Site; <http://www.business-standard.com>)
- Awarded Business Initiative Directions Quality Summit Award for Excellence and Business prestige in Gold Category for the year 2003, by BID (Business Initiative Directions), Spain.
- Prithvi has been voted as one of the top 10 software companies in Western Pittsburgh by Pittsburgh Technology Council, USA.



BRIEF HISTORY OF THE COMPANY AND OTHER CORPORATE MATTERS

About the Company

Prithvi Information Solutions Limited incorporated as Prithvi Information Solutions Private Limited on July 24, 1998 under the Companies Act, 1956 with its registered office in Flat No. 5, Jamuna Apartments, Somajiguda, Hyderabad- 500 083 Hyderabad, Andhra Pradesh. Subsequently, the Company converted into Public Limited Company on April 10, 2000 vide certificate of Incorporation dated April 27, 2000 issued by Registrar of Companies, Hyderabad, Andhra Pradesh.

Prithvi started its business in 1998 with outsourcing contracts for offshore software development and has, over the years, evolved into an outsourcing service provider with a number of services that meet most of its client's outsourcing needs. Prithvi is now a global provider of customized solutions and software services to clients in USA. It was promoted in 1998 by Ms. V. Madhavi (based in Pittsburgh) and Mr. V. Satish Kumar (based in India). Prithvi provides software solutions across a host of technologies and platforms.

Major events in the history of the Company are given below:

| Year | Major event |
|------|--|
| 1998 | <ul style="list-style-type: none"> Company was founded with offshore development contract from Merrill Lynch worth 10,000 US \$ |
| 1999 | <ul style="list-style-type: none"> Achieved Rs.1Crore in revenues |
| 2000 | <ul style="list-style-type: none"> Ranked amongst the top 50 IT companies in Andhra Pradesh. (as per APIT website, 2000; www.ap-it.com) Converted into Public Limited Company |
| 2001 | <ul style="list-style-type: none"> Ranked as the 6th Largest IT / Software Exporter in State of AP for the year (as per STPI website, 2001-02; www.stpi.soft.net). Achieved Rs.100 Crores in revenue. Received first order for development of software from the State of Ohio. |
| 2002 | <ul style="list-style-type: none"> ISO 9001:2000 certification Ranked by Business Standard as the 306th largest company in India in the unlisted category based on revenues. |
| 2003 | <ul style="list-style-type: none"> Awarded Business Initiative Directions Quality Summit Award for Excellence and Business prestige in Gold Category for the year, Spain. Ranked by STPI as the 19th Largest IT / software exporter in India (STPI Website: (as per STPI website, 2002-03; www.stpi.soft.net/). Micro Strategy Achieved Rs. 200 Crores in revenues. Ranked by Business Standard as the 190th largest company in India in the unlisted category based on revenues. |
| 2005 | <ul style="list-style-type: none"> Experienced exponential revenues growth from \$1MM in 2000 to about \$69MM Achieved Rs.300 Crores in revenues. |

Main objects of the Company:

To carry on the business to develop, import, export and deal in Computer Software & Hardware, establish and run data processing and computer centres and to offer consultancy and data processing, to provide consultancy and contractual services and other services that are normally offered by data processing and computer centres to individuals and business organisations and other type of customers.

To carry on the business in manufacturing, developing, improving, maintaining, servicing, buying, selling, importing, exporting, exchanging and otherwise deal in all kinds of power supplies of general or any customised specifications and all kinds of computer and micro processors based systems, their parts, components and systems, computer hardware and accessories, and related equipment, Printed Circuit Board, Mother Board, computerized magnetic tapes, magnet drums, magnetic discs, magnetic cards, magnetic core, magnetic tools and buy, sell or other wise deal in all kinds of computer



hardware, software, their programs and accessories including security systems, diagnosis to set up training institution and consultancy in computer and allied fields.

To carry on the business in floating, promoting, form subsidiary and assist company, body corporate, firm, association, society or any other organisation for the prosecuting or execution or undertaking works, projects or enterprises or any description and in connection therewith to prepare complete schemes, plans, designs, drawings and estimates for factories, plants, information solutions and services and to take jobs for design, manufacture, supply, erection and commission of plants, hardware, software and equipment on a turnkey basis

To carry on the business of R & D in the field of computer software, hardware and allied items, office, industry and domestic automation equipment; robotics; development of new product lines; and to use the technologies so developed for industrial and commercial in India and abroad and to give franchises; right to use our Technologies, R & D; plants and equipment; for commercial exploitations to other person parties and receive royalties, fees, considerations for the same in India and abroad.

To carry on the business or vocation of acting as advisers and consultants on all matters and problems relating to the Technical industries, civil, administration, finance and organisation, management, commencement or expansion of industry, purchasing techniques and business (including construction of plants and buildings), production, purchases, sales, material and cost control, marketing, advertisement, publicity, personnel, export and import to and for institutions, concerns, bodies, associations (incorporated or unincorporated), departments and services of the Government, public or local authorities, trusts, scientific research and development centres, and to be appointed as technical, financial, industrial administration, civil consultants.

Change of address of the Registered office of the Company (since incorporation)

| Date of Change | Resolution approving change | Address |
|-----------------------|------------------------------------|---|
| July 24, 1998 | As on date of the Incorporation | Flat No. 5, Jamuna Apartments, Somajiguda, Hyderabad- 500 083 |
| June 23, 2001 | Board resolution | 7004, 7005, 7012, Emerald House, S.D. Road, Secunderabad 500 003. |
| June 01, 2005 | Board Resolution | 10Q3-A1, 10th floor, Cyber Towers, Hitech City, Madhapur, Hyderabad 500 081 |

Changes in Memorandum and Articles of Association of the Company

Since incorporation of the Company, the following changes have been made to the Memorandum of Association:

| Date of Change | Particulars of changes |
|-----------------------|---|
| 09.04.1999 | Increase of Authorised Capital from Rs. 15 lacs to Rs.30 lacs |
| 08.04.2000 | Increase of Authorised Capital from Rs. 30 lacs to Rs.100 Lacs |
| 10.04.2000 | Conversion from Private Limited to Public Limited |
| 10.06.2000 | Increase of Authorised Capital from Rs.100 Lacs to Rs. 300 lacs |
| 25.09.2000 | Increase of Authorised Capital from Rs.300 lacs to Rs. 1100 lacs |
| 23.07.2001 | Inclusion of Articles 31A, 31B, 31C and 31D in respect of Buyback of Shares, Issue of Sweat Equity Shares, Dematerialisation of Securities and Nomination of Shares respectively. |
| 25.03.2005 | Increase of Authorised Capital from Rs.1100 lacs to Rs. 1800 lacs Amendment of Article 79 a with regard to Seal of the Company |
| 30.06.2005 | Increase of Authorised Capital from Rs.1800 lacs to Rs. 2000 lacs |



MATERIAL CONTRACTS, STRATEGIC PARTNERS, FINANCIAL PARTNERS:**Share Purchase Agreement between the Company and Ms. V. Madhavi:**

The Company has entered into a Share Purchase Agreement dated August 10 2005, with Ms V. Madhavi wherein the Company has agreed to acquire the entire shareholding, comprising of 1 share, in Prithvi Information Solutions International LLC ("Prithvi LLC") from Ms. V. Madhavi. The salient terms and conditions of this Agreement are as follows:

- Ms. V. Madhavi agrees to sell her 100% equity stake in M/s Prithvi Information Solutions International LLC to the Company at consideration of US\$ 2,179,680.
- Ms. V. Madhavi agrees to transfer shares to the Company and confirms that she has a clear and marketable title on the said shares on transfer. Ms. V. Madhavi agrees to relinquish and transfer all the rights, title and interest and the same shall vest on the Company.
- The sale, the purchase and the transfer of the said shares must be in compliance with the provisions of the applicability laws of USA.
- Ms. V. Madhavi also agrees to execute in favour of the Company the proxy forms / authorization letter in connection to general meeting.
- Ms. V. Madhavi undertakes and binds herself not to engage in any business, which is similar or even distinctly similar to the business or objects being carried out by M/s Prithvi Information Solutions International LLC.

The Company proposes to acquire the said shares prior to 31st March 2006, Pursuant to the acquisition, Prithvi LLC would become a wholly owned subsidiary of the Company.

Investment Agreement between Opulent Venture Capital Trust and the Company and Ms. V Madhavi and Mr. V. Satish Kumar:

An Investment Agreement has been entered into between Opulent Venture Capital Trust ("VC Investor"), the Company and Ms. V Madhavi and Mr. V. Satish Kumar ("Promoters") dated June 22, 2005 wherein the VC Investor has agreed to subscribe to 2,00,000 equity shares of the Company for cash at a premium of Rs. 65 per share, aggregating to Rs. 1,50,00,000. The salient terms and conditions of the agreement are as follows:

- The Promoters and the Company undertake to keep informed the VC Investor at all times, including after the IPO, on issues which are likely to affect the value of the VC Investors' shareholding. Without prejudice to the foregoing, it is agreed that the VC Investors' consent shall be required by the Company and the Promoters at every general meeting of the shareholders for:
- The issue of any Ordinary Shares at such a price which is lower than the price at which ordinary shares have been allotted to the VC Investor except allotment of shares to the promoters of the company to the tune of Rs.12.50 lacs;
- The disposal, transfer, merger on acquisition of any part of the business into either a separate company, a subsidiary or to any other person;
- Any guarantee or comfort letter issued by the Company and provided for the Promoters own account or in favour of any other person other than the guarantee given in the ordinary course of business in favour of banks/institutions etc.;
- Any transfer of shares by Promoters and their Affiliates which would reduce promoters shareholding before IPO below 51%;
- Any alteration to the rights of any class of shares;
- Ceasing or proposing to cease to carry on the business of the Company or taking any steps to wind up the Company;
- Any liquidation or dissolution of the Company.

The consideration is to be utilised to expand the Company's business operations, establishment of infrastructure and own permanent campus.



MANAGEMENT AND ORGANISATION

The Board of Directors constitute of the following Directors:

1. Ms. V. Madhavi – Chairperson and Wholetime Director
2. Mr. V. Satish Kumar – Managing Director
3. Mr. G. Srikanth Reddy – Wholetime Director
4. Dr. S.P. Narang – Non- Executive Independent, Additional Director
5. Mr. Omkar S. Bhongir – Non- Executive Independent, AdditionalDirector
6. Mr. PVR Rajendra Prasad - Non- Executive Independent, AdditionalDirector

The overall management of the Company is vested in the Board of Directors. Mr. V Satish Kumar, Managing Director of the Company, under the guidance and supervision of the Board, manages the affairs of the Company. Given that Ms. V Madhavi and Mr. Srikanth Reddy manage the overseas operations of the Company, Mr. Ramesh Kumar and Ms. V Shilpa have been appointed as alternate directors for Mr Reddy and Ms. V. Madhavi respectively.

As per the Articles of Association, the Company shall have not less than three and not more than twelve Directors unless otherwise determined by the members at a General Meeting.

Board of Directors as on the date of this Red Herring Prospectus are as follows:

| S No. | Name, Designation, Qualification, Address, Occupation, Term, Date of birth (DOB) and Age. | Other Directorships |
|-------|--|--|
| 1. | <i>Ms. V. Madhavi, Chairperson And Wholetime Director</i> D/o V V Rama Rao Plot No.96, Chikoti Gardens Begumpet, Hyderabad – 500016 Service Tenure: Re-appointed with effect from September 1, 2005 for a period of 5 years as Chairperson and Whole Time Director. DOB: 23.03.72 Age: 33 Yrs | Prithvi Information Solutions LLC |
| 2. | <i>V Satish Kumar, Managing Director</i> S/o V V Rama Rao Plot No.96, Chikoti Gardens Begumpet, Hyderabad – 500016 Service Tenure: Re-appointed on April 1, 2005 for a period of 5 years as Managing Director DOB: 15.07.1975 Age: 30 Yrs | Origin Management Consultants Pvt. Ltd |
| 3. | <i>G Srikanth Reddy,wholetime Director</i> S/o. G Narasimha Reddy 1-9-295/30 Vidyanagar Hyderabad Service Tenure : Appointed on June 1, 2005 for a period of 5 years as Whole Time Director DOB: 09.10.75 Age: 29 Yrs | None |



| S No. | Name, Designation, Qualification, Address, Occupation, Term, Date of birth (DOB) and Age. | Other Directorships |
|-------|---|---|
| 4. | S P Narang, Additional Director S/o R S Narang J-11, Tara Apartments Alakhnanda New Delhi 110019 Tenure: Appointed on June 30, 2005 DOB 01.01.43 Age: 62 Yrs | JCT Limited Independent Director DSE Financial Services Ltd. Public Representative appointed by SEBI |
| 5. | Mr. Omkar S. Bhongir, Additional Director S/o B Kashiah 2881, Montairway Union City California USA 94587 Tenure: Appointed on June 30, 2005 DOB 03.04.68 Age: 37 Yrs | None |
| 6. | Mr. PVR Rajendra Prasad, Additional Director S/o Rama Shastry P.V Flat No. 504, 5th floor Violet Block My Home Rainbow Apartments Near Jubilee Hills Toli Chowki Hyderabad 500 073 Tenure: Appointed on July 28, 2005 DOB 29.02.64 Age: 41 Yrs | PnP Consulting Private Limited |
| 7. | K Ramesh Kumar, Alternate Director to Mr. G. Srikanth Reddy. S/o Mr. Narayan Reddy H.No.8-3-167/D/218/A, Kalyan Nagar, Behind Vengal Rao Nagar, Hyderabad Tenure : Appointed on March 1, 2003 DOB: 03.01.64 Age: 41 Yrs | Ravi Industries – Managing Director |
| 8. | V Shilpa, Alternate Director to Ms. V. Madhavi. D/o B P Rang Rao Plot No.96, Chikoti Gardens Begumpet Hyderabad - 16 Tenure: Appointed on April 19, 2005 DOB: 22.02.79 Age: 26 Yrs | None |



BRIEF PROFILE OF THE DIRECTORS

Ms. V. Madhavi, aged 33 years, is based in the US and holds an M.S. in Computational Mechanics from Carnegie Mellon University, Pittsburgh, USA and a Bachelor in Engineering (May '93) from Osmania University, Hyderabad, India. V. Madhavi has extensive work experience with various organizations in USA like Alcoa Technical Centre, Management Science Associates, KCS Computer Services Inc., Gateway Resources Inc. She, with her excellent marketing skills, has managed to increase Prithvi's clientele from a mere 3 in FY 1999 to over 85 clients in a span of seven years. She is also heading an overseas associate Company, M/s Prithvi Information Solutions LLC, Pittsburgh as President.

Mr. V Satish Kumar, aged 30 years, has studied a B.E in Engineering (May '98) from Osmania University, Hyderabad, India. He has worked on a project for Pipeline design for power plants with BHEL and for software solutions for automatic signalling on railway tracks conducted at IRISSET (Technical institute of South Central Railways).

Mr. G. Srikanth Reddy, aged 29 years, has studied BE (May '98) from Osmania University, Hyderabad, India. Srikanth worked with South Central Railways in India before joining Prithvi. Srikanth has been elevated to the position of Director of Prithvi and is presently handling the US operations and in charge of the Indian offshore technical team and those onsite.

Mr. S P Narang aged 62 years, is a Professor of Management and Executive Director of Apeejay Institute of Technology, Greater Noida. Before joining this institute, he was a Professor of Management & Law, after his Superannuation as the CEO of the Institute of Company Secretaries of India, New Delhi, for about 10 years. He is a Post Graduate in Commerce and holds Law Degree and has done Doctorate in the Financial Management stream. He is a Fellow Member of the Institute of Company Secretaries of India, and also a Fellow Member of All India Management Association. He has also been providing consultancy in the field of financial management, corporate restructuring and corporate laws for the last over 20 years. He is closely associated with the functioning of corporate sector, capital markets and several Educational and Research Institutions of national/international importance. He is closely Associated in various committees, of Department of Company Affairs, Government of India and SEBI. He is also associated with the various Chambers of Commerce like FICCI & ASSOCHAM.

Mr. Omkar Bhongir, aged 37 Years, is a graduate from Birla Institute of Technology and Sciences from Pilani, He has over 15 years experience in the IT Industry. Mr. Omkar had worked in Tata Consultancy Services between 1990-95 and is presently working in Sybase as Sr. Vice President. He was several years of experience in Sales and Strategy in Software Products and Services.

Mr. PVR Rajendra Prasad, aged 41 years, is a chartered accountant. He has 18 years of experience in the area of exchange control laws in India and has provided comprehensive consultation on inbound and outbound investments with respect to Indian exchange control laws. He has written and presented numerous papers before the Institute of Chartered Accountants of India and at various other seminars, including seminars organized by the Government of Singapore. He is a member of the Institute of Chartered Accountants of India, the Company Law Committee and NRI Investment Promotion Committee of the Federation of Andhra Pradesh Chambers of Commerce and Industry and Convenor of the Foreign Exchange Management Act, study circle group of the Institute of Chartered Accountants of India.

Details of borrowing powers:

As per the Articles of Association, the Company has the power to borrow from any persons and secure the payment of any sum or sums of money for the purpose of the Company and the Directors of the Company have been vested with the power to exercise such right in the manner they deem fit, in compliance with the Act. Presently, the Directors are authorised to raise monies not exceeding Rs. 10,000 Lacs.

The Directors may elect one of their body to the office of the Chairman of the Board of Directors, and the Director so elected as Chairman shall hold office for a period of Five years subject to the pleasure of the Board and subject to his continuing as a Director and he shall preside over all the meetings of the Board and the General Meetings during tenure of office. One third of the Directors shall retire at every Annual General Meeting by rotation. If this number is not three or a multiple of three then a number of Directors nearest thereto shall retire. A retiring Director shall be eligible to seek re-election



Compensation of Directors and Term of Office:

The Company has entered into Employment Agreements with three of its executive directors, Ms. V Madhavi, Mr. V. Satish Kumar and Mr. Srikanth Reddy. The salient terms and conditions of their employment agreement are as follows:

1. **Mr. V. Satish, Managing Director:** In terms of the Employment Agreement dated May 28, 2005, Mr. V Satish has been appointed on the following terms and conditions:

Appointment

For a period of five Years from April 1, 2005

Salary

Basic Salary: Rs. 500,000 per month

Commission

Payable for each FY, up to 1% of net profits of the Company for that year,.

PF and Other Statutory Contributions

Contribution to PF / Superannuation as per the rules of the Company not exceeding 25% of Salary is eligible for this purpose.

Perquisites

- a) House Rent Allowance
- b) Reimbursement of gas, electricity and water expenses, at actual
- c) Reimbursement of Medical expenses, at actual, for himself and his family
- d) Leave Travel Allowance on actual basis
- e) Reimbursement of Entertainment Expenses on actual as incurred in the course of legitimate business of the Company
- f) Personal Accident Policy as permissible under the provisions of the Companies Act
- g) Earned / privilege leave not exceeding one month's leave for every 11 months of services. However, leave can be encashed at the end of tenure, which will not be included in calculation of overall limits.
- h) Membership to two clubs provided that the admission fee and / or life subscription shall not be borne by the Company.

The total amount of perquisites shall not exceed an amount equal to the basic salary in a year.

Minimum Remuneration

Where in any FY, the Company has no profit or its profits are inadequate, the Company will pay the above mentioned salary and perquisites as the minimum remuneration.

2. **Ms. V. Madhavi, Chairperson and Whole Time Director:** In terms of the Employment Agreement dated May 28, 2005, Mr. V Madhavi has been appointed on the following:

Appointment

For a period of five Years from September 1, 2000

Salary

USD 15,000 per month

Commission

As may be fixed by the Board of Directors from time to time.

PF and Other Statutory Contributions

Contribution to PF / Superannuation as per the rules of the Company.



Perquisites

- a) 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 Rule, at actual cost. However the following shall not be treated as perquisites.
- b) Use of company car for official purposes and telephone at residence (including local calls and long distance official calls).
- c) Encashment of un-availed leave as per the Rules of the Company at the time of retirement / cessation of services.

The Company has obtained approval from the Ministry of Law, Justice & Company Affairs dated 4th April 2002, inter alia, approving Ms. V. Madhavi's appointment as a Whole-time director of the Company, w.e.f. September 1, 2000 for a period of 5 years at a managerial remuneration limited to Rs. 5,00,000/- per month (all inclusive).

The Company has made an application dated September 21, 2005 with the Ministry of Law, Justice & Company Affairs seeking approval for the payment of the aforesaid remuneration.

3. **Mr. G Srikanth Reddy, Whole Time Director:** In terms of the Employment Agreement dated May 28, 2005, Mr. V Srikanth Reddy has been appointed on the following:

Appointment

For a period of five Years from 1st June, 2005

Salary

US \$ 10000 (United State Dollars Ten Thousand only) per month

Commission

Payable for each FY, up to 1% of net profits of the Company for that year.

PF and Other Statutory Contributions

Contribution to PF / Superannuation as per the rules of the Company not exceeding 25% of the salary.

Perquisites

- a. House Rent Allowance
- b. Reimbursement of gas, electricity and water expenses, at actual
- c. Reimbursement of Medical expenses , at actual, for himself and his family
- d. Leave Travel Allowance on actual basis
- e. Reimbursement of Entertainment Expenses on actual as incurred in the course of legitimate business of the Company
- f. Personal Accident Policy as permissible under the provisions of the Companies Act
- g. Earned / privilege leave not exceeding one month's leave for every 11 months of services. However, leave can be encashed at the end of tenure which will not be included in calculation of overall limits.
- h. Membership to two clubs, provided that the admission fee and / or life subscription shall not be borne by the Company.

The total amount of perquisites shall not exceed an amount equal to the basic salary in a year.

Minimum Remuneration

Where in any FY, the Company has no profit or its profits are inadequate, the Company will pay the above mentioned salary and perquisites as the minimum remuneration.

The Company has made an application dated September 23, 2005 with the Ministry of Law, Justice & Company Affairs seeking approval for the payment of the aforesaid remuneration.



CORPORATE GOVERNANCE:

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We intend to comply with such provisions, including with respect to the appointment of independent Directors to our Board and the constitution of the Investor Grievances Committee. We undertake to adopt the Corporate Governance Code in accordance with Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to obtaining the in-principle approval of the Stock Exchanges.

The company has complied with SEBI guidelines in respect of Corporate Governance, especially with respect to broad basing of Board, constituting the committees such as shareholding/investor grievance committee, etc. The chairperson of Prithvi being an executive director, the board of director comprises of 50% of independent directors in compliance with corporate governance provisions. The board of directors comprises of 6 directors of which 3 are independent directors.

COMPANY'S PHILOSOPHY

The Company continues to emphasize on its philosophy of achieving corporate goals through good corporate governance practices. Its belief is that such a philosophy can enable the Company to serve its stakeholders - customers, vendors and shareholders - better, and enhance value through greater transparency, accountability and integrity. The Company believes in the principles of responsibility and commitment, which ensure a better relationship with shareholders, customers, the government, lenders and the community at large. It also provides stability to the expectations of various associate groups mentioned earlier. Its aim is to be progressive and trustworthy in all its transactions with stakeholders and customers alike. The Company has duly implemented all relevant provisions of the corporate governance guidelines as suggested by SEBI.

Prithvi's reliance and belief in corporate governance principles are based on the commitment to enrich itself with the best management practices and to fulfill its vision with the attainment of the highest levels of fidelity, accountability and transparency.

The details of committees constituted as per the provision of Clause 49 of the Listing Agreements are as under:

Audit Committee

The Audit Committee was constituted on May 10, 2001. Presently, the Audit Committee comprises of four members, Mr. Rajendra Prasad, Mr. Omkar Bhongir, Dr. S.P Narang and Mr. V Satish Kumar. Mr Rajendra Prasad is the Chairman of the Audit Committee. The Audit Committee has held 13 meetings since constitution and 2 meeting in the FY 2005-2006.

