



Prithvi Information Solutions Limited

(An ISO 9001-2000 Company)

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2008					Rs. in Lakhs	
S.No.	Particulars	Quarter Ended December 31		Nine Months Ended December 31		Year Ended March 31
		2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)	2008 (Audited)
1	(a) Net Sales/ Income from Operations					
	- Software Services	52,194.66	27,552.20	136,513.96	77,375.01	109,375.90
	- Sale of Telecom Products / Services	3,764.65	1,620.42	22,062.93	2,046.76	1,903.16
	(b) Other Operating Income					
	Loss on Foreign Exchange Fluctuation (net) (Refer Note- 4)	(5,112.95)	(115.73)	(10,418.01)	(1,189.73)	(3,849.80)
	Total Operating Income	50,846.36	29,056.89	148,158.88	78,232.04	107,429.26
2	Expenditure					
	a. Consumption of Materials	2,858.69	1,267.22	20,915.57	1,650.93	1,794.33
	b. Software Development Expenditure	41,059.14	20,915.27	105,859.78	58,071.79	79,464.27
	c. Employees Cost	3,198.85	1,380.86	8,798.99	3,809.63	8,087.46
	d. Depreciation/Amortization	221.75	119.46	540.10	410.70	1,385.16
	e. Other Expenditure	2,634.67	2,308.67	7,344.37	6,337.02	8,001.59
	Total Expenditure	49,973.10	25,991.48	143,458.81	70,280.07	98,732.81
3	Profit from Operations Before Other Income and Interest	873.26	3,065.41	4,700.07	7,951.97	8,696.45
4	Other Income	499.62	380.57	893.00	1,098.60	1,324.22
5	Profit Before Interest and Prior Period Items	1,372.88	3,445.98	5,593.07	9,050.57	10,020.67
6	Interest Expenses	807.60	292.86	1,656.99	712.36	1,007.97
7	Prior Period Items	-	-	-	-	1,991.89
8	Profit from Ordinary Activities Before Tax	565.28	3,153.12	3,936.08	8,338.21	7,020.81
9	Tax Expense					
	Provision for Tax	(335.13)	312.97	173.91	1,376.85	465.72
	Tax Adjustment for Earlier Period	2.51	-	2.51	-	183.60
10	Net Profit from Ordinary Activities After Tax	897.90	2,840.15	3,759.66	6,961.36	6,371.49
11	Paid-up Equity Share Capital (Face Value of Rs.10/-)	1,807.70	1,807.70	1,807.70	1,807.70	1,807.70
12	Reserves Excluding Revaluation Reserves	-	-	-	-	38,762.14
13	Earnings Per Share (EPS) (Not Annualized)					
	- Basic and Diluted (Rs.)	4.97	15.71	20.80	38.51	35.25
14	Dividend Per Share of Rs.10/- each	-	-	-	-	3.00
15	Public Shareholding:					
	- Number of Shares	12,176,789	12,176,789	12,176,789	12,176,789	12,176,789
	- Percentage of Shareholding	67.36	67.36	67.36	67.36	67.36

UNAUDITED SEGMENT REVENUE, RESULTS AND CAPITAL EMPLOYED					Rs. in Lakhs	
S.No.	Particulars	Quarter Ended December 31		Nine Months Ended December 31		Year Ended March 31
		2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)	2008 (Audited)
1.	Segment Revenue					
	a) Software	52,194.66	27,552.20	136,513.96	77,375.01	109,375.90
	b) Telecom	3,764.65	1,620.42	22,062.93	2,046.76	1,903.16
	c) Unallocated	-	-	-	-	-
	Total	55,959.31	29,172.62	158,576.89	79,421.77	111,279.06
2.	Segment Results (Profit before tax and Interest from each segment)					
	a) Software	6,185.09	2,827.95	14,967.81	8,764.86	10,445.53
	b) Telecom	(198.89)	353.20	150.29	376.85	108.83
	c) Unallocated	(5,092.67)	(115.73)	(10,397.73)	(1,189.73)	(3,849.80)
	Less:- Interest Expenses (net)	328.25	(87.70)	784.29	(386.23)	(316.25)
	Total	565.28	3,153.12	3,936.08	8,338.21	7,020.81
3.	Capital Employed (Segment Assets- Segment Liabilities)					
	a) Software	61,355.68	45,030.12	61,355.68	45,030.12	51,769.44
	b) Telecom	(6,685.08)	120.06	(6,685.08)	120.06	(649.04)
	c) Unallocated	(12,272.35)	(1,889.59)	(12,272.35)	(1,889.59)	(10,550.60)
	Total	42,398.25	43,260.59	42,398.25	43,260.59	40,569.80

