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BOARD OF DIRECTORS

Ms. Madhavi Vuppalapati,
Chairperson & Whole time Director

Mr. Lalith Prasads S,
Independent Director

Dr. Satyapal Narang,
Independent Director

Mr. Prithipal Singh,
Independent Director

Mr. Satish Vuppalapati,
Managing Director

Vice President (F) & Company Secretary

Malleswara Durga Prasad

Auditors

M/s P. Murali & Co,
Chartered Accountants, Hyderabad

Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd.
Plot No.17-24 Vittalrao Nagar,
Madhapur, Hyderabad - 500 081



PRITHVI INFORMATION SOLUTIONS LIMITED

Registered Office: Prithvi House, # 2-56/2/19, Khanamet, Madhapur, Hyderabad – 500 081

15th Annual General Meeting 2012-13

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of the Company will be held on Monday, **the 30th Day of September, 2013 at 3.30 p.m at KLN Prasad Auditorium, Federation House, Federation of Andhra Pradesh Chamber of Commerce & Industry, Red Hills, Hyderabad – 500 004** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the Year ended 31st March, 2013 as on that date along with the Reports of Auditors and Directors' there on.
2. To appoint a director in place of Mr. Prithipal Singh, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. S Lalith Prasad, who retires by rotation at this meeting has expressed his inability to continue further.

RESOLVED FURTHER THAT Mr. A Vijay Kumar has consented to act as a Director of the Company be and is hereby appointed as Director in place of Mr. S Lalith Prasad and shall be subject to retirement by rotation.”

4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT M/s P. Murali & Co., Chartered Accountants, Hyderabad, bearing Registration No.007257S with the Institute of Chartered Accountants of India, be and they are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorized the Board of Directors to fix their remuneration plus reimbursement of out of pocket expenses and applicable taxes.”

By Order of the Board

August 14, 2013

Malleswara Durga Prasad
Company Secretary & Vice President (F)

Registered Office: Prithvi House, # 2-56/2/19, Khanamet, Madhapur, Hyderabad – 500 081.

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ENCLOSED. THE PROXY FORM DULY STAMPED AND EXECUTED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY.
2. The Instrument appointing a Proxy must be lodged at the Registered Office of the Company at least 48 hours prior to the time of the meeting.
3. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to the Proxy Form and hand over the slip at the entrance to the place of the Meeting.
4. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID for easy identification of attendance at the meeting.
5. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
6. The Register of Members and Transfer Books of the Company will be closed from 23rd September, 2013 to 30th September, 2013 (both days inclusive).
7. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Unit: Prithvi Information Solutions Limited, Plot Nos. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 quoting their Folio Number/ Client ID.
8. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
9. Brief notes on the background and the functional expertise of the Directors proposed for appointment / re-appointment are furnished below, along with details of companies in which they are Directors and the Board Committees of which they are members:

Additional information on Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting

Name	Mr. Prithipal Singh	Mr. A Vijay Kumar
Date of birth	23-12-1943	18-06-1965
Designation	Non Executive Director-Independent Director	Non Executive Director-Independent Director
Date of appointment	31-12-2009	-
Educational Qualifications	Graduate in Electrical Engineering	Fellow Chartered Accountant
Areas of Experience	He is the former Chairman and Managing Director of BSNL, the third largest telecom operator in Asia and the seventh largest in the world. Prithipal led a team of over 350,000 employees, with an annual budget in excess of \$6 billion and a customer base of around 40 million subscribers. Under his leadership, BSNL doubled the size of its network, established a highly successful portfolio of consumer brands and was awarded the title of "Best Telecoms Operator" in the 2003 Voice and Data awards. He himself was nominated for the Padmashree Award 2003 and became the first Government employee to be nominated for the Ernst and Young Entrepreneur of the Year Award, again in 2003.	He is a Fellow Chartered Accountant with over 20 years experience. He is currently Senior Partner of M/s A Vijay Kumar & Co., Chartered Accountants. He has vast exposure in field of Audits and Structured Financing.
Membership / Chairmanship of the	Chairman of Business Development Committee.	
Committees held in the company	Member of Audit Committee, Share Transfer & Investors Grievances Committee, Legal & Finance Committee.	—
Companies in which he holds Directorship	Nil	Jeevan Scientific Technology Ltd
Membership / Chairmanship of the Committees held in other companies	NIL	Chairman on the Board of Jeevan Scientific Technology Ltd
No of Shares held in the company	NIL	NIL
Relationship with other directors of the Company	Not related to any director of the Board of the Company and Promoters of the Company.	Not related to any director of the Board of the Company and Promoters of the Company.



DIRECTORS' REPORT

To The Members,

The Directors are pleased to submit the 15th Annual Report of the Company along with the Audited Financial Statements for the financial year ended March 31, 2013 :

FINANCIAL RESULTS

(Rs in Crores)

	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
1 Revenue from Operations	1,473.80	1,233.17	1,644.61	1,370.52
2 Operating Expenditure	1,473.71	1,188.73	1,633.33	1,312.79
3 Depreciation & Amortization	7.78	10.05	8.41	10.51
4 Operating Profit	0.09	34.39	11.28	47.22
5 Interest Expenses	6.93	26.35	6.99	26.77
6 Other Income (net)	27.68	7.79	27.26	7.80
7 Profit Before Tax	13.05	15.83	23.14	28.24
8 Provision for Tax	2.51	5.11	4.96	8.14
9 Profit for the Year	10.55	10.72	18.18	20.10
10 Balance B/F from prev Year	323.81	313.09	339.70	320.47
11 Balance Carried to B/S	334.36	323.81	357.88	340.57

Dividend

The Board of Directors has not declared any Dividend for the year in lieu of the funds required for ongoing operations and also to fund the expected growth.

Performance

The IT segment has not only maintained turn over of the previous year, but also improved by 17% in the current year as compared to previous year. The sales for the year is Rs.1475 crores (Rs.1258 crores in previous year). It is expected that the growth in this segment will continue for the forth coming year also.

The profit for the year has been Rs.23.14 crores as compared to Rs.28.24 crores in the previous year. The Company has ensured a strict monitoring of the expenditure.

There has been an increase in revenues during the current year by 20% as compared to the previous year. The challenges faced by the Company over the past few years have been successfully handled and expect for improvement in performance and consolidate its resources. Company adopted various measures which have economized its expenditure without affecting the business. As the resources are optimized, Company is confident to improve its position in this area shortly.

Explanation on Auditors' Observation

- i) In respect of a creditor to whom payables amounting to Rs.331.60 crores were under dispute / litigation, the Company has entered into an agreement for settlement which is under progress as per information and explanations given to us. **Process of settlement is in progress and is further being expedited.**
- ii) With respect to FCCB, the Company entered into an agreement with the Bond Holders to redeem the bonds by issue of Share Warrants on Preferential basis. However, it is rejected by FIPB. **The Company is in discussions with Bond Holders for a settlement.**

Corporate governance report and management discussion and Analysis statement

A report on Corporate Governance and Management Discussion and Analysis Statement is enclosed in the Annual Report. A certificate for compliance with the Clause 49 of the Listing Agreement issued by the Practicing Company Secretary is also enclosed in the Annual Report.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Act and the Rules made there under, is provided in an Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN

EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are set out in an annexure to this Report.

ACKNOWLEDGEMENTS

The Directors wish to thank the members for their cooperation and reposing faith in the company and for their support to the Company. The Directors also thank the Company's customers, business associates, vendors and bankers for their continuous support in the development of the company. The Directors also thank the Government of India and other concerned State Governments and agencies for their cooperation. In the least, the Directors place on record their appreciation for the contributions made by members and associates of the Prithvi family across the globe.

ANNEXURE

Particulars pursuant to Companies (Disclosure of Particulars in their Report of the Board of Directors) Rules, 1988.

a. Conservation of Energy

The operations of the Company involve low energy consumption. However, adequate measures have been taken to conserve energy, wherever possible.

b. Technology Absorption, Adaptation and Innovation

Specific areas in which R&D was carried out by the Company.

Regular up-gradation of technology is achieved through the constant training of all the software professionals.

Benefits derived as a result of the above R&D and future plan of action.

The efforts shall result in building competitive business solutions that incorporate emerging technologies.

c. Expenditure on R&D

A policy on R&D is being formulated and based on this policy capitalization of R&D expenditure shall be undertaken.

Sd/-
V. Satish Kumar
Managing Director

Sd/-
S. Lalith Prasad
Director

Hyderabad
August 14, 2013

MANAGEMENT DISCUSSIONS AND ANALYSIS

Future Outlook

The Year 2012-13 has resulted in a positive development for the Company. The Company has progressed in the Onshore and Offshore business and has been able to establish as a reliable partner to the Indian Telecom operators. This enabled the Company to obtain good domestic business in the Telecom Engineering Services in the next two years and expected to be continued for another two years. The Company could establish itself as a Telecom Engineering Services provider. This enabled the Company to consolidate its Telecom Engineering Services business indigenously. The Company also successfully executed several Data Center Projects for the Union as well as State Government which in the days ahead is going to strengthen its domestic business further.

The global economy is stabilizing and the Company's performance in the Onsite and Offshore is also showing improvement and we expect that in the coming years shall be progressive for the IT business.

Industry Structure and Development

As was predicted in the last year, the focused area of the Organization shall be System Integration, Managed Services, Enterprise Performance Management, etc. We continue to lay a thrust in these areas as the seed sown in the last year has started giving results. The Company expects that this shall be the thrust areas in future.

IT Services

According to the NASSCOM Performance Review 2013, India is widely recognized as the premier destination for offshore technology services. IT BPM exports (IT services and Business Process Management) from India are estimated to grow in fiscal 2014 by 12-14% to US\$ 85-87 billion. There are several key factors contributing to the growth of IT and IT enabled services (ITES) in India and by Indian Companies.

Focus Areas

Managed Services

Since 2000, Hi-tech industries have embraced the global delivery model as an important and necessary practice. Most businesses benefit even more from a combination of services, delivered locally and remotely to achieve the kind of operational flexibility they need.

Prithvi's Managed Solutions organization works with many of the leading technology companies on large-scale programs that touch the full product lifecycle and would involve wide talent deployment. Our expertise allows us to work with clients to implement programs that meet their immediate business needs, and help them to transition to more leveraged solutions over time. Prithvi routinely handles onsite, offsite and offshore deployments all within a turn-key, SLA-driven model.

Managed Services is one of the fastest growing businesses at Prithvi.

System Integration

Prithvi offers a wide range of services for OSS (Operations Support System) and BSS (Business Support System) ranging from consulting, configuration, integration, migration, deployment, application/interface development and maintenance/support. Our system integration solutions are designed to bring accelerated results to Telecom Service providers.



Telecom

Engineering Services

Telecom industry is expected to overcome the hurdles it has faced over the last couple of years. The government is giving a new thrust to these segments which will improve the Telecom business indigenously. Further, there has been consolidation that has taken place and there would be stabilization shortly. This is a positive sign for the Company to improve its business in this segment as it is already earned the confidence as a reliable partner with many of the major Telecom players in the Country.

Telecom Equipment

However, one of the major areas, where the Telecom business got effected is in manufacturing of Telecom equipment as the major buyers have not been able to make payments for a considerably long period on account of their huge receivables which has become a serious concern causing strain on the company's resources.

Segment Wise Performance

The company is divided into two businesses, IT and Telecom. IT consists of all the businesses related to IT, while Telecom includes Telecom Engineering Services and Telecom Products.

Contribution to Revenue

Outlook

The key future growth business such as Systems Integration, Managed Services, Enterprise Performance Management and Telecom Engineering Services are showing positive signs of growth. The Company is confident that robust results will start to flow starting the next financial year.

Discussion on Financial performance with respect to operations:

The discussions on the financial performance as given below are carried on the basis of Consolidated Financials of the Company for the year 2012-13. The summary of the same is given hereunder:

Rs. In Crores

		Consolidated	
		2012-13	2011-12
1	Revenue from Operations	1,644.61	1,370.52
2	Operating Expenditure	1,633.33	1,312.79
3	Depreciation & Amortization	8.41	10.51
4	Operating Profit	11.28	47.22
5	Interest Expenses	6.99	26.77
6	Other Income (net)	27.26	7.80
7	Profit Before Tax	23.14	28.24
8	Provision for Tax	4.96	8.14
9	Profit for the Year	18.18	20.10
10	Balance B/F from prev Year	339.70	320.47
11	Balance Carried to B/S	357.88	340.57

Gross Revenue

The Gross Revenue has increased from Rs.1370.52 crores in 2011-12 to Rs.1644.61 crores in 2012-13 (increase of Rs.274.09 crores constituting 15.66%).

Operational Costs

The Operational cost of the Company was 99.31% in the year 2012-13 as compared to 95.79% in the year 2011-12.

Profit Before Tax

Profit Before Tax was Rs.23.14 crores in the year 2012-13 as compared to Rs.28.24 crores in the year 2011-12, a decreased in the profit by Rs. 5.10 crores.

Interest Costs

The interest costs were lower in the current year by Rs.19.78crores as compared to the previous year. This was primarily due to adequate steps taken for timely payments and avoiding penal interests.

Profit After Tax

Profit After Tax for the period has been Rs.18.18crores as compared to Rs.20.10crores in the previous year, thereby decreasing the net profit by Rs.1.92crores.

Other Income

There has been an increase of Rs.19.46crores in other income during the year (Rs.27.26crores) as compared to previous year (Rs.7.80crores).

Additional Equity

During the year Rs.52.55crores was received towards Share application money against equity and Fully Compulsorily Convertible Warrants on preferential basis at a price of Rs.26/- (premium Rs.16/-).

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company believes that good corporate governance practices should be enshrined in all activities of the Company. This would enable conduct of the affairs of the company achieve its goal of maximizing value for all its stakeholders in days ahead while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental for the success of any corporate.

The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreement with the stock exchanges. Company is complying with substantial portion of the Corporate Governance Voluntary Guidelines issued by Ministry of Corporate Affairs, Government of India in December, 2009, which are duly tabulated under Corporate Governance Voluntary Guidelines Section. The Company has also adopted a Code of Conduct for prevention of insider trading in its shares.

2. Board of Directors

The Company's policy is to maintain optimum combination of executive and independent directors on its board. The Directors are having wide range of expertise and experience in diverse fields which bring the company wide range of skills.

The Company's Board of Directors comprises of 5 directors. Two are Promoters and Executive Directors and balance three are Non-Executive Independent Directors.

None of the Directors on the Board is a member of more than 10 committees or chairman of more than 5 committees as specified in Clause 49 and Clause I A.4 of Corporate Governance Voluntary Guidelines, 1999 across all the companies in which he/she is a director. Necessary disclosures regarding committee positions in other public companies as at March 31, 2013 have been made by the Directors.

The Managing Director and other Whole-time Directors are responsible for the conduct of the business and the day to day affairs of the Company.

During the year under review, Seven Board Meetings were held on 7th April, 2012, 10th May, 2012, 30th May, 2012, 14th August, 2012, 23rd September, 2012, 10th November, 2012 and 13th February, 2013.

