



## Investor Update

**Prithvi Information Solutions Limited**

**FY 2007-08**



July 14, 2008

**Four-S Services**

Strategies and Services for Stakeholder Success



**1.**

**Financial Review**

**2.**

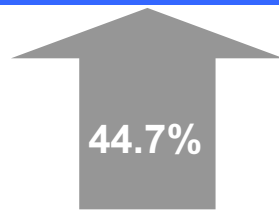
**Business Review**

**3.**

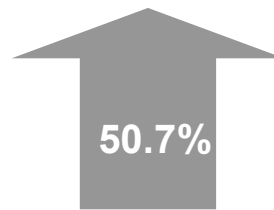
**Financial Statements**

# Strong Traction in Revenues

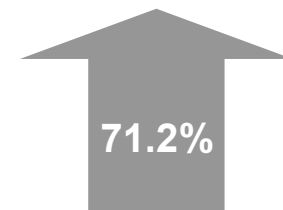
## Performance Review – FY'08 Vs FY'07



**Revenue**



**EBITD\***



**PAT\*\***

- **Revenue up 44.7% from Rs 7,691.1mn in FY'07 to Rs 11,127.9mn in FY'08 driven by 87.1% contribution from existing clients and 12.9% from new clients**
  - ✓ **Added 23 new customers** added during FY'08
  - ✓ **Strong traction in existing customers** with US\$ 2mn clients growing from 37 in FY'07 to 49 in FY'08 and US\$ 5mn clients growing from 2 in FY'07 to 14 in FY'08
- **Earnings Before Interest Tax and Depreciation (EBITD)\* up 50.7% from Rs 1,070.4mn in FY'07 to Rs 1,613.3mn in FY'08**
- **EBITD Margin\* improved from 13.9% in FY'07 to 14.5% in FY'08 due to economies of scale leading to decline in**
  - ✓ **Selling General and Administrative expenses as a percentage of revenue** from 6.4% in FY'07 to 5.2% in FY'08
  - ✓ **Employees cost as a percentage of revenues** from 8.2% in FY'07 to 7.3% in FY'08
  - ✓ Software development expenditure as a percentage of revenues increased from 70.4% in FY'07 to 71.4% in FY'08 for strengthening the execution team of software professionals
  - ✓ Purchase of traded goods as a percentage of revenues increased from 1% in FY'07 to 1.6% in FY'08 to execute the BSNL contract
- **Net Profit after tax\*\* up 71.2% from Rs 798.4mn in FY'07 to Rs 1,367.1mn in FY'08; Net Profit Margin\*\* up from 10.3% to 12.1% due to**
  - ✓ **Increase in EBITD Margin**
  - ✓ **Increase in other income from Rs 23.2mn in FY'07 to Rs 132.4mn in FY'08**
  - ✓ **Interest and Financial cost increased from Rs 36.2mn in FY'07 to Rs 100.8mn in FY'08 due to increase in** working capital loans from Rs 706.5mn in FY'07 to Rs 1,495.8mn in FY'08
- **The Board of Directors has recommended dividend of 30% for the year FY'08.**

*(Refer Slide 8 for the detailed Profit and Loss Statement)*

\* Before provision of Rs 309.5mn on account of MTM on derivatives, foreign exchange loss of Rs 182.7mn, provision for doubtful debts & bad debts w/o of Rs 37.1mn and advances written off of Rs 75.8mn

\*\* Before MTM provision, foreign exchange loss, other write offs and prior period expense of Rs 199.19mn – including Rs 195mn payable to vendors

# With Positive Business Developments to Drive Future Growth

## Foray into Growing Indian Telecom Market

- **Won a large contract worth Rs 3.09bn from Bharat Sanchar Nigam Ltd (BSNL) in February, 2008** to supply Transmission Equipment, sourced from Chinese telecom major Huawei Technologies Limited and customize it by embedding the Networking Maintenance Software (NMS), assembling, quality check and maintenance. The project is to be implemented in 8 months.
- **Sustainability of revenues** with maintenance of equipment for the next 5 years
- **Bagged an order worth Rs 120mn in April, 2008** from Huawei Technologies Ltd and BSNL (Karnataka and Gujarat) for rendering Telecom Engineering Services which includes RF engineering, project management, planning, optimization and deployment.