The purposes for which the committee was constituted and the general business transacted by the committee was as follows:

- i) To have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board of Directors.
- ii) To review the Company's systems of internal control and to ensure that adequate system of internal audit exists and is functioning.
- iii) To investigate into any matter as may be referred to it by the Board of Directors
- iv) To recommend the appointment of internal auditors and statutory auditors
- v) To establish accounting policies
- vi) To review officer's expense accounts
- vii) To review and approve signatories to various bank accounts
- viii) To provide the company's statutory auditors and internal auditors with the normal and easy access to the Board of Directors
- ix) To serve as an informed voice on the Board of Directors in support of the financial and accounting departments of the Company
- x) Other functions as may be assigned by the Board of Directors and applicable statutory enactment.

Quorum: The quorum for the committee meeting shall be the presence of any two of the members.



Chairman: In the absence of the Chairman of the audit committee from the meeting, the members of the Audit Committee shall elect one of its members as the Chairman of that Committee Meeting.

Decisions of the Committee: Decisions at the committee meetings shall be by a majority of the votes of members present at the meeting and in the event of equality of votes, the chairman shall have a second or casting vote.

Share Transfer and Shareholders/ Investors Grievance Committee

The Share Transfer and Shareholders / Investors Grievance Committee was constituted on April 19, 2005 and comprises of four members, Mr. Rajendra Prasad, Dr. S.P Narang, Mr. V Satish Kumar and Mrs. V Shilpa. Mr Rajendra Prasad is the Chairman of this Committee. The Committee has held 7 meetings till date.

The purposes for which the committee was constituted and the general business transacted by the committee was as follows:

1. To accept the Share Applications along with share application money
2. To reject to the share applications as may be deem fit and proper
3. To allot the shares as may be deemed fit and proper.
4. To affix common seal of the Company on the Share Certificates in presence of Mr. V Satish Kumar, Managing Director and Ms. V Madhavi by engraving their facsimile signatures on the share certificates.
5. The share certificates should be duly stamped as per respective state stamp Act.
6. The share certificate should be autographically signed by either Mr. P S Shastry, Chief Finance Officer or by Mr. R Srinivas, Asst. Company Secretary or such other official as may be authorized by the Share Allotment, Transfer and Investors Grievances Committee from time to time.
7. To do all works relating to registration of transfer, transmission, consolidation, split and issue of duplicate shares of the Company and also authorized to do all necessary works relating to equity shares of the company subject to the provisions of the various enactments.
8. To do all necessary things as may be required from time to time under the Companies Act, 1956 and other related enactments."

Quorum: The quorum for the committee meeting shall be the presence of any two of the members.

During the year, all complaints and/or grievances as received from the investors were promptly responded to and satisfactorily replied.

Remuneration Committee

The Remuneration Committee was constituted on July 28, 2005. The Remuneration Committee comprises of four members, Mr. Rajendra Prasad, Mr. Omkar Bhongir, Dr. S.P Narang and Mr. V Satish Kumar. Mr Rajendra Prasad is the Chairman of the Remuneration Committee.

1. The purposes for which the 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.

Shareholding of Directors

Directors' share holding as on date is as follows:

| Name of the Directors | No. of Shares | % age of the share capital |
|------------------------------|----------------------|-----------------------------------|
| Mr. V Satish Kumar | 3,386,934 | 25.90 |
| Ms. V Madhavi | 2,133,267 | 16.31 |
| G Srikanth Reddy | 28,273 | 0.22 |

For details regarding Equity Shares held by the promoters and their families and entities controlled by them, please refer "Capital Structure of the Company" on page 29 of this Red Herring Prospectus.

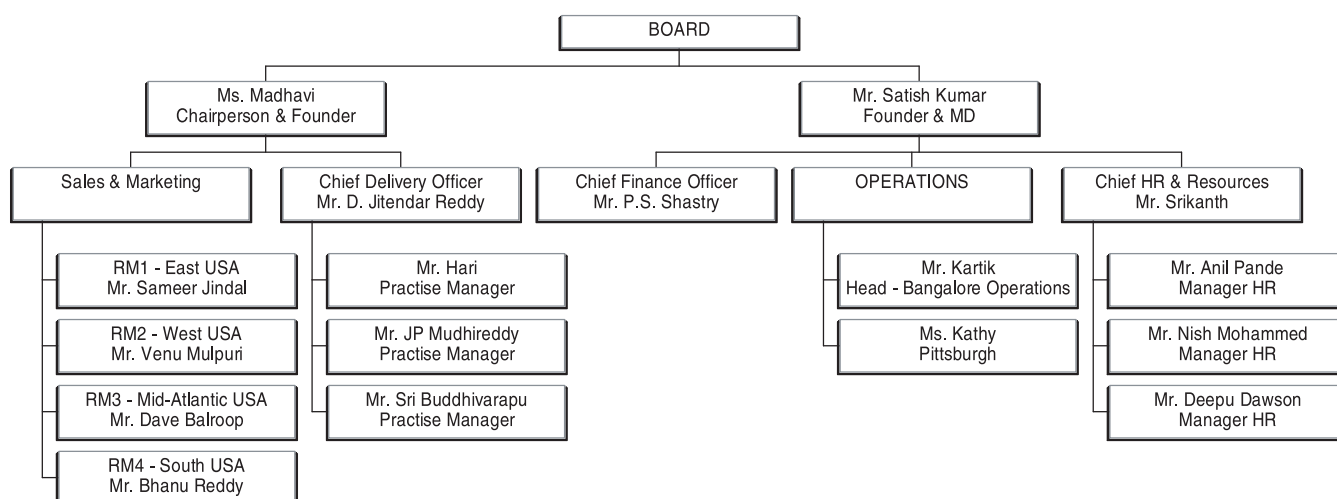


Changes in the Board of Directors in the last three years are as follows:

| Name | Date of Appointment | Date of Cessation | Reasons |
|-----------------------------|---------------------|-------------------|----------|
| Mr. Prakash Chandra Shrimal | May 10, 2001 | February 14, 2005 | Resigned |
| Dr. S.P. Narang | June 30, 2005 | Appointment | |
| Mr. Omkar S. Bhongir | June 30, 2005 | Appointment | |
| Mr. PVR Rajendra Prasad | July 28, 2005 | Appointment | |

MANAGEMENT ORGANISATION STRUCTURE

ORGANIZATION CHART



[Note: RM refers to Regional Manager]

KEY MANAGERIAL PERSONNEL

1. Ms. V. Madhavi, Chairperson and Whole Time Director

Ms. V. Madhavi, aged 33 years, has studied an M.S. in Computational Mechanics (September 1994) from Carnegie Mellon University, Pittsburgh, USA and a B.E in Engineering (May 1993) from Osmania University, Hyderabad, India.

Ms. V Madhavi has worked in organizations in the USA like Alcoa Technical Centre, Management Science Associates, KCS Computer Services Inc., Gateway Resources Inc. (Client: Westinghouse Communications), Kossman Development Company. Before starting Prithvi, V. Madhavi was Director – Operations at Gateway Resources Inc.,

2. Mr. V Satish Kumar, Managing Director

Mr. V. Satish Kumar, aged 30 years, has studied a B.E in Engineering (May '98) from Osmania University, Hyderabad, India. He is brother to Ms V Madhavi. He has worked on a project for Pipeline design for power plants with BHEL and for software solutions for automatic signalling on railway tracks conducted at IRISSET (Technical institute of South Central Railways).

3. Mr. G Srikanth Reddy, Wholetime Director

Mr. Srikanth, aged 28 years, has studied BE (May 1998) from Osmania University, Hyderabad, India. Mr. Srikanth worked with South Central Railways in India before joining Prithvi. Mr. Srikanth has been elevated to the position of Director of Prithvi and is presently handling the US operations and coordinates between the Indian technical team and onsite team.



4. **Mr. P.S. Shastry, Chief Finance Officer & Co. Secretary**

Mr. P.S. Shastry, aged 48 years, is working as Chief Finance Officer & Co. Secretary. He joined in March 2005. His qualifications are - LLB., FCS., ACA. He was previously working with Nagarjuna Group, Karvy Consultants Ltd in Senior Management positions and has total experience about 20 years. He is responsible for Finance & Accounts, Secretarial and Legal. He is entitled to receive a gross salary of Rs. 1,16,700 p.m.

OTHER KEY MANAGERIAL PERSONNEL

1. **Mr. B. Harishanker**, aged 30, is working as Project Manager. He joined in April 2000. He is M.Sc (IT). He has a total experience of 8 years. He is responsible for Application Development and Product Development. In fiscal 2005, he received an annual remuneration of Rs.3,50,000/-
2. **Mr. Deepu Dawson**, aged 31, is working as Manpower Consultant. He Joined in December,2002. He is MBA-HR from Osmania University. He was previously working with RPG and has a total experience of 10 years. He is responsible for Global Manpower Allocation and Recruitment. In fiscal 2005, he received an annual remuneration of Rs.1,92,000/-
3. **Mr. Kartik Sarwade**, aged 32, is working as Chief Operations Officer. He joined in April, 2002. His qualifications are B Tech from IIT, Kharagpur, PGDM. He was previously working with Infosys and has total experience of 9 years. He is responsible for Sales – Production. In fiscal 2005, he received an annual remuneration of Rs. 5,40,000/-
4. **Mr. Jitendar Reddy**, aged 36, is the Chief Delivery Officer –Projects & Delivery. He joined in March 2000. His qualification is MS, IS, University of Michigan & MBS, University of Michigan. He has a total experience of 16 years. He was previously working with M/s. Computer People. Presently, he heads Practice Management leaders. He is also responsible for all technical proposals submissions. He also works with Microstrategy partnership. In fiscal 2005, he received an annual remuneration of US \$ 1,62,000.
5. **Mr. Nish Mohammed**, aged 30, is working as Practice Manager – RF. He joined in August 2002. He is an MBA from University of MI. He has a total experience of 7 years. He was previously working with M/s. Cap Gemini. He is responsible for Account Management. He also manages 3 other Junior Account Manager. He also manages around 15 clients and Telecom resourcing. In fiscal 2005, he received an annual remuneration of US \$ 75000.
6. **Mr. Anil Pande**, aged 37, is working as Sr. Manager – Recruiting. He joined in November 2002. He is an MBA from University of Pittsburgh. He has a total experience of 13 years. He was previously working with M/s. TCS, Dubai. He heads a recruiting team, comprising of Managers and 3 recruiters. He coordinates with Account Managers on requirements and manages hiring. In fiscal 2005, he received an annual remuneration of US \$84000.
7. **Mr. Dave Balroop**, aged 54, is working as Business Development Manager, Mid-Atlantic. He joined in September 2002. His qualification is MBA, Oxford University. He has a total experience of 25 years. He was previously working with American Mgmt Systems. He is responsible for Business Development and Sales, Mid Atlantic. In fiscal 2005, he received an annual remuneration of US \$162000.
8. **Mr. J.P. Mudhiredy**, aged 31, is working as Practice Manager – ERP. He joined in July 2002. His qualification is MS, Univ. of Texas, Dallas. He has a total experience of 9 years. He was previously working with State of Hawaii. He is responsible for SAP partnership Management, training employees, presales technical proposals, and at times project management. In the fiscal 2005, he received an annual remuneration of US \$ 108000.
9. **Mr. Sameer Jindal**, aged 33, is working as Business Development Mgr, East Coast. He joined in March 2002. His qualification is B.Tech IIT Mumbai, MBA Wharton Business School. He has a total experience of 5 years. He was previously working with Credit Suisse First Boston. He is responsible for Business Development and Sales, East coast. In fiscal 2005, he received an annual remuneration of US \$ 120000.
10. **Venu Mulpuri**, aged 32, is working as Business Development Mgr, West Coast. He joined in September 2001. His qualification is B. Tech, Karnataka University. He has a total experience of 15 years. He was previously working with Deloitte and Touche consulting. He is responsible for Business Development and Sales, West coast he received an annual remuneration of US \$ 120000
11. **Mr. Bhanu Reddy**, aged 33, is working as Business Development Manager, South. He joined in December 2001. His qualification is MS. Univ. of Texas, Austin. He has a total experience of 13 years. He was previously working with Verizon Wireless. He is responsible for Business Development and Sales, South he received an annual remuneration of US \$ 120000.



12. **Mr. Sri Budhavarapu**, aged 32, is working as Practice Manager – Quality. He joined in November, 2003. His qualification is engineering from Osmania University, MS, Univ. of Texas, Dallas. He has a total experience of 7 years. He was previously working with Derex Technologies. He is responsible for QA Testing Services. In fiscal 2005, he received an annual remuneration of US \$ 75000.
13. **Ms. Kathleen Kelley**, aged 50, is working as Manager - HR. She joined in January 2003. Her qualification is B.S Duquesne Univ., Pittsburgh. She has a total experience of 30 years. She was previously working with Zudge Group Miami Florida. She is responsible for any employee requests, immigration filings and other office management. In fiscal, she received an annual remuneration of US \$50000.

All the key management personnel are on the payrolls of the Company as permanent employees.

Shareholding of Key Employees

Mr. Kartik Sarwade holds 223 Equity Shares of the Company.

Changes in Key Managerial Employees during the last year:

Mr. P.S.Shastry was appointed as the Chief Financial Officer and Company Secretary vide board resolution dated May 18, 2005.

Except the above there has been no change in the key Managerial personnel.

INTEREST OF PROMOTERS, DIRECTORS AND KEY MANAGERIAL PERSONNEL

The key managerial employees of the Company, other than the promoters/ directors and Mr. Kartik Sarwade, do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

All Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association. The whole time Directors are interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company. All Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.



Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangement during the preceding two years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.



PROMOTERS AND THEIR BACKGROUND

The Company has been promoted by Mr. V Satish Kumar and Ms. V Madhavi.

1.  **Mr. V Satish Kumar**
Mr. V Satish Kumar, 30, has studied a B.E in Engineering (May '98) from Osmania University, Hyderabad, India. He has worked on a project for Pipeline design for power plants with BHEL and for software solutions for automatic signalling on railway tracks conducted at IRISSET (Technical institute of South Central Railways). (Pan No. ABIPV8487H, Passport No. B3125920)
2.  **Ms. V. Madhavi**
Ms. V. Madhavi, 33, based in the US and holds an M.S. in Computational Mechanics from Carnegie Mellon University, Pittsburgh, USA and a Bachelor in Engineering (May '93) from Osmania University, Hyderabad, India. Ms. V. Madhavi has extensive work experience with various organizations in USA like Alcoa Technical Centre, Management Science Associates, KCS Computer Services Inc., Gateway Resources Inc. She, with her excellent marketing skills, has managed to increase Prithvi's clientele from a mere 3 in FY 1999 to over 85 clients in a span of seven years. She is also heading an overseas associate Company, M/s Prithvi Information Solutions LLC, Pittsburgh as President. (Driving License Number: 24713729, Passport No. A3165574)

We confirm that the Permanent account number, Bank account number and the Passport number of the promoters have been submitted to BSE & NSE at the time of filing the Red Herring Prospectus.

Promoter Group

In terms of 6.8.3.2(m) Explanation II of the DIP Guidelines, the following persons form part of our Promoter Group.

| Name | Relation |
|---------------------------------------|---|
| Ms. V Himabindu | Sister of V Madhavi and V Satish Kumar |
| Prithvi LLC | 100% holding of V. Madhavi |
| Origin Management Consultants Pvt Ltd | 20% holding of V.Satish Kumar (Mr. Satish, Mr. Rajsekhar Reddy, Shailesh Soni are the promoters of the company) |

None of the above mentioned persons have been restrained from accessing the capital market for any reasons by SEBI or any other authorities.

The promoters, their relatives, the company, its group and associate companies are not detained as wilful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Companies of the promoter group/subsidiaries referred to BIFR / under winding up / having negative net worth

There are no companies of the promoter group, which are either referred to BIFR or under winding up or have negative net worth.

Sales or Purchases between companies in the Promoter Group

There have been no sales or purchases between companies in the promoter group exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

Related Party Transactions:

The Company has no transactions with related parties. For more details, refer to Section V on "Financial Information" page 80.

Currency Of Presentation

In this Red Herring Prospectus all references to "Rupees" and "Rs" are to the legal currency of India, all references to "USD" and "\$" are to the legal currency of United States of America. The "USD/ \$" are referred to as "Foreign Currency" in this Red Herring Prospectus.



Dividend Policy

Dividends, other than interim dividends, will be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividends to be paid to our shareholders. Generally, the factors that may be considered by the Board of Directors before making any recommendations for the dividend include, without limitation, our future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also from time to time pay interim dividends to our shareholders. Our company has not declared any dividend in the past 5 years. However the dividend payments in the past is not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future.



SECTION V: FINANCIAL INFORMATION

SUMMARY OF FINANCIAL STATEMENTS (AS RESTATED)

Auditor's Report As required by Part II of Schedule II to The Companies Act, 1956

To,

The Board of Directors

M/s Prithvi Information Solutions Limited
10Q3 A1-10Th floor Cyber Towers
HITEC City
Madhapur
Hyderabad – 500 081

Dear Sirs,

1. We have examined the financial information of Prithvi Information Solutions Limited (the company) annexed to this report, which have been prepared in accordance with the requirements of:
 - a. Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act')
 - b. The Securities and Exchange Board of India (Disclosure and investor protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and
 - c. The terms of reference received from the company, requesting us to carry out work, proposed to be included in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus (hereinafter referred to as "Offer Document") of the Company in connection with its proposed Public Issue (referred to as 'the Issue').
2. The Issue will be for a fresh issue by the company upto Fifty Lacs Equity Shares of Rs 10/- each at such premium, by way of 100% book building process, as may be decided by the Board of Directors.

Financial information as per audited financial statements.

- 3 We have examined the attached restated summary statement of assets and liabilities of the Company as at for the quarter ending June 2005, and for the Year ending March 31, 2005, 2004, 2003, 2002 and 2001 and the attached summary statement of profit and loss and the Cash flow Statement for each of the period/years ended on those dates ('summary statements') (refer annexure I, II and III) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate. Based on our examination of these summary statements, we confirm that:
 - The impact of changes in accounting policies adopted by the company as at for the quarter ending 30th June 2005 and for the Year ending March 31, 2005, 2004, 2003, 2002 and 2001 have been adjusted with retrospective effect in the attached summary statements.
 - The prior period items have been adjusted in the summary statements in the years to which they relate;
 - The extraordinary items, which need to be disclosed separately in the summary statements, are appropriately disclosed; and
 - There are no qualifications in the auditors' reports, which require any adjustments to the summary statements.
- 4 The summary of significant accounting policies adopted by the company together with the notes pertaining to the audited financial statements for the quarter ended 30th June 2005 are enclosed in Annexure IV to this report.

Other financial information

- 5 We have examined the following financial information of the Company proposed to be included in the offer document as approved by you and annexed to this report:
 - a) Details of secured loans as appearing in Annexure V to the report.
 - b) Details of unsecured loans as appearing in Annexure VI to the report.
 - c) Details of sundry debtors as appearing in Annexure VII and VII (a) to the report.



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- d) Details of loans and advances as appearing in Annexure VIII and VIII (a) to the report.
 - e) Details of Related Party Transactions as appearing in Annexure IX.
 - f) Accounting ratios based on the restated profits relating to earnings per share, net asset value and return on net worth is enclosed in Annexure X.
 - g) Capitalization statement as at 30th June 2005 is enclosed in Annexure XI.
 - h) Taxation Statement as Annexure XII.
- 6 In our view, the 'financial information as per audited financial statements' and 'other financial information' mentioned above have been prepared in accordance with part II of Schedule II of the Act and the Guidelines.
- 7 This report is intended solely for your information and for inclusion in the Offer Document in connection with the Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Patwari & Co.,**
Chartered Accountants

Vijay Patwari
Proprietor
M.No: 201653

Dated: August 21, 2005



Annexure – I

STATEMENT OF ASSETS & LIABILITIES AS AT

(Rs. in Lacs)

| Particulars | As at 30th June 2005 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 |
|--|-------------------------|----------|---------|---------|---------|---------|
| A. Fixed Assets | | | | | | |
| Gross Block | 280.91 | 248.12 | 234.53 | 177.32 | 169.85 | 171.87 |
| Less: Depreciation | 139.95 | 130.28 | 94.53 | 65.27 | 43.16 | 22.45 |
| Net Block | 140.96 | 117.84 | 140.00 | 112.05 | 126.69 | 149.42 |
| B. Current Assets, Loans and Advances | | | | | | |
| Sundry Debtors | 10444.09 | 9715.21 | 6920.70 | 5492.09 | 3389.16 | 1257.65 |
| Bank Balances | 619.36 | 54.54 | 18.90 | 41.43 | 729.37 | 83.33 |
| Unbilled dues from customers | 1021.21 | 849.31 | 466.45 | 308.94 | 115.73 | 20.93 |
| Other Current assets loans and advances | 157.38 | 53.23 | 42.80 | 10.74 | 11.22 | 4.79 |
| | 12242.04 | 10672.29 | 7448.85 | 5853.20 | 4245.48 | 1366.70 |
| C. Liabilities and Provisions | | | | | | |
| Secured Loans | 23.24 | - | 0.75 | 1.30 | 13.67 | 25.98 |
| Unsecured Loans | - | - | 92.90 | 69.72 | - | - |
| Current liabilities & Provisions | 242.32 | 318.67 | 341.79 | 569.79 | 1125.88 | 308.15 |
| | 265.56 | 318.67 | 435.44 | 640.81 | 1139.55 | 334.13 |
| E. Net Worth (A+B-C) | 12117.44 | 10471.46 | 7153.41 | 5324.44 | 3232.62 | 1181.99 |
| F. Represented By | | | | | | |
| 1. Share Capital | 1142.70 | 607.70 | 607.70 | 607.00 | 607.00 | 607.00 |
| 2. Share Application Money | | | | | | |
| Pending Allotment | 276.00 | 440.00 | - | 5.25 | - | - |
| 3. Reserves | 10711.69 | 9423.76 | 6554.78 | 4730.33 | 2653.13 | 611.74 |
| Less: Revaluation Reserve | NIL | NIL | NIL | NIL | NIL | NIL |
| Reserve (Net of revaluation Reserve) | 10711.69 | 9423.76 | 6554.78 | 4730.33 | 2653.13 | 611.74 |
| G. Miscellaneous Expenditure Unwritten off | 12.95 | - | 9.07 | 18.14 | 27.51 | 36.75 |
| Net Worth (F-G) | 12117.44 | 10471.46 | 7153.41 | 5324.44 | 3232.62 | 1181.99 |



Annexure – II

STATEMENT OF PROFITS AND LOSSES FOR THE PERIOD

(Rs. in Lacs)

| Particulars | For the Quarter Ending June 2005 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2001-02 |
|--|--|----------|----------|----------|----------|---------|
| Income | | | | | | |
| Sales: | | | | | | |
| Export | 9819.74 | 30500.83 | 24624.87 | 19430.74 | 10972.91 | 2627.14 |
| Domestic | 2.59 | 11.94 | 51.65 | 34.56 | 13.90 | 25.87 |
| Total | 9822.33 | 30512.77 | 24676.52 | 19465.30 | 10986.81 | 2653.01 |
| Other Income | (22.85) | 33.75 | (558.21) | (128.99) | 99.19 | 9.07 |
| | (22.85) | 33.75 | (558.21) | (128.99) | 99.19 | 9.07 |
| Expenditure | | | | | | |
| Administration General & Other Expenses | 8740.13 | 27604.67 | 22240.93 | 17140.73 | 8971.24 | 1831.78 |
| Financial Expenses | 26.37 | 12.33 | 17.75 | 10.13 | 42.20 | 5.58 |
| Depreciation | 9.68 | 35.74 | 29.27 | 22.11 | 20.71 | 13.86 |
| Miscellaneous Expenses Written Off | NIL | 9.07 | 9.07 | 9.38 | 10.06 | 9.08 |
| | 8776.18 | 27661.81 | 22297.02 | 17182.35 | 9044.21 | 1860.30 |
| Net Profit before Tax | 1023.30 | 2884.71 | 1821.29 | 2153.96 | 2041.79 | 801.78 |
| Provision for Tax (Including FBT) | 0.38 | 0.42 | 1.39 | 76.76 | 0.40 | - |
| Income Tax of earlier years | NIL | 15.31 | - | - | - | - |
| Net profit after Tax | 1022.92 | 2868.98 | 1819.90 | 2077.20 | 2041.39 | 801.78 |

Note: The Figures given above for all the five years and quarter ending June 30th 2005, have been reclassified, rearranged and recasted wherever considered necessary to reflect the operation of the company on the basis of a uniform practice.