The details of composition of the Board along with category of Directors, attendance of Directors at Board Meetings & annual general meeting and also the details of other directorships and chairmanship/memberships of audit and shareholders/investors grievance committees in other companies are as follows:

Name of the Director	Designation & Category	Attendance Particulars			No of other Directorships and Committee memberships / Chairmanships held			
		Board Meetings during his / her Directorship		Last A G M	Other Directorships (Public Companies)		Committee memberships	Committee chairmanships
		Held	Attended		Chairman	Director		
Ms. V Madhavi	Promoter Chairperson, & Whole time Director	7	No	No	—	1	-	-
Mr. V. Satish Kumar	Promoter, Managing Director	7	7	Yes	—	1	-	—
Dr. S. P. Narang	Non-Executive Independent Director	7	7	Yes	—	2	1	1
Mr. S. Lalith Prasad	Non-Executive Independent Director	7	7	Yes	—	—	—	—
Mr. Prithipal Singh	Non-Executive Independent Director	7	7	Yes	—	2	—	—

Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has laid down standards on secretarial practices relating to meetings of the board and board committees, general meetings, dividends, etc. The secretarial and the operating practices of the Company are in line with the above secretarial standards. Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration from time to time. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company except to the extent of their remuneration.

Information on Directors appointment / re-appointment as required under Clause 49 VI (G) of the Listing Agreement with stock exchanges is given in the notice to the AGM.

To enable better and more focused attention on the affairs of the company, the Board delegates particular matters to Committees of the Board set up for the purpose. At present the Board has constituted three Committees consisting members of the Board.

These committees facilitate timely and efficient deliberations and decisions. These committees function within their defined terms of reference in accordance with the Companies Act, 1956; the listing Agreement entered with stock exchanges where the shares of the company were listed in India and as approved by the Board of Directors of the company.

Details of the Committees and other related information are provided hereunder

3. Audit Committee

i. Constitution

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the stock exchanges read with Section 292A of the Companies Act, 1956. Audit Committee was reconstituted on 24th April, 2010 by induction of Mr. Prithipal Singh as a Member in addition to existing members of Mr. S Lalith Prasad, Dr. S P Narang and Mr. V Satish Kumar.

ii. The Composition of the Audit Committee:

The Audit Committee of the Company comprises of three Non-Executive Independent directors and one Executive Non - Independent director. The Company Secretary of the Company acts as a Secretary to the Committee. The Vice President-Finance & Accounts is a permanent invitee to this Committee. The Statutory Auditors and Internal Auditors are invited to attend the Audit Committee Meetings.

The Committee comprises of:

1. Mr. S. Lalith Prasad - Chairman
2. Dr. S. P. Narang - Member
3. Mr. Prithipal Singh - Member and
4. Mr. V. Satish Kumar - Member

iii. The terms of reference of the Audit Committee are broadly as under:

- a. To have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the periodical financial statements before submission to the Board of Directors.
- b. To review the Company's systems of internal control and to ensure that adequate system of internal audit exists and is functioning.
- c. To investigate into any matter as may be referred to it by the Board of Directors.
- d. To recommend the appointment of internal auditors and statutory auditors.
- e. To establish accounting policies.
- f. To review officer's expense accounts
- g. To review and approve signatories to various bank accounts.
- h. To provide the Company's statutory auditors and internal auditors with the normal and easy access to the Board of Directors.
- i. To serve as an informed voice on the Board of Directors in support of the financial and accounting departments of the Company.
- j. Other functions as may be assigned by the Board of Directors and applicable statutory enactment.

The Committee, inter alia, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2013 and has recommended its adoption. In addition, the Committee has also reviewed quarterly results and half yearly results for the financial year 2012-13, which was subject to Limited Review by the Statutory Auditors of the Company.

iv. The details of attendance by the Members of the Committee are as below:

Name	Category	No. of meetings held during the year 2012-13	
		Held	Attended
Mr. S. Lalith Prasad	Independent Non-Executive	7	7
Dr. S. P. Narang	Independent Non-Executive	7	7
Mr. Prithipal Singh	Independent Non-Executive	7	7
Mr. V. Satish Kumar	Executive	7	7

4. Remuneration Committee

a) Brief description and terms of reference

The Company constituted a Remuneration Committee of Directors.

The purpose for which the Remuneration 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.

b) Composition

The Remuneration Committee comprises of:

1. Dr. Satyapal Narang - Chairman,
2. Mr. S. Lalith Prasad - Member
3. Mr. Prithipal Singh - Member and
4. Mr. V Satish Kumar, Member

The Company Secretary acts as Secretary.

c) There was no occasion during the year for the Committee to meet.

d) Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Wholetime Directors. The Remuneration Committee decides on the commission payable to the Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 1956, based on the performance of the Company as well as that of the Managing Director.

e) Remuneration paid to Directors

During the period under review, the remuneration paid/payable to the executive and non executive directors is as follows:

(In Rupees)

Name	Position	Remuneration	Sitting Fees	Total
Ms.V Madhavi	Chairperson & Wholetime director	9,763,950	-	9,763,950
Mr.V.Satish Kumar	Managing Director	6,000,000	-	6,000,000
Mr.S.Lalith Prasad	Non-Executive Director	-	560,000	560,000
Dr.S.P.Narang	Non-Executive Director	-	540,000	540,000
Mr.Prithipal Singh	Non-Executive Director	-	520,000	520,000



f) Shareholdings of Non Executive Directors as on March 31, 2013:

None of the Non-Executive Directors hold any shares in the Company.

5. Share Transfers/Investors Grievance Committee

The Committee meets at frequent intervals, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificates and review the status of investors' grievances and redressal mechanism and recommend measures to improve the level of investor services.

The Committee reviews the performance of the Company's Registrar and Transfer Agents (R&TA), and their system of dealing with and responding to correspondence from all categories of shareholders. The manner and timeliness of dealing with complaint letters received from Stock Exchanges/SEBI/ Dept. of Company Affairs etc. and the responses thereto, are reviewed by the Committee. During the year, 7 complaints were received from investors on matters relating to refund orders, revalidation of dividend warrants etc. and all were dealt with satisfactorily. There were no complaints forwarded by SEBI/ stock exchanges which were pending. Similarly, there are no valid requests pending for transfer of shares as at the year end.

This committee consists of four members namely:

1. Dr. S. P. Narang - Chairman
2. Mr. S Lalith Prasad – Member
3. Mr. Prithipal Singh – Member and
4. Mr. V Satish Kumar – Member

The Company Secretary acts as Secretary of the Share Transfers/Investor Grievance Committee.

Meetings and Attendance

Share Transfers/Investors Grievance Committee meetings held during the year 2012-13 and attendance details:

Date of Meeting	Committee Strength	Members present
29 th May, 2012	4	4
15 th August, 2012	4	4
10 th November, 2012	4	4
13 th February, 2013	4	4

Compliance Officer

The Board has appointed Mr. Malleswara Durga Prasad, the Company Secretary as Compliance Officer.

Details of Investor's Complaints

There were no complaints pending at the beginning of the year, the Company has received 7 Complaints during the year. The company resolved all of them during the year under review. There are no outstanding complaints as on 31st March, 2013.

6. Limited Review Committee

The Committee was constituted as per the provisions of the Listing Agreement to look in to the Limited Review Reports (LRR) of the Statutory Auditors along with the quarterly financial

results. The Committee comprised 1/3 of the Board, which is equivalent to 2. Mr. S Lalith Prasad, Independent Director and Mr. V Satish Kumar, Managing Director are the members of the Company. Company Secretary acts as Secretary of the Committee.

During the year the committee was met on 5th April, 2012 and all the members of the committee were attended.

7. Legal and Finance Committee

The Board of Directors constituted this committee on 25th July, 2010 to review the Financials of the Company, Legal Compliances, Cash Flows, Receivables, Statutory Payments, review the performance of budgeted with actuals and other statutory related issues. Committee consists of Mr. S Lalith Prasad, Independent Director, Dr. S P Narang, Independent Director, Mr. Prithipal Singh, Independent Director and Mr. V Satish Kumar, Promoter Director.

Details of attendance by the Members of the Committee during the year 2012-13 are as follows:

Name	Category	No. of meetings during the year 2012-13	
		Held	Attended
Dr. S P Narang	Independent Non-Executive	5	5
Mr. S Lalith Prasad	Independent Non-Executive	5	5
Mr. Prithipal Singh	Independent Non-Executive	5	5
Mr. V. Satish Kumar	Executive	5	5

Meetings held on 29th May, 2012, 14th August, 2012, 23rd September, 2012, 10th November, 2012 and 13th February, 2013.

8. Business Development Committee

The Board of Directors constituted this committee on 25th July, 2010 to review the Business and its progress viz-a-viz the performance as per the PO/ Contract and taken remedial timely actions and monitor on the implementation. Committee consists of Mr. Prithipal Singh, Independent Director, Dr. S P Narang, Independent Director, Mr. S Lalith Prasad, Independent Director and Mr. V Satish Kumar, Promoter Director.

Details of attendance by the Members of the Committee during the year 2012-13 are as follows:

Name	Category	No. of meetings during the year 2012-13	
		Held	Attended
Mr. Prithipal Singh	Independent Non-Executive	5	5
Dr. S P Narang	Independent Non-Executive	5	5
Mr. S Lalith Prasad	Independent Non-Executive	5	5
Mr. V. Satish Kumar	Executive	5	5

Meetings held on 29th May, 2012, 15th August, 2012, 23rd September, 2012, 10th November, 2012, 13th February, 2013.

9. Finance and Accounts Committee

The Finance and Accounts Committee was constituted to review the Financials of the Company such as Cash Flows, Receivables and the performance of budgeted with actual. Committee

consists of Mr. S Lalith Prasad, Independent Director, Dr. S P Narang, Independent Director and Mr. V Satish Kumar, Promoter Director.

During the year, the committee was met on 7th April, 2012. Details of attendance by the Members of the Committee during the year 2012-13 are as follows:

Name	Category	No. of meetings during the year 2012-13	
		Held	Attended
Dr. S P Narang	Independent Non-Executive	1	1
Mr. S Lalith Prasad	Independent Non-Executive	1	1
Mr. Prithipal Singh	Independent Non-Executive	1	1
Mr. V. Satish Kumar	Executive	1	1

10. Preferential Allotment Committee

The Board of directors constituted this committee on 30th May, 2013 for Allotment of Shares and Compulsorily Convertible Warrants under preferential basis to the investors. This Committee consist of :

- (a) Dr. S.P. Narang – Director as the Chairman of the Committee.
- (b) Mr. Satish Kumar – Member.
- (c) Mr. Malleswara Durga Prasad – Member and Secretary to the Committee.

During the year, Committee met on 11th September, 2012 and details of attendance by the members of the Committee are as follows:

Name	Category	No. of meetings during the year 2012-13	
		Held	Attended
Dr. S P Narang	Chairman	1	1
Mr.V Satish Kumar	Member	1	1
Mr. Malleswara Durga Prasad	Member	1	-

11. General Body Meetings

The details of location and date / time for last three Annual General Meetings were:

Financial year ended	Date	Time	Venue
March, 2010	29.09.2010	11.00 a.m	Sri KLN Prasad Auditorium, Federation House, Federation of AP Chamber of Commerce & Industry, Red Hills, Hyderabad – 500 004
March, 2011	30.11.2011	11.00 a.m	Surana Udyog Auditorium, Federation House, Federation of AP Chamber of Commerce & Industry(FAPCCI), Red Hills, Hyderabad – 500 004
March, 2012	24.09.2012	11.00a.m.	-As above-

Special resolutions

All resolutions moved at the Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting. The following are the special resolutions passed at the previous General meetings held in the last three years:

AGM held on	Whether special resolution passed	Summary of the resolution
29 th September, 2010	Yes	To raise long term resources
30 th November, 2011	Yes	To raise long term resources
24 th September, 2012	No	-

Postal Ballot:

The company has not passed any resolution through postal ballot during the last year. Presently, the Company is not proposing to pass any special resolution through postal ballot.

Whether any Special Resolutions proposed to be put through Postal Ballot this year: No

The Chairman of the Audit Committee was present at all the above Annual General Meetings.

Details of Extra Ordinary General Meetings held in the last three years:

F.Y	Date	Time	Venue
2010-11	—	—	—
2011-12	—	—	—
2012-13	10.05.2012	3.30 p.m	Surana Udyog Auditorium, Federation of AP Chamber of Commerce & Industry (FAPCCI), Red Hills, Hyderabad

All the resolutions placed before the shareholders at the above meetings were approved. There were no resolutions requiring approval through postal ballot.

12. Disclosures

a. CEO and CFO Certification

The Managing Director and Vice President-Finance & Accounts have given a Certificate to the Board that they have reviewed the financial statements for the year ended 31st March 2013 and that to the best of their knowledge and belief that these statements do not contain any materially untrue statement which might be misleading and that this statement present a true and fair view of the company's affairs. This certificate is as contemplated under Clause 49 of the Listing Agreement.

b. Related Party Transactions

There have been significant related party transactions with the Company's promoters, Directors, the management, their subsidiaries or relatives which may have potential conflict with the interests of the Company. The transactions in which directors are interested are placed before the Board regularly for its approval.

The necessary disclosures regarding the transactions with related parties are given in the Notes to the Annual Accounts for the year 2012-13.

c. Disclosure of Accounting Treatment

The Company has followed the accounting standards notified under Companies (Accounting Standards) Rules, 2006 in the preparation of its financial statements.

d. Compliance

It is brought to the Board's Notice at periodical intervals for review by the Board on compliance of various laws and regulations. The Board considers materially important Show Cause / Demand Notices received from Statutory Authorities and the steps / actions taken by the Company in this regard. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.

A status report of material legal cases and disputed liabilities pending before the courts is also put up to the board regularly.

During the last three years, there were no strictures or penalties imposed on the Company by either Stock Exchanges or Securities and Exchange Board of India or any statutory authority for non-compliance on any matter related to capital markets.

e. Risk Management

The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

f. Pecuniary Transactions with Non Executive Directors

There were no pecuniary transactions with any of the Non Executive Directors.

g. Whistle Blower Policy:

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about unethical behavior. No employee was denied to access to the Chairman of the Audit Committee.

h. Code of Conduct

The Company has adopted the Code of Conduct which is applicable to the members of the Board and top management of the Company. The Code of Conduct is available on the Company's website. All directors and senior management personnel have affirmed compliance with the code of conduct and submitted declarations in this behalf for the year ended 31st March 2012.

Mr. Satish Kumar Vuppalapati, Managing Director and Mrs. Madhavi Vuppalapati, Chairperson & Wholetime Director are brother and sister.

13. Secretarial Audit

In terms of Corporate Governance Voluntary Guidelines, 2009, issued by the Ministry of Corporate Affairs, a Secretarial Audit was conducted for the financial year 2012-13. Mr. S.Chidambaram, Company Secretary in Practice conducted the Secretarial Audit and his Report was placed before the Board of Directors of the Company. The Audit covered the provisions of the Companies Act, 1956, the Depositories Act, 1996, the Listing Agreement with the Stock Exchanges and the SEBI guidelines / regulations on Insider Trading and Takeover Code.

14. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement.