## Strengthened Healthcare Vertical through Acquisition

- **Acquired Agadia Systems (Agadia) in October, 2007** which has over 20 years of experience in Pharmacy Benefit Management (PBM) and specializes in prior authorization products, systems and operations for a consideration of Rs 180mn
- **Prithvi has become one of the few companies providing automation services** in the integration of pharmacy and medical benefits in the healthcare space
- **Large market opportunity of \$500mn** with over 10mn prior authorizations performed in the prescription market in the US in 2007; Health plans pay \$50 for each prior authorization to service providers

## Targeting Growing Telecom market in Dubai

- **Entering into Joint Venture with Saudi Delta Contracting (SDC)**, Dubai for participating in the growing telecom market in Dubai
- SDC has been promoted for implementing telecom installation works in GSM. It is presently engaged in implementation of Greenfield and Roof top GSM Sites, Telecom Installation and IBS (In Building solutions) throughout Dubai

## Strong Focus on Quality

- **Demonstrated strong commitment towards process excellence** resulting in enhanced productivity and reduced project execution cost through **CMMi Level 3 certification and effective implementation of information security at all levels of execution demonstrated through ISO 27001 certification**

## Improved Ranking by NASSCOM

- **NASSCOM has ranked Prithvi as 14<sup>th</sup> largest Software services company for FY 2007-08** as compared to the ranking of 17<sup>th</sup> for FY 2006-07

## Optimum Mix of Manpower Resources

	FY'07	FY'08	Addition
Software Professionals	1,685	2,656	971
- Billable	1,650	2,595	945
- Trainees / Non-Billable	35	61	26
Sales and Support	62	95	33
<b>Total</b>	<b>1,747</b>	<b>2,751</b>	<b>1,004</b>

*As on 31 March*



Total employee addition of 1,004 including 971 software professionals

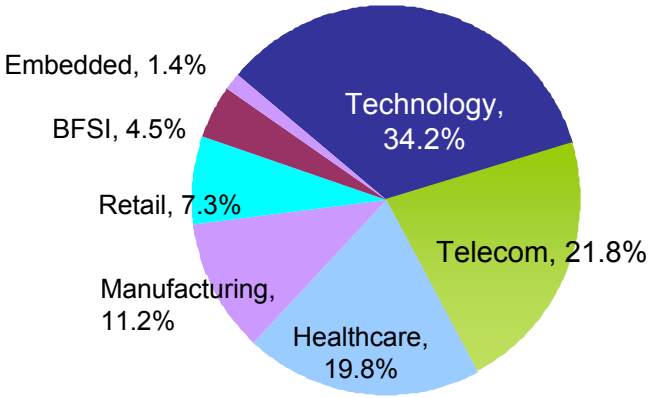
## Significant Visibility for Future

- **Total order book of Rs 9,607.3mn (\$ 239mn)**, including Rs 3,090mn of BSNL order as on March 31, 2008 to be executed over the next 12-15 months.