Annexure – III

CASH FLOW STATEMENT FOR THE YEARS 2000-01 TO 2004-05 AND QUARTER ENDING 30TH JUNE 2005

| Particulars | For the Quarter Ending June 2005 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 |
|--|--|---------------------|--------------------|---------------------|--------------------|---------------------|
| Cash Flow from Operating Activities | | | | | | |
| Profit after tax | 102,292,853 | 286,898,028 | 181,989,535 | 207,720,280 | 204,138,724 | 80,177,925 |
| By Operating Activities | | | | | | |
| Depreciation | 967,440 | 3,574,215 | 2,926,831 | 2,211,030 | 2,071,168 | 1,386,375 |
| Miscellaneous Expenses Written off | NIL | 907,044 | 907,044 | 937,528 | 1,005,939 | 907,542 |
| Financial Expenses | 2,637,255 | 2,764,452 | 1,775,262 | 1,013,564 | 4,220,112 | 557,740 |
| Changes in Current Assets and Liabilities | | | | | | |
| Unbilled revenue | (17,189,820) | (38,285,929) | (15,751,201) | (19,321,790) | (9,479,310) | (2,093,400) |
| Sundry Debtors | (72,888,307) | (279,451,179) | (142,860,666) | (210,293,159) | (213,150,431) | (114,304,827) |
| Loans and Advances | (10,415,091) | (1,042,536) | (3,206,352) | 48,549 | (643,360) | 1,214,588 |
| Current Liabilities and Provisions | (7,635,133) | (10,502,081) | (20,482,159) | (49,736,333) | 81,772,187 | 30,613,508 |
| Net Cash Generated by Operating Activities | (2,230,804) | (35,137,987) | 5,298,294 | (67,420,331) | 69,935,029 | (1,540,549) |
| Cash Flow from Financing Activities | | | | | | |
| Share Application Money | 63,600,000 | 44,000,000 | | 525,000 | - | 26,135,010 |
| Secured Loan | 2,323,962 | (74,800) | (55,212) | (1,237,135) | (1,231,192) | 125,525 |
| Other Loans | NIL | (1,100,000) | - | 1,100,000 | - | - |
| Financial Expenses | (2,637,255) | (2,764,452) | (1,775,262) | (1,013,564) | (4,220,112) | (557,740) |
| Net Cash used in Financing Activities | 63,286,708 | 40,060,748 | (1,830,474) | (625,699) | (5,451,304) | 25,702,795 |
| Cash Flow from Investing Activities | | | | | | |
| Purchase of Fixed Assets and Change in | | | | | | |
| Capital Work in Progress | (3,278,995) | (1,358,734) | (5,721,159) | (747,585) | 202,228 | (11,435,282) |
| Miscellaneous Expenses | (1,294,826) | | | | (82,635) | (4,566,462) |
| Net Cash used in Investing Activities | (4,573,821) | (1,358,734) | (5,721,159) | (747,585) | 119,593 | (16,001,744) |
| Net Increase in Cash and Cash equivalents during the year | 56,482,082 | 3,564,027 | (2,253,339) | (68,793,615) | 64,603,318 | 8,160,502 |
| CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR | 5,453,883 | 1,889,856 | 4,143,195 | 72,936,810 | 8,333,492 | 172,990 |
| CASH AND CASH EQUIVALENTS AT THE ENDING OF THE YEAR | 61,935,966 | 5,453,883 | 1,889,856 | 4,143,195 | 72,936,810 | 8,333,492 |

Note: Figures in Brackets indicates Cash Outflow



ANNEXURE — IV

NOTES FORMING PART OF THE ACCOUNTS

Significant Accounting Policies and Notes on Accounts

(A) Significant Accounting Policies.

1. Basis of Accounting:

- a. The Financial Statements have been prepared under the historical cost convention and in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.
- b. Accounting Policies not specifically referred to otherwise are in consonance with the prudent accounting principles.
- c. All income and Expenditure items, which have material bearing on the Financial statements, are recognized on the accrual basis. However income from sales are recognized on proportionate completion method and as per the terms of the contract.

2. Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. All costs, directly attributable to bringing the asset to the present condition for the intended use, are capitalized

3. Depreciation:

Depreciation on Fixed Assets has been provided on the straight-line method and Depreciation on the assets acquired during the year is provided on Pro-rata basis at the rates specified in Schedule XIV of the Companies Act 1965.

4. Foreign Currency Transactions:

Expenditure in Foreign currency during the month is accounted at a rate, which approximates the actual rate during that month. Current Assets and Current Liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. Non-Monetary assets and liabilities are translated at the rate on the date of transaction. The exchange differences arising on foreign currency translation during the year are recognized as income or expenses in the profit & Loss account.

5. Secured Loans:

Plant & Machinery acquired on Hire Purchase basis is secured against the same.

6. Inventories / Unbilled Revenue:

The Inventories are in the form of unbilled sales, which are valued at cost. Actual expenses incurred / accrued on the job is the value of unbilled sales.

7. Retirement Benefits:

Contribution to Provident Fund is made at a predetermined rate and charged to revenue on accrual basis.

8. Contingent Liabilities:

Contingent Liabilities are not provided for in the accounts but are disclosed by way of notes.

9. Taxation:

Income Tax is provided on the profits of the company as per the Income Tax Act 1961.

10. Impairment of Assets:

The company identifies impairable assets at every Balance Sheet date for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss when crystallises is charged against the revenue of the year.



11. Segment Accounting Policies:

The accounting policies in relation to segment accounting as under:

Segment assets and liabilities:

All segment assets and liabilities are directly attributable to the segment.

Segment assets include all operating assets used by the segment and consists principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment assets and liabilities do not include reserves and surplus, borrowings, provision for contingencies and income tax.

Segment Revenues and Expenses:

Segment Revenue and expenses are directly attributable to the segment. It does not include financial expenses, provision for contingencies and income tax.

(B) Notes on Accounts

1. Contingent Liabilities not provided for:

Income tax Demand for Rs 4,35,53,960/-contested by the company before The Income Tax Appellate Tribunal.

2. Segment Reporting:

Based on the guiding principles given in Accounting Standard on Segment Reporting (AS- 17) issued by the Institute of Chartered Accountants of India, the company's primary business segment is Software development.

3. Report on related parties:

There are no related party transactions. However control exists as regards M/s. Prithvi LLC Pittsburgh USA.

4. Hire Purchase Transactions:

Future Hire Purchase Interest is charged to the Profit & Loss Account as and when the Hire Purchase Instalment is due and the balance unexpired is shown under miscellaneous expenditure to the extent not written off.

5. Others:

- a. The Inventories / unbilled sales are shown at the value certified by the Management.
- b. Except Interest on future hire purchase account, the miscellaneous expenditure will be written off at the end of the year.
- c. There are no dues to Small Scale Industries exceeding Rs 1,00,000/- which are outstanding for more than 30 days.
- d. Loans, Advances and Sundry Debtors stated in the Balance Sheet are, in the opinion of the management are realizable in the ordinary course of business.
- e. Balances of Sundry Creditors and Sundry Debtors are subject to confirmation by the parties.
- f. For the Quarter ended 30th June 2005, Sales comprises of incremental unbilled revenue of Rs.1,71,89,820/-.

6. Quantitative Details:

The Company is engaged in the development and maintenance of Computer Software, the production and sales of such software cannot be expressed in any generic unit. It is not possible to give the quantitative details of sales and other information as required under the paragraphs 3, 4C and 4D of Part-II of Schedule VI to the companies Act, 1956.

7. As there are no employees with service of more than 5 years, the gratuity amount is not provided.
8. Deferred income tax is not provided for, as the company is claiming Income Tax exemption on profits derived from the export of Software U/s 10A.
9. Previous year figures have been regrouped / rearranged wherever necessary to confirm the current year clarifications
10. Limited review audit of accounts of the company's Pittsburgh office was conducted by M/s. Herbein Company, Inc for the period 1/4/2004 to 31/3/2005.



11. Managerial Remuneration:

- a. Remuneration paid to Managing Director and Whole Time Director during the quarter ended 30th June 2005 is Rs. 20,06,100/-.

| Particulars | Quarter ended 30.06.05 (Rs.) | 2004-2005 (Rs) | 2003-2004 (Rs) |
|----------------------------|------------------------------------|-------------------|-------------------|
| Managing Director | | | |
| Salary | 3,50,000 | 6,00,000 | 1,20,000 |
| Perquisites | 3,50,000 | 6,00,000 | 1,20,000 |
| Whole Time Director | | | |
| Salary | 13,06,100 | 53,53,200 | 58,50,000 |
| Total | 20,06,100 | 65,53,200 | 60,90,000 |

- b. Necessary Approvals from the Central Government for the payment of remuneration in excess of prescribed limit has already been obtained.
- c. No Computation of Profits U/s. 350 of the Companies Act, 1956 has been given since no commission is paid to Directors.

12. Auditors Remuneration

| Particulars | Quarter ending 30.06.05 (Rs.) | 2004-2005 (Rs.) | 2003-2004 (Rs.) |
|------------------------------------|-------------------------------------|--------------------|--------------------|
| Audit Fee | 50,000 | 2,25,000 | 75,000 |
| Tax Audit Fee | | | 25,000 |
| | 50,000 | 2,25,000 | 100,000 |
| Add: 10.20% Service Tax | 5,100 | 22,950 | 10,200 |
| | 55,100 | 2,47,950 | 1,10,200 |
| Taxation Matters | - | 50,000 | 25,000 |
| Certification Fees - IPO | 75,000 | - | - |
| Certification Fees - Others | - | 25,000 | - |
| Total | 1,30,100 | 3,22,950 | 1,35,200 |

13. Foreign Exchange Earnings & Outgo for the quarter ended 30th June 2005:

| | |
|--|---------------------|
| Export Sales | Rs. 96,47,83,727/-. |
| Foreign Travelling | Nil |
| Onsite- Software development & Other expenditure | Rs. 86,72,57,409/- |

As per our Report of even date

For **M/s. Patwari & Co.**
Chartered Accountants

(Vijay Patwari)
Proprietor

Place: Hyderabad.

Date: 21st August 2005.



ANNEXURE – V
SECURED LOANS

(Rupees in Lacs)

| PARTICULARS | As at 30th June 2005 | 31st Mar 2005 | 31st Mar 2004 | 31st Mar 2003 | 31st Mar 2002 | 31st Mar 2001 | Details |
|--|-------------------------|------------------|------------------|------------------|------------------|------------------|--|
| Cash Credits Secured by hypothecation of stocks, book debts and second charge on specific fixed Assets | NIL | NIL | NIL | NIL | NIL | NIL | Working Capital Loans from Banks From Banks/ FIs for Fixed Assets / Long term working capital purpose |
| Loans on Hire purchase basis | NIL | NIL | 0.75 | 1.30 | 3.08 | 2.20 | |
| Secured by Hypothecation of Asset | 23.24 | NIL | NIL | NIL | NIL | NIL | Vehicle Loan |
| Term Loans | NIL | NIL | NIL | NIL | 10.59 | 23.78 | |
| Secured by charge/mortgage of specific movable/immovable tangible/ intangible assets etc | NA | NA | NA | NA | NA | NA | |
| The above loans are further secured by personal guarantees of some of Directors | - | - | - | - | - | - | |
| Total | 23.24 | NIL | 0.75 | 1.30 | 13.67 | 25.98 | |

The Term loans have not been re-scheduled, prepaid or no Penalty or default has been committed by the company during the above period i.e. from the FY ending March 2000 to quarter ending 30th June 2005 except for the following.

The company was sanctioned a short term loan of Rs.35.00 lacs from State Bank of Hyderabad, Commercial Branch, Hyderabad in July 1999. The original repayment schedule was for a period from April 2000 to February 2003 at Rs.1.00 lac per month. The rate of interest being 16.83% p.a.. The security for the loan was given by a friend of the promoter director. The company has prepaid the loan in may 2002.



ANNEXURE – VI **UNSECURED LOANS**

(Rupees in Lacs)

| PARTICULARS | As at 30th June 2005 | 31st Mar 2005 | 31st Mar 2004 | 31st Mar 2003 | 31st Mar 2002 | 31st Mar 2001 | Details |
|------------------------------------|-------------------------|------------------|------------------|------------------|------------------|------------------|--|
| Loans from Banks/ FIs | NIL | NIL | NIL | NIL | NIL | NIL | From Banks/ FIs Inter Corporate Deposits (other than promoters) |
| Loans from Others | NIL | NIL | 26.34 | 40.27 | NIL | NIL | |
| Loans from Directors/ Promoters | NIL | NIL | 66.56 | 29.45 | NIL | NIL | |
| Trade Deposits | NIL | NIL | NIL | NIL | NIL | NIL | From Dealers Andhra Pradesh |
| Interest Free Sales Tax Loan | NIL | NIL | NIL | NIL | NIL | NIL | Sales tax Deferment |
| Interest accrued & due | NIL | NIL | NIL | NIL | NIL | NIL | Interest Payable on Trade Deposits |
| TOTAL | NIL | NIL | 92.90 | 69.72 | NIL | NIL | |

ANNEXURE – VII **SUNDRY DEBTORS**

(Rupees in Lacs)

| PARTICULARS | As at 30th June 2005 | 31st Mar 2005 | 31st Mar 2004 | 31st Mar 2003 | 31st Mar 2002 | 31st Mar 2001 |
|-----------------------------------|-------------------------|------------------|------------------|------------------|------------------|------------------|
| Unsecured, Considered Good | | | | | | |
| Due over Six Months | | | | | | |
| - Overseas | NIL | NIL | NIL | NIL | 4.11 | NIL |
| - Domestic | NIL | NIL | NIL | 0.05 | NIL | NIL |
| Due Below Six Months | | | | | | |
| - Overseas | 10444.09 | 9714.05 | 6905.25 | 5485.03 | 3383.55 | 1255.66 |
| - Domestic | NIL | 1.16 | 15.45 | 7.01 | 1.50 | 1.99 |
| Total | 10444.09 | 9715.20 | 6920.70 | 5492.10 | 3389.20 | 1257.70 |



ANNEXURE – VII(a)

Top 10 Sundry Debtors as on 30th June, 2005

| S.No. | Name of the Debtor | Amount (In Rs. Lacs) |
|-------|-------------------------------|-------------------------|
| 1 | Cognitive Dynamics Inc | 373.47 |
| 2 | Dicks Sporting Goods Inc | 363.39 |
| 3 | Cemetrix Inc. | 338.63 |
| 4 | DBAZA Inc | 317.46 |
| 5 | John Hopkins Hospital | 298.52 |
| 6 | Pittsburgh Spring Inc. | 295.89 |
| 7 | Wells Fargo Corporation | 277.99 |
| 8 | Babst Calland Clements Zomnir | 265.97 |
| 9 | Financial Oxygen Inc. | 262.86 |
| 10 | McKesson HBOC | 262.80 |

ANNEXURE – VIII

LOANS & ADVANCES

(Rupees in Lacs)

| PARTICULARS | As at 30th June 2005 | 31st Mar 2005 | 31st Mar 2004 | 31st Mar 2003 | 31st Mar 2002 | 31st Mar 2001 |
|--|-------------------------|------------------|------------------|------------------|------------------|------------------|
| Unsecured, considered good Loans & Advances recoverable In cash or in kind | 130.83 | 27.04 | 37.69 | 6.69 | 9.09 | 3.37 |
| Deposits | 25.64 | 25.42 | 4.15 | 3.86 | 2.13 | 1.42 |
| Tax Deducted at Source | 0.91 | 0.77 | 0.96 | 0.18 | NIL | NIL |
| Total | 157.38 | 53.23 | 42.80 | 10.73 | 11.22 | 4.79 |

ANNEXURE – VIII (a)

Details of Loans and Advances as on 30th June, 2005

| PARTICULARS | Amount (Rs.Lacs) |
|---------------------------------|---------------------|
| Loans and Advances given | |
| Balaji Constructions | 29.50 |
| Srei Capital Markets Ltd | 26.00 |
| Shali Vahana Associates | 25.00 |
| Others | 50.33 |
| Total | 130.83 |
| Deposits given | |
| Cybermate Infotek Ltd | 15.00 |
| Others | 10.64 |
| Total | 25.64 |



ANNEXURE – IX

RELATED PARTY TRANSACTIONS

There are no Related Party Transactions from the FY ending March 2003 to quarter ending June 2005. However control exists as regards M/s. Prithvi LLC Pittsburgh USA.

ANNEXURE – X

SUMMARY OF ACCOUNTING RATIOS

| PARTICULARS | As at 30th June 2005 | 31st Mar 2005 | 31st Mar 2004* | 31st Mar 2003 | 31st Mar 2002 | 31st Mar 2001 |
|--------------------------------------|-------------------------|------------------|-------------------|------------------|------------------|------------------|
| Earnings per share (Rs.) | 8.95* | 47.21 | 29.94 | 34.23 | 33.634 | 13.2821 |
| NAV per Share (Rs.) | 103.63 | 165.07 | 117.71 | 87.71 | 53.25 | 19.47 |
| Return on Net worth (%) | 8.63* | 28.59 | 25.44 | 39.01 | 63.15 | 67.83 |
| No. of Equity shares of Rs 10/- each | 1,14,27,000 | 60,77,000 | 60,77,000 | 60,77,000 | 60,77,000 | 60,77,000 |

* Not Annualised

Notes:

- Earnings Per Share (EPS) = Net Profit After Tax / No. of Shares Outstanding at the end of the respective year / period
- Net Asset Value (NAV) Per Share = Share Capital + Reserves & Surplus - Miscellaneous Expenditure not yet written off / No. of Shares outstanding at the end of the respective year/ Period
- Return on Net Worth (RONW) = PAT / Net Worth at the end of respective year / period
- Net Worth is computed after excluding the Share application Money.

ANNEXURE – XI

CAPITALISATION STATEMENT

(Rupees in Lacs)

| Particulars | Pre- Issue as at 30/6/2005 | Post Issue * |
|--------------------------------|-------------------------------|--------------|
| Short Term Debt | NIL | |
| Long Term Debt | 23.24 | |
| Shareholders Fund | | |
| Share Capital | 1142.70 | |
| Share Application Money | 276.00 | |
| Reserves | 10711.69 | |
| Less Miscellaneous Expenditure | (12.95) | |
| Total Shareholders Fund | 12,117.44 | |
| Long Term Debt/ Equity | 0.002:1 | |

* Share capital and reserves and surplus post Issue can be calculated only on the conclusion of the book building process.



ANNEXURE – XII
TAXATION STATEMENT

(Rupees in Lacs)

| Particulars | 31st Mar 2005 | 31st Mar 2004 | 31st Mar 2003 | 31st Mar 2002 | 31st Mar 2001 |
|--|------------------|------------------|------------------|------------------|------------------|
| Notional Tax rate (%) | 36.59 | 35.88 | 36.75 | 35.70 | 39.55 |
| Tax on Notional Rate | 1049.91 | 653.39 | 791.58 | 728.92 | 317.10 |
| Adjustments | | | | | |
| Difference between depreciation as per Income Tax Act and that from Book of Accounts | 2.37 | 2.92 | -4.45 | 12.84 | 39.85 |
| Other Adjustments | | | | | |
| Diff on A/C of Sec 10A | 2865.89 | 1814.53 | 1939.09 | 2028.95 | 761.94 |
| Net Adjustments | 2868.26 | 1817.45 | 1934.64 | 2041.79 | 801.79 |
| Tax saving thereon | 1049.49 | 652 | 710.98 | 728.92 | 317.1 |
| MAT | 0 | 0 | 0 | 0 | 0 |
| Total Taxation | 0.42 | 1.39 | 80.60 | 0.00 | 0.00 |

Note:

1. For the year ending 2003, the actual tax liability of Rs.80.60 lacs was arrived. An amount of Rs.76.76 lacs has been shown reflected in the balance sheet of FY 2003. The balance of Rs.3.84 lacs representing the surcharge on the same has been included in the FY 2005 under the head "Income Tax of earlier years".
2. For the year ending 2002, the actual tax liability was nil. However, the Balance Sheet shows a tax Liability of Rs.0.40 lacs. This has been credited under the head "Income Tax of earlier years" in the FY 2005.



FINANCIAL AND OTHER INFORMATION OF GROUP COMPANIES

1. PRITHVI INFORMATION SOLUTIONS INTERNATIONAL LLC

The company was incorporated on December 2, 1998 in the United States of America as a limited liability company and its main business is to carry on the business of information technology, software engineering, and development of software solutions on contractual basis.

Its registered office is situated at 425 North Craig Street, Suite 202 Pittsburgh, PA – 15213.

Board of Directors comprises of Ms. Madhavi Vuppalapati

Share Holding

The promoters hold 100 %, equity share capital of the company.

Financial Highlights

(In USD)

| Particulars | 31st Dec. 2004 | 31st Dec. 2003 | 31st Dec. 2002 |
|----------------------|----------------|----------------|----------------|
| SALES & OTHER INCOME | 4,784,127 | 3,572,473 | 6,170,299 |
| PAT | 218,422 | 109,285 | 148,641 |
| MEMBERS CONTRIBUTION | 405,210 | 186,788 | 77,503 |

(As Prithvi LLC is a proprietary concern, registered under US Laws the break up of share Capital and reserves is not available)

2. ORIGIN MANAGEMENT CONSULTANTS PVT LTD

The company was incorporated on May 25, 2004 in Andhra Pradesh, India as a limited company and its main business is to carry on the business of providing corporate counsel on Strategic planning, human resource development/management, organization development, human resource information system and employee relations, performance management, staffing, training & development and build up organizations and develop people to achieve managerial excellence.

Its registered office is situated at 7004, Emerald House, S.D. Road, Secunderabad 500 003.

Board of Directors

1. Mr. Y.Rajasekhar Reddy
2. Mr. Shailesh Soni
3. Mr. V. Satish Kumar

Share Holding

| Sr. No. | Particulars | Number of Shares | % Holding |
|---------|-----------------------|------------------|-----------|
| 1. | Mr.Y.Rajasekhar Reddy | 5000 | 50 |
| 2. | Mr. Shailesh Soni | 3000 | 30 |
| 3. | Mr. V. Satish Kumar | 2000 | 20 |

Financial Highlights

| Particulars | 31-Mar-05 |
|--|-----------|
| Sales & Other Income | 52,500 |
| PAT | 6733 |
| Equity Capital | 1,00,000 |
| Reserves & Surplus (Excluding Revaluation) | 4,275 |
| EPS (Rs.) | 0.67 |
| Book Value per Share (Rs.) | 69.93 |



Companies of the promoter group/subsidiaries referred to BIFR / under winding up / having negative net worth

There are no companies of the promoter group, which are either referred to BIFR or under winding up or have negative net worth.