Compliance with Non-Mandatory requirements:

The Company complied with the following non-mandatory requirements:

- (i) The Board – The Company has ensured that the persons who are being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and contribute effectively to the Company.
- (ii) Remuneration Committee – The Company constituted a Remuneration Committee. A detailed note on it is provided in the Remuneration Committee section.
- (iii) Shareholder Rights – The Company publishes its results on its website i.e, www.prithvisolutions.com which is accessible to the public at large. Quarterly Financial Results are published in leading newspapers, viz. Financial Express and vernacular – Andhra Prabha. Hence, half-yearly results are not sent to the shareholders individually. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report.
- (iv) Audit qualifications –The Company is adopting best practices to ensure regime of unqualified financial statements.
- (v) Training of Board members – Complied.
- (vi) Mechanism for evaluating Non-Executive Board members – To be implemented

As regards other non-mandatory requirements, the Board has taken cognizance of the same and may consider adopting them as and when deemed appropriate.

“Corporate Governance Voluntary Guidelines, 2009”.

The Ministry of Corporate Affairs recently announced a set of voluntary guidelines on corporate Governance. The company, in line with its stated policy of being committed to the principles and practices of good corporate governance, is in compliance with some of the guidelines, as reported in the earlier paragraphs. As regards the remaining guidelines, the Company is in the process of evaluating the feasibility for implementation progressively. Tabulated below the items of Voluntary Guidelines on Corporate Governance that the Company has implemented:

Clause No	Particulars	Status of Compliance
I	BOARD OF DIRECTORS:A. APPOINTMENT OF DIRECTORS A.2. Separation of Offices of Chairman & CEO	Complied
	A.4. No. of Companies in which an individual may become a Director	Complied
	B. INDEPENDENT DIRECTORS B.2 Tenure of Independent Directors: i. An individual may not remain as an Independent Director in a company for more than six years	Complied

Clause No	Particulars	Status of Compliance
	ii. A period of three years should elapse before such an individual is inducted in the same company in any activity	Complied
	iv. The maximum no. of public companies in which an individual may serve as an Independent Director should be restricted to seven.	Complied
	B.3. Independent Directors to have the Option and Freedom to meet Company Management periodically	Complied
	C. REMUNERATION OF DIRECTEORS	
	C.1.2 Remuneration to Non- Executive Directors	Complied
	C.1.4 Remuneration of Independent Directors	Complied
	C.2 Remuneration Committee	Complied
II	RESPONSIBILITIES OF THE BOARD	
	A. Training of Directors	Complied
	B. Enabling Quality Decision Making	Complied
	C. Risk Management	Complied
III	AUDIT COMMITTEE OF THE BOARD	
	A. Audit Committee – Constitution	Complied
	B. Audit Committee – Enabling Powers	Complied
	C. Audit Committee – Role and Responsibilities	Complied
IV	AUDITORS	
	A. Appointment of Auditors	Complied
	D. Need for clarity on information to be sought by auditor and/or provided by the Company to him/it	Complied
	E. Appointment of Internal Auditor	Complied
V	SECRETARIAL AUDIT	Complied
VI	INSTITUTION OF MECHANISM FOR WHISTLE BLOWING	Complied

15. Means of Communication

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include Financial Express, and Andhra Prabha. The results are also displayed on the Company's website www.prithvisolutions.com. The Company's website also displays official press/news releases, presentations made to analysts, and several other details/information of interest to stakeholders.

16. Shareholders' Information

a. Annual General Meeting	
Date, time and venue of Annual General Meeting	September 30, 2013, 3.30 p.m, at KLN Prasad Auditorium, Federation House, Federation of Andhra Pradesh Chamber of Commerce & Industry, Red Hills, Hyderabad - 500 004
b. Financial Calendar	1st April to 31st March a) Annual General Meeting : September 30, 2013 b) Results for the quarter ending June 30, 2013: Un audited Financial Results were considered by the Board on 14 th August, 2013 c) Results for the quarter ending September 30, 2013: on or before 14 th November, 2013 (Tentative) d) Results for the quarter ending December 31, 2013 on or before 14 th February, 2014 (Tentative) e) Results for the quarter ending March 31, 2014: on or before 30 th May, 2014 (Tentative)
c. Date of Book Closure (both days inclusive)	September 23, 2013 to September 30, 2013(both days inclusive)
d. Dividend Payment Due Date	Not Applicable
e. Listing on Stock Exchanges	The Bombay Stock Exchange Limited P.J.Towers, Dalal Street, Mumbai - 400001 The National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051 Annual Listing fee paid to NSE.
Liquidity	The shares of the company are listed in the BSE and NSE.
f. Stock Code	BSE: 235675 ; NSE: PRITHVI
g. Dematerialisation of shares	The Company's equity shares are available for dematerialization on both the Depositories i.e. 1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parle Mumbai - 4000132. Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 28 th Floor Dalal Street, Mumbai - 400023 The International Securities Identification Number (ISIN) allotted to the Company's scrip is Equity ISIN: INE700C01013 \ FCCB ISIN: XS028904550152. 08 % of equity shares are held in dematerialised form as on March 31, 2013.



h. Registered Office Address and liquidity	Prithvi House, # 2-56/2/19, KhanametMadhapur, Hyderabad - 500 081Ph. +91 40 44856019 ; Fax +91 40 44856021 www.prithvisolutions.com
I Registrar and Share Transfer Agent's Contact Address	Karvy Computershare Pvt. Ltd. Plot No.17-24 Vittalrao Nagar, Madhapur, Hyderabad - 500 081 Tel No.040-44655000 Fax No.040-23420814, Toll Free No.1800-3454-001 E-mail: einward.ris@karvy.com Web Site: www.karvy.com
	Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants
j. Share transfer system	Shares lodged for physical transfer at the Registrar's address are normally processed within a period of 15 days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfers by the Share Transfer Committee.
k. Details of Compliance Officer	Mr. Malleswara Durga Prasad Company Secretary & Vice President(F)Prithvi House, # # 2-56/2/19, Khanamet Madhapur, Hyderabad - 500 081 Ph. +91 40 44856019 ; Fax +91 40 44856021
l. Plant locations	16-11-19, Saleem Nagar, Malakpet, Hyderabad Andhra Pradesh.
m. Trustee for the FCCB Issue	The Bank of New York, London Branch One Canada Square, 48th Floor London E14 5AL, UK

17. Corporate Ethics:

The company adheres to high standards of business ethics, compliance with various statutory and legal requirements and commitment to transparency in business dealings.

The company has adopted a Share Dealing Code in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 (as amended) for prevention of insider trading by its Management, Staff and Directors. The code is applicable to all Directors, Designated Employees and their Dependents.

The code lays down guidelines and procedures to be followed and also disclosures to be made by the Directors and Designated Employees while dealing with shares of the company. They are prohibited from dealing in securities of the company during the "Restricted Trading Periods" notified by the company from time to time.

The said code has been circulated to all the concerned persons. The Company Secretary of the company is appointed as Compliance Officer and is responsible for adherence to the code.

18. Compliance Certificate of Auditors:

The company has obtained a certificate from Practicing Company Secretary confirming the compliance with the conditions of corporate governance as stipulated in clause - 49 which is attached to this report.

19. Distribution of shareholding as on March 31, 2013

Sl No	Category (Shares)	No.of Holders	% To Holders	No.of Shares	% To Equity
1	1 - 5000	23233	87.90	27,58,583	7.97
2	5001 - 10000	1658	6.27	13,33,817	3.85
3	10001 - 20000	791	2.99	11,94,060	3.45
4	20001 - 30000	253	0.96	6,41,801	1.86
5	30001 - 40000	114	0.43	4,17,710	1.21
6	40001 - 50000	103	0.39	4,81,184	1.39
7	50001 - 100000	149	0.56	10,28,763	2.97
8	100001 and above	130	0.49	2,67,49,868	77.3
	TOTAL	26431	100	3,46,05,786	100

20. Shareholding Pattern as on March 31, 2013

Category	No. of shares	%
Promoters	37,99,406	10.98
Mutual Funds/Financial/ Institutions/Banks/FIIs	60	0.00
Bodies Corporate	33,62,285	9.72
NRIs/OCB/Trusts/ Clearing Members	88,69,276	25.63
Others	1,85,74,759	53.67
Total	3,46,05,786	100

21. Market price data

The Company's shares are traded on The Bombay Stock Exchange Ltd and The National Stock Exchange of India Limited.

Monthly high and low quotations of equity shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2012-13 were as follows:

Market Price and Index Data High, Low during each month in Last Financial Year	Months	BSE		SENSEX		NSE		NIFTY	
		High	Low	High	Low	High	Low	High	Low
	12-Apr	26.85	18.00	17664.1	17010.16	26.65	18.00	5378.75	5154.30
	12-May	19.50	15.25	17432.33	15809.71	19.80	15.15	5279.60	4788.95
	12-Jun	19.90	13.50	17448.48	15748.98	17.95	14.70	5286.25	4770.35
	12-Jul	20.00	14.65	17631.19	16598.48	20.00	14.80	5348.55	5032.40
	12-Aug	19.40	15.05	17972.54	17026.97	19.40	15.15	5448.60	5164.65
	12-Sep	19.80	13.00	18869.94	17250.8	18.50	14.80	5735.15	5215.70
	12-Oct	19.80	15.25	19137.29	18393.42	19.80	15.10	5815.35	4888.20
	12-Nov	17.40	14.20	19372.7	18255.69	17.15	15.00	5885.25	5548.35
	12-Dec	16.85	14.65	19612.18	19149.03	16.75	14.85	5965.15	5823.15
	13-Jan	16.30	12.70	20203.66	19508.93	16.30	12.70	6111.80	5935.20
	13-Feb	14.19	11.45	19966.69	18793.97	14.10	11.20	6052.95	5671.90
	13-Mar	11.93	8.08	19754.66	18568.43	12.05	8.45	5971.20	5604.85

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

The Board of Directors of Prithvi Information Solutions Limited adopted the Code of Conduct for the Directors and also for the Company's Senior Management personnel, which was posted on the Company's website.

In accordance with Clause 49 I (D) of the Listing Agreement with the stock exchanges, I hereby confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended March 31, 2013

For Prithvi Information Solutions Limited

Hyderabad
August 14, 2013

Sd/-
V. Satish Kumar
Managing Director

Company Secretary's Certificate on Compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement

To

**The Members of
Prithvi Information Solutions Limited**

We have examined the compliance of conditions of Corporate Governance by M/s. Prithvi Information Solutions Limited (the Company) for the Financial Year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has substantially complied with all the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
Hyderabad.

Place : Hyderabad
Date : August 14, 2013

S. Chidambaram
Practicing Company Secretary
CP No. 2286

INDEPENDENT AUDITOR'S REPORT

To,

The Members,

PRITHVI INFORMATION SOLUTIONS LIMITED.

Report on the Financial Statements:

We have audited the accompanying financial statements of PRITHVI INFORMATION SOLUTIONS LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We further report that

- (i) In respect of a creditor to whom payables amounting to Rs. 331.60 crores were under dispute/ litigation, the Company has entered into an agreement for settlement which is under progress as per information and explanations given to us. (Please refer to note number 43 to notes to financial statements)
- (ii) With respect to FCCB the Company entered into an agreement with the bond holders to redeem the bonds by issue of share warrants on preferential basis. However it is rejected by FIPB. (Please refer to note number 34 to notes to financial statements)

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. **As required by section 227(3) of the Act, we report that:**
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For P. MURALI & CO.,
Chartered Accountants
FRN: 007257S

PLACE : HYDERABAD

DATE : 30-05-2013

P. MURALI MOHANA RAO
Partner
Membership No. 23412

ANNEXURE TO THE AUDITORS' REPORT

- I.** (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II.** (a) There is no inventory at the year end.
- (b) The Company has established procedures for physical verification of inventory.
- (c) The Company has maintained proper records for inventory.
- III.** (a) The Company has granted interest free unsecured advances to Companies covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance of advances granted to such parties was Rs. 243.26 crores.
- (b) In our opinion and according to the information and explanation given to us, the rate of interest & other terms and conditions on which loans have been granted to parties, including advances to a wholly owned subsidiary, are not prima facie prejudicial to the interest of the Company except in case of Bastusilpi Constructions Pvt Ltd where interest free advances of Rs. 30 crores have been given.
- (c) There are no covenants with regard to repayment of loan, other business advances given to private limited company/ other entities.
- (d) There is no overdue amount in respect of advances granted to Companies, other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (f) and (g) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the Company.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV.** In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.

- V. (a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintain U/s.301 of the Companies Act, 1956 has been so entered.
- (b) In our opinion and according to the information and explanations given to us, the sale of services made in pursuance of such contracts or arrangements exceeding value of rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and the nature of its business and the internal audit is carried out by external firm of chartered accountants.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of Cost records under clause (d) of subsection (1) of section 209 of the Companies Act, 1956.
- IX. (a) Undisputed statutory dues including PF, ESI, Tax Deducted at source (TDS), Central sales Tax(CST) as applicable have not generally been regularly deposited with appropriate authorities and there had been significant delays in few cases.
- (b) According to the information and explanations given to us, undisputed amounts are payable in respect of PF, ESI, TDS, CST, Works Contract Tax(WCT) at the year end, for a period more than six months from the date they became payable.

Name of the Statute	Nature of Dues	AmountRs.	Period to which the Amount Relates
Provident Fund Act, 1952	Provident Fund	81,20,236	2011-12
		53,00,223	2012-13
Employee's State Insurance Act, 1948	ESI	12,52,109	2011-12
		11,57,753	2012-13
Commercial Taxes Department	Professional Tax	5,58,070	2011-12
		6,15,340	2012-13
Income Tax Act, 1961	T D S	9,40,844	2010-11
		60,12,458	2011-12
		89,84,162	2012-13
Central Sales Tax Act, 1946	C S T	27,37,395	2011-12&2012-13
Works Contract Tax	W C T	18,79,581	2011-12&2012-13
Income Tax Act, 1961	Income Tax	21,28,968	2008-09

- (c) According to the information and explanations given to us, there are no dues of Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess which have fallen due on before 31st March 2013 and not been deposited with appropriate authorities on account of any dispute except for the following:

Name of Statute	Nature of Dues	Amount (Rs. In Lakhs)	Period to which amount relates	Forum where dispute is pending
Customs duty	Difference in Tariff Classification	2667.00	Financial Year 2009-10	CESTAT, Bangalore
Income Tax Act, 1961	Income Tax	1360.4256	Assessment Year 2008-2009	Income Tax Appellate Tribunal, Hyderabad.

- X.** The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI.** Based on our audit procedures and as per the information and explanations given to us, the company did not have any overdue loans as at the end of the year except crystallized liability of Rs. 1761 lakhs on discounted bills that were over due at the year end.
- XII.** According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII.** This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV.** According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV.** According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company .
- XVI.** According to the information and explanations given to us, the Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the Company.
- XVII.** According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised by the Company on short-term have been use for long term Investments.