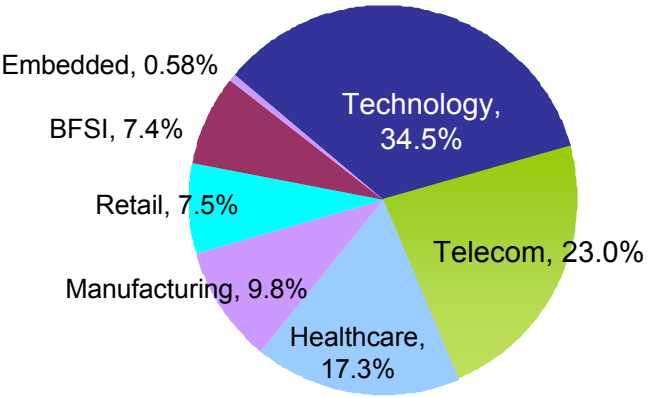


**Focus on High Growth Verticals**

**FY 2006-07**

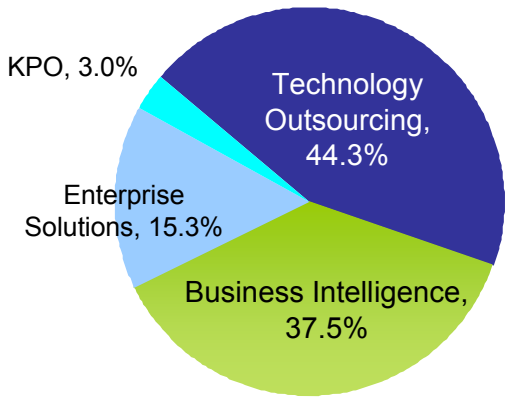


**FY 2007-08**

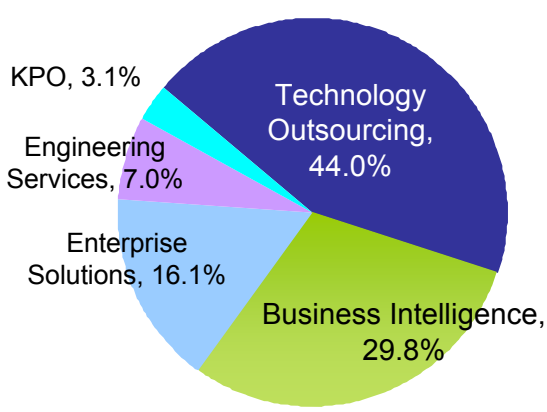


**With Diversified Business Mix**

**FY 2006-07**

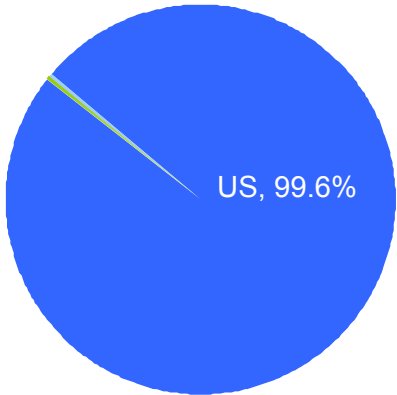


**FY 2007-08**

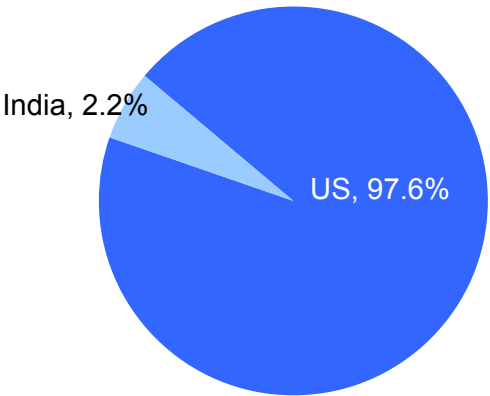


## Geographical Split of Revenues

FY 2006-07



FY 2007-08



Particulars (Rs mn)	FY'07	FY'08	Change YoY %
<b>Revenue</b>	<b>7,691.1</b>	<b>11,127.9</b>	<b>44.7%</b>
Direct Expenditure	5,491.3	8,125.9	48.0%
Purchase of Traded Goods	77.4	179.4	131.7%
Software Development Expenses	5,413.9	7,946.4	46.8%
<b>Gross Profit</b>	<b>2,199.7</b>	<b>3,002.0</b>	<b>36.5%</b>
Employee Cost	634.2	808.7	27.5%
SGA Expenses	495.1	580.0	40.0%
Forex Loss	90.34	182.7	102.2%
Provision for MTM Loss on Derivatives	-	309.5	-
Doubtful Debts/Bad Debts written off	-	37.1	-
Advances written off	-	75.8	-
<b>EBITD Before Forex Loss, MTM Provision and other write offs</b>	<b>1,070.4</b>	<b>1,613.3</b>	<b>50.7%</b>
<b>EBITD After Forex Loss, MTM Provision and other write offs</b>	<b>980.0</b>	<b>1,008.2</b>	<b>2.9%</b>
Depreciation & Amortization	55.0	138.5	152.0%
<b>EBIT Before Forex Loss, MTM Provision and other write offs</b>	<b>1,015.4</b>	<b>1,474.8</b>	<b>45.2%</b>
<b>EBIT After Forex Loss, MTM Provision and other write offs</b>	<b>925.1</b>	<b>869.6</b>	<b>-6.0%</b>
Other Income	23.2	132.4	470.3%
Interest and Financial Cost	36.2	100.8	178.1%
Prior period items <sup>(1)</sup>	199.2	199.2	
<b>PBT Before Forex Loss, MTM Provision, other write offs and after prior period adjustment</b>	<b>803.2</b>	<b>1,506.4</b>	<b>87.6%</b>
<b>PBT After Forex Loss, MTM Provision, other write offs and before prior period adjustment</b>	<b>912.0</b>	<b>702.1</b>	<b>-23.0%</b>
Provision for Tax	5.6	64.9	1061.4%
Current Tax	7.1	46.6	556.7%
Deferred Tax	-1.5	18.4	-1322.9%
<b>PAT Before Forex Loss, MTM Provision, other write offs and after prior Period Adjustment <sup>(2)</sup></b>	<b>798.4</b>	<b>1,367.1</b>	<b>71.2%</b>
<b>PAT After Forex Loss, MTM Provision, other write offs and before Prior Period Adjustment</b>	<b>906.4</b>	<b>637.1</b>	<b>-29.7%</b>
Basic EPS (Rs) After Forex Loss, MTM Provision, other write offs and before Prior Period Adjustment	50.1	35.2	-29.7%
Diluted EPS (Rs) After Forex Loss, MTM Provision, other write offs and before Prior Period Adjustment	35.9	22.9	-36.1%