Sales or Purchases between companies in the Promoter Group

There have been no sales or purchases between companies in the promoter group exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes in the accounting policies in the past 3 years.



MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS (AS REFLECTED IN THE FINANCIAL STATEMENTS)

You should read the following discussion of our financial condition and results of operations together with our audited financial statements for each of the FYs 2005, 2004, 2003, 2002 including the notes thereto and the reports thereon, which appear on page 81 in this Red Herring Prospectus.

The following discussion is based on our audited financial statements for each of the FYs 2005, 2004, 2003 and 2002 which have been prepared in accordance with Indian GAAP. These data have been reclassified in certain respects for purposes of presentation. Our FY ends on March 31 of each year, so all references to a particular FY are to the twelve-month period ended March 31 of that year.

Overview of the business of the Company:

Prithvi is a global provider of customized IT solutions and software services to clients and having the bulk of its operations in USA. It was promoted on July 24, 1998 by Ms. Madhavi Vuppalapati and Mr. Satish Vuppalapati. The company provides software solutions across a host of technologies and platforms. Prithvi has software solutions design / development centres and marketing offices in Pittsburgh PA, San Ramon CA, Lewis Centre Oh, Sugar Land TX and Springfield VA. Its Offshore Delivery Centres (ODCs) are in Hyderabad and Bangalore in India.

Ms. V. Madhavi is based in the US and heads the operations there. She holds a M.S. in Computational Mechanics from The Carnegie Mellon University, Pittsburgh, USA and a Bachelor in Engineering from Osmania University, Hyderabad, India. The Indian ODCs are headed by Mr. V. Satish Kumar, who also holds a Bachelor in Engineering from Osmania University, Hyderabad, India. Mr. V. Satish Kumar has worked on software projects with organizations like Bharat Heavy Electrical Limited (BHEL) and IRISSET (Technical institute of South Central Railways)

Prithvi's key competitive advantage lies in its top management team. The entire management team has considerable experience in the IT industry. The top management team has been allocated the responsibilities according to their strengths and is focused on building a professional organization to sustain the explosive growth.

Prithvi's strong domain skills and customer-centric approach, has resulted in several strategic client relationships. The company has invested in building a strong sales team and has a core team of 20 sales personnel covering the offices in USA and the Asia-Pacific region. Several of Prithvi's senior executives are based in client geographies and are focused on developing client relationships at senior levels. With the sales and marketing team organised by industry, service offerings and geography, Prithvi has been able to effectively cross-sell services to the existing client base as well as successfully win new business.

Since its inception Prithvi has witnessed explosive growth and its revenues have grown from a meagre Rs 0.5mn (US\$ 10,000) in FY1999 to Rs.1946 mn in FY 2003 and as on the FY ending March 2005 its revenues are at Rs.3051 mn. In spite of the fact that FY 2002 was a difficult year for the Software sector as a whole, Prithvi's revenues continued to surge.

Prithvi is ranked at number 6 amongst the top 10 software exporters from the state of Andhra Pradesh for the FY 2002. Prithvi has been ranked at number 19 amongst the top 20 software exporters from India for the FY 2003. In the year 2002 annual publication of Indian Express Prithvi was adjudged as "The Star Performer" in the state of Andhra Pradesh for providing IT Services and Products.

Prithvi enjoys high goodwill with its clients who give repeat business and they refer other potential clients. This helps further improve relationships and reduces marketing costs. Prithvi begins relationship with a client by doing small sized projects. Once it has "entered the glass door" it builds its goodwill and begins bagging larger orders.

Engagement Models:

Broadly, Prithvi's engagements can be divided into Time & Material basis and Fixed Price basis. In certain cases, the circumstances of the engagements warrant a hybrid of more than one of these models.



Time and Material Engagements (T&M)

T&M contracts represent a significant proportion of the company's revenues. T&M contracts contribute close to 90% of its total revenues. In this engagement, Prithvi bills clients on pre-agreed hourly rates for deployment of skilled manpower. Rates vary depending on skill sets and location. Prithvi also bills for software, hardware and other costs incurred in course of the engagement to the client. T&M contracts give the client the flexibility to control the course of the engagement. This model is preferred when the engagement is to be executed in uncertain environments or if it is expected to evolve rapidly.

T&M contracts are usually accompanied by clauses determining minimum commitments from the client regarding the quantum of business over agreed time durations. This enables Prithvi to achieve a degree of predictability of revenues while retaining flexibility for the client. In certain cases, T&M engagements also involve setting up dedicated infrastructure for customers.

Fixed Price Engagements

In cases where the scope of the engagement is well defined and uncertainty is low, Prithvi enters into a Fixed Price contract with the client. The contract is accompanied by clauses that clearly determine the work products, delivery time lines, quality requirements, etc. In some cases they include clauses that reward or penalize Prithvi for exceeding or failing to meet agreed upon milestones.

Most of Prithvi's client contracts can be terminated with or without cause, with between 0 and 30 days notice and without termination-related penalties.

Revenues:

The revenues are generated from IT services provided either on a T & M basis or a Fixed Price basis. Revenues with respect to T&M contracts are recognised as and when related services are performed, whereas with respect to Fixed Price contracts on a percentage of completion basis, which is measured by the percentage of costs incurred to-date to the estimated total costs for each contract. Although the company uses various software engineering processes and past project experience to reduce the risks associated with estimating, planning and performing Fixed Price projects, the company bears the risk of cost overruns and completion delays in connection with these projects.

The revenue flow is not concentrated amongst few clients, which in turn results in equal distribution of revenues & not making the company dependent on few customers. This is illustrated by the fact that the total sales for the top 10 customers constitutes only 22%, 24% and 28% of the total revenue for the FY 2003, 2004 and 2005 respectively.

CLIENT CONCENTRATION

As a % to Total Revenues

| FY ended | 2005 | 2004 | 2003 |
|--|-------------|-------------|-------------|
| Top client contribution to revenues | 4% | 4% | 3% |
| Top 5 client contribution to revenues | 16% | 15% | 12% |
| Top 10 client contribution to revenues | 28% | 24% | 22% |

T&M AND FIXED PRICE REVENUE MIX

As a % to Total Revenues

| FY ended | 2005 | 2004 | 2003 |
|-------------------------------------|-------------|-------------|-------------|
| Revenues from T&M contracts | 89% | 91% | 91% |
| Revenues from Fixed Price contracts | 11% | 9% | 9% |



INDUSTRY SEGMENTATION

We have tapped industries where there is significant scope to render IT services. Our domain expertise is spread across various sectors such as, Technology, HealthCare, Manufacturing, BFSI, Telecom, and E-Governance.

As a % to Total Revenues

| FY ended | 2005 | 2004 | 2003 |
|-----------------|-------------|-------------|-------------|
| Technology | 38% | 34% | 43% |
| Healthcare | 20% | 15% | 12% |
| Manufacturing | 19% | 18% | 19% |
| BFSI | 12% | 16% | 12% |
| Retail | 4% | 5% | 4% |
| Telecom | 2% | 4% | 2% |
| E-Governance | 2% | 5% | 3% |
| Others | 2% | 2% | 3% |

Others include revenues from Embedded and Research Industry

SERVICE SEGMENTATION

As a % to Total Revenues

| FY ended | 2005 | 2004 | 2003 |
|-------------------------|-------------|-------------|-------------|
| Application Development | 37% | 45% | 44% |
| Package implementation | 19% | 15% | 17% |
| Re-Engineering | 18% | 15% | 19% |
| Maintenance | 18% | 17% | 13% |
| Others | 8% | 8% | 8% |

Others include revenues from Engineering services, Application deployment, Testing & Consulting

ONSITE AND OFFSHORE REVENUE MIX

Prithvi derives revenues from provision of services Onsite and Offshore. Onsite revenues consist of revenues from IT service work conducted at clients' premises. Offsite revenues consist of work done outside India at a place other than the clients' premises. Offshore revenues consist of revenues from IT service work conducted in our offshore facilities in India. Services performed at a client site or at premises located outside India typically generate higher revenues per-capita at a lower gross margin than the same services performed at offshore units in India. Currently, a large proportion of the revenues are derived from work performed by our onsite team at the client's premises or from premises outside India. However, the future strategy is to increase the man-months delivered from the offshore facilities located in India in comparison to those delivered outside India. A significant proportion of our revenues are derived from clients located in the United States.

As a % to Total Revenues

| FY ended | 2005 | 2004 | 2003 |
|-------------------|-------------|-------------|-------------|
| Onsite revenues | 90% | 93% | 95% |
| Offsite revenues | 9% | 6% | 0% |
| Offshore revenues | 1% | 1% | 5% |

COST OF REVENUE:

Cost of revenues mainly consists of salaries paid to software professionals, which assumes a significant portion of the total expense of the company. This includes both the salaries paid to the permanent employees of the company as well as the payments made to the vendors based on the total man hours utilised during the year. The company expects to continue to incur vendor costs principally to service certain requirements of clients in a timely manner. The company also expects marketing and marketing related administrative expenses to continue to represent a high proportion of its revenues.



SIGNIFICANT DEVELOPMENT AFTER JUNE 30, 2005 THAT MAY AFFECT THE RESULT OF OPERATIONS OF THE COMPANY

Except as stated below and on page 108 in this Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus which materially and adversely affect or are likely to affect, the trading or profitability of the Company or the value of its assets or its ability to pay material liabilities within the next twelve months.

SHARE PURCHASE AGREEMENT BETWEEN THE COMPANY AND MS. V. MADHAVI:

The Company has entered into a Share Purchase Agreement dated August 10, 2005, with Ms V. Madhavi wherein the Company has agreed to acquire the entire shareholding, comprising of 1 share, in Prithvi Information Solutions International LLC ("Prithvi LLC") from Ms. V. Madhavi. The salient terms and conditions of this Agreement are summarised on page 68 of this Red Herring Prospectus.

FACTORS THAT MAY AFFECT RESULTS OF THE OPERATIONS:

Foreign Currency Fluctuations and Regulations

Our functional currency is the Indian Rupee. The functional currency for our liaison office is US Dollar. The financial statements included in this Red Herring Prospectus are reported in Indian Rupees. The translation to Rupees is performed for the balance sheet accounts using the exchange rate in effect at the balance sheet date, and for revenue and expense accounts using a monthly average exchange rate for the respective periods. The gains or losses resulting from such translation are reported as other income/expense. The movements of the Indian Rupee against other currencies, including the U.S. Dollar, affect our margins and net income. The appreciation of the Indian Rupee against such foreign currencies can adversely affect our results of operations. For more information regarding the effect of fluctuation of the exchange rate between the Indian Rupee and other currencies, including the U.S. Dollar, please refer to the section entitled "Risk Factors on page 9 of this Red Herring Prospectus. We derive a significant portion of our revenues from exports and accordingly face exchange rate risks.

Generally, Indian law requires residents of India to repatriate any foreign currency earnings to India to control the exchange of foreign currency. More specifically, Section 8 of the Foreign Exchange Management Act, or FEMA, requires an Indian company to take all reasonable steps to realize and repatriate into India all foreign exchange earned by the company outside India, within such time periods and in the manner as specified by the Reserve Bank of India, or RBI. The RBI has promulgated guidelines that require the company to repatriate any realized foreign exchange back to India, and either:

- a) Sell it to an authorized dealer for Rupees within seven days from the date of receipt of the foreign exchange;
- b) Retain it in a foreign currency account such as an Exchange Earners Foreign Currency, or EEFC, account with an authorized dealer; or
- c) Use it for discharge of debt or liabilities denominated in foreign exchange.

The overseas liaison office earn revenues and pay for expenses in the currency prevailing in that country in which it operates through bank accounts opened for this purpose.

Employee Utilization

Revenues and, consequently, gross profits, particularly in the Services Business, are affected by employee utilization rates, which is defined as the proportion of total billed man months to total available man months, excluding support personnel. We manage utilization by monitoring project requirements and timetables. The number of consultants assigned to a project will vary according to the size, complexity, duration, and demands of the project. An unanticipated termination of a significant project could also cause us to experience lower IT professional utilization resulting in a higher than expected number of unassigned IT professionals. Although, we attempt to mitigate the effects of an unanticipated termination by staffing projects with a mix of IT professionals from our own employee rolls and IT professionals provided by outside agencies and hired solely for a particular project. In addition, we do not fully utilize our IT professionals when they are enrolled in training programs, particularly during the training course for new employees.

The proportion of work performed at our facilities and at client sites varies from quarter to quarter. We charge higher rates and incur higher compensation and other expenses for work performed at client sites. Services performed at a client site located outside India typically generate higher revenues per-capita at a lower gross margin than the same services performed at our facilities in India.



Manpower Utilisation Rate for the last three years:

| FY ended | In % |
|----------|------|
| 2002-03 | 95% |
| 2003-04 | 84% |
| 2004-05 | 88% |

Accounts Receivable

The company's accounts receivables for the FY 2004 and FY 2005 was at 6,900 Lacs and 9,700 Lacs respectively, representing 96.59% and 92.78% of the total assets as at such dates.

The days of sales outstanding for FY 2004 and FY 2005 (which is the ratio of accounts receivables to revenues in a year multiplied by 365 days) were 103 and 118 days respectively, but the company receives payment for its sales within 90 days from the invoice date, the reason why there is a high Debtors turnover ratio for the March 2005, is due to the fact that one-third of the sales have been made in the last quarter of the FY 2005.

Results of Operations

The table below sets forth various items from the company's restated financial statement for the FY 2002, 2003, 2004 and 2005.

STATEMENT OF PROFITS AND LOSSES

(Rupees in lacs)

| PARTICULARS | 31st March 2005 | 31st March 2004 | 31st March 2003 | 31st March 2002 |
|---|--------------------|--------------------|--------------------|--------------------|
| INCOME | | | | |
| Sales | | | | |
| - Export | 30,500.84 | 24,624.87 | 19430.74 | 10,972.91 |
| - Domestic | 11.94 | 51.65 | 34.56 | 13.90 |
| Total Sales | 30,512.78 | 24,676.52 | 19,465.3 | 10,986.81 |
| Other Income (Forex Fluctuation) | 33.75 | (558.21) | (128.99) | 99.19 |
| TOTAL | 30,546.53 | 24,118.31 | 19,336.31 | 11,086.72 |
| EXPENDITURE | | | | |
| Administration, General & other Expenses | 27,604.67 | 22,240.93 | 17,140.72 | 8,971.24 |
| Miscellaneous expenses W/Off | 9.07 | 9.07 | 9.38 | 10.06 |
| TOTAL | 27,613.54 | 22,250.00 | 17,150.10 | 8,981.30 |
| Profit before Depn., Int. & Tax | 2,932.79 | 1,868.31 | 2,186.21 | 2,104.70 |
| Depreciation | 35.74 | 29.27 | 22.11 | 20.71 |
| Profit before Interest & Tax | 2,897.05 | 1,839.04 | 2,164.10 | 2,083.99 |
| Finance Charges | 12.33 | 17.75 | 10.14 | 42.20 |
| Profit before Tax | 2,884.72 | 1,821.29 | 2,153.96 | 2,041.79 |
| Less Prov. For Tax | 0.42 | 1.39 | 76.76 | 0.40 |
| Profit after Tax | 2,884.30 | 1,819.90 | 2,077.20 | 2,041.39 |
| Less: Income Tax for Earlier Years | 15.31 | - | - | - |
| | 2,868.99 | 1,819.90 | 2,077.20 | 2,041.39 |
| Add: Balance Brought Forward | 6,550.23 | 4,730.33 | 2,653.13 | 611.74 |
| Bal. Avail. for Appropriation | 9,419.22 | 6,550.23 | 4,730.33 | 2,653.13 |
| Less: Appropriations | - | - | - | - |
| Balance Carried to Summary of Assets and Liabilities | 9,419.22 | 6,550.23 | 4,730.33 | 2,653.13 |



DISCUSSION ON RESULTS OF OPERATIONS:

TOTAL INCOME

Income for the last 4 years as per the audited unconsolidated financial statement is as under:

(Rs in lacs)

| PARTICULARS | For the year ended 31st March | | | |
|----------------------------------|-------------------------------|------------------|------------------|------------------|
| | 2005 | 2004 | 2003 | 2002 |
| INCOME | | | | |
| Sales | | | | |
| - Export | 30,500.84 | 24,624.87 | 19,430.74 | 10,972.91 |
| - Domestic | 11.94 | 51.65 | 34.56 | 13.90 |
| Total Sales | 30,512.78 | 24,676.52 | 19,465.3 | 10,986.81 |
| Other Income (Forex Fluctuation) | 33.75 | (558.21) | (128.99) | 99.19 |
| TOTAL | 30,546.53 | 24,118.31 | 19,336.31 | 11,086.72 |

The company's sales revenue has increased from Rs.11086.72 Lacs in the year 2001-02 to Rs.30,501 Lacs in the year 2004-05. The steady increase in the revenues has been due to a strong marketing team working in USA consisting of about 20 dedicated employees. This has also been possible due to repeat business from the existing client relations of about 85 clients and referral business from the existing clients. The American pie for Software Solutions Development market is very huge and what our company has been able to convert into orders is negligible. In spite of the present exponential growth, there is a lot of untapped market for the company, which it would be concentrating once the proper financial structuring is completed to take care of the Offshore Development facility and Working Capital requirements. For the present, more than 90% of the revenues is generated Onsite in USA.

Earnings Before Interest, Depreciation, Tax And Amortization (EBITDA)

A comparison of EBITDA in absolute amount as well as a percentage of total income is as under:

(Rs in lacs)

| Particulars | For the year ended 31st March | | | |
|--|-------------------------------|-----------|----------|-----------|
| | 2005 | 2004 | 2003 | 2002 |
| Total Sales | 30,512.78 | 24,676.52 | 19,465.3 | 10,986.81 |
| Profit before tax & extraordinary items | 2,884.72 | 1,821.29 | 2,153.97 | 2,041.79 |
| Add: Depreciation | 35.74 | 29.27 | 22.11 | 20.71 |
| Add: Financial Expenses | 12.33 | 17.75 | 10.14 | 42.20 |
| Earnings before interest, tax & depreciation | 2,932.79 | 1,868.31 | 2,186.22 | 2,104.70 |
| EBIDTA as a % to total Income | 9.61 % | 7.57% | 11.23% | 19.16% |

The above analysis of EBIDTA shows that the company was making a margin of 11.23% of the total income in FY 2003, which reduced to 8% in FY2004. This has risen to 9.61 % in FY 2005 since the company is now concentrating on bringing substantial portion of Onsite business to Offshore facility in India. The focus is to continue its trend, which would enable the EBIDTA to go up further in the years to come.

COMPARISON OF THE FINANCIALS OF FY 2005 VIS-À-VIS FY2004:

REVENUES

Total Income

The total revenue of the Company during the FY ended March 31, 2004 was Rs.24,118 lacs as against Rs. 30,547 lacs for the FY ended March 31, 2005. The revenue generated from billings was Rs. 24,676 Lacs during the FY ended March 2004 as compared to Rs. 30,512.78 lacs for the year ended March 31, 2005. The increase in total income is due to the steady growth in the Company's repeat business from the existing clients and additional clients being generated during the FY 2005.



Other Income

Other income of the company during the during the FY ended March 31, 2005 was Rs. 34 lacs in comparison to a loss of Rs.558.21 lacs during the FY ended March 31, 2004. 'Other Income' includes gain/loss due to foreign exchange fluctuation. The increase in other income during the FY 2005 over 2004 is due to the appreciation of Dollar value and fall in Indian Rupee value.

COST OF REVENUES

Employee Cost

Our employee cost for FY 2005 was Rs.24422 lacs, an increase of 19% of our employee cost of Rs. 20452 lacs in FY 2004. Our employee cost as a percentage of total billing was 81% in FY 2005 and 83% in FY 2004. Employee cost includes software professional and marketing staff salaries of Rs.24384 lacs in the FY 2005 against Rs. 20420 lacs in FY 2004. These expenses are directly related to the increase in the manpower engaged in providing services as a result of the increase in business from clients.

Operations and Other Expenses

Operations and other expenses were Rs.3183 lacs in FY 2005 and were Rs.1789 lacs in fiscal 2004. As a percentage of total billings these expenses were 11% in FY 2005 and were 7% in FY 2004. This increase mainly consists of Marketing expenses of Rs.2668 lacs in FY 2005 against Rs.1281 lacs in FY 2004, which is directly relatable to the increase in our operations.

Earnings Before Interest, Depreciation, Tax and Amortisation (EBIDTA)

Our EBIDTA, which is the difference between our total revenues and our total expenditure, was Rs.2933 lacs in FY 2005 and was Rs.1868 lacs in FY 2004. Our EBIDTA as a percentage of total revenues was 9.61 % in FY 2005 and was 7.57% in FY 2004.

Finance charges and Depreciation

Finance charges mainly include bank charges on account of inward and outward foreign exchange remittances, the finance charges was at Rs. 27.64 lacs in FY 2005 from Rs.17.75 lacs in FY 2004. Our depreciation cost in FY 2005 was Rs. 35.74 lacs an increase of 22% over Rs.29.27 lacs in FY 2004.

Income Tax

The company has provided for Tax liability for domestic sales. Since the billings attributable to operations of our company is under the 100% export oriented unit scheme – Software Technology Park (STP) – we are entitled to tax holiday till the Fiscal 2009.

Profit After Tax (PAT)

The net profit after taxes was Rs. 2869 Lacs during the FY 2005 compared to Rs. 1820 Lacs during the FY 2004. The percentage of net profit after taxes as compared to total income was 9% for the FY 2005 as against a return of 8% during the FY 2004.

COMPARISON OF THE FINANCIALS OF FY 2004 VIS-À-VIS FY2003

REVENUES

Total Income

The total revenue of the Company during the FY2003 was Rs.19336 lacs as against Rs. 24118 lacs for the FY 2004. The revenue generated from billings was Rs. 19272 lacs during the FY 2003 as compared to Rs. 24676 lacs for the year ended March 31, 2004. The increase in total revenues is once again due to the increase in the Company's business and also due to the increase in billing rates for some of the new projects taken up

Other Income

Other income of the company during the during the FY ended March 31, 2004 was a loss of 5581 lacs in comparison to a loss of 129 lacs during the FY ended March 31, 2003. The main component under the head 'Other Income' was that of loss due to foreign exchange fluctuation. The increase in loss during FY 2004 is once again due to Indian Rupee appreciation during the FY 2004.



COST OF REVENUES

Employee Cost

Our employee cost for FY 2004 was Rs. 20,452 lacs, an increase of 32% of our employee cost of Rs.15,440 Lacs in FY 2003. Our employee cost as a percentage of total billing was 83 % in fiscal 2004 in comparison to 80% in fiscal 2003. Salaries, wages and bonus in the fiscal 2004 was 20,420 Lacs, which was 32% higher than the costs of Rs.15,439 in fiscal 2003. The increase in employee costs has been in proportion to the total revenues

Operations and Other Expenses

Operations and other expenses were Rs 1789 Lacs in fiscal 2004, and were Rs.1700 Lacs in fiscal 2003. As a percentage of total billings these expenses were 7% in fiscal 2004 and were 9% in fiscal 2003.

Earnings Before Interest, Depreciation, Tax and Amortisation (EBIDTA)

Our EBIDTA, which is the difference between our total revenues and our total expenditure, was at Rs. 1868 Lacs in fiscal 2004 and as compared to Rs.2186 Lacs in fiscal 2003. Our EBIDTA as a percentage of total revenues was 8% in fiscal 2004 and in Fiscal 2003 it was at 11%.