- XVIII.** According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX.** According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX.** According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI.** According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P. MURALI & CO.,
Chartered Accountants
FRN: 007257S

P. MURALI MOHANA RAO
Partner
Membership No. 23412

PLACE : HYDERABAD

DATE : 30-05-2013



Balance Sheet as at March 31, 2013

	Note No	As At March 31,2013 Indian Rupees	As At March 31,2012 Indian Rupees
EQUITY AND LIABILITIES			
I SHAREHOLDERS' FUNDS			
(a) Share Capital	1	346,057,860	180,770,000
(b) Reserves & Surplus	2	3,959,737,514	3,589,823,861
II SHARE APPLICATION MONEY PENDING ALLOTMENT	3	0	525,505,200
III NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	4	4,619,379,136	4,443,995,935
(b) Deferred Tax Liabilities (Net)	5	96,892,288	92,149,824
(c) Long-term Provisions	6	120,314,407	190,086,913
IV CURRENT LIABILITIES			
(a) Short-term Borrowings	7	746,350,911	665,261,072
(b) Trade Payables	8	8,805,966,101	7,707,098,902
(c) Other Current Liabilities	9	930,286,315	435,029,070
(d) Short-term Provisions	10	183,461,748	155,142,942
TOTAL		19,808,446,280	17,984,863,719
ASSETS			
I NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	11	89,547,312	60,767,257
(ii) Intangible Assets	12	576,884,103	637,679,630
(b) Non-current Investments	13	1,129,753,578	1,129,753,578
(c) Deferred Tax Assets (Net)	5	18,643,830	12,872,201
(d) Long-term Loans and Advances	14	2,448,038,048	2,323,645,245
(e) Other Non-current Assets	15	309,628,724	238,222,451
II CURRENT ASSETS			
(a) Trade Receivables	16	9,002,937,180	8,234,109,458
(b) Cash and Cash Equivalents	17	105,595,680	341,061,173
(c) Short-term Loans and Advances	18	4,324,541,909	1,805,435,151
(d) Other Current Assets	19	1,802,875,917	3,201,317,576
TOTAL		19,808,446,280	17,984,863,719
XII Significant Accounting Policies			
Notes to Financial Statements		1 - 45	
As per our report of even date M/s.P Murali & Co., Firm Regn. No: 007257S Chartered Accountants		For and on behalf of the Board	
Sd/- P Murali Mohana Rao Partner M.No. 23412	Sd/- V. Satish Kumar Managing Director	Sd/- S. Lalith Prasad Director	
Place: Hyderabad Date: May 30, 2013		Sd/- Malleswara Durga Prasad Company Secretary	

Profit and Loss Statement for the year ended March 31, 2013

	Note No	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
I Revenue from Operations	20	14,737,971,858	12,331,700,456
II Other Income	21	276,755,012	77,874,987
III Total Revenue (I + II)		15,014,726,870	12,409,575,444
IV EXPENSES			
(a) Cost of Materials Consumed	22	1,586,797,010	984,549,525
(b) Software Development Expenses	22	11,227,851,510	9,469,254,895
(c) Employee Benefit Expenses	23	440,348,398	447,721,604
(d) Financial Costs	26	69,286,141	197,289,094
(e) Depreciation and amortisation expenses	11 & 12	77,764,072	100,466,519
(f) Other Operating Expenses	24	500,428,215	171,754,825
(g) Administrative Expenses	25	981,708,989	880,246,098
Total Expenses		14,884,184,335	12,251,282,559
V Profit before exceptional and extra-ordinary items and tax (III-IV)		130,542,535	158,292,884
VI Exceptional items		0	0
VII Profit before extra-ordinary items and tax (V-VI)		130,542,535	158,292,884
VIII Extra-ordinary Items		0	0
IX Profit Before Tax (VII - VIII)		130,542,535	158,292,884
X Tax Expense			
(1) Current Tax		26,118,624	31,670,845
(2) Deferred Tax		(1,029,166)	19,403,876
X V Profit / (Loss) for the Period (IX - X)		105,453,077	107,218,163
XVI Earnings per equity share			
(a) Basic		3.05	5.93
(b) Diluted		2.26	3.90
XII Significant Accounting Policies			
Notes to Financial Statements	1 - 45		
The accompanying Notes are an integral part of the Financial Statements			
As per our report of even date		For and on behalf of the Board	
M/s.P Murali & Co.,			
Firm Regn. No: 007257S			
Chartered Accountants			
Sd/-	Sd/-	Sd/-	
P Murali Mohana Rao	V. Satish Kumar	S. Lalith Prasad	
Partner	Managing Director	Director	
M.No. 23412			
		Sd/-	
Place: Hyderabad		Malleswara Durga Prasad	
Date: May 30, 2013		Company Secretary	

Statement of Cash Flows for the year ended March 31, 2013

Note No	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
I CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Taxes	130,542,535	158,292,884
Adjustments for:		
Depreciation	77,764,072	100,466,519
Interest / Miscellaneous Income	(7,291,568)	(10,003,723)
Interest Expenses	69,286,141	197,289,094
Exchange loss / (gain)	(269,463,444)	(67,871,264)
Operating Profit before working capital changes	837,735	378,173,510
Unbilled Revenues	1,417,214,724	(1,722,952,924)
Sundry Debtors	(768,827,722)	2,530,078,227
Trade Payables	1,098,867,199	21,225,180
Other Current Assets	(90,179,338)	(64,363,751)
Short Term Loans and Advances	(2,519,106,758)	(1,754,564,002)
Current Liabilities	495,257,245	(127,172,770)
Exchange loss / (gain)	269,463,444	67,871,264
Long term provisions	(69,772,506)	24,393,533
Short term provisions	28,318,806	71,590,116
Cash generated from operations	(137,927,169)	(575,721,617)
Taxes payable	(26,118,624)	(31,670,845)
Net cash provided by operating activities	(164,045,793)	(607,392,462)
II CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Assets	(45,748,600)	(16,368,398)
Investments	0	(1,046,052,250)
Net cash used in investing activities	(45,748,600)	(1,062,420,648)
III CASH FLOWS FROM FINANCING ACTIVITIES		
Equity (Share Application / Share Capital / Share premium)	(95,756,764)	359,619,658
Long Term Borrowings	175,383,201	650,306,030
Short Term Borrowings	81,089,839	(293,889,079)
Long Term Loans and Advances	(124,392,803)	987,580,861
Interest / Miscellaneous Income	7,291,568	10,003,723
Interest Expense	(69,286,141)	(197,289,094)
Reserves & Surplus	(0)	0
Net cash used in financing activities	(25,671,100)	1,516,332,100
Net Increase / (Decrease) in cash and cash equivalents (I+II+III)	(235,465,492)	(153,481,009)
Cash and cash equivalents at the beginning of the year	341,061,173	494,542,182
Cash and cash equivalents at the end of the year	105,595,680	341,061,173
Cash and Bank balance as at the end of the year as per Note 17	105,595,680	341,061,173

As per our report of even date

M/s.P Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-

P Murali Mohana Rao

Partner

M.No. 23412

Place: Hyderabad

Date: May 30, 2013

For and on behalf of the Board

Sd/-

V. Satish Kumar
Managing Director

Sd/-

S. Lalith Prasad
Director

Sd/-

Malleswara Durga Prasad
Company Secretary

Notes to Financial Statements

		As at March 31, 2013 Indian Rupees		As at March 31, 2012 Indian Rupees
NOTE 1				
a SHARE CAPITAL				
(a) Authorised - 10,00,00,000 / 3,00,00,000 equity shares of Rs. 10/- each		1,000,000,000		300,000,000
(b) Issued - 3,46,05,786 / 1,80,77,000 equity shares of Rs. 10/- each		346,057,860		180,770,000
(c) Subscribed and Fully Paid up		346,057,860		180,770,000
(d) Subscribed and not Fully Paid up		0		0
(e) Par Value per Share Rs.		10		10
Total Equity Share Capital		346,057,860		180,770,000
b Calls unpaid:				
By Directors		0		0
By Officers		0		0
c Forfeited Shares (amount originally paid up)		0		0
d A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period				
Total no. of shares at opening accounting period		18,077,000		18,077,000
Add / (Less): No. of shares issued / forfeited during the year		16,528,786		0
Total no. of shares at end of accounting period		34,605,786		18,077,000
e Details of Shareholding more than 5% shares of the company:				
	%	No. of Shares	%	No. of Shares
Ms. Anupama Yellajoshyula	24.99%	8,647,986		
Mr. Sarat	22.77%	7,880,800		
Mr. Satish Kumar Vuppalapatti	7.47%	2,584,961	14.30%	2,584,961
Ms. Madhavi Vuppalapati			6.72%	1,214,445
Mr. Pajjuri Karunakar			6.11%	1,105,310

Notes to Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 2		
I RESERVES AND SURPLUS		
(a) Securities Premium Account		
As as the commencement of the year	54,996,138	220,881,680
Additions during the year	264,460,576	165,885,542)
Utilised during the year	0	0
	319,456,714	54,996,138
(b) General Reserve		
As as the commencement of the year	296,741,234	296,741,234
Additions during the year	0	0
Utilised during the year	0	0
	296,741,234	296,741,234
(c) Surplus:		
Opening Balance - Profit & Loss Account	3,238,086,490	3,130,868,327
Add: Transfer from Profit & Loss Account	105,453,077	107,218,163
Less: Transfer to General Reserve	0	0
	3,343,539,566	3,238,086,490
Total Reserves and Surplus	3,959,737,514	3,589,823,861
NOTE 3		
I SHARE APPLICATION MONEY		
PENDING ALLOTMENT	0	525,505,200

Notes to Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 4		
I LONG TERM BORROWINGS		
(a) Bonds / Debentures - Secured (FCCB) (refer Note 34)	4,145,877,582	3,908,741,174
(b) Long term maturities of Finance Lease obligations-Secured	468,633	2,968,929
(c) Other Loans and Advances - Unsecured	473,032,921	532,285,832
Total Long Term Borrowings	4,619,379,136	4,443,995,935
(i) Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements		
NOTE 5		
I DEFERRED TAX LIABILITY (NET)		
Opening Deferred Tax Liability	92,149,824	64,974,377
Add: Deferred Tax Liability for the year (due to depreciation)	4,568,549	23,843,848
Add: Deferred Tax Liability for the year (due to others) 173,915	3,331,599	
Gross Deferred Tax Liability	96,892,288	92,149,824
Opening Deferred Tax Asset	12,872,201	5,100,630
Add: Deferred Tax Asset for the year (due to others) 5,771,629	7,771,571	
Gross Deferred Tax Asset	18,643,830	12,872,201
Deferred Tax Liability / (Asset) - Net	78,248,457	79,277,623
NOTE 6		
I LONG TERM PROVISIONS		
(a) Provision for Gratuity	10,941,364	8,282,619
(b) Provision for Leave Encashment	8,376,573	6,901,843
(c) Provision for Derivative Contract Loss	100,996,470	174,902,451
Total Long Term Provisions	120,314,407	190,086,913
NOTE 7		
I SHORT TERM BORROWINGS		
(a) Loans payable on demand		
(i) From Banks - Secured	176,095,851	176,111,989
(ii) From Banks - Unsecured	517,622,035	489,149,083
(iii) From Other Parties - Unsecured	1,274,110	0
(b) Other Loans and Advances - Unsecured	51,358,915	0
Total Short Term Borrowings	746,350,911	665,261,072
(i) Bank limits are secured against total book debts		

Notes to Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 8		
I TRADE PAYABLES		
(a) Dues of Micro, Small & Medium Enterprises	0	0
(b) Dues of other creditors	8,805,966,101	7,707,098,902
Total Trade Payables	8,805,966,101	7,707,098,902
NOTE 9		
I OTHER CURRENT LIABILITIES		
(a) Unpaid Dividend	744,760	744,760
(b) Accrued Payroll and other dues to employees	85,448,898	51,691,265
(c) Statutory Liabilities	58,316,894	43,500,134
(d) Other Liabilities	731,134,909	310,940,385
(e) Interest Accrued and Due	54,640,853	28,152,526
Total Other Current Liabilities	930,286,315	435,029,070
NOTE 10		
I SHORT TERM PROVISIONS		
(a) Provision for Taxes	96,545,633	72,881,169
(b) Provision for Gratuity	0	392,706
(c) Provision for Leave Encashment	0	1,045,185
(d) Provision for Operating, Vehicle and Travel Expenses	86,916,115	80,823,882
Total Short Term Provisions	183,461,748	155,142,942
NOTE 13		
I NON-CURRENT INVESTMENTS		
(a) Investment in Subsidiaries		
(1) Equity Shares		
(i) Prithvi Solutions Inc - 100% holding	447	447
(ii) Prithvi Solutions Inc - Share Application Money	1,126,601,814	1,126,601,814
(iii) Prithvi Wireless Solutions Limited - 100% holding	500,000	500,000
	1,127,102,260	1,127,102,260
(b) Investment in Joint Ventures		
(i) Prithvi Middle East WLL (50%) - 25000 BHD @ INR 106.0527	2,651,318	2,651,318
	2,651,318	2,651,318
Total Non-Current Investments	1,129,753,578	1,129,753,578
Less: Provision for Diminution in Investments	0	0
Total Non-Current Investments	1,129,753,578	1,129,753,578

Notes to Financial Statements

NOTE 11-12

(All amounts in Indian Rupees except as otherwise stated)

TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2013

Description	Gross Block as at April 1, 2012	Additions	Deletions / Adjustments	Gross Block as at March 31, 2013	Accumulated Depreciation as at April 1, 2012	Depreciation for the year	Deletions / Adjustments	Accumulated Depreciation as at March 31, 2013	Net book value as at March 31, 2013	Net book value as at March 31, 2012
(A) TANGIBLE ASSETS										
Plant & Machinery	4,523,076	0	0	4,523,076	1,340,288	214,846	0	1,555,134	2,967,943	3,182,789
Computer Equipments	62,886,310	17,650,162	0	80,536,472	47,610,297	8,029,848	0	55,640,145	24,896,327	15,276,013
Office Equipments	35,376,495	1,309,518	0	36,686,013	30,816,009	2,324,219	0	33,140,228	3,545,785	4,560,486
Furniture and Fixtures	19,826,511	0	0	19,826,511	6,647,917	1,384,528	0	8,032,445	11,794,066	13,178,594
Leasehold Improvements	9,021,100	26,788,920	0	35,810,020	9,021,089	1,631,511	0	10,652,600	25,157,420	11
Vehicles	35,879,240	0	0	35,879,240	11,309,876	3,383,593	0	14,693,469	21,185,771	24,569,364
(B) INTANGIBLE ASSETS										
Software	972,998,513	0	0	972,998,513	365,050,975	38,987,883	0	404,038,858	568,959,655	607,947,538
Acquisition of clients	108,799,945	0	0	108,799,945	79,067,853	21,807,644	0	100,875,497	7,924,448	29,732,092
TOTAL	1,249,311,190	45,748,600	0	1,295,059,790	550,864,303	77,764,072	0	628,628,375	666,431,415	698,446,887
Previous Financial Year	1,235,878,453	17,043,778	3,611,041	1,249,311,190	453,333,444	100,466,519	0	553,799,964	695,511,226	782,545,009
Capital Work-in-progress									0	0
GRAND TOTAL									666,431,415	698,446,887