(1) Prior period item essentially includes Rs 195mn payable to vendors for FY'07

(2) All adjustments are net of effective tax rate for the year

Particulars (Rs mn)	31st Mar 07	31st Mar 08
<b>Sources of Funds</b>		
<b>Share Holder's Fund</b>	<b>3,774.1</b>	<b>4,057.0</b>
Share Capital	180.8	180.8
Reserves & Surplus	3,593.3	3,876.2
<b>Deferred Tax Liability</b>	<b>-</b>	<b>19.8</b>
<b>Loan</b>	<b>2,867.7</b>	<b>3,721.1</b>
- Secured <sup>(1)</sup>	2,867.7	3,721.1
- Unsecured	-	-
<b>TOTAL</b>	<b>6,641.7</b>	<b>7,797.9</b>
<b>Application of Fund</b>		
<b>Net Fixed Assets</b>	<b>277.1</b>	<b>174.9</b>
Gross Block	356.9	396.1
Depreciation	87.7	224.4
Net Block	269.1	171.7
CWIP	8.0	3.2
<b>Investments</b>	<b>535.1</b>	<b>374.1</b>
<b>Net Current Assets</b>	<b>5,748.9</b>	<b>7,248.9</b>
Current Assets	5,957.2	9,020.6
Inventories	-	1,019.8
Sundry Debtors	2,442.1	4,148.4
Cash & Bank Balance	2,415.6	2,146.6
Other Current Assets	447.4	342.0
Loans and Advances	652.1	1,363.8
Current Liabilities	208.3	1,771.7
Current Liabilities	142.3	1,377.7
Provisions	66.0	394.0
<b>Miscellaneous Expenses</b>	<b>80.6</b>	<b>-</b>
<b>TOTAL</b>	<b>6,641.7</b>	<b>7,797.9</b>

(1) Including FCCB of Rs 2,155mn in FY'07 and Rs 1,995.5mn in FY'08

<b>Profitability Ratios</b>	<b>FY'07</b>	<b>FY'08</b>
Gross Margin (%)	28.6%	27.0%
EBITD Margin (%)*	13.9%	14.5%
Net Margin (%)*	10.3%	12.1%

<b>Returns Ratios</b>	<b>FY'07</b>	<b>FY'08</b>
Return on Asset (%)*	12.0%	17.5%
Return on Equity (%)*	21.6%	33.7%
Return on Capital Employed (%)*	15.5%	19.0%

\* Before provision of Rs 309.5mn on account of MTM on derivatives, foreign exchange loss of Rs 182.7mn, provision for doubtful debts & bad debts w/o of Rs 37.1mn, advances written off to vendors of Rs 75.8mn and after prior period adjustment of Rs 199.19mn – including Rs 195mn payable to vendors

Revenue Distribution (%)	FY'07	FY'08
<b>Geographical</b>		
US	99.68%	97.64%
India	0.08%	2.22%
Others	0.34%	0.14%
<b>Onsite Offshore</b>		
Onsite	89.7%	88.5%
Offshore	10.3%	11.5%
<b>Vertical</b>		
Technology	34.2%	34.5%
Telecom	21.8%	23.0%
Healthcare	19.8%	17.3%
Manufacturing	11.2%	9.8%
BFSI	4.5%	7.4%
Retail	7.3%	7.5%
Embedded	1.4%	0.6%
<b>Service Offerings</b>		
Technology Outsourcing	44.3%	44.0%
Business Intelligence	37.5%	29.8%
Enterprise Solutions	15.3%	16.1%
Engineering Services	0.0%	7.0%
KPO	3.0%	3.1%
<b>Project Type</b>		
Fixed Price	11.9%	8.0%
Time and Materials	88.1%	92.0%