Finance charges and Depreciation

Finance charges mainly include bank charges on account of inward and outward foreign exchange remittances, the finance charges decreased to Rs10.14 Lacs in fiscal 2004 from Rs.17.75 in fiscal 2003. Our depreciation cost in fiscal 2004 was Rs. 29.26 Lacs, an increase of 32% over Rs.22.11 Lacs in fiscal 2003.

Income Tax

The company has provided for Tax liability for domestic sales. Since the billings attributable to operations of our company is under the 100% export oriented unit scheme – Software Technology Park (STP) – we are entitled to tax holiday till the Fiscal 2009.

Profit After Tax (PAT)

The net profit after taxes was Rs. 1820 Lacs during the Fiscal 2004 compared to Rs. 2077 Lacs during the Fiscal 2003. The percentage of net profit after taxes as compared to total billings was 8% for the Fiscal 2004 while it was 11% for Fiscal 2003.

COMPARISON OF THE FINANCIALS OF FY 2003 VIS-À-VIS FY2002

REVENUES

Total Income

The total revenue of the Company during the Financial Year ended, March 2002 was Rs.11,086 Lacs as against Rs. 19,336 lacs for the year ended March 31, 2003. The revenue generated from billings was Rs. 10892 Lacs during the Financial Year ended, March 2002 as compared to Rs. 19272 Lacs for the year ended March 31, 2003. The increase of over 70% in revenues is due to continued growth in Company's business. The Sales Team was able to generate more clients and repeat business was also on the rise. The Company, as a whole, also increased its market shares in the total IT Consultancy Space.

OTHER INCOME

Other income of the company during the during the financial year ended March 31, 2003 was a loss of 129 lacs in comparison to a gain of 99 lacs during the financial year ended March 31, 2002. The main component under the head Other Income was that of Gain/loss due to Foreign exchange fluctuation. The increase of over 70% in revenues is due to continued growth in Company's business. The Sales Team was able to generate more clients and repeat business was also on the rise. The Company, as a whole, also increased its market shares in the total IT Consultancy Space.

COST OF REVENUES

Employee Cost

Our employee cost for fiscal 2003 was Rs. 15,440 lacs, an increase of 95% of our employee cost of Rs.7,887 Lacs in fiscal 2002. Our employee cost as a percentage of total billing was 81 % in fiscal 2003 in comparison to 72% in fiscal 2002. The higher increase in employee costs is due to the Company taking up high-end Software Development Projects, which involved requirement of Professionals with unique skills. The remuneration package of Software Professionals was also on the rise.



Operations and Other Expenses

Operations and other expenses were Rs 1702 Lacs in fiscal 2003, and were Rs.1084 Lacs in fiscal 2002. As a percentage of total billings these expenses were 9% in fiscal 2003 and were 10% in fiscal 2002.

Earnings Before Interest, Depreciation, Tax and Amortisations ("EBIDTA")

Our EBIDTA, which is the difference between our total revenues and our total expenditure, was Rs. 2186 Lacs in fiscal 2003 and as compared to Rs.2115 Lacs in fiscal 2002. Our EBIDTA as a percentage of total revenues was 11% in fiscal 2003 and in comparison to this in Fiscal 2003 our EBIDTA Margin was at 19%.

Finance charges and Depreciation

The finance charges decreased to Rs 17.75 Lacs in fiscal 2003 from Rs.42.20 Lacs in fiscal 2002. Our depreciation cost in fiscal 2004 was Rs. 22.11 Lacs, an increase of 7% over Rs. 20.71 Lacs in fiscal 2002.

Income Tax

The company has provided for Tax liability of Rs. 77 lacs in Fiscal 2003 in comparison to no tax liability in Fiscal 2002.

PROFIT AFTER TAX (PAT)

The net profit after taxes was Rs. 2077 Lacs during the Fiscal 2003 compared to Rs. 2041 Lacs during the Fiscal 2002. The percentage of net profit after taxes as compared to total billings was 11% for the Fiscal 2003 in comparison to a PAT margin of 19% in Fiscal 2003.

Quantitative and Qualitative disclosure about Market Risk

Interest Rate Risk

The Company's interest rate risk results from changes in interest rates, which may affect the financial expenses. The interest rates on working capital finance are linked to PLR of the lending banks. Hence, the interest rate risk is limited only to the extent of changes in PLR. In respect of foreign currency loans, interest rates are linked to LIBOR and outgo may also effect with fluctuations on foreign exchange rates.

Exchange Rate Risk

The Company is exposed to foreign exchange risk in respect to realization from Debtors. For the FY ending March 31, 2005 the earnings in foreign exchange for were Rs 33.74 lacs in comparison to a loss of 558.21 lacs in FY 2004 due to foreign exchange fluctuation. Thus, the Company is subject to Foreign exchange rate risk.

Information required as per Clause 6.10.5.5 of the SEBI Guidelines:

Unusual or infrequent events or transactions

There have been no events, to the best of our knowledge, other than as described in this Red Herring Prospectus, which may be called "unusual" or "infrequent".

Significant economic or regulatory changes

There has been no major significant change in the law governing the IT Industry. The risk relating to the changes in the economic or regulatory environment and its impact on our business is discussed separately in the section titled "Risk Factors" on page 9 of this Red Herring Prospectus.

Known trends or uncertainties

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income of the Company from continuing operations.

Future relationship between costs and income

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.



Total turnover of each major industry segment

The Company's primary business segments are:

| FY ended | 2005 | 2004 | 2003 |
|--------------|------|------|------|
| Technology | 38% | 34% | 43% |
| Healthcare | 20% | 15% | 12% |
| Mfg | 19% | 18% | 19% |
| BFSI | 12% | 16% | 12% |
| Retail | 4% | 5% | 4% |
| Telecom | 2% | 4% | 2% |
| E-Governance | 2% | 5% | 3% |
| Embedded | 2% | 1% | 1% |
| Research | 0% | 1% | 2% |

NEW BUSINESS SEGMENTS

The company has ventured into the following new business segments in the recent past:

- Process outsourcing
- Business Intelligence
- Business Consulting

For further details on the same please refer to page 60 of this Red Herring Prospectus.

The extent to which business is seasonal:

The business of the Company is not seasonal. However, our revenues and profits are dependent on a number of unpredictable factors. For further details please refer to the Section titled "Risk Factors" on page 9 of this Red Herring Prospectus.

Any significant dependence on a single or few suppliers or customers:

Our client base has increased purely due to the large and referral driven customer base. Our base of clients spans about 85 US organizations, out of which 55 forms part of our active client base. Our revenue from the top 10 clients in FY 2005 contributed 28% to the total revenues. For further details please refer the paragraph on "Client Concentration" on page 97 of this Red Herring Prospectus.

Also please refer to the Section titled "Risk Factors" on page 9 of this Red Herring Prospectus.

Competitive conditions:

The company may face competition from other established players in the IT Service sector. For further details, please refer to the discussions of competition in the sections titled "Risk Factors" and "Competitor Information" on pages 9 and 64 respectively of this Red Herring Prospectus.

Significant Accounting Policies:

1. Basis of Accounting:

- The Financial Statements have been prepared under the historical cost convention and in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.
- Accounting Policies not specifically referred to otherwise are in consonance with the prudent accounting principles.
- All income and Expenditure items, which have material bearing on the Financial statements, are recognized on the accrual basis. However income from sales are recognized on proportionate completion method and as per the terms of the contract.

2. Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. All costs, directly attributable to bringing the asset to the present condition for the intended use, are capitalized



3. Depreciation:

Depreciation on Fixed Assets has been provided on the straight-line method and Depreciation on the assets acquired during the year is provided on Pro-rata basis at the rates specified in Schedule XIV of the Companies Act 1965.

4. Foreign Currency Transactions:

Expenditure in Foreign currency during the month is accounted at a rate, which approximates the actual rate during that month. Current Assets and Current Liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. Non-Monetary assets and liabilities are translated at the rate on the date of transaction. The exchange differences arising on foreign currency translation during the year are recognized as income or expenses in the profit & Loss account.

5. Secured Loans:

Plant & Machinery acquired on Hire Purchase basis is secured against the same.

6. Inventories / Unbilled Revenue:

The Inventories are in the form of unbilled sales, which are valued at cost. Actual expenses incurred / accrued on the job is the value of unbilled sales.

7. Retirement Benefits:

Contribution to Provident Fund is made at a predetermined rate and charged to revenue on accrual basis.

8. Contingent Liabilities:

Contingent Liabilities are not provided for in the accounts but are disclosed by way of notes.

9. Taxation:

Income Tax is provided on the profits of the company as per the income tax act 1961.

10. Impairment of Assets:

The company identifies impairable assets at every Balance Sheet date for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss when crystallises is charged against the revenue of the year.

11. Segment Accounting Policies:

The accounting policies in relation to segment accounting as under:

Segment assets and liabilities:

All segment assets and liabilities are directly attributable to the segment.

Segment assets include all operating assets used by the segment and consists principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment assets and liabilities do not include reserves and surplus, borrowings, provision for contingencies and income tax.

Segment Revenues and Expenses:

Segment Revenue and expenses are directly attributable to the segment. It does not include financial expenses, provision for contingencies and income tax.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS:

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, directors or promoters, and there are no defaults, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, and arrears on preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) that would result in a material adverse effect on our consolidated business taken as a whole.

1. Litigation against the Company:

a. Income Tax Cases:

Assessment year: 2001-2002

Summary of the matter: An Assessment Order was issued by the Income Tax Officer, Ward 2(2), Hyderabad, under Section 143(3) of the ITA against the Company on March 27, 2004. The Company had filed a return of NIL tax payable on an income of Rs. 7,61,93,765 on the basis that this income is exempt under Section 10A of the ITA. However, the Assessment Order states that the Company is not entitled to a deduction of Rs. 7,61,93,765 claimed by the Company and further not entitled to proportionate deduction in respect of Rs. 7,61,93,765 repatriated to India since repatriation of this amount does not satisfy the conditions prescribed by the RBI in its approval letter for opening of an account overseas.. Accordingly, the tax demanded including interest under Section 234B of the ITA amounted to Rs. 4,33,18,520. A notice of Demand was issued under Section 156 of the ITA for a sum of Rs. 4,33,18,520 on March 27, 2004 by the Income Tax Officer

The Company has filed an appeal under Section 246(1)(a) of the ITA before the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on April 28, 2004 against the aforesaid Assessment Order wherein the Company has sought to set aside the disallowance of exemption claimed under Section 10A of the ITA. The Company contested the disallowance on the ground that the RBI permission dated 12th September, 2000 for opening a bank account in the US has clearly permitted the Company to meet all its expenses pertaining to the liaison offices in the US from the credits in such bank account, and further stated that the quantum of expenses towards the liaison offices constituted a substantial portion of Prithvi's US revenues, and hence, the Company was not able to repatriate the requisite percentage of revenues in terms of the RBI permission letter.

An order was passed by the Commissioner of Income-Tax (Appeals)-III, Hyderabad on December 24, 2004 (No. ITA No. 78/ITO2(2)/CIT(A)-III/04-05) under Section 246(1)(a) of the ITA against the Company and the appeal filed by the Company was dismissed.

The Company has filed an appeal against the aforesaid order of the Commissioner of Income-Tax (Appeals) on March 17, 2005 before the Income-Tax Appellate Tribunal.

Claim Amount: Rs. 4,33,18,520/-

Present status of the matter: The Appeal before the Income-Tax Appellate Tribunal is pending hearing and final disposal. In this connection, the Company has been corresponding with the Reserve Bank of India to regularize the expenditure incurred by the overseas branch at Pittsburgh, USA. The Company was asked to submit detailed data relating to the inward remittance, details of directors etc by the Enforcement Directorate under the Foreign Exchange Management Act, 1999, which information has been submitted by the Company. Subsequently, the RBI has directed the Authorised dealer (UTI Bank Limited), to satisfy itself regarding the realisation of the exports by the Company, pursuant to which the authorised dealer has regularised the non-repatriation and utilisation of the balance 30% of the realisations for eligible current account transactions of the Company outside India. The regularisation has been done for the period from the FY ending 2000-01 to the FY 2004-05. For more Details of the aforesaid regularisation, refer page 108 of this RHP under the head "Investment Approvals".



b. Employees Provident Funds and Miscellaneous Provisions Act, 1952:

Summary of the matter: In the matter of Prithvi v Employees Provident Fund Organisation, Andhra Pradesh, the Assistant Provident Fund Commissioner has passed an order on July 1, 2005 (No. AP/39393/ENF.CII/T4?2005/739) against the Company for payment of a total sum of Rs. 5,23,958 for the period from October 2002 to February, 2005 towards dues against various heads of account. This demand has been made for failure in complying with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Upon inquiry, it was found that all eligible employees of Prithvi were not enrolled as EPF members. The Company has been directed to pay the amount within 10 days of the receipt of the said order. The said order further states that the permission of 10 days for payment of dues does not absolve Prithvi of his liability to pay damages contemplated under Section 14B of the said Act and other actions provided under Section 14 and 8 of the said Act may be taken against Prithvi if the said payment is not made within the due date.

Claim amount: Rs. 5,23,958

Present status of the matter: The Company has filed on August 11, 2005, an application for review under Section 7B(1)(1) of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

c. Demand by the Hong Kong and Shanghai Banking Corporation Limited

Summary of the matter: The Hong Kong and Shanghai Banking Corporation Limited has, vide its letter dated February 28, 2002, made a demand of full and immediate payment of USD 129,563.64 (approximately Rs. 60,22,000) as amount due and outstanding as on February 28, 2002 under the Facility Offer Letter dated August 16, 2001. The said bank has stated that the Company is in violation of the factoring agreement signed by the parties and also in violation of the RBI/FEMA guidelines for double financing.

Claim amount: USD 129,563.64 (Approximately Rs. 60,22,000) plus interest till date of settlement.

Present status of the matter: No action has been taken by the said bank till date.

2. Penalties

No penalties have been imposed by SEBI or any other regulatory bodies in India or abroad on the Company, Directors, Associates and other ventures promoted by the Directors of the Company. The Company has duly replied to all notices issued by the Department of Company Affairs from time to time.

MATERIAL DEVELOPMENTS:

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company and its subsidiaries taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months.

GOVERNMENT APPROVALS AND LICENSES:

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further material approvals are required from any Government authority or the RBI to continue such activities.

We have received the following approvals that are material to our business:

A. Investment Approvals

- a) Approval from the RBI (Exchange Control Department), Hyderabad dated September 12, 2000, granting approval to open foreign currency account abroad subject to:
 - (i) To meet the expenses of the overseas non-trading office abroad;
 - (ii) To receive the amounts for the invoices / bills raised on clients by the concerned overseas offices and to remit to India the balance amount after meeting the expenses of the branch;
 - (iii) Annual statement to be submitted furnishing details of each contract executed overseas and earnings thereof repatriated to India duly supported by transshipment of the account as well as FIRC's;
 - (iv) Income equivalent to at least 30% of the contract value in respect of off site contracts and 100% in respect of on site contracts and off site portion of the composite contract to repatriated to India;
 - (v) Intimation of account opening within 15 days.
- b) Approval from the RBI (Exchange Control Department), Hyderabad dated November 1, 2002, clarifying that the conditions set out in the approval dated September 12, 2002 shall be read and its entirely and separately and



that the repatriation norms set out as condition (iv) is to be adhered to strictly. Expenses of the branch offices are to be met in accordance with the FEMA notification no. 47 dated December 5, 2001.

- c) UTI Bank Limited ("UTI"), being the authorised dealer of the Company, on the direction of RBI (vide letter dated August 31, 2005, Ref No. FE.CO.EXD.COMM.4624/05.59.01(misc)/2005-06), conveyed to the company by its letter dated October 5, 2005, the following:
- (i) The delay in submission of Softex forms and repatriation of offshore export proceeds pertaining to the years 2000-01 to 2004-05 to the tune of USD 72,52,212 is condoned and regularised;
 - (ii) The non-repatriation and utilisation of the balance 30% of the realisations for eligible current account transactions of the Company outside India are regularised.

The aforesaid permission has been granted on a one-time basis upon the directions of the RBI and is valid only for transactions upto March 31, 2005. All future transactions are to be in compliance with the RBI regulations and guidelines.

B. Government And Other Approvals

1. Certificate of Importer-Exporter Code (IEC)

Issued on May 5, 2005 to the Company's registered office at Secunderabad and branch office at Hi Tec City, Hyderabad.

IEC Number: 0905001214

Pan Number: AACCP5281F

- a) Registered with the office of the Regional Provident Fund Commissioner w.e.f. May 15, 2001. (EPF Code – AP/HY/39593)
 - b) Certificate of registration issued by Commercial Taxes Dept., Secunderabad under the Central Sales Tax (Registration and Turnover Rules, 1957) (CST number – SEC\03\1\4177\2002-20). The registration is valid from June 4, 2002 and till cancelled for the Business: Wholly wholesale; Mainly retail.
 - c) Certificate of Registration of Foreign Company issued by the Senior Assistant Registrar of Companies and Businesses, Singapore on March 20, 2001.
 - d) Certificate issued by the Secretary of the Commonwealth, Pennsylvania dated December 26, 2003 certifying that the Company is duly qualified to do business under the laws of the Commonwealth of Pennsylvania.
2. Internal communication from Department of Treasury (Internal Revenue Services) to the Company provides the Taxpayer Identification Number as 25-1872495.

C. Technical Approvals

1. Registration with the Software Technology Park

Approval granted by STPI on January 28, 2000 for setting up a 100% EOU for development of software at the Company's premises. An Agreement dated January 11, 2000 between STPI and the Company inter alia granting the Company the status of 100% EOU:

- (i) 100% of production to be exported for 5 years;
- (ii) Inform Director, STPI within one month of commencement of production;
- (iii) no sale in domestic market;
- (iv) minimum export obligation for 5 years – USD 0.25 or 5 times CIF value of imported capital goods, whichever is higher.

Records evidencing change of name of the Company submitted to STPI and duly registered by STPI.

The STPI has vide their letter no.STPH/IMSC/6279/2005-2006/5198, dated June 28, 2005 renewed this registration for a further period of 5 years until March 26, 2010.

- 2. Provisional National Association of Software and Service Companies (NASSCOM) membership dated May 5, 2005 under membership number NSCM/2005/22/1205. The Company is awaiting final approval from NASSCOM.
- 3. Certificate of Registration issued by the National Quality Assurance Limited awarding ISO 9001:2000 certification to the Company for analysis, design and development of software and manpower outsourcing services. The Certificate is valid for 3 years from December 2, 2002 till December 2, 2005.



SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on February 10, 2005, which is subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. Subsequently, on March 25, 2005, the shareholders approved the Issue at the EGM of the Company.

Prohibition by SEBI

Our Company, our directors, our promoters, the directors and persons in control of our promoters, our group companies, other companies promoted by our promoters and companies with which the Company's directors are associated as directors or as promoters are not prohibited from accessing the capital markets under any order or direction passed by SEBI. None of our directors have been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Eligibility of the Company to enter the capital market

The Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with unconsolidated financial statements under Indian GAAP:

The Company has net tangible assets of at least Rs.300 Lacs in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI DIP Guidelines;

The Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines;

The Company has a net worth of at least Rs.1 Crores in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines;

There has been no change in the name of the Company in the last one year.

The aggregate of the proposed Issue size and all previous issues made in the same FY in terms of size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last FY and is compliant with Clause 2.2.1(e) of the SEBI DIP Guidelines.

The net tangible assets, monetary assets, net profits (as restated) and networth (as restated) as derived from the unconsolidated financial statements (Restated), as per Indian GAAP and included in this Red Herring Prospectus under the section titled "Financial Statements", as at, and for the last five years ended March 31, 2005 and for the quarter ending 30th June, 2005 is set forth below:

(Rs. in Lacs)

| PARTICULARS | Quarter ending 30th June 2005 | 31st March 2005 | 31st March 2004 | 31st March 2003 | 31st March 2002 | 31st March 2001 |
|--------------------------|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net Tangible Assets | 12,117.44 | 10471.46 | 7247.06 | 5395.46 | 3,246.30 | 1,207.97 |
| Monetary Assets | 619.36 | 54.54 | 18.90 | 41.43 | 729.37 | 83.33 |
| Net Profits, as restated | 1022.92 | 2868.98 | 1,819.90 | 2,077.20 | 2,041.39 | 801.77 |
| Net Worth, as restated | 12,117.44 | 10471.46 | 7,153.41 | 5,324.45 | 3,232.63 | 1,181.99 |

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and capital advances and excluding revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities and short term liabilities.

(2) Monetary assets include cash on hand and bank balances and investments in mutual funds.

For a complete explanation of the above figures please refer to the section entitled "Financial Information" beginning on page 81 of this Red Herring Prospectus.



DISCLAIMER CLAUSE:

AS REQUIRED A COPY OF DRHP HAS BEEN FILED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRHP TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRHP. THE BRLMs, ANAND RATHI SECURITIES PVT. LTD. AND KARVY INVESTOR SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRHP ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRHP, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs ANAND RATHI SECURITIES PVT. LTD. AND KARVY INVESTOR SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED August 29, 2005 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS:

- (i) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;
- (ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- (A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (C) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;
- (D) WE CONFIRM THAT, BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRHP ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION ARE VALID; AND
- (E) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.

THE FILING OF RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM(S), ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, HYDERABAD, ANDHRA PRADESH IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.



DISCLAIMER STATEMENT FROM THE ISSUER AND LEAD MANAGER:

THE COMPANY, BRLMS ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE RED HERRING PROSPECTUS, RED HERRING PROSPECTUS, PROSPECTUS OR THE ADVERTISEMENTS OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE COMPANY AND ANY ONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION, INCLUDING OUR WEBSITE “WWW.PRITHVISOLUTIONS.COM” WOULD BE DOING SO AT HIS OR HER OWN RISK.

The Company, BRLMs accept no responsibility for statements made otherwise than in the Red Herring Prospectus or the advertisements or any other material issued by or at the instance of the Company and any one placing reliance on any other source of information, including our website “www.prithvisolutions.com” would be doing so at his or her own risk.

The BRLMs do not accept any responsibility, save to the limited extent as provided in terms of the Memorandum of Understanding entered into between the Company and the BRLMs and the Underwriting Agreement to be entered into between the Company and the Underwriters.

All information shall be made available by the BRLMs, and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at the bidding centres.

The Issuer and BRLMs are obliged to update the Red Herring Prospectus and keep the public informed of any material changes till the listing and trading commencement.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, scheduled commercial banks, regional rural banks, cooperative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, Foreign Venture Capital funds registered with SEBI, State Industrial Development Corporation, permitted Insurance companies, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million, and to non-residents including NRIs and FIIs. This Red Herring Prospectus does not, however, constitute an offer to sell or, an invitation to subscribe to shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about it, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the exclusive jurisdiction of appropriate court(s) in Hyderabad, India only.

No action has been or will be taken to permit a public Issue in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations and the SEBI has given its observations and the Red Herring Prospectus has been filed with RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of NSE

As required, a copy of the Red Herring Prospectus has been submitted to National Stock Exchange of India Limited (“NSE”). NSE has given vide its letter No. NSE/LIST/17460-9 dated October 7, 2005 permission to the Company to use the Exchange’s name in this Red Herring Prospectus as one of the stock exchanges on which the Company’s securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs. 1000 Lacs) and market capitalization (i.e., market capitalization shall not be less than Rs. 2500 lacs at the time of the listing). NSE has scrutinised the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring



Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of BSE

As required, a copy of the Red Herring Prospectus has been submitted to Bombay Stock Exchange Limited ("BSE"). BSE has given vide its letter dated October 7, 2005 permission to the Company to use Exchange's name in this Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- Warrant that this company's securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the Registrar of the Companies, Andhra Pradesh located at 2nd floor, Kendriya Sadan, Sultan Bazaar, Hyderabad 500 195 and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with such RoC. A copy of the Red Herring Prospectus has been filed with Corporate Finance Department of SEBI at Mittal Court, "B" Wing, First Floor, 224, Nariman Point, Mumbai 400 021.