Notes to Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 14		
LONG TERM LOANS AND ADVANCES		
(a) Security Deposit - Secured	14,254,382	13,058,633
(b) Loans and Advances to Related Parties - Unsecured		
(i) Prithvi Solutions Inc	1,430,443,152	1,348,624,492
(ii) Prithvi Information Solutions Do Brazil	430,697,190	406,062,120
(iii) Prithvi Information Solutions Canada Ltd	271,425,000	255,900,000
(iv) Prithvi Wireless Solutions Limited	33,300	0
(v) Bastusilpi Constructions Private Limited	300,000,000	300,000,000
(vi) Prithvi Middle East WLL	1,185,024	
(c) Other Loans and Advances	0	0
Total Long Term Loans and Advances	2,448,038,048	2,323,645,245
NOTE 15		
OTHER NON-CURRENT ASSETS		
(i) MAT Credit Entitlement	58,549,393	58,549,393
(ii) Service Tax Credit Receivable	98,736,630	113,592,150
(iii) Unamortised Expenses	150,121,172	64,556,499
(iv) Interest Accrued on Deposits	2,221,529	1,524,409
Total Other Non-Current Assets	309,628,724	238,222,451
NOTE 16		
TRADE RECEIVABLES		
(a) Over six months		
(i) Unsecured, Considered good	6,862,705,787	2,131,585,382
(ii) Considered doubtful	0	25,590,000
	6,862,705,787	2,157,175,382
(b) Others		
(i) Unsecured, Considered good	2,140,231,392	6,102,524,076
(ii) Considered doubtful	0	0
	2,140,231,392	6,102,524,076
Total Trade Receivables	9,002,937,180	8,259,699,458
Less: Provision for Doubtful Debts	0	25,590,000
Total Trade Receivables (Net)	9,002,937,180	8,234,109,458
NOTE 17		
CASH AND BANK BALANCES		
(a) Balances with Banks		
(i) On Current Accounts	2,054,760	235,232,212
(ii) Unpaid Dividend Account	741,370	744,435
(b) Cash on Hand	2,444	41,890
sub-total	2,798,574	236,018,536
(c) Other Bank Balances		
(i) On Margin Money Deposit Accounts	102,797,107	105,042,636
sub-total	102,797,107	105,042,636
Total Cash and Cash Balances	105,595,680	341,061,173

Notes to Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 18		
SHORT TERM LOANS AND ADVANCES		
(a) Other Loans and Advances		
(i) Loans and Advances to Employees	5,554,719	7,191,199
(ii) Advances recoverable in cash or kind or for value to be received	4,318,987,190	1,798,243,952
Total Short Term Loans and Advances	4,324,541,909	1,805,435,151
NOTE 19		
OTHER CURRENT ASSETS		
(a) Unbilled Revenue	1,661,980,548	3,079,195,272
(b) Income Taxes Paid (including refunds receivable) (net)	140,359,339	120,469,089
(c) Prepaid Expenses	536,029	1,653,215
	1,802,875,917	3,201,317,576

Notes to Financial Statements

	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
NOTE 20		
REVENUE FROM OPERATIONS		
(a) Revenue from Operations in respect of non-finance company		
(i) Sale of Products	1,586,885,049	919,086,643
(ii) Sale of Services	13,064,691,881	11,412,453,705
(iii) Other operating Revenues	86,394,928	160,108
Total Revenue from Operations	14,737,971,858	12,331,700,456
NOTE 21		
OTHER INCOME		
(a) Interest Income	7,291,568	10,003,723
(b) Net Gain on Foreign Currency Translation and transaction	269,463,444	67,871,264
(c) Others	0	0
Total Other Income	276,755,012	77,874,987
NOTE 22		
COST OF MATERIALS CONSUMED		
(a) Telecom Products	1,580,686,195	898,736,130
(b) Software Development Expenses	11,227,851,510	9,469,254,895
(c) Others	6,110,815	85,813,395
Total Cost of Materials Consumed	12,814,648,520	10,453,804,420
NOTE 23		
EMPLOYEE BENEFIT EXPENSES		
(a) Salaries & Wages	429,546,085	437,504,762
(b) Contribution to PF & Other Funds	9,869,418	9,314,784
(c) Staff Welfare Expenses	932,895	902,058
Total Employee Benefit Expenses	440,348,398	447,721,604

Notes to Financial Statements

	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
NOTE 24		
OTHER OPERATING EXPENSES		
(i) Power & Fuel	7,362,877	4,767,186
(ii) Rent	45,520,906	53,554,000
(iii) Repairs & Maintenance	5,043,075	4,168,883
(iv) Insurance	2,166,716	3,177,795
(v) Rates & Taxes	2,847,214	1,515,635
(vi) Miscellaneous Expenditure	3,702,292	10,189,814
(vii) Net Loss on Foreign Currency Translation and transaction	0	0
(viii) Payment to Auditors		
(a) As Statutory Auditor	4,863,346	4,401,520
(b) For Management Services	900,000	900,000
(c) For reimbursement of Expenses	21,379	20,510
(ix) Net Loss on sale / disposal of Assets	(31,516)	222,975
(x) Prior Period Items	2,220,830	22,611,730
(xi) Factoring Cost	255,487,995	66,224,778
(xii) Amortisation of Capitalised Expenditures	4,841,989	0
(xiii) Bad Debts written off	165,481,113	0
	500,428,215	171,754,825
NOTE 25		
ADMINISTRATIVE EXPENSES		
(a) Telephone, Postage & Others	12,640,147	15,396,807
(b) Business Promotion Expenses	0	0
(c) Travelling and Conveyance	18,788,443	41,846,015
(d) Office Maintenance	7,941,945	7,387,092
(e) Printing & Stationery Expenses	2,310,749	2,964,878
(f) Security Charges	1,379,324	813,859
(g) Marketing Expenses	860,012,870	699,761,456
(h) Managerial Remuneration	11,113,950	10,208,850
(i) Consultancy Charges	0	0
(j) Professional Charges	63,331,058	94,682,040
(k) Director Sitting Fee	2,962,705	1,905,495
(l) Interest on taxes payable	0	160,000
(m) General Expenses	1,227,798	5,119,608
	981,708,989	880,246,098
NOTE 26		
FINANCE COST		
(a) Interest Expenses		
(i) Interest on Bill Discounting	32,430,561	58,852,834
(ii) Interest on Cash Credit	28,214,721	39,141,495
(iii) Loan Processing and Bank Charges	3,823,193	4,564,986
(b) Other Borrowing Costs	4,817,666	94,729,779
	69,286,141	197,289,094

Notes to Financial Statements

	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
EARNINGS PER SHARE		
Net Profit for the year as per Profit & Loss Account	105,453,077	107,218,163
Amount available for Equity Shareholders	105,453,077	107,218,163
Weighted average number of shares	34,605,786	18,077,000
Earnings per share basic	3.05	5.93
Weighted average number of shares that would be issued on the conversion of foreign currency convertible bonds	11,971,925	9,409,737
Weighted average number of shares for calculating diluted EPS	46,577,711	27,486,737
Earnings per share diluted	2.26	3.90

Nature of Operations

Prithvi Information solutions Ltd is an Information and Communication technology (ICT) service provider. Prithvi is divided into IT services and Telecom Products and Services. Prithvi IT services division provides multiple services and solutions to meet the IT requirements of various industries across geographies. Prithvi telecom solutions division provide service that covers all aspects of a telecom operator ecosystem including providing telecom software, building telecom networks and supplying telecom hardware product.

Significant Accounting Policies

a. Basis of preparation

The financial statements are prepared under the historical cost convention and the requirement of the Companies Act, 1956.

b. Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. Example of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, useful lives of depreciable fixed assets and provisions for impairment.

c. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.

d. Depreciation

Depreciation other than freehold land and capital work-in-progress is charged so as to write off the cost of assets, on the following basis:

Plant & Machinery	Straight Line	4.75%
Computers and computer equipment	Straight Line	16.21%
Office Equipment	Straight Line	16.21%
Furniture and Fixtures	Straight Line	6.33%
Leasehold Improvements	Straight Line	20.00%
Vehicles	Straight Line	9.50%
Software	Straight Line	16.21%
Software Tools	Straight Line	5.00%
Acquisition of clients	Straight Line	20.00%

Individual assets costing Rs. 5,000/- or less are fully depreciated in the year of purchase.

e. Impairment

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine

the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

f. Intangible assets

An intangible is recognised, where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortisation.

g. Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

h. Leases

Assets leased by the company in its capacity as lessee, where the company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the profit & loss account on a straight line basis.

i. Investments

Investments are stated at cost, less provision for other than temporary diminution in value.

j. Inventories

Raw materials, sub-assemblies and components are carried at the lower of cost and net realisable value. Cost is determined on first in first out basis. Work-in-progress and finished goods are carried at lower of cost and net realisable value. Cost includes direct material and labour and a proportion of manufacturing overheads.

k. Revenue recognition

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenues from turn key contracts, which are generally time bound fixed priced contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion.

Revenues from the sale of equipment are recognised upon delivery to the customer.

l. Foreign currency transactions

Income and expenses in foreign currencies during a month are converted at projected exchange rates for the month. The projected exchange rates for the month are based on the closing exchange rates of the previous month. The assets and liabilities as at the end of

a month are restated using the current month's closing exchange rate and the exchange gain or loss arising on the restatement is recognised as income or expense in that month. The projected exchange rate is reviewed for any major fluctuation during the month.

m. Retirement and other employee benefits (Refer Note:27)

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the Provident Fund authorities.

Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

n. Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred Tax expense or benefit is recognised on timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or subsequently enacted by the balance sheet date.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

o. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent asset is neither recognised nor disclosed in the financial statements.

p. Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

27. Gratuity Plan

The company has an unfunded defined benefit gratuity plan. Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972. The following tables summarises the components of net benefit expense recognised in the profit and loss account and the provision status and amounts recognised in the balance sheet for the plan:

Defined Gratuity Benefit Plan Expenses / Obligation:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Interest Cost	1,011,247	1,042,981
Current Service Cost	3,211,739	3,891,394
Past Service Cost	0	0
Actuarial (Gain) / Loss	(1,956,947)	(5,163,015)
Net Employee benefit expense	2,266,039	(228,640)
Defined benefit obligation – Opening	8,675,325	8,903,965
Defined benefit paid during the year	2,266,039	(228,640)
Defined benefit obligation – Closing	10,941,364	8,675,325

Assumptions used in accounting for the gratuity plan:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Discount Rate	8.05%	8.65%
Expected rate of return on plan assets	Not Applicable	Not Applicable
Salary escalation rate – first year	7.0%	7.0%
Salary escalation rate – second year	7.0%	7.0%
Salary escalation rate – from 3rd year	7.0%	7.0%

The company is engaged in the business of:

- i. Software services ii. Telecom services and products

Segment reporting			
Year ended March 31, 2013			
Particulars	Business Segments (Rs.)		
	Software	Telecom	Total
Revenue	13,040,871,212 <i>11,208,487,213</i>	1,697,100,646 <i>1,123,213,243</i>	14,737,971,858 <i>12,331,700,456</i>
Segment result	(9,662,927) <i>464,610,737</i>	10,500,662 <i>(20,212,450)</i>	837,735 <i>444,398,288</i>
Unallocable Expenses			147,050,213 <i>363,980,391</i>
Operating income			(146,212,478) <i>80,417,987</i>
Other income (net)			276,755,012 <i>77,874,987</i>
Profit before Taxes			130,542,535 <i>158,292,884</i>
Tax expenses			25,089,458 <i>51,074,721</i>
Net profit for the year			105,453,077 <i>107,218,163</i>
Particulars	Business Segments (Rs.)		
	Software	Telecom	Total
As at March 31, 2013			
Segment Assets	1,861,349,287	7,141,587,893	9,002,937,180
Unallocable Assets			10,805,509,100
Total Assets			19,808,446,280
Segment liabilities	113,483,842	8,692,482,259	8,805,966,101
Unallocable Liabilities			6,696,684,805
Total Liabilities			15,502,650,906

29. Related Party Disclosures

a. Related Parties and their Relationship

i. Subsidiaries

1. Prithvi Solutions Inc
2. Prithvi Wireless Solutions Limited

ii. Associates

1. Prithvi Information Solutions LLC
2. Prithvi Information Solutions Brazil
3. Prithvi Information Solutions Canada, Ltd
4. Bastusilpi Constructions Private Limited

iii. Key Managerial Personnel

1. Ms. V Madhavi
2. Mr. V Satish Kumar

b. Transactions with Related Parties (Rs.)

Particulars	Subsidiaries	Associates	Key Managerial Personnel
Investments	-	-	-
Advances	-	-	-
Sales	76,546,662	4,961,180,265	-
Collections	(124,992,750)	(4,532,932,072)	-
Remuneration	-	-	15,763,950

Particulars- Advances	Subsidiaries	Associates
Balance as on 01.04.2012	1,348,624,492	961,962,120
Add / (Less)		
Advances	-	-
Forex	81,818,661	40,160,070
Balance as on 31.03.2013	1,430,443,152	1,002,122,190

30. Leases

Particulars	Year ended March 31, 2013 Indian Rupees	Year ended March 31, 2012 Indian Rupees
Non-cancellable Operating Lease obligation		
Not later than one year	37,832,223	49,725,416
Later than one year but not later than five years	128,257,907	142,713,360
Later than five years	83,757,745	107,509,878
Total	249,847,874	299,948,654
Obligation towards finance leases		
Less than one year	-	404,850
One to five years	-	-
Later than five years	-	-
Total	-	404,850

31. Interest in Joint Venture

The company has a 50% interest in the assets, liabilities, incomes and expenses of Prithvi Middle East WLL, incorporated in the Kingdom of Bahrain, which is engaged in Software Development.

There are no capital expenditure commitments and contingent liabilities of the joint venture as on March 31, 2013.

32. Contingent Liabilities

Particulars	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Interest and FX losses Claimed by Deutsche Bank Suguna Technologies - Interest Claimed	80,300,860	-
Income Tax- AY - 2008-09	180,531	180,531
TDS demand for the FY 2004-05	136,042,560	-
TDS demand for the FY 2005-06	2,501,310	2,501,310
TDS demand for the FY 2006-07	1,825,026	1,825,026
TDS demand for the FY 2008-09	26,093,828	26,093,828
	405,790	405,790

33. Foreign Currency Convertible Bonds (FCCB)

The Company issued Zero Coupon Foreign Currency Convertible Bonds amounting to USD 50,000,000 due in 2012, convertible into ordinary shares of the Company. The bonds are issued in denomination of USD 100,000 each and integral multiples there of. The bonds will constitute direct un-conditional and secured obligations of the Company and will rank pari passu, without any preference among themselves, with all other outstanding secured and unsubordinated obligation of the Company, present and future, but in the event of insolvency, only to the extent permitted by applicable laws relating to the creditors' right. The bond will be secured by a second charge on all consolidated receivables. The Bond will have yield to maturity @ 8.58% per annum compounded semi-annually.

The bondholders can convert the bonds into equity share of the Company at conversion price of Rs. 346.30 per share at fixed exchange rate of 1 USD = Rs. 44.09 during Bondholder Conversion Period, which starts on March 12, 2007 and ends at the place where certificate is deposited for conversion of a Bond on January 26, 2012.

The Company may, at its absolute discretion at any time on or after February 26, 2008 and prior to February 26, 2010, elect to convert all (but not some) of the Bonds into Shares at the Conversion Price subject to the terms and conditions mentioned in the offer circular.