Notes:

- The company is engaged in the businesses of Software Services, Sale of Telecom Products and Telecom Engineering Services.
- The company has provided Rs.850.30 lakhs for the quarter ended December 31, 2008 and Rs. 4,698.55 lakhs for the nine months ended December 31, 2008 as a foreign exchange revaluation loss on translation of FCCBs liability in accordance with Accounting Standard 11 and treated this as a foreign exchange loss. This is a provision made due to revaluation of FCCB liability in the balance sheet at the exchange rate prevailing on December 31, 2008 and does not entail any actual loss or cash outflows. The Maturity date of FCCBs is in February, 2012 and in case exchange rate moving back to earlier levels, the same will be reversed as a foreign exchange gain.
- The company has not created deferred tax asset on loss from telecom segment. The loss from the Telecom segment is on account of foreign exchange revaluation loss on translation of amount payable to a foreign vendor in Japanese Yen. The Company has provided Rs.6,735.68 lakhs for the nine months ended December 31, 2008 and Rs. 4,753.93 lakhs for the quarter ended December 31, 2008 as foreign exchange revaluation loss. The creation of deferred tax asset will be reviewed at the end of the year.
- The Company has provided Rs. 12,353.78 lakhs loss on Foreign exchange fluctuation on account of loss from derivatives for nine months ended December 31, 2008, and Rs.1,902.46 lakhs for the Quarter ended December 31, 2008.
- The utilization of IPO Proceeds as at December 31, 2008 is as follows (a) Spent towards IPO expenses 10.12 crores, (b) Working Capital Induction Rs. 54.62 crores, and (c) Spent on offshore development center Rs. 70.26 crores. The funds raised through IPO have been fully utilized as of December 31, 2008.
- The company has paid Rs. 37.30 crores for construction of Offshore Development Center. There has been a delay in the said construction due to dispute owing to title of land. The matter is sub-judice and the company is confident of the outcome of the case in its favour.
- The observations made by auditors in the Limited Review report for the quarter ended September 30, 2008 are as under and the company's replies given in bold:
 - The company has not provided for diminution in the value of investments aggregating to Rs. 674 lakhs made in a subsidiary, although subsidiary's financials statements indicates that the net worth of the subsidiary is eroded. **The diminution in the value of investments is temporary and hence not provided.**
 - Advances include certain overdue items aggregating to Rs. 737 lakhs considered good by management. In the absence of appropriate evidence, we are unable to comment upon the recoverability of such advances together with its affect on the profit for the quarter ended September 30, 2008. **We are confident of getting back the money or the value of services for advances given.**
 - Provision for Taxation includes provision for current tax (net of MAT credit), deferred tax and fringe benefit tax.
 - There were no investor complaints pending or unattended for redressal at the beginning and end of the quarter. Nine complaints were received during the quarter and were duly attended / disposed off.
 - The above unaudited results were reviewed by the Audit Committee and taken on record by the Board of Directors of the company at its meeting held on January 31, 2009.
 - The above unaudited results were reviewed by the Statutory Auditors of the Company.
 - Previous year / quarter figures are regrouped / reclassified wherever necessary.
 - The Company has two segments viz., Software and Telecom Products / Services.

For Prithvi Information Solutions Limited

Place : Hyderabad

Date : January 31, 2009

Sd/-

V. SATISH KUMAR, Managing Director