Listing

Applications have been made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares. If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it i.e. from the date of refusal or within 70 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company and every director of the Company who is an officer in default shall, on and from the expiry of eight days, will be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company together with the assistance of the BRLMs shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the basis of allotment for the Issue.

Impersonation

Attention of applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who

- a) makes in a fictitious name an application to a company for acquiring, or subscribing of any Equity Shares therein, or
- b) otherwise induces a company to allot, or register any transfer of Equity Shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."



Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Manager to the Issue and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue and Legal Advisors to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Andhra- Pradesh located at Hyderabad, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Patwari & Company, Chartered Accountants our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Patwari & Company, Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

Expert Opinion

Except as stated in this Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

| ACTIVITY | Estimated Amount (Rs. in Lacs) | % of Total Expenses | % of Total Issue Size* |
|---|-----------------------------------|---------------------|------------------------|
| Lead Management Fees, underwriting and selling commission | 150 | 15% | [●] |
| Underwriting Commission | 150 | 15% | [●] |
| Selling Commission | 150 | 15% | [●] |
| Advertisement and Marketing expenses | 200 | 20% | [●] |
| Printing and Stationery | 150 | 15% | [●] |
| Registrar to the Issue | 10 | 1% | [●] |
| Others (legal fee, listing fee, etc) | 190 | 19% | [●] |
| Total estimated Issue expenses | 1000 | 100% | [●] |

*Will be incorporated after finalisation of Issue Price

The total expenses of the Issue are estimated to be approximately Rs 1000 Lacs and will be met out of the proceeds of the issue. The expenses of this Issue include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be borne by the company.

Fees Payable To The BRLMs

The total fees payable to the Book Running Lead Manager will be as per the letter of appointment dated August 12, 2005 with Anand Rathi Securities Private Ltd, Karvy Investor Services Ltd and SREI Capital markets Ltd, a copy of which is available for inspection at our corporate office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the letter of appointment dated August 10, 2005, issued by our Company, a copy of which is available for inspection at our registered office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Underwriting commission, brokerage and selling commission

The underwriting commission and brokerage for the Issue is set out in the Underwriting Agreement and the Syndicate Agreement.



Previous Rights and Public Issues

The Company has not made any previous rights and public issues except as stated in the section titled “Capital Structure of the Company” on page 29 of this Red Herring Prospectus.

Previous issues of shares otherwise than for cash

The Company has not made any previous issues of shares otherwise than for cash, except as stated in the section titled “Capital Structure of the Company” beginning on page 29 of this Red Herring Prospectus.

Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our inception.

Companies under the Same Management

The following companies have been declared to be under the same management within the meaning of Section 370 (1)(B) of the Companies Act:

- 1) Prithvi Information Solutions LLC.
- 2) Origin Management Consultants Pvt Ltd

For more details, please refer to the section titled “Financial and other Information of Group Companies” beginning on page 94 of this Red Herring Prospectus.

Promise vis-à-vis performance

Issuer

The Company has not made any public issues.

Listed ventures of Promoters

None in the last five years

Outstanding Debentures or Bond Issues or Preference Shares

The Company has no outstanding debentures or bond issues.

Stock Market Data for the Company's Equity Shares

This being an initial public issuing of our Company, the Equity Shares of the Company are not listed on any stock exchange.

Investor Grievance Redressal System All investor complaints that cannot be resolved by the Company Secretary are placed before the Investors Grievance Committee for resolution. Presently, there are no investor complaints remain pending.

The agreement between the Registrar to the Issue and the company, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit and refund orders to enable investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

It is estimated that the average time required by the company or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the company will seek to redress these complaints as expeditiously as possible.

The company has appointed Mr. P.S. Shastry as the Compliance Officer and he may be contacted in case of any pre-Issue or post- Issue related problems. (Please provide the appointment letter) He can be contacted at: 10Q3-A1, 10th floor, Cyber Towers, Hitech City, Madhapur, Hyderabad 500 033.Tel: +91 40 5584 6019; Fax: +91 40 5531 7805; email shastry@prithvisolutions.com



Changes in Auditors

The auditors of our company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by section 224 to 233 of the Companies Act.

There has been no change in the Auditors of Prithvi in the last three years.

Details of the capitalization of the reserves by the Company in the past

| Date of allotment of Bonus Shares | Date of approval to the Bonus Issue | Ratio of Bonus issue | Number of Equity Shares of Rs.10/- each issued as bonus | Amount of reserves Capitalised |
|-----------------------------------|-------------------------------------|----------------------|---|--------------------------------|
| 30.06.2000 | 30.06.2000 | 3.368:1 | 1,010,400 | 10104000 |
| 28.10.2000 | 28.10.2000 | 1.23:1 | 1,906,500 | 19006500 |

Revaluation of assets

The Company has not re-valued its assets since inception.



SECTION VIII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles, conditions of the FIPB and RBI approvals, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advice and other documents / certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications, and regulations relating to the Issue of capital and listing and trading of securities issued from time to time by SEBI / GoI / Stock Exchanges / RBI / RoC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on February 10, 2005, which is subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. Subsequently, on March 25, 2005, the shareholders approved the Issue at the EGM of the Company.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles and shall rank *pari-passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The person in receipt of allotment of equity shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the company after the date of allotment.

Mode of payment of dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at a price of Rs. [●]. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.

Compliance with the SEBI DIP Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity shareholders shall have the following rights: -

- Right to receive dividend, if declared
- Right to attend general meetings and exercise voting powers, unless prohibited by law
- Right to vote on a poll either in person or by proxy
- Right to receive offers for rights shares and be allotted bonus shares, if announced.
- Right to receive surplus on liquidation.
- Right of free transferability and
- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation / splitting of Shares, refer to the section titled "Description of Equity Shares and Terms of The Articles Of Association" on page 142 of this Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Hyderabad, Andhra Pradesh India.



Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his/her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the Prescribed form available on request at the registered office of the Company and the Registrars and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either; -

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to elect / choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment / transfer of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Subscription by NRIs / FIIs / Foreign Venture Capital Funds Registered with SEBI

As per the existing policy of the Government of India, OCBs cannot participate in this Issue. As per the current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, there exists a general permission to the NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI to invest in shares of an Indian company by way of subscription in a Public Issue. However, such investments would be subject to other investment restrictions under the RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the FIBP/RBI for the specific purpose. However, it is to be distinctly understood that there is no reservation for NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI. Applicants will be treated on the same basis with other categories for the purpose of allotment.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the net offer to public, including devolvment of underwriters within 60 days from the Bid / Issue Closing Date, or if the number of allottees in the proposed Issue is less than 1000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.



Arrangements for disposal of odd lots

There are no arrangements for disposal of odd lots.

Letters Of Allotment Or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. The Company shall despatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first bidder's sole risk within 15 days of the Bid/Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Despatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- The Company shall interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within 15 day prescribed time period above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Restrictions on transfer of shares and alteration of capital structure

We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may issue options to our employees pursuant to a new employee stock option plan or, if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.



ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Method. Out of the net Issue to public, up to 50% of the Net Issue to public shall be allocated to QIBs. Further, not less than 15% of the Net Issue to public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. The Company, in consultation with the BRLMs, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason thereof, in case of QIBs. In case of, Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be issued to all successful allottees, only in the dematerialised form. Bidders will not have the option of getting allotment of the security shares in physical form. The equity shares on allotment shall be traded only in dematerialised segment of the Stock Exchange.

Illustration of Book Building and Price Discovery Process *(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20 to 24 per share, issue size of 3000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares @ Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for shares of the company at various prices and is collated from bids from various investors.

| Bid Quantity | Bid Price (Rs.) | Cumulative Quantity | Subscription |
|--------------|-----------------|---------------------|--------------|
| 500 | 24 | 500 | 27.77% |
| 1000 | 23 | 1500 | 83.33% |
| 1500 | 22 | 3000 | 166.67% |
| 2000 | 21 | 5000 | 277.78% |
| 2500 | 20 | 7500 | 416.67% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 22 per share in the above example. The issuer, in consultation with the BRLM, will finalise the issue price at or below such cut-off price i.e. at or below Rs.22 per share. All bids at or above this Issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid- cum- Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in their Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, despatch of the Confirmation of Allocation Note and filing of Red Herring Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the application form. Upon completing and submitting of the Bid-cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus and Bid-cum-Application Form as would be required for filing the Prospectus with RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.



The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

| CATEGORY | Colour of Bid Cum Application Form |
|---|------------------------------------|
| Indian public, NRIs applying on a non-repatriation basis. | White |
| NRIs/FIIs or Foreign Venture Capital funds registered with SEBI, Multilateral & Bilateral Development, Financial applying Institutions applying on a repatriation basis | Blue |
| Eligible Employees | Pink |

Who can Bid?

- (i) Indian nationals resident in India who are majors, in single or joint names (not more than three) except the promoters and promoter group.
- (ii) Hindu Undivided Families or HUFs, in the individual name of Karta except the HUFs of promoters and promoter group. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application form as follows: "Name of sole or first Bidder: XYZ" Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals.
- (iii) Companies, corporate bodies and societies registered under the applicable laws in India; and authorised to invest in the Equity Shares except the companies promoted by the promoters and the promoter group.
- (iv) Indian mutual funds registered with SEBI.
- (v) Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable)
- (vi) Venture Capital Funds registered with SEBI.
- (vii) Foreign Venture Capital Investors registered with SEBI.
- (viii) State Industrial Development Corporations.
- (ix) Trust/society registered under the Societies Registration Act, 1860, as amended or under any other law relating to trusts/society and who are authorised under their constitution to hold and invest in Equity Shares).
- (x) NRIs and FIIs on repatriation basis or a non-repatriation basis subject to applicable laws.
- (xi) Scientific and / or industrial research organizations authorised to invest in Equity Shares.
- (xii) Insurance companies registered with Insurance Regulatory and Development Authority.
- (xiii) Provident funds with minimum corpus of Rs. 2,500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares
- (xiv) Pension funds with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares.
- (xv) Multilateral and bilateral development financial institutions
- (xvi) Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLMs and the Syndicate Members and any associate of BRLMs and the Syndicate Members, (except asset management companies on behalf of mutual funds, public sector banks and Indian financial institutions) cannot participate in that portion of the Issue where allocation is discretionary and will not be eligible in the QIB Portion. Further, the BRLMs shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or Equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.



No mutual fund under all its schemes should own more than 10% of any Company's paid-up capital carrying voting rights. These limits have to be adhered to by the mutual funds for investment in the Equity shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual. **As of now, the aggregate FII holding in the Company cannot exceed 100% of its total issued capital of the Company. With approval of shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, till date, no such resolution has been recommended to the shareholders of the Company for adoption.**

Bids by NRIs

NRI Bidders will have to comply with the following:

Individual NRI Bidders can obtain the Bid-cum-Application Forms from the Company's Registered Office at 10Q3-A1, 10th floor, Cyber Towers, Hitech City, Madhapur, Hyderabad 500 081 or from members of the Syndicate or the Registrars to the Issue.

NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour). All instruments accompanying bids shall be payable in Hyderabad/Mumbai only.

Bids by non-residents including NRIs or FIIs on a repatriation basis.

Bids and Revision to Bids must be made:

- a) On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- b) In a single name or joint names (not more than three)
- c) By NRIs - Bids for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 100,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation;
- d) By FIIs - for a minimum of such number of Equity Shares and in multiples of 25 thereafter that the Bid Amount exceeds Rs 100,000 ; for further details refer "Maximum and Minimum Bid Size" at page 123 of this Red Herring Prospectus.
- e) In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for investments by SEBI registered venture capital funds and foreign venture capital funds:



The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI, respectively. Accordingly, the holding by any individual domestic venture capital fund or foreign venture capital investor registered with SEBI should not exceed these limits.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the limits under applicable laws or regulations.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FII, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified true copy of a certificate from a chartered accountant, certifying the corpus of the provident fund/pension fund must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions that the Company/the BRLMs may deem fit.

Maximum and Minimum Bid size

- (a) **For Retail Bidders:** The Bid must be for such number of Equity Shares and in multiples of 25 Equity Shares thereafter, subject to maximum bid amount of Rs 100,000. In case the maximum Bid Amount is for more than Rs 100,000 then the same would be considered for allocation under the Non-Institutional Bidders category. In case of revision of Bids, the Retail Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs 100,000 due to revision or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For other (Non-institutional Bidders and QIBs) Bidders:** The Bid must be for a minimum of such number of Equity Shares and in multiples of 25 Equity Shares thereafter, that the Bid Amount exceeds Rs. 100,000. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines,
 - (i) QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.
 - (ii) In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids, the same would be considered for allocation under the Retail Portion.



Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-Off Price. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

- (c) **For Bidders in the Employee Reservation Portion:** The Bid by Eligible Employees must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 4,50,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 100,000 may bid at “Cut-off”.

Information for the Bidders

- (a) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- (b) The Syndicate Members will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
- (c) Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the registered office of the Company or from the BRLMs or from a Syndicate Member.
- (d) Investors who are interested in subscribing to the Company's Equity Shares should approach any of the BRLMs/ Syndicate Members or their authorized agent(s) to register their bid.
- (e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the Syndicate Member. The Bid-cum-Application Forms, which do not bear the stamp of the Syndicate Member, will be rejected.
- (f) Syndicate member shall compulsorily take the bid form in writing from prospective investors in India or abroad.

Method and Process of Bidding

1. The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Red Herring Prospectus with RoC and also publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Telugu). This advertisement shall contain the salient features of the Red Herring Prospectus as specified under This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. The Bidding Period shall be open for at least 3 working days and not more than 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu) and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding ten working days.
3. During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” on page 125 of the Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid-cum-Application Form has been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph ‘Build up of the Book and Revision of bids” on page 128 of the Red Herring Prospectus.



6. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three CRSs for each Bid-cum-Application Form.
7. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page 126 of the Red Herring Prospectus.

Bids at Different Price Levels

1. The price band has been fixed at 250 to 270 per Equity Share, 250 being the floor of the price band and 270 being the cap of the price band. The bidders can bid at any price within the price band in multiples of Re.1/-
2. The Company, in consultation with the BRLMs, can revise the Price Band by informing the stock exchanges and issuing a press release and notification on the terminal of the Syndicate Members during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Telugu) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate Members and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding thirteen days.
4. The Company, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of Bidding Options not exceeding upto Rs 100,000 may bid at "Cut-off". Eligible Employees applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and Employees bidding for more than Rs.100,000 and such Bids from QIBs, Non Institutional Bidders will be rejected.
6. Retail Bidders or Eligible Employees who bid at the Cut-Off agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which would be a price within the Price Band. Retail Bidder or Eligible Employees bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the allocation amount payable by the Retail Bidders or Eligible Employees (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Bidders or Eligible Employees shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders or Eligible Employees who had bid at Cut- Off Price could either (i) revise their Bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs 100,000, the Bid will be considered for allocation under the Non- Institutional category in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap of the Price Band prior to revision, the number of shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder. And the bidder is deemed to have approved such revised bids at "cut-off" price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders or Eligible Employees who have Bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. The minimum application value shall be within the range of Rs. 5000 to Rs 7000. The issuer company, in consultation with the merchant banker, shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value and make upfront disclosures. In this regard, in the offer document.



Escrow Mechanism

Escrow Account of the Company

The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidder shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account of the Company. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein, and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue in terms of the Escrow Agreement with the Company. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrars to the Issue and the BRLMs to facilitate collections from the Bidders.

Terms of Payment and payment into the Escrow Collection Account

Each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque/demand draft for the maximum amount of his/her bid in favour of the Escrow Account of the Escrow Collection Bank(s) (refer to "Payment instructions" on page 132 for further details) and submit the same to the Syndicate Member (s) to whom the Bid is being submitted. Bid-cum- Application form accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form, based on the highest bidding option of the Bidder. Where the Bid is at cut-off price, the investor will be required to make payment at the highest price in the indicative price band. The Syndicate Members) shall deposit such cheque/demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue.

The balance amounts after transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to a refund. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e. Non-Institutional Bidders and Retail Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable will be available with the members of the Syndicate and will be as per the Syndicate Agreement. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form. The Syndicate Members may, at their discretion, waive such payment at the time of the submission of the Bid cum- Application Form. Where such payment at the time of bidding is waived at the discretion of the Syndicate member or where there is a shortfall as a result of cut-off price being more than the highest price in the indicative price band, the Issue Price or the difference, as the case may be would be paid within 4 days on communication by the BRLMs of the list of Bidders who have been allocated Equity Shares to the Syndicate Members. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled and the Syndicate Member shall bring in the funds under his underwriting obligation.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid cum Application Form. Where such payment at the time of submission of the Bid cum Application Form is waived at the discretion of the members of the Syndicate, the Issue Price shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLM. **If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected.** However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.



However, if the BRLMs and Syndicate Member does not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form. Where the Bidder has been allocated lesser number of Equity Shares than what he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such bidder within 15 days from the Bid Closing Date.

Margins collected from a Bidder shall be credited to the Escrow Banker. No part of the margin shall be held by the Syndicate Member or realized to his credit. The Syndicate Member shall deposit the margins latest by the next day to the date of the Bid along with the margin.

The allocation of securities relating to the Issue shall be made within 15 days from the Bid/Issue Closing Date for Issue. The Company shall pay interest @ 15% p.a. if allocation is not made within 15 days from the Bid/Issue Closing Date and refund orders are not despatched to the Bidders within 15 days of Bid/ Issue Closing Date, for any delay beyond 15 days.

Electronic Registration of Bids

- (a) The Syndicate Member will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one NSE/BSE on-line connectivity in each city where a stock exchange is located in India, and where bids are accepted.
- (b) The BSE and NSE will offer a screen-based facility for registering bids for the Issue. This facility will be available on the terminals of Syndicate Members and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate Member will upload the Bids until such time as permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on each of the electronic facilities of the NSE and the BSE will be downloaded on a half-hourly basis, consolidated and displayed online at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
- (d) At the time of registering each bid, the Syndicate Members shall enter the following details of the investor in the online system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
 - Investor category – Employee (whether eligible or not) / Individual / Corporate / NRI / FII / Mutual Funds etc.
 - Number of Equity Shares bid for
 - Bid Price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form.
 - Depository Participant Identification no. and client identification no. of the dematerialized account of the Bidder
- (e) A system generated Transaction Registration Slip (TRS) (or the Order Confirmation Note) will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate Members. The registration of the bid by the Syndicate Members does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) The BRLMs / Syndicate Member has the right to vet the bid. Consequently, the BRLMs, Syndicate Members also have the right to accept the bid or reject it without assigning any reason in case of QIBs. In case of non-institutional Bidders, and Retail Bidders, Bids would not be rejected except on the technical grounds listed page 134 in the Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by the NSE and BSE to use their network and the software of the online IPO system shall not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company, BRLMs etc. are cleared or approved by the NSE and BSE; nor does it in any



manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project.

- (i) It is also to be distinctly understood that the approval given by the NSE and BSE should not in any way be deemed or construed that the or Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the Syndicate Member shall be electronically transmitted to the BSE/the NSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
- (b) The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
- (c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
- (d) During the Bidding Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (e) Revisions can be made in both the desired number of Equity Shares and the Bid Price by using the Revision Form. The Bidder must complete details of all the options in the Bid-cum Application Form or earlier Revision Form and revisions for all the options as per his Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms will not be executed by the Syndicate Member.
- (f) The Bidder can make this revision any number of times during the Bidding Period. However, for any revisions in the earlier Bid, the Bidder will have to use the services of the same Syndicate Member through whom he has placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.
- (g) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on the upward revision of the Bid. The excess amount, if any, resulting from downward revision of Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs, the Syndicate Members may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidder.
- (h) When a Bidder revises his or her bid, he or she shall surrender the earlier TRS and obtain a revised TRS from the Syndicate Member. It is the responsibility of the Bidder to request for and get the revised TRS, which will act as proof of his or her having revised the bid.
- (i) In case of discrepancy of data between the electronic book and the physical book, the decision of the BRLMs based on the physical records of Bid-cum Application Form shall be final and binding on all concerned.

Price Discovery and Allocation

- (a) After the Bid Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss the pricing strategy with the Company.
- (b) The Company, in consultation with the BRLMs will finalize the Issue Price, the number of Equity Shares to be allotted and the allotment to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid.



- (c) The allocation for QIBs would be up to 50% of the Net Issue to public on a discretionary basis. The allocation to Non-Institutional Bidders would be not less than 15% of the Net Issue to public and Retail Bidders would be not less than 35% of the Net Issue to public in each category on proportionate basis, in consultation with Bombay Stock Exchange Limited, designated stock exchange, and subject to valid bids being received at or above the Issue Price.
- (d) Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company in consultation with the BRLMs. Any under subscription in Equity Shares reserved for allocation to Eligible Employees would be treated as part of the Net Offer to the Public and allocated in accordance with the basis of allotment described in the section titled "Basis of Allotment" on page 136 of this Red Herring Prospectus
- (e) Allocation to eligible Non Residents including NRIs/ FIIs applying on repatriation basis will be subject to the terms and conditions, if applicable, stipulated by the FIPB and RBI while granting permission for the transfer of Equity Shares to them.
- (f) The BRLMs and the Company shall intimate the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons therefore.

Signing of Underwriting Agreement and RoC Filing

- (a) The Company, on its own behalf, the BRLMs, and other Syndicate Members have entered into an Underwriting Agreement dated [-] on being intimated about the Issue Price and allocation(s) to their Bidders.
- (b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the ROC

We will file a copy of the Prospectus with the Registrar of Companies, Hyderabad Andhra Pradesh in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper with wide circulation at Hyderabad.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of this Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price of the securities along with a table showing the number of Equity Shares to be issued. Any material updates between the Red Herring Prospectus and the Red Herring Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note and Allotment for the Issue

- (a) The BRLMs / Registrars to the Issue shall send to the Syndicate Members, a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted/transferred to such Bidder.



Designated Date and Transfer of Funds to Public Issue Account

Successful Bidders will receive credit for the Equity Shares directly in their depository account. Equity Shares will be allotted only in the dematerialized form to the allottees. Successful Bidders will have the option to re-materialize the Equity Shares so allotted/transferred, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

The Company will ensure the allotment of Equity Shares within 15 days of the Bid/ Issue Closing Date and also ensure that credit is given to the Successful Bidders' depository accounts within two working days from the date of allotment. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply
- (b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or non-resident Bid-cum-Application Form (blue in colour), or Eligible Employee Bid Cum Application Form (pink in colour) as the case may be.
- (c) Ensure that you Bid only in the Price Band
- (d) Enter correct details about DP and Beneficiary Account as no physical shares will be issued.
- (e) Investor must ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- (f) Submit Bids on forms bearing stamp of the Syndicate Member at the Bidding Centres only.
- (g) Obtain TRS for all your options
- (h) Submit Revised Bid to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS
- (i) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place.

Don'ts:

- (a) Bid for lower than minimum Bid size.
- (b) Bid or revise the Bid to a Price that is less than the floor of the Price Band or higher than the cap of the Price Band.
- (c) A Bidder should not bid on another Bid-cum-Application Form after he has submitted the Bid to a Syndicate Member.
- (d) pay Bid amount in cash.
- (e) send Bid-cum-Application Forms by post; instead hand them over to a Syndicate Member only.
- (f) Bid at cut off price (for Non-Institutional and QIBs).
- (g) fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law
- (h) Bid at Bid Amount exceeding Rs 100,000 (for Retail Bidders and/or Eligible Employees);

Instructions for Filling Up the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the Syndicate Members.