These bonds matured on February 29, 2012 with a maturity value of USD 50 million towards principal and USD 26.37 million towards premium totaling USD 76.37 million. The Company entered into an agreement with the Bond Holders and the same is under process for its redemption.

Pursuant to members resolution dated 10th May, 2013, company intends to issue and allot 5,04.87,926 fully compulsorily convertible warrants under preferential basis subject to approval of FIPB. Now, our application being rejected by FIPB, Company is planning to issue and allot equity shares to the investors to liquidate the entire FCCB liability after obtaining necessary approvals.

34. Utilisation of Funds raised thru FCCB:

Particulars	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
FCCB Funds received	2,200,500,000	2,200,500,000
Interest Earned – Bank	217,094,466	217,094,476
Exchange Gain / (Loss)	216,467,521	134,648,850
Total Funds	2,634,061,987	2,552,243,326
Investment in Subsidiary	1,126,601,814	1,126,601,814
Advance to Subsidiary	1,430,443,153	1,348,624,492
Professional Charges	77,017,020	77,017,020
Total Utilisation	2,634,061,987	2,552,243,326

35. Directors' Remuneration

Particulars	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
Salaries, bonus and allowances	15,763,950	14,558,850
Commission to non executivedirectors	1,350,000	1,650,000
Total	17,113,950	16,208,850

Note

- As the future liability for gratuity and leave encashment is provided on an actuarial basis for the company as a whole, the amount pertaining to the directors is not ascertainable and therefore, not included above.

36. Computation of Net Profit in accordance with Section 349 and 350 of the Companies Act, 1956 for calculation of commission payable to Directors:

Particulars	Year ended	Year ended
	March 31, 2013 (Rs.)	March 31, 2012 (Rs.)
Profit after Tax and prior period items as per Profit & Loss Account	105,453,077	107,218,163
Add:		
Directors' Remuneration	17,113,950	16,208,850
Income tax payable by the company	25,089,458	51,074,721
Loss on Derivative contracts	0	0
Total Net Profit for payment of Managerial remuneration	147,756,485	174,501,734
Maximum commission allowed to Managing and Whole Time Directors @ 10% of the Net Profits as calculated above	14,775,648	17,450,173
Maximum commission allowed to other Directors @ 1% of the Net Profits as calculated above	1,477,565	1,745,017

37. Auditors' Remuneration

Particulars	Year ended	Year ended
	March 31, 2013 (Rs)	March 31, 2012 (Rs)
Statutory Audit Fees	1,600,000	1,600,000
Audit of US Operations	2,813,346	2,801,520
Internal Audit Fees	900,000	900,000
Out of pocket expenses	21,379	20,510
TOTAL	5,334,725	5,322,030

38. Earnings in Foreign Currency (Accrual basis)

Particulars	Year ended	Year ended
	March 31, 2013 (Rs)	March 31, 2012 (Rs)
Income from Services	13,024,126,026	11,127,262,331
Interest Income	0	0
Total	13,024,126,026	11,127,262,331

39. Expenditure in Foreign Currency (Accrual basis)

Particulars	Year ended	Year ended
	March 31, 2013 (Rs)	March 31, 2012 (Rs)
Professional and Consultancy charges	11,610,193,706	9,593,437,115
Remuneration	594,005,740	507,144,507
Travelling	6,946,480	14,756,483
Marketing	1,822,465	304,892
Communication	6,298,339	6,353,659
Bank Charges	281,096	137,484
Other Expenses	319,195,086	137,273,512
Total	12,538,742,912	10,259,407,652

40. Disclosure required by Clause 32 of the Listing Agreements

Amount of loans and advances in the nature of advances due from subsidiaries as at March 31, 2013:

Subsidiary	As at March 31, 2013	Maximum amount during the year
Prithvi Solutions Inc	1,430,443,152	1,430,443,152
Total	1,430,443,152	1,430,443,152

41. Statutory Remittances

Particulars	As at 31 st March 13 Amount in Rs.
Provident Fund Payable	18,273,354
Professional Tax Payable	1,763,310
ESI Payable	4,844,769
TDS - Salaries	20,309,085
TDS - Others	13,475,474
Total	58,665,992

42. Other Liabilities

Particulars	As at 31 st March 13 Amount in Rs.
Customs Duty Payable	266,672,693
Service Tax Payable	3,796,222
WCT Payable	1,872,817
CST Payable	2,241,279
Total	274,583,010

**Customs duty of Rs. 2667 lakhs is disputed and under adjudication.

43. The Company had entered into an agreement with a creditor with whom there was a disputed liability of Rs. 331.60 crores and has made payments of Rs. 128.28 crores. As per the settlement entered into the Company was to have made a payment of USD 4.5 mln in Dec 2012 which is not yet paid. Another instalment of USD 4.5 mln is due in Jun 2013.
44. The Company is in the final stages of negotiation for settlement of Derivative losses with a Bank. According to the draft agreement the Company is to pay interest at the rate of 2% p.a. on the outstanding principal amount from the date of the agreement. The Company has provided for the interest from January 1, 2013 and is confident of signing the agreement at the earliest.
45. Previous year's figures have been regrouped where necessary to confirm to this year's classification.

M/s.P Murali & Co.,
Chartered Accountants
Firm Regn. No: 007257S

For and on behalf of the Board of Directors

Sd/-
P. Murali Mohana Rao
Proprietor

Sd/-
V. Satish Kumar
Managing Director

Sd/-
S. Lalith Prasad
Director

Place: Hyderabad
Date: May 30, 2013

Sd/-
Malleswara Durga Prasad
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Prithvi Information Solutions Limited

We have audited the accompanying consolidated financial statements of Prithvi Information Solutions Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements:

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financials. As there is no reporting on 'Other Legal and Regulatory Requirements', there is no necessity of including the heading 'Report on the Financial Statements' above the introductory paragraph statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the financial statements of Subsidiaries, consolidated financial statements reflecting total assets of Rs. 84,60,79,142/- and total turnover an amount of Rs. 170,80,79,823/- as on 31st March, 2013. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in respect thereof is based solely on the report of such other auditors.

We further report that;

- (i) In respect of a creditor to whom payables amounting to Rs. 331.60 crores were under dispute/ litigation, the Company has entered into an agreement for settlement which is under progress as per information and explanations given to us.(Please refer to note number 43 to notes to financial statements)
- (ii) With respect to FCCB the Company entered into an agreement with the bond holders to redeem the bonds by issue of share warrants on preferential basis. However it is rejected by FIPB.(Please refer to note number 35 to notes to financial statements)

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For P. Murali & Co;
Chartered Accountants
FRN: 007257S

Hyderabad
Date: 30-05-2013

P. Murali Mohana Rao
Partner,
M.No.023412

Consolidated Balance Sheet as at March 31, 2013

Particulars	Note No	March 31, 2013 Indian Rupees	March 31, 2012 Indian Rupees
EQUITY AND LIABILITIES			
I SHAREHOLDERS' FUNDS			
(a) Share Capital	1	346,057,860	180,770,000
(b) Reserves & Surplus	2	4,315,145,430	3,788,504,747
II SHARE APPLICATION MONEY			
PENDING ALLOTMENT	3	0	525,505,200
III MINORITY INTEREST			
		107,359,300	67,499,340
IV NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	4	4,672,012,161	4,443,995,935
(b) Deferred Tax Liabilities	5	108,161,474	92,149,824
(c) Long-term Provisions	6	118,876,516	190,086,913
V CURRENT LIABILITIES			
(a) Short-term Borrowings	7	711,102,082	681,380,996
(b) Trade Payables	8	8,895,313,131	7,814,036,264
(c) Other Current Liabilities	9	1,180,641,667	542,141,460
(d) Short-term Provisions	10	199,855,801	177,615,211
TOTAL		20,654,525,422	18,503,685,890
ASSETS			
I NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	11	106,361,921	80,458,853
(ii) Intangible Assets	12	1,482,493,993	1,481,099,727
(b) Non-current Investments	13	2,651,318	2,651,318
(c) Deferred Tax Assets	5	18,643,830	12,872,201
(d) Long-term Loans and Advances	14	2,865,147,252	2,713,958,410
(e) Other Non-current Assets	15	309,628,724	238,222,451
II CURRENT ASSETS			
(a) Trade Receivables	16	9,537,061,113	8,546,214,466
(b) Cash and Cash Equivalents	17	121,747,778	382,338,824
(c) Short-term Loans and Advances	18	4,342,153,498	1,800,502,187
(d) Other Current Assets	19	1,868,635,995	3,245,367,454
TOTAL		20,654,525,422	18,503,685,890
XI Significant Accounting Policies			
Notes to Financial Statements	1 - 42		
The accompanying Notes are an integral part of the Financial Statements			
As per our report of even date		For and on behalf of the Board	
M/s.P Murali & Co.,			
Firm Regn. No: 007257S			
Chartered Accountants			
Sd/-	Sd/-	Sd/-	
P Murali Mohana Rao	V. Satish Kumar	S. Lalith Prasad	
Partner	Managing Director	Director	
M.No. 23412		Sd/-	
Place: Hyderabad		Malleswara Durga Prasad	
Date: May 30, 2013		Company Secretary	

Consolidated Profit and Loss Statement for the year ended March 31, 2013

		Note No	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
I	Revenue from Operations	20	16,446,051,680	13,705,191,118
I	Other Income	21	272,648,569	77,670,211
	III Total Revenue (I + II)		16,718,700,249	13,782,861,329
IV	EXPENSES			
	(a) Cost of Materials Consumed	22	1,586,797,010	984,549,525
	(b) Software Development Expenses	22	12,386,424,923	10,365,026,005
	(c) Employee Benefit Expenses	23	670,106,306	615,060,365
	(d) Financial Costs	26	69,933,072	201,216,630
	(e) Depreciation and amortisation expenses	11 & 12	84,088,264	105,067,796
	(f) Other Operating Expenses	24	534,779,047	193,780,034
	(g) Administrative Expenses	25	1,155,144,980	1,035,711,165
	Total Expenses		16,487,273,602	13,500,411,520
V	Profit before exceptional and extra-ordinary items and tax (III-IV)		231,426,647	282,449,808
VI	Exceptional items		0	0
VII	Profit before extra-ordinary items and tax (V-VI)		231,426,647	282,449,808
VIII	Extra-ordinary Items		0	0
IX	Profit Before Tax (VII - VIII)		231,426,647	282,449,808
X	Tax Expense			
	(1) Current Tax		50,663,971	62,031,660
	(2) Deferred Tax		(1,029,166)	19,403,876
XV	Profit / (Loss) for the Period (IX - X)		181,791,842	201,014,272
VIII	Earnings per equity share			
	(a) Basic		10.06	11.12
	(b) Diluted		6.19	6.85
IX	Significant Accounting Policies			
	Notes to Financial Statements	1 - 42		
	The accompanying Notes are an integral part of the Financial Statements			
As per our report of even date			For and on behalf of the Board	
M/s.P Murali & Co., Firm Regn. No: 007257S Chartered Accountants				
Sd/- P Murali Mohana Rao Partner M.No. 23412			Sd/- V. Satish Kumar Managing Director	Sd/- S. Lalith Prasad Director
Place: Hyderabad Date: May 30, 2013				Sd/- Malleswara Durga Prasad Company Secretary

Consolidated Statement of Cash Flows for the year ended March 31, 2013

	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
I CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Taxes	231,426,647	282,449,808
Adjustments for:		
Depreciation	84,088,264	105,067,796
Interest / Miscellaneous Income	(3,185,124)	(9,755,364)
Interest Expenses	69,933,072	201,216,630
Unrealised exchange loss / (gain)	(269,463,444)	(67,914,847)
Operating Profit before working capital changes	112,799,414	511,064,023
Unbilled Revenues	1,398,540,634	(1,730,663,518)
Sundry Debtors	(990,846,647)	2,396,943,486
Trade Payables	1,081,276,868	21,765,161
Other Current Assets	(93,215,449)	(63,753,108)
Short Term Loans and Advances	(2,541,651,311)	(1,762,565,060)
Current Liabilities	638,500,207	(84,054,160)
Exchange loss / (gain)	(3,234,426)	36,028,531
Long term provisions	(71,210,397)	25,525,091
Short term provisions	22,240,589	88,277,212
Cash generated from operations	(446,800,517)	(561,432,342)
Taxes payable	(50,663,971)	(62,031,660)
Net cash provided by operating activities	(497,464,487)	(623,464,002)
II CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Assets	(112,266,077)	(135,547,617)
Investments	0	0
Goodwill	62,189,770	116,827,060
Net cash used in investing activities	(50,076,306)	(18,720,558)
III CASH FLOWS FROM FINANCING ACTIVITIES		
Equity (Share Application / Share Capital / Share premium)	(95,756,764)	359,619,658
Long Term Borrowings	228,016,226	650,306,030
Short Term Borrowings	29,721,086	(294,566,510)
Long Term Loans and Advances	151,188,842	(22,560,753)
Interest / Miscellaneous Income	3,185,124	9,755,364
Interest Expense	(69,933,072)	(201,216,630)
Reserves & Surplus	80,388,264	31,408,352
Share of Minority Interest	(39,859,960)	(25,315,935)
Net cash used in financing activities	286,949,747	507,429,575
Net Increase / (Decrease) in cash and cash equivalents (I+II+III)	(260,591,047)	(134,754,984)
Cash and cash equivalents at the beginning of the year	382,338,824	517,093,808
Cash and cash equivalents at the end of the year	121,747,778	382,338,824
Cash and Bank balance as at the end of the year as per Note 17	121,747,778	382,338,824
The accompanying Notes are an integral part of the Financial Statements	0	0

As per our report of even date

For and on behalf of the Board

M/s.P Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P Murali Mohana Rao
Partner
M.No. 23412

Sd/-
V. Satish Kumar
Managing Director

Sd/-
S. Lalith Prasad
Director

Place: Hyderabad
Date: May 30, 2013

Sd/-
Malleswara Durga Prasad
Company Secretary



Notes to Consolidated Financial Statements

		As at March 31, 2013 Indian Rupees		As at March 31, 2012 Indian Rupees
NOTE 1				
a SHARE CAPITAL				
(a) Authorised		1,000,000,000		300,000,000
(b) Issued		346,057,860		180,770,000
(c) Subscribed and Fully Paid up		346,057,860		180,770,000
(d) Subscribed and not Fully Paid up		0		0
(e) Par Value per Share Rs.		10		10
Total Equity Share Capital		346,057,860		180,770,000
b Calls unpaid:				
By Directors		0		0
By Officers		0		0
c Forfeited Shares (amount originally paid up)				
		0		0
d A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period				
Total no. of shares at opening accounting period		18,077,000		18,077,000
Add / (Less): No. of shares issued / forfeited during the year		16,528,786		0
Total no. of shares at end of accounting period		34,605,786		18,077,000
e Details of Shareholding more than 5% shares of the company:				
		No. of Shares	%	No. of Shares
Ms. Anupama Yellajoshiyula	24.99%	8,647,986		
Mr. Sarat	22.77%	7,880,800		
Mr. Satish Kumar Vuppalapatti	7.47%	2,584,961	14.30%	2,584,961
Ms. Madhavi Vuppalapati			6.72%	1,214,445
Mr. Pajjuri Karunakar			6.11%	1,105,310