	FY'07*	FY'08*
<b>Volume (Person-Months)</b>		
Onsite	12,367	20,035
Offshore	4,790	8,102
<b>Efforts (%)</b>		
Onsite	72.1%	72.7%
Offshore	27.9%	27.3%
<b>Billing Rate (US\$)</b>		
Onsite	67.3	69.6
Offshore	21.5	24.1

\* Billing rate calculation excludes trading revenues

Manpower (Nos.)	FY'07	FY'08
<b>Total Employees</b>	<b>1,747</b>	<b>2,751</b>
S/W Professionals	1,685	2,656
- Billable	1,650	2,595
- Trainees / Non-Billable	35	61
Sales & Support	62	95
US	1,244	1,887
India	499	859
Others	4	4

<b>Client Metrics (Nos.)</b>	<b>FY'07</b>	<b>FY'08</b>
Active Customers*	83	81
Added during the Period	26	23
< US\$1 million	17	11
> US\$1 million	27	7
> US\$2 million	37	49
> US\$5 million	2	14
> 5% of the revenue	1	0
<b>Revenue Contribution (%)</b>		
Top Client	8.6%	3.4%
Top 5 Clients	19.5%	13.7%
Top 10 Clients	31.1%	24.2%

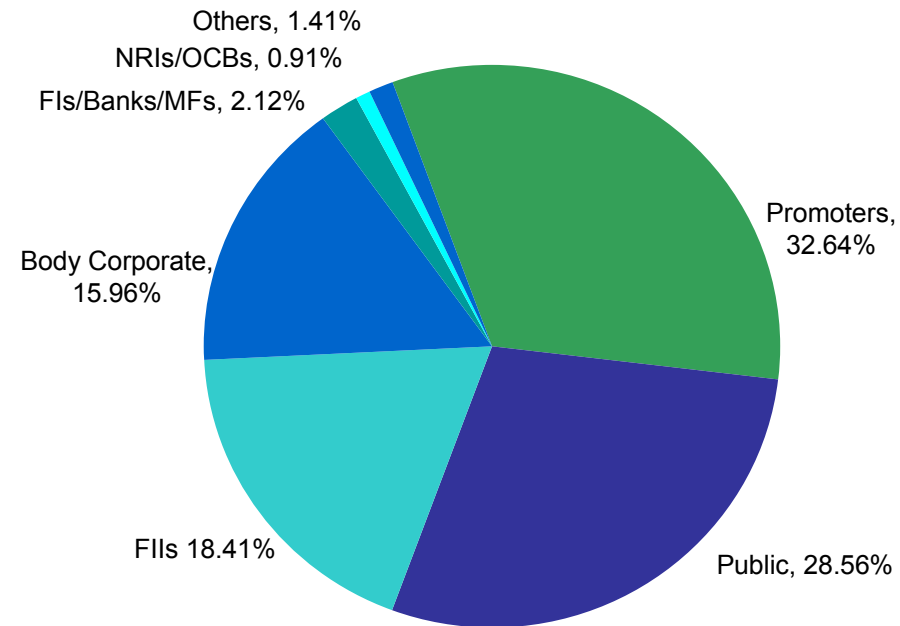
*\*As on 31 March*

Category of Shareholder	Total No. of Shares
Promoters & Promoters Group	5,900,211
Public	5,162,912
Foreign Institutional Investors	3,327,097
Bodies Corporate	2885,824
MFs/Bank/FIs	383,023
NRIs/OCBs	163,746
Others	254,187
<b>TOTAL</b>	<b>18,077,000</b>

## Key Investors

Name of the Shareholder	% Holding
Copthall Mauritius Investment Ltd	4.7%
Deutsche Securities Mauritius Ltd	3.9%
Lehman Brothers	2.6%
Enam Investment	2.6%
Acacia Partners	2.5%
DSP Merrill Lynch	1.9%
Religare Securities	1.6%

## Percentage Shareholding



As on March 31, 2008

For any Investor Relations queries please contact:

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## **About Prithvi Information Solutions Ltd.**

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

## **About Four-S Services Pvt. Ltd.**

Four-S Services provides customized business and financial research to organizations across the globe. The company also provides Investor Relations consulting to corporates based on in-depth sectoral and company research. The company has an impressive client profile and a team of experienced analysts covering the key sectors including Finance & Banking, IT & Telecom, Retail, Media & Entertainment, Pharmaceuticals, Infrastructure and Manufacturing amongst others. For further information on the company please visit [www.four-s.com](http://www.four-s.com)

## **Forward Looking Statement**

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