Bids and Revision of Bids

Bids and revisions to Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis and blue colour for NRIs or FIIs applying on repatriation basis and pink colour for Eligible Employees).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Bidders, the Bids must be for a minimum of 25 Equity Shares and in multiples of 25 thereafter subject to a maximum Bid amount of Rs. 100,000/-.
- (d) For Eligible Employees, the Bid must be for a minimum of 25 Equity Shares and shall be in multiples of 25 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 4,50,000 Equity Shares.
- (e) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity shares that the Bid amount exceeds Rs. 100,000/- and in multiples of 25 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.
- (f) In single name or in joint names (not more than three) and in same order as their depository participant details..
- (g) Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a magistrate or a notary public or a special executive magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatory/ filled in the Bid-cum-Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. These bank account details should be the same as those mentioned in the Bidder's Depository account, as those details will be printed on the refund orders. Bid-cum-Application Forms without these details are liable to be rejected. It is the Bidder's responsibility to ensure that the details of the Bidder's Depository account are correct.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES USING THE DEPOSITORY MODE. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP-ID AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT MAY BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, DP's name, Depository Participant-Identification Number and Beneficiary Account Number will be provided by them in the Bid cum application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details.) Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the bidders including mailing of the refund orders/CANS/Allocation Advice and printing of Bank particulars on the refund order and the demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to the DPs.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on the records.

Refund orders / Allocation Advice / CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders' sole risk and neither the Bank nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.



In case no corresponding record is available with the Depositories that match three parameters, namely names of the Bidders (including the order of names of joint holders), the DP's identity and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

PAYMENT INSTRUCTIONS

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLM and Syndicate Members shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the terms.

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - (a) In case of Resident Bidders: **"Escrow Account – Prithvi Information Solutions Ltd. Public Issue"**
 - (b) In case of Non Resident Bidders: **"Escrow Account - Prithvi Information Solutions Ltd. Public Issue -NR"**
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
5. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
6. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the public issue account with the Bankers to the Issue.
8. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders

Payment by Stockinvest

In terms of RBI circular no. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003; the option to use the Stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through Stock invest has been withdrawn.



Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the BRLM/Syndicate Member at the time of submitting the Bid-Cum Application Form. The BRLM/Syndicate Member may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form. No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the BRLM/Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made by individuals in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his/her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole/First Bidder is one and the same. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The BRLMs reserve the right to reject, in their absolute discretion, all or any of the multiple Bids in any or all categories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.**

Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address:

- (a) Ration Card
- (b) Passport
- (c) Driving License
- (d) Identity Card issued by any institution
- (e) Copy of the electricity bill or telephone bill showing residential address
- (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address
- (g) Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.



OUR RIGHT TO REJECT BIDS

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non Institutional Bidders and Retail Bidders, the Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
6. PAN or GIR Number not given if Bid is for Rs. 50,000/- or more;
7. Bids for lower number of Equity Shares than specified for that category of investor;
8. Bids at a price less than the floor of the Price Band or higher than the cap of the Price Band;
9. Bids at cut-off price by a QIB or a Non Institutional Bidder;
10. Bids for number of Equity Shares, which are not multiples of 25;
11. Category not ticked;
12. Multiple Bids;
13. In case of Bid under Power of Attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
14. Bids accompanied by Stockinvest/ money order/ postal order/ cash;
15. Signature of sole and / or joint Bidders missing;
16. Bid-cum-Application Form does not have the stamp of a member of the Syndicate;
17. Bid-cum-Application Form does not have the Bidder's depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations refer the details regarding the same at page 123 of the Red Herring Prospectus;
20. Bids not duly signed by the sole/joint Bidders; or
21. Bids by OCBs.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be issued only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.)

In this context, the following two tripartite agreements have been signed between (Registrars of the Company), the Depositories and the Company:

- (i) An Agreement dated [●], among NSDL, the Company; and the Registrar to the Issue.
- (ii) An Agreement dated [●], among CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:



- (i) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
- (ii) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
- (iii) Equity Shares allotted/transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (iv) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidders).
- (v) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form.
- (vi) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- (vii) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
- (viii) The trading of Equity Shares of the Company would only be in dematerialized form for all investors.

COMMUNICATIONS

All future communications in connection with Bid made in the Issue should be addressed to the Registrars to the Issue quoting full name of the sole/first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque /draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

PROCEDURE FOR APPLICATION BY MUTUAL FUNDS AND MULTIPLE APPLICATIONS

A separate application can be made in each scheme of an Indian Mutual Fund registered with SEBI and such applications shall not be treated as multiple application. The applications made by Asset Management Companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

Disposal Of Applications And Application Money

The Company shall ensure despatch of allotment advice or refund orders and giving of benefit to the beneficiary account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. The Company shall ensure the despatch of refund orders, if any, of value up to Rs. 1,500/- "Under Certificate of Posting", and despatch of refund orders above Rs. 1,500/- , if any, by registered post or speed post at the sole or First Bidder's sole risk. The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment. In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:

- (i) Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- (ii) The Company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- (iii) The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not despatched and/or dematerialized credits are not made to investors within the 15 day time prescribed above. The Company will provide adequate funds required by the Registrars to the Issue for despatch of refund orders or allotment advice.

Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by the Company as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.



Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68a of the Companies Act, which is reproduced below:

“Any person who:

- (a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years.”**

Basis of Allotment

A. For Employee Reservation Portion

Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 4,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 4,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [.] Equity Shares. For the method of proportionate basis of allocation, refer below.
- The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added to the categories of Non Institutional Bidders and Retail Bidders, in a proportion to be determined by the Company in consultation with the BRLM.

B. For Retail Bidders:

- Bids received from the Retail Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 15,92,500 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 15,92,500 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of [:]. Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 6,82,500 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 6,82,500 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of [:]. Equity Shares. For the method of proportionate basis of allotment refer below.
- The aggregate allotment to Retail and Non-Institutional Bidders shall not exceed 22,75,000 Equity Shares.



D. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional Portion and Retail Portion shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allotment would be decided by our Company in consultation with the BRLMs and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.
- The aggregate allotment to QIB Bidders shall be atleast 22,75,000 Equity Shares.

Under subscription, if any in the Non Institutional and Retail Bidders categories would be allowed to be met with spill over from any other category at the sole discretion of our Company and the BRLM.

Procedure and Time Schedule for Allotment of Equity Shares

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on October 25, 2005 and expires on October 28, 2005. Following the expiration of the Bidding Period, the Company, in consultation with the BRLM, will determine the offering price and the offering size, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI on [•] and the Registrar of Companies on [•] and will be made available to investors. SEBI Guidelines require the Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor’s demat account, subject to final approval by the Stock Exchanges.

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason therefore, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not despatched and/ or dematerialized credits are not made to investors within two working days from the date of allotment

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment to Retail and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate allotment is less than [·] Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of [·] Equity Shares; and



- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- (e) If the proportionate allotment to a Bidder is a number that is more than [.] but is a fraction, the fraction would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500 if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid / Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;

We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

- Complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- The funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- Refund orders or allotment advice to the NRIs or FIIs or multilateral or bilateral development financial institutions, foreign venture capital investors registered with SEBI shall be despatched within the specified time;
- No further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under subscription, etc.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500/- by registered post/speed post only and adequate funds for the purpose shall be made available to the Registrars by the Company.

Investor Grievances

Investors are requested to contact the Registrars to the Issue and/or Compliance Officer for any grievances giving full details of Bid-Cum Application form.



Interest in case of delay in dispatch of allotment letters/refund orders

We agree that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 15 days from the Bid/Issue Closing Date.

Issue Program

BID/ISSUE OPENS ON : OCTOBER 25, 2005

BID/ISSUE CLOSING ON : OCTOBER 28, 2005

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between **10 a.m. and 1 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the NSE and BSE on the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the NSE and BSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

UNDERTAKINGS BY THE COMPANY

The Company undertakes as follows:

- (i) that the complaints received in respect of this Issue shall be attended to by us expeditiously;
- (ii) that the Company shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalization of the basis of allotment;
- (iii) that the funds required for despatch of refund orders/allotment letters/ certificates by registered post/ speed post shall be made available to the Registrars to the Issue by the Issuer;
- (iv) that the refund orders or allotment advice to the NRIs or FIIs shall be despatched within specified time; and
- (v) that no further Issue of Equity Shares shall be made until the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under subscription, etc.

Utilization of Issue Proceeds

The Board of Directors of the Company certifies that:

- (i) All monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (ii) Details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- (iii) Details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.
- (iv) The utilization of monies received under promoters contribution and firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilized.
- (v) The details of all unutilized monies out of the funds received under promoters contribution and firm allotments and reservations shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilised monies have been invested.
- (vi) The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received. Pending utilization for the purposes described above, the Company intends to invest the funds in high quality interest/ dividend bearing liquid instruments including money market mutual funds, inter corporate deposits, deposit with banks for necessary duration or reducing the working capital / term borrowings from banks and financial institutions.



RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the IT Sector is permitted up to 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

FOREIGN INVESTMENT

Foreign investment in India is regulated by the Foreign Exchange Management Act, 1999 (FEMA), the regulations framed by the Reserve Bank of India (RBI) and policy guidelines issued by the Ministry of Industry (through various Press Notes issued from time to time). Foreign investment in IT companies, is under the automatic route (i.e., prior approval of the Foreign Investment Promotion Board (FIPB) is not required).

Foreign investment by way of subscription to equity shares in the ITES sector currently does not require the prior approval of the RBI (vide Press Note 8 of 2000) or the FIPB, except for a post subscription filing with the RBI in Form FC-GPR within 30 days from the issue of shares by the company. The Government of India has indicated that in all cases where foreign direct investment is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

INVESTMENT BY FOREIGN INSTITUTIONAL INVESTORS

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of the company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of the company. However, this limit may be increased to 24% if the shareholders of the company pass a special resolution to that effect. No single NRI may own more than 5% of the post-issue paid up capital of the Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non-repatriable.



OWNERSHIP RESTRICTIONS OF FIIS

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 100 % of post-issue paid-up capital of the company. However, the offer of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company. The aggregate FII holding in our Company is permitted up to 30% of the total issued share capital.



SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

Described below is the material information concerning our share capital and a brief summary of the material provisions of the Companies Act, 1956 and our charter documents. Certain provisions will be applicable upon our Equity Shares being listed on the Stock Exchanges. The following description is not complete and should be read with our Memorandum of Association and our Articles of Association and the relevant provisions of the Companies Act.

DESCRIPTION OF EQUITY SHARES:

Our authorised share capital is Rs.20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores only) equity shares of Rs.10/- each (Rupees Ten only).

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of the Company are detailed below:

Share Capital

- 1 The Authorised share capital of the company is Rs.20,00,00,000/- (Rupees Two Thousand Lacs only) divided into 2,00,00,000 (Two Hundred Lacs only) equity shares of Rs.10/- each (Rupees Ten only) with power to divide the shares of capital (original, increased, reduced or converted) into several classes and to attach thereto respectively such qualified or special rights, privileges or conditions in such manner as may from the time being be provided by the regulations of the Company as originally framed or as altered by special resolution.
- 2 Subject to the provisions of section 80 of the Act, the Company shall have power to issue preference shares carrying a right to redemption out of profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be so redeemed at the option of the company.

Shares

- 3 Except as provided in Section 77 of the Act, no part of the funds of the Company shall be employed in the purchase of the Company's own shares. Provided that an option or right to call of shares shall not be given to any person(s) except with the sanction of the company in General Meeting.
- 4 Subject to the provisions of these articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Board thinks fit but subject always to articles thereof.
- 5 No persons shall be recognised by the Company as holding any shares upon any trust and the company shall not be bound by or recognise any equitable, contingent, future, or partial interest in any shares or any interest in any share or any interest in any fractional part of share, or share, or (except only as by these presents otherwise expressly provided) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.
- 6 Every member shall be entitled to one certificate for the shares registered in his/her name. Such Certificate shall be issued, in accordance with the Companies (Issue of Share Certificate) Rules 1960 specifying the shares or share held by the member and amount paid thereon, under the Common Seal of the Company. Shares / Debenture Certificates shall be issued in marketable lots and where share / debenture certificates are issued for either more or less than marketable lots, sub-division/consolidation into marketable lots shall be done free of charge.
- 7 The Company shall keep a book to be called the Register of Transfer's and there shall be fairly entered particulars of every transfer or transmission of any share.
- 8 **A) Further Issue Of Shares:**

1. **Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:**
 - a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as the circumstances admit, to the capital paid up on those shares at the date.

- b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of offer and the offer if not accepted, will be deemed to have been declined.
 - c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. Provided that the Director may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (Whether or not those persons include the persons referred to in clause (a) sub-clause (1) thereof in any manner whatsoever.
- a. If a special resolution to that effect is passed by the company in General Meeting, or
 - b. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting of vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed;
- a. To extend the time within which the offer should be accepted; or
 - b. To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the company:
- (i) To convert such debentures or loans into shares in the company; or
 - (ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).
- PROVIDED THAT the terms of Issue of such debentures or the terms of such loans include a term providing for such option and such term:
- a) Either has been approved by the Central Government before the Issue of the debentures or the raising of the loans or is in conformity with Rules, if any made by that Government in this behalf; and
 - b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the Issue of the debentures or raising of the loans.

(B) Shares at the disposal of the directors:

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may Issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or



for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so, issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

(C) Limitation of time for Issue of certificates:

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of Issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares, as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be borne to Issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

(D) Issue of New Certificate in Place of One Defaced, Lost or Destroyed:

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.

Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for Issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

Alteration Of Capital

9. i. Subject to the provisions of the Companies Act, 1956 the Company shall have power to alter the condition of its Memorandum as follows, that is to say, it may:
- Increase its share capital by such amounts as it thinks expedient by the creation of new shares.
 - Consolidate and divide all of any of or its share capital into shares of larger amount than its existing shares.
 - Convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denominations.
 - Sub-divide its shares or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
 - Cancel shares which at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled provided however the cancellation of shares in pursuance of this power shall not be deemed to be a reduction of share capital within the meaning of the Companies Act, 1956.



- ii. The power conferred by this regulation shall be exercised by the Company in general meeting.

Reduction Of Capital

10. Subject to the confirmation of the Court, the Company may from time to time by special resolution and in a manner authorised by law, reduce its share capital in any way and in particular without prejudice may:
- a. Extinguish or reduce the liability on any of its shares in respect of share capital not paid up.
 - b. Either with or without extinguishing or reducing liability on, any of its shares, cancel any paid up share capital which is lost, or is un-represented by available assets: or
 - c. Either with or without extinguishing or reducing liability on any of its shares, cancel the paid up Capital which is in excess of the wants of the Company, and may, in so far as in necessity, alter its memorandum by reducing the amount of its share capital and its shares accordingly. This article is not to derogate any power the Company would have if it were omitted.

Transfer And Transmission Of Shares

11. Directors May Refuse To Register Transfer:

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company or any account whatsoever except when the company has a lien on the shares. Transfer of shares / debentures in whatever lot shall not be refused.

A. Instrument Of Transfer:

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

B. No Fee on Transfer or Transmission:

No fee shall be charged for registration of transfer, transmission, probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

C. Payment In Anticipation Of Call May Carry Interest:

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

12. Company's Lien On Shares / Debentures:

The Company shall have a first and paramount lien upon all the shares / debentures (other than fully paid-up shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures and no equitable interest in any share shall be created except upon the footing and condition



that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares / debentures. Unless otherwise agreed, the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien if any, on such shares / debentures. The Directors may at any time declare any shares / debentures wholly or in part to be exempt from the provisions of this clause.

13. The Board of Directors may also decline to recognise any instrument of transfer unless:
 - a. The instrument of transfer is accompanied by the certificate of shares to which it related and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfers; and
 - b. The instrument of transfer is common in respect of any given class of shares.
14. (1) Every endorsement upon the certificate of any share in favour of any transfer shall be signed by the Managing Director or by some other person for the time being duly authorised by the Board of Directors in this behalf. In case any transfer of a share shall apply for a new certificate in lieu of the old or existing certificate he shall be entitled to receive a new certificate in respect of which the said transfer has been applied for and upon his delivering up to be cancelled every old or existing certificate which is to be replaced by a new one.
- (2) Notwithstanding any other provisions to the contrary on these presents no fee shall be charged for any of the following viz.,
 - a. for registration of transfers and debentures: or for transmission of shares and debentures;
 - b. for sub division and consolidation of share and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading;
 - c. for sub-division of renounceable Letters of Right;
 - d. for Issue of certificates in replacement of those which are old decrepit or worn out, or where the cages on the reverse for recording transfers have been fully utilized;
 - e. for registration of any power of attorney probate letters of administration or similar other documents.
15. The company shall keep a book to be called the "Register of Members" and there in shall be entered the particulars of every transfer or transmission of any shares and all other particulars to shares required by the Act to be entered in such Register.
16. The Instrument of Transfer shall after registration remain in the custody of the Company. The Board may cause to be destroyed all transfer deeds lying with the Company for a period of 6 years or more.
17. The Board of Directors after giving not less than 7 days prior notice by advertisement in some newspapers circulating in the district in which the Registered Office of the Company is situated, close the Register of Members or the Register of Debenture holders for any period or periods not exceeding in the aggregate 45 days in each year but not exceeding 30 days at any one time.
18. (1) The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and in the case of death of any one or more to the joint holders of any registered shares, the survivors shall be the only persons recognised by the company as having any title to or interest in such shares.

Provided that if the member has been a member of a Joint Hindu family the Board being satisfied to that effect and on being satisfied that the shares standing in his name in fact belong to the joint family may recognise the survivors or the Karta thereof as having title to the shares registered in the name of such member. Provided further in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration or other legal representation upon such terms as to indemnity or otherwise as to the Board may deem just.
- (2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any shares which were jointly held by him with other persons.
19. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may upon such evidence being produced as may from time to time be required by Board and subject as hereinafter provided, elect either.



- a. to be registered himself as holder of the shares: or
 - b. to make such transfer of the shares as the deceased or insolvent member could have made.
- (2) The Board shall in either case have the same right to decline or suspend registration as they would have had, if the deceased or insolvent member had transferred the shares before his death or insolvency.

Devolution Of Rights

20. (1) If the person so becoming entitled shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice in writing by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share he shall testify his election by executing a transfer deed for transfer of the share.
- (3) All the limitations, restrictions and provisions of these regulations to the rights to transfer and the registration of transfer of share shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
- (4) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

21. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable rights or referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in the books of the Company, but the Company, shall never the less be at liberty to have regard and attend to any such notice and give effect thereto, if the Board shall think fit.

Calls On Share And Forfeiture

22. The Board –
- a. may, if it thinks fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him: and
 - b. upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, six percent per annum, as may be agreed upon between the Board and the member paying the sum in advance.
23. If a member fails to pay any call or instalment of a call on the day appointed for the payment thereof, the Board of Directors may at any time thereafter during such time as any part of such a call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as unpaid, together with any interest as may be decided by the Board but not exceeding eighteen percent per annum which may have accrued.
24. The notice shall name a further day (the length of each call shall be for a minimum period of thirty days), on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment on or before the day named, the shares in respect of which the call was made will be liable to be forfeited.
25. If the requirements of any such notice as aforementioned are not complied with, any share in respect of which the notice has been given may at any time thereafter before the payment required by the notice has been made, be forfeited by a Resolution of the Board of Directors to that effect, such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.



26. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board of Directors may think fit, and at any time before sale or disposition, the forfeiture may be cancelled on such terms as the Board of Directors may think fit.
27. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding remain liable to pay, and shall forthwith pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company received payment in full of the nominal amount of shares whether legal proceeding for the recovery of the same had been barred by limitation or not.
28. A duly verified declaration in writing that the declaration is a Director of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and that declaration and receipt of the Company for the consideration if any given for the shares on the sale or disposition thereof shall constitute a good title to the share, and the person to whom the share is sold or disposed off shall be registered as the holder of the share and shall not be bound to refer to the application of the purchase money (if any), nor shall his title to the share be affected by way of irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

29 A. Buy Back of Shares

The Company is hereby permitted to purchase its own shares or other specified securities in accordance with the provision of Sections 77A, 77AA and 77B of the Act and such other Regulations or Guidelines framed by the Central Government or Securities & Exchange Board of India, in this regard.

B. Issue of Sweat Equity Shares

Subject to the provision of these Articles and in accordance with the provisions of Section 79A of the Companies Act, 1956, and of various other laws governing the issue, the Board may Issue and allot Sweat Equity shares.

C. Dematerialisation of Securities

Definitions:

- 1) **“Beneficial Owner”** means a person whose name(s) is / are recorded as such with a Depository.
“Depository” means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
“Security” means such security as may be specified by the SEBI from time to time.
- 2) Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
- 3) **Option to Investors**
 - (a) Every person subscribing to securities offered by the Company shall have the option either, to receive the security certificates or to hold the securities with a depository.
 - (b) If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
 - (c) Every person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act. The Company shall, in the manner and within the time prescribed, Issue to the beneficial owner the required Certificates of Securities.
- 4) **Securities in Depositories to be in fungible form**
 - (a) All securities held by a Depository shall be dematerialized and be in fungible form.
 - (b) Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.



5) Rights of Depositories and Beneficial Owners

- (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

6) Service of documents

Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held by Depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

7) Transfer of Securities

Nothing contained in Section 108 of the Act or the Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.

8) Allotment of Securities dealt within a Depository

Notwithstanding anything contained in the Act or these articles, where securities are dealt with by Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

9) Distinctive numbers of Securities held in a Depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

10) Register and index of beneficial owners

The Register and index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and index of Members and Security holders for the purposes of these Articles."

D. Nomination of Shares

Every holder of shares in, or holder of debenture of, the Company, may at any time, subject to the provision of the Section 109A of the Companies Act, 1956, nominate in the manner prescribed by the Board of Directors, a person to whom his shares in or debentures of the Company shall vest in the event of his death. Any person who become a nominee by virtue of the provision of Section 109A may upon the production of such Evidence and no such application as may be required by the Board and subject to the provision of Section 109B of the Companies Act, 1956, elect, either –

- (a) to be registered himself as holder of the share or debenture, as the case may be; or
- (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made."

Borrowing Powers

- 30 a) The Company shall have power to borrow from any persons and secure the payment of any sum or sums of money for the purpose of the company and the Directors may from time to time at their discretion exercise this power and may themselves lend to the company on security or otherwise provided that the Directors shall not contravene the provisions of Section 292 of the Companies Act 1956, or any statutory modification thereof.
- b) The Directors may raise or secure the repayment of a sum of Rs.20 Crores (Rupees Twenty Crores) in such manner and upon such terms and conditions in all respects as they may think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present or future, or uncalled capital of the company, or by the Issue of bonds, perpetual or redeemable, debentures, debenture stock of the company charged upon all or any part of the company's property both present and future including its uncalled capital for the time being.



c) **Term Of Issue Of Debenture:**

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

General Meetings

31. The Company shall in addition to other meetings hold a general meeting which shall be styled as its Annual General Meeting at intervals and in accordance with the provisions specified below:
 - a. the Annual General Meeting of the Company shall be held once in every calendar year within 6 months after the expiry of each FY subject however to the power of the Registrar of Companies to extend the time within which such a meeting can be held for a period not exceeding 3 months and subject thereto not more than fifteen months shall elapse from the date of one annual general meeting and that of the next.
 - b. Every Annual general meeting shall be called for at a time during the business hours of a day that is not a public holiday and shall be held either at the registered office of the Company or some other place within the city, town or village in which the registered office of the Company is situated.
 - c. Notice calling such meetings shall specify them as the Annual general meetings.
 - d. All other meetings shall be referred to as Extra-ordinary General Meetings.
32. The Board of Directors may whenever they think fit, convene an Extra ordinary General Meeting at such time and at such places as they deem fit. Subject to such directions, if any given by the Board, the Managing Director or the Secretary may convene an Extra-ordinary General Meeting.
33. A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than 48 hours from the time when demand was made, as the Chairman may direct.