Notes to Consolidated Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 2		
I RESERVES AND SURPLUS		
(a) Securities Premium Account		
As at the commencement of the year	54,996,138	220,881,680
Additions during the year	264,460,576	0
Utilised for FCCB Premium during the year	0	(165,885,542)
	319,456,714	54,996,138
(b) General Reserve		
As at the commencement of the year	336,899,576	305,491,224
Additions during the year	80,388,264	31,408,352
Utilised during the year	0	0
	417,287,840	336,899,576
(c) Surplus:		
Opening Balance - Profit & Loss Account	3,396,609,034	3,195,594,762
Add: Transfer from Profit & Loss Account	181,791,842	201,014,272
Less: Transfer to General Reserve	0	0
	3,578,400,877	3,396,609,034
Total Reserves and Surplus	4,315,145,430	3,788,504,747
NOTE 3		
I SHARE APPLICATION MONEY PENDING ALLOTMENT	0	525,505,200

Notes to Consolidated Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 4		
I LONG TERM BORROWINGS		
(a) Bonds / Debentures - Secured	4,145,877,582	3,908,741,174
(b) Long term maturities of Finance Lease obligations - Secured	1,742,743	2,968,929
(c) Other Loans and Advances - Unsecured	524,391,836	532,285,832
Total Long Term Borrowings	4,672,012,161	4,443,995,935
(i) Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements		
NOTE 5		
I DEFERRED TAX LIABILITY (NET)		
Opening Deferred Tax Liability	92,149,824	64,974,377
Add: Deferred Tax Liability for the year (due to depreciation)	4,568,549	23,843,848
Add: Deferred Tax Liability for the year (due to others)	11,443,101	3,331,599
Gross Deferred Tax Liability	108,161,474	92,149,824
Opening Deferred Tax Asset	12,872,201	5,100,630
Add: Deferred Tax Asset for the year (due to others)	5,771,629	7,771,571
Gross Deferred Tax Asset	18,643,830	12,872,201
Deferred Tax Liability / (Asset) - Net	89,517,643	79,277,623
NOTE 6		
I LONG TERM PROVISIONS		
(a) Provision for Gratuity	10,548,658	8,282,619
(b) Provision for Leave Encashment	7,331,388	6,901,843
(c) Provision for Derivative Contract Loss	100,996,470	174,902,451
Total Long Term Provisions	118,876,516	190,086,913
NOTE 7		
I SHORT TERM BORROWINGS		
(a) Loans payable on demand		
(i) From Banks - Secured	176,095,851	176,111,989
(ii) From Banks - Unsecured	517,622,035	489,149,083
(iii) From Other Parties - Unsecured	0	0
(b) Other Loans and Advances - Unsecured	17,384,196	16,119,924
Total Short Term Borrowings	711,102,082	681,380,996
(i) Bank limits are secured against total book debts		

Notes to Consolidated Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 8		
I TRADE PAYABLES		
(a) Dues of Micro, Small & Medium Enterprises	0	0
(b) Dues of other creditors	8,895,313,131	7,814,036,264
Total Trade Payables	8,895,313,131	7,814,036,264
NOTE 9		
I OTHER CURRENT LIABILITIES		
(a) Unpaid Dividend	744,760	744,760
(b) Accrued Payroll and other dues to employees	99,142,600	67,320,905
(c) Statutory Liabilities	294,670,396	134,105,055
(d) Other Liabilities	731,443,058	311,818,214
(e) Interest Accrued and Due	54,640,853	28,152,526
Total Other Current Liabilities	1,180,641,667	542,141,460
NOTE 10		
I SHORT TERM PROVISIONS		
(a) Provision for Taxes	111,474,117	95,331,378
(b) Provision for Gratuity	392,706	392,706
(c) Provision for Leave Encashment	1,045,185	1,045,185
(d) Provision for Operating, Vehicle and Travel Expenses	86,943,793	80,845,942
Total Short Term Provisions	199,855,801	177,615,211
NOTE 13		
I NON-CURRENT INVESTMENTS		
(a) Investment in Joint Ventures		
(i) Prithvi Middle East WLL (50%) -25000 BHD @ INR 106.0527	2,651,318	2,651,318
	2,651,318	2,651,318
Total Non-Current Investments	2,651,318	2,651,318
Less: Provision for Diminution in Investments	0	0
Total Non-Current Investments	2,651,318	2,651,318

Notes to Consolidated Financial Statements

NOTE 11-12

(All amounts in Indian Rupees except as otherwise stated)

TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2013

Description	Gross Book value as at April 1, 2012	Additions	Deletions / Adjustments	Gross Book value as at March 31, 2013	Accumulated Depreciation as at April 1, 2012	Depreciation for the year	Deletions / Adjustments	Accumulated Depreciation as at March 31, 2013	Net book value as at March 31, 2013	Net book value as at March 31, 2012
(A) TANGIBLE ASSETS										
Plant & Machinery	4,523,076	0	0	4,523,076	1,340,288	214,846	0	1,555,134	2,967,943	3,182,789
Computer Equipments	66,941,080	17,984,412	0	84,925,492	49,345,913	8,450,975	0	57,796,888	27,128,604	17,595,167
Office Equipments	35,376,495	1,309,518	0	36,686,013	30,816,009	2,324,219	0	33,140,228	3,545,785	4,560,486
Furniture and Fixtures	37,219,482	3,343,261	0	40,562,743	10,963,722	3,552,904	0	14,516,625	26,046,117	26,255,760
Leasehold Improvements	9,021,100	26,788,920	0	35,810,020	9,021,089	1,631,511	0	10,652,600	25,157,420	11
Vehicles	43,826,465	650,173	0	44,476,638	14,961,825	7,998,761	0	22,960,586	21,516,052	28,864,640
(B) INTANGIBLE ASSETS										
Goodwill	843,420,097	62,189,793	0	905,609,890	0	0	0	0	905,609,890	843,420,097
Software	972,998,513	0	0	972,998,513	365,050,975	38,107,404	880,479	404,038,858	568,959,655	607,947,538
Acquisition of Clients	108,799,945	0	0	108,799,945	79,067,853	21,807,644	0	100,875,497	7,924,448	29,732,092
TOTAL	2,122,126,253	112,266,077	0	2,234,392,329	560,567,673	84,088,264	880,479	645,536,415	1,588,855,914	1,561,558,580
Previous Year	1,986,578,636	138,658,977	3,111,360	2,122,126,253	457,650,385	105,067,796	2,150,508	560,567,673	1,561,558,580	1,528,928,250
Capital Work-in-progress									0	0
GRAND TOTAL									1,588,855,914	1,561,558,580

Notes to Consolidated Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 14		
LONG TERM LOANS AND ADVANCES		
(a) Security Deposit - Secured	16,212,971	14,435,290
(b) Loans and Advances to Related Parties - Unsecured		
(i) Prithvi Information Solutions Do Brazil	430,697,190	406,062,120
(ii) Prithvi Information Solutions Canada Ltd	271,425,000	255,900,000
(iii) Bastusilpi Constructions Private Limited	300,000,000	300,000,000
(iv) Prithvi Middle East WLL	3,836,341	0
(c) Other Loans and Advances	1,842,975,750	1,737,561,000
Total Long Term Loans and Advances	2,865,147,252	2,713,958,410
NOTE 15		
OTHER NON-CURRENT ASSETS		
(i) MAT Credit Entitlement	58,549,393	58,549,393
(ii) Service Tax Credit Receivable	98,736,630	113,592,150
(iii) Unamortised Expenses	150,121,172	64,556,499
(iv) Interest Accrued on Deposits	2,221,529	1,524,409
Total Other Non-Current Assets	309,628,724	238,222,451
NOTE 16		
TRADE RECEIVABLES		
(a) Over six months		
(i) Unsecured, Considered good	6,862,705,787	6,446,171,139
(ii) Considered doubtful	0	25,590,000
	6,862,705,787	6,471,761,139
(b) Others		
(i) Unsecured, Considered good	2,674,355,326	2,100,043,327
(ii) Considered doubtful	0	0
	2,674,355,326	2,100,043,327
Total Trade Receivables	9,537,061,113	8,571,804,466
Less: Provision for Doubtful Debts	0	25,590,000
Total Trade Receivables (Net)	9,537,061,113	8,546,214,466
NOTE 17		
CASH AND BANK BALANCES		
(a) Balances with Banks		
(i) On Current Accounts	18,177,078	276,481,230
(ii) Unpaid Dividend Account	741,370	744,435
(b) Cash on Hand	32,223	70,523
sub-total	18,950,671	277,296,188
(c) Other Bank Balances		
(i) On Margin Money Deposit Accounts	102,797,107	105,042,636
sub-total	102,797,107	105,042,636
Total Cash and Cash Balances	121,747,778	382,338,824

Notes to Consolidated Financial Statements

	As at March 31, 2013 Indian Rupees	As at March 31, 2012 Indian Rupees
NOTE 18		
SHORT TERM LOANS AND ADVANCES		
(a) Other Loans and Advances		
(i) Loans and Advances to Employees	11,899,454	9,546,277
(ii) Advances recoverable in cash or kind or for value to be received	4,330,254,044	1,790,955,910
Total Short Term Loans and Advances	4,342,153,498	1,800,502,187
NOTE 19		
OTHER CURRENT ASSETS		
(a) Unbilled Revenue	1,723,984,122	3,122,524,756
(b) Income Taxes Paid (including refunds receivable) (net)	140,359,339	120,482,396
(c) Prepaid Expenses	4,292,534	2,360,302
	1,868,635,995	3,245,367,454

Notes to Consolidated Financial Statements

	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
NOTE 20		
REVENUE FROM OPERATIONS		
(a) Revenue from Operations in respect of non-finance company		
(i) Sale of Products	1,586,885,049	919,086,643
(ii) Sale of Services	14,772,771,703	12,785,944,367
(iii) Other operating Revenues	86,394,928	160,108
Total Revenue from Operations	16,446,051,680	13,705,191,118
NOTE 21		
OTHER INCOME		
(a) Interest Income	3,185,124	9,755,364
(b) Net Gain on Foreign Currency Translation and transaction	269,463,444	67,914,847
Total Other Income	272,648,569	77,670,211
NOTE 22		
COST OF MATERIALS CONSUMED		
(a) Telecom Products	1,580,686,195	898,736,130
(b) Software Development Expenses	12,386,424,923	10,365,026,005
(c) Others	6,110,815	85,813,395
Total Cost of Materials Consumed	13,973,221,933	11,349,575,530
NOTE 23		
EMPLOYEE BENEFIT EXPENSES		
(a) Salaries & Wages	658,526,631	603,999,110
(b) Contribution to PF & Other Funds	9,869,418	9,314,784
(c) Staff Welfare Expenses	1,710,256	1,746,471
Total Employee Benefit Expenses	670,106,306	615,060,365

Notes to Consolidated Financial Statements

	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
NOTE 24		
OTHER OPERATING EXPENSES		
(i) Power & Fuel	7,708,220	4,930,069
(ii) Rent	57,634,514	57,506,241
(iii) Repairs & Maintenance	11,244,346	8,270,224
(iv) Insurance	11,166,969	8,306,498
(v) Rates & Taxes	3,263,275	3,161,671
(vi) Miscellaneous Expenditure	9,976,585	17,196,795
(vii) Net Loss on Foreign Currency Translation and transaction	0	0
(viii) Payment to Auditors		
(a) As Statutory Auditor	4,863,346	4,401,520
(b) For Management Services	900,000	900,000
(c) For reimbursement of Expenses	21,379	20,510
(ix) Net Loss on sale / disposal of Assets	(31,516)	222,975
(x) Prior Period Items	2,220,830	22,611,730
(xi) Factoring Cost	255,487,995	66,224,778
(xii) Amortisation of Capitalised Expenditures	4,841,989	0
(xiii) Bad Debts written off	165,481,113	27,023
NOTE 25		
ADMINISTRATIVE EXPENSES		
(a) Telephone, Postage & Others	17,191,638	20,111,427
(b) Business Promotion Expenses	0	0
(c) Travelling and Conveyance	30,612,327	52,226,034
(d) Office Maintenance	8,209,794	7,549,483
(e) Printing & Stationery Expenses	3,665,395	4,046,480
(f) Security Charges	1,379,324	813,859
(g) Marketing Expenses	1,003,912,585	828,510,020
(h) Managerial Remuneration	11,113,950	10,208,850
(j) Professional Charges	74,514,602	103,216,603
(k) Director Sitting Fee	2,962,705	1,905,495
(l) Interest on taxes payable	0	160,000
(m) General Expenses	1,582,661	6,962,915
	1,155,144,980	1,035,711,165
NOTE 26		
FINANCE COST		
(a) Interest Expenses		
(i) Interest on Bill Discounting	32,442,808	59,715,549
(ii) Interest on Cash Credit	28,214,721	39,141,495
(iii) Loan Processing and Bank Charges	4,147,702	5,096,173
(iv) Factoring Charges	0	0
(b) Other Borrowing Costs	5,127,841	97,263,413
	69,933,072	201,216,630

Notes to Consolidated Financial Statements

	Year Ended March 31, 2013 Indian Rupees	Year Ended March 31, 2012 Indian Rupees
EARNINGS PER SHARE		
Net Profit for the year as per Profit & Loss Account	181,791,842	201,014,272
Amount available for Equity Shareholders	181,791,842	201,014,272
Weighted average number of shares	18,077,000	18,077,000
Earnings per share basic	10.06	11.12
Weighted average number of shares that would be issued on the conversion of foreign currency convertible bonds	11,287,153	11,287,153
Weighted average number of shares for calculating diluted EPS	29,364,153	29,364,153
Earnings per share diluted	6.19	6.85

Nature of Operations

Prithvi Information solutions Ltd is an Information and Communication technology (ICT) service provider. Prithvi is divided into IT services and Telecom Products and Services. Prithvi IT services division provides multiple services and solutions to meet the IT requirements of various industries across geographies. Prithvi telecom solutions division provide service that covers all aspects of a telecom operator ecosystem including providing telecom software, building telecom networks and supplying telecom hardware product.

Significant Accounting Policies

a. Basis of preparation

The financial statements are prepared under the historical cost convention and the requirement of the Companies Act, 1956.

b. Principles of Consolidation

The financial statements of the subsidiary companies are drawn up to the same reporting date as of the company.

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- ii. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Group in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- iii. The Joint Ventures which are in the form of "Jointly Controlled Entities" are not consolidated.

c. Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. These estimates are often based on judgements, probabilities and assumptions that management believe are reasonable but that are inherently uncertain and unpredictable. As a result, actual result could differ from those estimates. Example of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, useful lives of depreciable fixed assets and provisions for impairment.