Voting

34. (a) Every member holding any equity shares shall have a right to vote in respect of such shares on every resolution placed before the meeting. On a show of hands every such member present in person shall have to vote. On a poll, his voting right in respect of his equity shares shall be in proportion to his share of the paid-up-capital in respect of the equity shares.
 - (b) In the event of the Company issuing any preference shares the holders of such preference shares shall have the voting rights set in that behalf in Section 87 of the Act.
35. A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person who made the demand.
36. In the case of joint holders the vote of the first named of such joint holders who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
37. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
38. No member shall be entitled to vote in any general meeting unless all calls or other sums presently payable by him in respect of his shares in the Company have been paid.
39. On a poll, votes may be given either personally or by proxy.
40. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint any person whether a member or not as his proxy to attend and vote instead of himself, but the proxy so appointed shall not unless he be a member, have any right to speak at the meeting and shall not be entitled to vote except on a poll.



- 41 (a) The instrument appointing a proxy shall be in writing under the hand of the appointer or to his attorney duly authorised in writing, or if the appointer is a Corporation either under the common seal or under the hand of an officer or attorney so authorised. Any person may act as proxy whether he is a member or not.
- (b) A Corporate body (whether a Company within the meaning of the Act or not) may, if it is a member or a creditor or debenture holder of the Company, by the resolution of its Board of Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any creditors of the Company held in pursuance of the provisions contained in or authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company.
- (c) So long as an authorization under clause above is in force, the power to appoint proxy shall be exercised only by the person so appointed as representative.
42. The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
43. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of the principal or the revocation of the proxy, or the transfer of the share in respect of which the proxy is given. Provided that no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.
44. Every instrument appointing a proxy shall be retained by the Company and shall be in either of the forms specified in Schedule IX of the Act or a form as near thereto as circumstances will permit.
45. Subject to the provision of the Companies Act, 1956, the Chairman of a General Meeting shall be the sole and absolute judge of the validity of every vote tendered at such meeting, or at a poll demanded at such meeting and may allow or disallow any vote tendered, according as he shall be of opinion that the same is or is not valid.

Directors

46. The Company shall have not less than three and not more than twelve Directors unless otherwise determined by the members at a General Meeting.
47. The following persons shall be the first Directors of the Company.
1. V. MADHAVI 2. V. SATISH KUMAR
- 48 Any person whether a member of the Company or not, can be appointed as a Director of the Company and no qualifications by way of share holding shall be required from any Director.
49. The Directors may elect one of their body to the office of the Chairman of the Board of Directors, and the Director so elected as Chairman shall hold office for a period of Five years subject to the pleasure of the Board and subject to his continuing as a Director and he shall preside over all the meetings of the Board and the General Meetings during tenure of office.
- 50 Notwithstanding anything to the contrary contained in these Articles, any Financing company or Body Corporate or Bank or Insurance Corporation, Andhra Pradesh State Finance Corporation (APSFC), Andhra Pradesh State Industrial Development Corporation (APIDC) Industrial development bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India (ICICI) or any other finance corporation or Credit Corporation or, any other financing Company or body or Venture Capital funds in Private and / or public sector, Sponsors and / or dealers of OTCEI (hereinafter referred to as "the Financial Institution") shall have a right to appoint, remove, reappoint, substitute from time to time, its nominee as a Director (hereinafter referred to as "the Nominee Director") on the Board of the Company, so long as any moneys remain owing to them or any of them by the Company, out of any Financial Assistance granted by them or any of them to the Company by way of loan and / or by holding debentures and / or shares in the Company and / or as a result of underwriting or direct subscription and / or any liability of the Company arising out of the guarantee furnished by the Financial Institution on behalf of the Company remains outstanding.



51. (a) The Nominee Director so appointed shall not be required to hold any qualification shares in the Company not shall he/they be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. Subject to the aforesaid, the said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc., as any other Director of the Company is entitled.
- (b) The Nominee Director/s shall, notwithstanding anything to the contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.
52. The Board shall have power to co-opt one or more persons to be Directors, but so that the total number shall not exceed twelve. In the place of a Director who is about to leave or is absent from the state in which the meetings of Directors are generally held, the Board may appoint any person to be an alternate Director, provided such absence shall not be for lesser period than three months and such appointee while he holds office as an alternate Director shall be entitled to receive notice of all meetings of the Directors and to attend and vote there at and on all resolutions proposed in circulation, but he shall *ipso facto* vacate office as Director if and when the original Director returns to the State in which the meetings are generally held.
53. One third of the Directors shall retire at every Annual General Meeting by rotation. If this number is not three or a multiple of three then a number of Directors nearest thereto shall retire. A retiring Director shall be eligible to seek re-election.
54. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall unless they otherwise agree among themselves be determined by lot.
55. Subject to the provisions of Section 256 of the Act if at any Meeting at which an election of the Directors ought to take place, the place of the vacating Directors is not filled up and the Meeting has not expressly resolved not to fill up the vacancy, the Meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned Meeting the place of retiring Directors is not filled up and the meeting has also not expressly resolved not to fill up the vacancy then the retiring Directors or such of them as have not had their places filled up shall be deemed to have been re-appointed at the adjourned Meeting.
56. No Director shall be disqualified by his office from contracting with the Company nor shall any such contract entered into by or on behalf of the company in which any Director shall be in any way interested be avoided, nor shall any Director so contracting or being so interested be liable to account to the company for any profit realized by any such contract by reason only of such Director holding such office or of the fiduciary relations thereby established but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract is determined or of his interest then existing or in any other case at the first meeting of the Directors after the acquisition of the interest.
57. If any Director appointed by the Company in general meeting vacates office as a Director before his term of office expires in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board of Directors, but any person so appointed shall retain his office so long as the vacating Director would have retained the same if no vacancy had occurred, Provided that the Board of Directors may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Section 284 of the Companies Act. 1956.
58. The business of the company shall be managed by the Directors who may pay all expenses incurred in getting up and registering the Company and other preliminary expenses and may exercise all such powers of the Company as are not, by the Companies Act 1956, or any statutory modifications thereof for the time being in force, or by these articles, required to be exercised by the Company in General Meeting subject nevertheless to any regulation of these articles and to the provisions of the said Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the company in General Meeting but no regulation made by the company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
59. The Directors shall be paid a sitting fees as may be determined from time to time by the Board for every meeting or any committee of the Board attended by them. In addition to the remuneration payable to them, the Directors including the Managing Director may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company or in connection with the business of the Company.

60. Subject to the provisions of Section 314 of the Act, if any Director shall be appointed to advise the Directors as an expert or be called upon to perform extra services or make special exertions for any of the purposes of Company, the Board of Directors may pay to such Director such special remuneration as they think fit, which remuneration may be in the form of either salary, commission or a lump sum and may either be in addition to or in substitution of the remuneration specified in the last preceding article.
61. Subject to the provisions of the Companies Act, 1956 the Board of Directors may employ from time to time any Director to perform and work or supply good required by the Company, or to serve the Company in any professional capacity, or in any other capacity or character, and may remunerate him for such work or supply of goods or services as they may think proper and may enter into contracts with him for the purposes aforesaid, but no Director shall vote at any Directors meeting upon any question affecting his or her own employment as aforesaid or any contract relating hereto.
62. (a) Subject to provisions of Sections 198, 309, 310 of the Act and subject to such approvals as may be necessary, the Board may from time to time appoint one or more of their body to the office of Managing Director and or Manager or whole time Director(s) for such term, and on such remuneration (Whether by way of salary and / or commission or partly in one and partly in another) with or without bonus and any other and or all allowances as they may think fit and a Director so appointed shall not, while holding that office, be subject to retirement by rotation or taken into account in determining the rotation of retirement of Directors but his or her appointment shall be subject to determination IPSO FACTO if he or she ceases from any cause to be Director, or if the Company in general meeting resolves that his or her term of the office of Managing Director or Manager or whole time Director be determined.
- (b) The Board of Directors may appoint or re-appoint one or more of their body, not exceeding two, to be the Managing Director or Managing Directors of the Company for such period not exceeding 5 years as they may deem fit, subject to such approval of the Central Government as may be necessary in that behalf.
- (c) If at any time there are more than one Managing Director each of the said Managing Director may exercise individually all the powers and perform all the duties that a single Managing Director may be empowered to exercise or required to perform under the Companies Act or by these presents or by any Resolution of the Board and they shall exercise, all those powers and perform their duties subject to the directions, supervision and control of the Board of Directors and subject also to such restrictions or conditions as the Board may from time to time impose.
- (d) The Board of Directors may at any time and from time to time designate any Managing Director as Deputy Managing Director or Joint Managing Director or by such other designations as they deem fit.
- (e) Subject to the supervision, control and directions of the Board of Directors, the Managing Director / Managing Directors shall have the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the management of the affairs, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by the Board and also subject to such conditions and restrictions imposed by the Act or by these presents or by the Board of Directors.
- Without prejudice to the generality of the foregoing, the Managing Director / Managing Directors shall exercise all the powers set out in Article 70 except those which are by law or by these presents or by any Resolution of the Board required to be exercised by the Board or by the company in General Meeting.
63. A Director may from time to time, and a Managing Director or Commercial Director or Technical Director as the case may be upon the request of any Director, shall convene the meeting of the Board. All meetings of the Board of the Company shall, unless otherwise determined by the Board, be held at the Registered Office of the Company. The quorum for a meeting shall be two directors or one third of the total strength (any fraction contained in one third being round off as one) whichever is higher. The Board shall meet atleast once in every three months and atleast four meetings shall be held in every calendar year.
64. Save as otherwise expressly provided in the Act, a resolution in writing signed by all or a majority of the members of the Board or of a committee thereof for the time being entitled to receive notice of a Meeting of the Board or committee shall be as valid and effectual as if it had been passed at Meeting of the Board or Committee, duly



convened and held. In the event of the signature of anyone or more of the Directors to any such resolution being affixed on different dates the said resolution shall be deemed to be passed on the date of signature of the Director signing last.

65. The office of a Director shall be vacated, if:

- a. he is found to be of unsound mind by a Court of competent jurisdiction; or
- b. he applies to be adjudicated or is adjudged an insolvent or
- c. he fails to pay dues made on him in respect of shares held by him within six months from the last date fixed for the payment of the call unless the Central Government has by notification in the official gazette removed the disqualification incurred by such failure; or
- d. he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
- e. he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is longer without, obtaining leave of absence from the Board, or
- f. he (whether by himself or by any person for his benefit or on his account, or any firm in which he is partner or any private company of which he is a Director) accepts a loan, or any guarantee or security for a loan from the Company in contravention of Section 299; or
- g. he acts in contravention of Section 295; or
- h. he becomes disqualified by an order of court under Section 203; or
- i. he is removed in pursuance of Section 284; or
- j. having been appointed a director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.

Provided that notwithstanding any thing in sub-clause (b), (d) and (h) above the disqualification referred to in those clauses shall not take effect.

- a. for thirty days from the date of the adjudication, sentence or order.
- b. where any appeal or petition is referred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentences or order until the expiry of seven days from the date on which such appeal or petition is disposed off, or
- c. where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction, or order and the appeal or petition if allowed would result in the removal of the disqualification until such further appeal or petition is disposed off.

Powers of the Board

66. The business of the Company shall be managed by the Directors who may pay all expenses incurred in incorporating and registering the company and may exercise all such powers of the Company as are not by the Companies Act, 1956 or any Statutory modification thereof for the time being in force or by these Articles, required to be exercised by the Company in general meeting subject nevertheless to any regulation of these Articles or the provisions of the said Act, and to such regulations not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General meeting, but no regulations made by the Company in General Meetings shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
67. Without prejudice to the General powers conferred by the preceding Articles and the other powers conferred by these Articles and subject to the provisions of the Act, the Board of Directors shall have the following powers, that is to say:
- a. To pay the costs, charges expenses preliminary and incidental to the promotion, establishment and registration on the Company.
 - b. At their discretion to pay for any property, rights, privileges acquired by, or services, rendered to, the company either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company and any such shares may be issued either fully paid up or with such amount credited as paid up thereon as may be

agreed upon subject always to the liability of all share holders in regard to the departments of the Company whether such bonds, debentures or other securities are either specifically charges upon all or any part of the company and its uncalled capital not so charges.

- c. To take on lease, purchase or otherwise acquire for the company any property, rights, or privilege, which the company is authorised to acquire, at such price and generally on such terms and conditions as they think fit.
- d. To appoint any person or persons to hold in trust for the Company property belonging to the Company or in which it is interested or for any other purpose and to execute all such instruments and to do all such things as may be necessary or requisite in relation to any such trust.
- e. To sell, let, exchange or otherwise dispose of absolutely or conditionally all or any part of the property, privileges and undertakings of the company upon such terms and conditions and for such consideration as they think fit.
- f. To appoint and at their discretion remove or suspend such agents, managers, secretaries, clerks and servants for permanent, temporary or special services, as they may from time to time think fit and to determine their powers duties and fix their salaries or emoluments and to require security in such instance and to such amounts as they think fit and generally to provide for the management of the Company in different parts of India or outside in any countries and to establish and maintain branch offices anywhere.
- g. To buy or procure the supply of all articles, goods, merchandises and other movable property required for the purpose of the Company and to sell them.
- h. To appoint any person or persons to be attorneys of the Company for such purposes and with powers, authorities and discretions not exceeding those vested in or exercisable as the Board and for such period and subject to such conditions as the Board may from time to time think fit.
- i. To enter into, carryout rescind or vary, financial arrangements with any banks persons or corporations for or in connection with the Company's business or affairs and, pursuant to or in connection with such arrangements, to deposit, pledge or hypothecate any property of the Company, to execute and register any documents relating to the same.
- j. To make and give receipts, release and other discharges for money payable to the Company for the claims and demands for the Company.
- k. To compound and allow time for the payment or satisfaction or any debts due to or by the Company and any claims and demands by or against the Company and to refer matters to arbitration and observe and perform the awards.
- l. To sign, draw, accept, endorse and negotiate and discount, for and on behalf of the Company all such cheques, bills of exchange, promissory notes, hundies, drafts, government and other securities and all other documents, whether negotiable or otherwise, as shall be normal in or for carrying on the affairs of the Company.
- m. To institute, prosecute, compromise, withdraw or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company.
- n. To invest and deal with any of the moneys of the Company not immediately required for the purpose thereof upon such securities or investments and in such manner as they may think fit and from time to time vary or realize such securities and investment.
- o. to enter into negotiations and contracts and to rescind or vary all such contracts and do all such acts, deeds, and things in the name and on behalf of the company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the company.
- p. To make, vary and repeal, from time to time bye-laws for the regulation of the business of the Company, its officers and servants.
- q. To deposit money on security or otherwise with other persons or companies whether Banking Company or not and to invest any funds of the Company not required for the time being for the general purpose of the Company in such investments (other than the shares of the company) as may be thought proper, and to hold exchange, sell, vary and dispose of or deal with any of the investments of the Company, as may be deemed expedient.
- r. To give credit or deal upon credit, with or without security with any persons including members of the Company or such amount upon such terms and conditions as they shall think fit.



- s. To call any General Meeting of the Company to transact such business as is mentioned in the notice convening the meeting and
 - t. To exercise and to carry into effect any or all of the objects and powers mentioned or referred to in the Memorandum of Association.
 - u. to list the Equity Shares, Debentures, ADRs, GDRs and any other instruments, of the Company, for the purpose of raising funds from the Public, Financial Institutions, Foreign Institutional Investors, non-Resident Indians, Overseas Corporate Bodies and any other persons(s), on such stock exchanges including OTC Exchange of India, in India, and outside India subject to obtaining permission / sanction(s) from such authorities and execute all such agreements, instruments and any other writings, on such terms and conditions as the Board may from time to time think fit.
 - v. To allow Registration, Custodians or any other person acting and doing the acts generally associated with Registrars, Custodians, etc, specifically appointed by the Company, for this purpose transfer upto 0.5% of the total paid-up share capital from time-to-time, as per the existing listing guidelines.
68. The Board may from time to time at their discretion raise or borrow or secure the payments of any sum of money for the purpose of Company's business, and may secure the payment of such money by mortgage or charge upon the whole or any part of the assets and property of the company (present and future) including its uncalled and unpaid capital not so charged.
69. Subject to as aforesaid, any bonds, debentures stock or other securities issued by the company shall be under the control of Directors who may Issue them upon such terms and condition and such manner and for consideration as they shall consider to be for the benefit of the Company.
70. The Board may at any time pay to any person commission which may represent a share in the profits of the Company or in any other manner either in a lumpsum or in yearly, half-yearly, quarterly instalments, in consideration of his guaranteeing to debentures holders or other creditors on behalf of the Company the payment of the face value of the debenture or other liabilities. Such commission will be payable only out of the profits of the Company.
71. The Board may receive deposits for the purpose of financing the business of the Company, bearing interest at such rates as the Directors may fix which may be made payable monthly, quarterly, half-yearly or at the beginning or end of the term for which such sums are borrowed.
72. If the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause or cause to be executed any mortgage, charge or security over the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons becoming liable as aforesaid for any loss in respect of such liability.
73. Subject to the provisions of the Act, the Board may from time to time entrust to and confer upon the Managing Director for the time being or Committee consisting of such persons as it thinks fit, such of the powers exercisable under these presents by the Board as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, upon such terms and conditions with such restrictions as they think expedient and they may confer such powers either collaterally with to the exclusion of and in substitution for all or any of the powers of the Board in that behalf, and may from time to time withdraw, revoke alter or vary all or any of such powers.

Dividends

74. a. The Company shall declare and pay dividends only out of profits and in accordance with the provisions of Section 205 of the Companies Act, 1956 or any statutory modifications thereof:
- b. **The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.**
 - c. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of Company.
 - d. The Board may deduct from any dividend payable to any member all sums of money, if any presently payable by him to the company on account of call or otherwise in relation to the shares of the Company.



- e. **In the case of joint holders, it shall be sufficient for the company to effect payment of the dividend to the first named among them.**

- f. **Unpaid Or Unclaimed Dividend:**

Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days open a special account in that behalf in any scheduled bank called "Unpaid Dividend of PRITHVI INFORMATION SERVICES LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be referred to the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

Capitalisation Of Profits And Reserves

- 75 1. The company in the General Meeting may upon the recommendation of the Directors resolve:
- That it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts or the credit of the Profit and Loss Account, or otherwise available for distribution; and
 - That such sum be accordingly set free for distribution in the manner specified in clause (2) among the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
2. The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards.
- Paying any amounts for the time being unpaid on any shares held by such members respectively:
 - Paying up in full, un issued shares of the Company to be allotted and distributed, credited as fully paid up amongst such members in the Proportion aforesaid; or
 - Partly in the way specified in sub-clause (i) partly in sub-clause (ii).
3. A share premium account and a capital redemption reserve account may, for the purpose of this article, be applied only to Issue shares to be issued to a member of the company as fully paid bonus shares.
4. The Board shall give effect to this resolution passed by the company in pursuance of this Article.



SECTION X: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Hyderabad for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at 10Q3-A1, 10th floor, Cyber Towers, Hitech City, Madhapur, Hyderabad 500 081, India from 10.00 a.m. to 4.00 p.m. from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

Material Contracts

1. Memorandum of Understanding dated August 16, 2005 entered into with Anand Rathi Securities Pvt Ltd, Karvy Investor Services Limited, and SREI Capital Services Limited to act as the Book Running Lead Managers along with interse allocation of responsibility.
2. Memorandum of Understanding dated August 11, 2005 entered into with Karvy Computershare Private Limited, to act as the Registrar to the Issue.
3. Letters dated August 10, 2005, April 7, 2005 from the Company appointing Karvy Investor Services Limited, Anand Rathi securities Pvt Ltd and SREI Capital Services Ltd as the Book Running Lead Managers, and their acceptance thereto.
4. Letter dated August 10, 2005 appointing Karvy Computershare Private Limited as the Registrars to the Issue.
5. Escrow Agreement dated [-] between Escrow Collecting Bank and BRLMs.
6. Syndicate Agreement dated [-] between BRLMs, The Registrar and the Issuer company.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Certificate of incorporation.
3. Resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting held on March 25, 2005 pursuant to Section 81(1A) of the Companies Act, 1956.
4. Copies of Annual reports of Prithvi Information Solutions Ltd. for the years ended March 31, 2001, 2002, 2003, 2004 and 2005
5. Copy of the tax benefit report dated May 28, 2005 from our Auditors.
6. Report of the Auditors M/s. Patwari & Company dated June 24, 2005;
7. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Legal Counsel to Company, Directors, Company Secretary, Registrars, Bankers to the Issue, Compliance Officer as referred to, in their respective capacities.
8. General power of Attorney executed by Directors in favour of Mr. P S Shastry, CFO for signing and making necessary changes in the Red Herring Prospectus.
9. Listing application filed with BSE and NSE
10. In principal listing approvals from BSE dated October 7, 2005 and NSE dated October 7, 2005
11. Copy of the Service Agreement entered into with the Managing Director and Whole-time Directors.
12. Legal Advisor's Certificate dated August 29, 2005.
13. Resolution of the Meeting of the Board of Directors held on June 30, 2005 for the formation of the Company's Audit Committee, Investors Grievances Committee, and Remuneration Committee.
14. Tripartite agreement between the NSDL, our Company and Karvy Computershare Private Limited dated [-]
15. Tripartite agreement between the CDSL, our Company and Karvy Computershare Private Limited dated [-];



16. Due Diligence Certificate dated August 29, 2005 to SEBI from Anand Rathi Securities Private Limited and Karvy Investor Services Limited.
17. SEBI observation letter No CFD/DIL/ISSUES/PB/PR/51470/2005 dated October 7, 2005.
18. Resolution of the Members of the Company passed at the Annual General Meeting held on June 30, 2005 appointing M/s. Patwari & Co., Chartered Accountants, Hyderabad, as statutory auditors.
19. Copies of the forms along with the relevant resolutions regarding increase in the Authorised Share Capital.
20. Investment agreement dated June 29, 2005 amongst Company, Promoters and Opulent Ventures Private Limited.
21. Share purchase agreement dated 10th August 2005 entered into with Ms. Madhavi for acquiring 100% ownership in Prithvi Information Solutions International LLC
22. UCO bank Sanction letter dated May 16, 2005.
23. Copy of the Board Resolution approving this RHP.
24. Extracts of industry information used in the RHP.
25. Chartered Accountants Certificate for the amount spent till date for the Project.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statute.



DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or the guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF THE COMPANY

| | |
|--------------------------------|---|
| Ms. V Madhavi | Chairperson and Whole Time Director |
| Mr. V Satish Kumar | Managing Director |
| Mr. G Srikanth Reddy | Wholetime Director |
| Dr. S.P. Narang | Additional Director (Independent) |
| Mr. Omkar S. Bhongir | Additional Director (Independent) |
| Mr. PVR Rajendra Prasad | Additional Director (Independent) |
| Mr. P.S. Shastry | Chief Financial Officer and Company Secretary |

Place : Hyderabad
Date : October 13, 2005