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates are made progressively based on such periodic evaluations.

d. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.

e. Depreciation

Depreciation other than freehold land and capital work-in-progress is charged so as to write off the cost of assets, on the following basis:

Plant & Machinery	Straight Line	4.75%
Computers and computer equipment	Straight Line	16.21%
Office Equipment	Straight Line	16.21%
Furniture & Fixtures	Straight Line	6.33%
Leasehold Improvements	Straight Line	20.00%
Vehicles	Straight Line	9.50%
Software	Straight Line	16.21%
Software Tools	Straight Line	5.00%
Acquisition of clients	Straight Line	20.00%

Individual assets costing Rs. 5,000/- or less are fully depreciated in the year of purchase.

f. Impairment

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

g. Intangible assets

An intangible is recognised, where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortisation.

h. Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can

reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

i. Leases

Assets leased by the company in its capacity as lessee, where the company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the profit & loss account on a straight line basis.

j. Investments

Investments are stated at cost, less provision for other than temporary diminution in value.

k. Inventories

Raw materials, sub-assemblies and components are carried at the lower of cost and net realisable value. Cost is determined on first in first out basis. Work-in-progress and finished goods are carried at lower of cost and net realisable value. Cost includes direct material and labour and a proportion of manufacturing overheads.

l. Revenue recognition

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenues from turn key contracts, which are generally time bound fixed priced contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion.

Revenues from the sale of equipment are recognised upon delivery to the customer.

m. Foreign currency transactions

Income and expenses of the subsidiaries are converted in INR at the year-end closing exchange rates. The assets and liabilities are also converted in INR at the year-end closing exchange rates.

n. Retirement and other employee benefits (Refer Note:28)

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the Provident Fund authorities.

Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

o. Income Taxes

Tax expense comprises of current and deferred tax. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with the tax laws applicable in countries where such operations are domiciled.

Deferred Tax expense or benefit is recognised on timing differences being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or subsequently enacted by the balance sheet date.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

p. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent asset is neither recognised nor disclosed in the financial statements.

q. Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

27. Particulars of Subsidiaries

Name of the Company	Country of Incorporation	% of votingpower	% of voting power
		March 31, 2013	March 31, 2012
Subsidiaries			
Prithvi Solutions Inc	U S A	100	100
Prithvi Wireless Solutions Ltd	India	100	100

28. Gratuity Plan

The company has an unfunded defined benefit gratuity plan. Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972. The following tables summarises the components of net benefit expense recognised in the profit and loss account and the provision status and amounts recognised in the balance sheet for the plan:

Defined Gratuity Benefit Plan Expenses / Obligation:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Interest Cost	1,011,247	1,042,981
Current Service Cost	3,211,739	3,891,394
Past Service Cost	0	0
Actuarial (Gain) / Loss	(1,956,947)	(5,163,015)
Net Employee benefit expense	2,266,039	(228,640)
Defined benefit obligation - Opening	8,675,325	8,903,965
Defined benefit paid during the year	2,266,039	(228,640)
Defined benefit obligation - Closing	10,941,364	8,675,325

Assumptions used in accounting for the gratuity plan:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Discount Rate	8.05%	8.65%
Expected rate of return on plan assets	Not Applicable	Not Applicable
Salary escalation rate - first year	7.0%	7.0%
Salary escalation rate - second year	7.0%	7.0%
Salary escalation rate - from 3rd year	7.0%	7.0%

The company is engaged in the business of:

- i. Software services
- ii. Telecom services and products

Segment reporting			
Year ended March 31, 2013			
Particulars	Business Segments (Rs.)		
	Software	Telecom	Total
Revenue	14,748,951,035	1,697,100,646	16,446,051,681
	<i>12,581,977,875</i>	<i>1,123,213,243</i>	<i>13,705,191,118</i>
Segment result	91,221,186	10,500,662	101,721,848
	<i>588,767,661</i>	<i>(20,212,450)</i>	<i>568,555,212</i>
Unallocable Expenses			147,050,213
			<i>363,980,391</i>
Operating income			(45,328,365)
			<i>204,574,821</i>
Other income (net)			276,755,012
			<i>77,874,987</i>
Profit before Taxes			231,426,648
			<i>282,449,808</i>
Tax expenses			38,365,619
			<i>81,435,536</i>
Net profit for the year			193,061,029
			<i>201,014,272</i>
Particulars	Business Segments (Rs.)		
	Software	Telecom	Total
As at March 31, 2013			
Segment Assets	2,707,319,996	7,141,587,893	9,848,907,889
Unallocable Assets			10,786,865,259
Total Assets			20,635,773,148
Segment liabilities	485,498,904	8,692,482,259	9,177,981,163
Unallocable Liabilities			6,678,040,975
Total Liabilities			15,856,022,138

30. Related Party Disclosures

a. Related Parties and their Relationship

i. Subsidiaries

1. Prithvi Solutions Inc
2. Prithvi Wireless Solutions Limited

ii. Associates

1. Prithvi Information Solutions LLC
2. Prithvi Information Solutions Brazil
3. Prithvi Information Solutions Canada, Ltd
4. Bastusilpi Constructions Private Limited

iii. Key Managerial Personnel

1. Ms. V Madhavi
2. Mr. V Satish Kumar

b. Transactions with Related Parties (Rs.)

Particulars	Subsidiaries	Associates	Key Managerial Personnel
Investments	-	-	-
Advances	-	-	-
Sales	76,546,662	4,961,180,265	-
Collections	(124,992,750)	(4,532,932,072)	-
Remuneration	-	-	15,763,950

Particulars- Advances	Subsidiaries	Associates
Balance as on 01.04.2012	1,348,624,492	961,962,120
Add / (Less)		
Advances	-	-
Forex	81,818,661	40,160,070
Balance as on 31.03.2013	1,430,443,152	1,002,122,190

31. Leases

Particulars	Year ended March 31, 2013 Indian Rupees	Year ended March 31, 2012 Indian Rupees
Non-cancellable Operating Lease obligation		
Not later than one year	37,832,223	49,725,416
Later than one year but not later than five years	128,257,907	142,713,360
Later than five years	83,757,745	107,509,878
Total	249,847,874	299,948,654
Obligation towards finance leases		
Less than one year	-	404,850
One to five years	-	-
Later than five years	-	-
Total	-	404,850

32. Interest in Joint Venture

The company has a 50% interest in the assets, liabilities, incomes and expenses of Prithvi Middle East WLL, incorporated in the Kingdom of Bahrain, which is engaged in Software Development.

There are no capital expenditure commitments and contingent liabilities of the joint venture as on March 31, 2013.

33. Contingent Liabilities

Particulars	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Interest and FX losses Claimed by Deutsche Bank Suguna Technologies - Interest Claimed	80,300,860	-
Income Tax - AY -2008-09	180,531	180,531
TDS demand for the FY 2004-05	136,042,560	-
TDS demand for the FY 2005-06	2,501,310	2,501,310
TDS demand for the FY 2006-07	1,825,026	1,825,026
TDS demand for the FY 2006-07	26,093,828	26,093,828
TDS demand for the FY 2008-09	405,790	405,790

34. Foreign Currency Convertible Bonds (FCCB)

The Company issued Zero Coupon Foreign Currency Convertible Bonds amounting to USD 50,000,000 due in 2012, convertible into ordinary shares of the Company. The bonds are issued in denomination of USD 100,000 each and integral multiples there of. The bonds will constitute direct un-conditional and secured obligations of the Company and will rank pari passu, without any preference among themselves, with all other outstanding secured and unsubordinated obligation of the Company, present and future, but in the event of

insolvency, only to the extent permitted by applicable laws relating to the creditors' right. The bond will be secured by a second charge on all consolidated receivables. The Bond will have yield to maturity @ 8.58% per annum compounded semi-annually.

The bondholders can convert the bonds into equity share of the Company at conversion price of Rs. 346.30 per share at fixed exchange rate of 1 USD = Rs. 44.09 during Bondholder Conversion Period, which starts on March 12, 2007 and ends at the place where certificate is deposited for conversion of a Bond on January 26, 2012.

The Company may, at its absolute discretion at any time on or after February 26, 2008 and prior to February 26, 2010, elect to convert all (but not some) of the Bonds into Shares at the Conversion Price subject to the terms and conditions mentioned in the offer circular.

These bonds matured on February 29, 2012 with a maturity value of USD 50 million towards principal and USD 26.37 million towards premium totaling USD 76.37 million. The Company entered into an agreement with the Bond Holders and the same is under process for its redemption.

Pursuant to members resolution dated 10th May, 2013, company intends to issue and allot 5,04,87,926 fully compulsorily convertible warrants under preferential basis subject to approval of FIPB. Now, our application being rejected by FIPB, Company is planning to issue and allot equity shares to the investors to liquidate the entire FCCB liability after obtaining necessary approvals.

Utilisation of Funds raised thru FCCB:

Particulars	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
FCCB Funds received	2,200,500,000	2,200,500,000
Interest Earned – Bank	217,094,466	217,094,476
Exchange Gain / (Loss)	216,467,521	134,648,850
Total Funds	2,634,061,987	2,552,243,326
Investment in Subsidiary	1,126,601,814	1,126,601,814
Advance to Subsidiary	1,430,443,153	1,348,624,492
Professional Charges	77,017,020	77,017,020
Total Utilisation	2,634,061,987	2,552,243,326

35. Directors' Remuneration

Particulars	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
Salaries, bonus and allowances	15,763,950	14,558,850
Commission to non executivedirectors	1,350,000	1,650,000
Total	17,113,950	16,208,850

Note

- i. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the company as a whole, the amount pertaining to the directors is not ascertainable and therefore, not included above.

36. Computation of Net Profit in accordance with Section 349 and 350 of the Companies Act, 1956 for calculation of commission payable to Directors:

Particulars	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
Profit after Tax and prior period items as per Profit & Loss Account	105,453,077	107,218,163
Add:		
Directors' Remuneration	17,113,950	16,208,850
Income tax payable by the company	25,089,458	51,074,721
Loss on Derivative contracts	0	0
Total Net Profit for payment of Managerial remuneration	147,756,485	174,501,734
Maximum commission allowed to Managing and Whole Time Directors @ 10% of the Net Profits as calculated above	14,775,648	17,450,173
Maximum commission allowed to other Directors @ 1% of the Net Profits as calculated above	1,477,565	1,745,017

37. Auditors' Remuneration

Particulars	Year ended March 31, 2013 (Rs)	Year ended March 31, 2012 (Rs)
Statutory Audit Fees	1,600,000	1,600,000
Audit of US Operations	2,813,346	2,801,520
Internal Audit Fees	900,000	900,000
Out of pocket expenses	21,379	20,510
TOTAL	5,334,725	5,322,030

38. Earnings in Foreign Currency (Accrual basis)

Particulars	Year ended March 31, 2013 (Rs)	Year ended March 31, 2012 (Rs)
Income from Services	13,024,126,026	11,127,262,331
Interest Income	0	0
Total	13,024,126,026	11,127,262,331

39. Expenditure in Foreign Currency (Accrual basis)

Particulars	Year ended March 31, 2013 (Rs)	Year ended March 31, 2012 (Rs)
Professional and Consultancy charges	11,610,193,706	9,593,437,115
Remuneration	594,005,740	507,144,507
Travelling	6,946,480	14,756,483
Marketing	1,822,465	304,892
Communication	6,298,339	6,353,659
Bank Charges	281,096	137,484
Other Expenses	319,195,086	137,273,512
Total	12,538,742,912	10,259,407,652

40. Disclosure required by Clause 32 of the Listing Agreements

Amount of loans and advances in the nature of loans due from subsidiaries as at March 31, 2013:

Subsidiary	As at March 31,2013	Maximum amount during the year
Prithvi Solutions Inc	1,430,443,152	1,430,443,152
Total	1,430,443,152	1,430,443,152

41. Statutory Remittances

Particulars	As at 31 st March 13 Amount in Rs.
Provident Fund Payable	18,273,354
Professional Tax Payable	1,763,310
ESI Payable	4,844,769
TDS - Salaries	20,309,085
TDS - Others	13,475,474
Total	58,665,992

42. Other Liabilities

Particulars	As at 31 st March 12 Amount in Rs.
Customs Duty Payable	266,672,693
Service Tax Payable	3,796,222
WCT Payable	1,872,817
CST Payable	2,241,279
Total	274,583,010

**Customs duty of Rs. 2667 lakhs is disputed and under adjudication.

43. The Company had entered into an agreement with a creditor with whom there was a disputed liability of Rs. 331.60 crores and has made payments of Rs. 128.28 crores. As per the settlement entered into the Company was to have made a payment of USD 4.5 mln in Dec 2012 which is not yet paid. Another instalment of USD 4.5 mln is due in Jun 2013.
44. The Company is in the final stages of negotiation for settlement of Derivative losses with a Bank. According to the draft agreement the Company is to pay interest at the rate of 2% p.a. on the outstanding principal amount from the date of the agreement. The Company has provided for the interest from January 1, 2013 and is confident of signing the agreement at the earliest.
45. Previous year's figures have been regrouped where necessary to confirm to this year's classification.

As per our report of even date

M/s.P Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-

P Murali Mohana Rao

Partner

M.No. 23412

Place: Hyderabad

Date: May 30, 2013

For and on behalf of the Board

Sd/-

V. Satish Kumar
Managing Director

Sd/-

S. Lalith Prasad
Director

Sd/-

Malleswara Durga Prasad
Company Secretary

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies

Particulars	Prithvi Solutions Inc and Its Subsidiaries	Prithvi Wireless Solutions Limited
Reporting Currency	U S D	I N R
Exchange Rate	54.285	1.00
Capital	1,710,689,502	500,000
Reserves	302,481,578	452,534
Total Assets	3,305,049,618	108,444
Total Liabilities	1,873,616,856	60,978
Other Investments	658,077,096	0
Turnover	1,708,079,823	0
Profit Before Taxation	178,112,681	0
Provision or Taxation	28,220,496	0
Profit after Taxation	153,624,518	0
Proposed Dividend	0	0
Country	U S A	India





PRITHVI INFORMATION SOLUTIONS LIMITED

Registered Office: Prithvi House, # 2-56/2/19, Khanamet, Madhapur, Hyderabad-500 081

ATTENDANCE SLIP

Regd. Folio No./Client ID :

Name & Address of First/Sole Shareholder :

No. of Shares held :

I hereby record my presence at the 15th Annual General Meeting of the Company on **Monday, the 30th September, 2013 at 2.30 p.m. at KLN Prasad Auditorium, Federation House, Federation of Andhra Pradesh Chamber of Commerce & Industry, Red Hills, Hyderabad – 500 004.**

Signature of Member/Proxy

Note: A Member/Proxy who wish to attend the meeting shall bring this Attendance Slip to the meeting and handover at the entrance duly signed.



PRITHVI INFORMATION SOLUTIONS LIMITED

Registered Office: Prithvi House, # 2-56/2/19, Khanamet, Madhapur, Hyderabad-500 081

PROXY FORM

Regd. Folio No./Client ID: No. of Shares Held:
I/We.....of.....being a member/
members of the above named Company, hereby appoint..... of
or failing him/her
ofas my/our Proxy to attend and vote for
me/us on my/our behalf at the 15th Annual General Meeting of the Company on **Monday, the 30th Day of September, 2013 at 3.30 p.m at KLN Prasad Auditorium, Federation House, Federation of Andhra Pradesh Chamber of Commerce & Industry, Red Hills, Hyderabad – 500 004** and at any adjournment thereof.

Signed _____ day of September, 2013.

A Proxy need not be a member of the company.

- The Proxy form duly signed by the member(s) across Revenue Stamp should reach the Company's Registered Office at Prithvi House, #2-56/2/19, Khanamet, Madhapur, Hyderabad – 500 081 at least 48 hours before the time fixed for the meeting.
- In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the Meeting.

