



Annual
Report
2010-11



Financial Highlights FY-2010-11

710% Growth in Consolidated Revenue Year On Year

180% Growth in Consolidated Operating Profit Year On Year

Total dividend including dividend tax for FY 2010-11 ₹ 79.29 lakhs

Particulars	FYE 31st March, 2011 (INR Lakhs)	
	Standalone	Consolidated
Operating Income	1,687	6,915
EBITDA	520	450
Net Profit After Tax	389	91
Basic EPS	3.21	0.74
Diluted EPS	2.82	0.66
Share Capital	236	236
Reserves and Surplus	2,182	2,172
Net worth	2,418	2,350
Net Fixed Assets	14	183
Total Assets	4,127	6,863



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(Chairman and Vice Chairman of the Company are independent directors.)



Dr. Nirmal Jain (Chairman)

- B Tech, IIT Mumbai and PhD from University of Hawaii (US).
- Advance Management Program at Harvard Business School.
- 30 years of experience in Information Technology business and 25 years with Tata Group of Companies.
- Serves as Director on board of various companies and professional bodies.



Dr. Ajay Sharma (Vice Chairman)

- B Tech, from Roorkee University, Served the Indian Navy for 34 years till 1994 and reached the rank of Rear Admiral.
- PhD from London University.
- Recipient of Ati Vishisht Seva Medal in 2003 by President of India.



Alok Pathak (Managing Director)

- Engineering from NIT Raipur.
- M Tech, IIT Mumbai.
- One of the promoters, CEO and Executive Director - Idhasoft Ltd.



Mohan Natarajan (Director)

- He is an alumni of London School of Economics, IIM-Kolkata, IIT-Mumbai.
- Mr. Natarajan in his professional career has served very reputed organizations which include Edelweiss, Kotak, HDFC Securities, IIT Group, HSBC and ICICI.



Christof Anderi (Director)

- Graduate in Business Administration and Information Technology from a prestigious University of Saarbrücken, Germany.
- He served several organizations that include Bosch Telecom, PWC Coopers & Lybrand, SAP AG before founding SUMITS AG. After acquisitions of SUMITS AG by Prism Informatics, he took over as CEO of Prism Informatics, Europe. Currently, he serves Prism Informatics as a Director.

Board of Directors

Dr. Nirmal Jain	-	Chairman & Independent Director
Alok Pathak	-	Managing Director
Dr. Ajay Sharma	-	Independent Director
Mohan Natarajan	-	Non Executive Director
Christof Anderi	-	Non Executive Director

Company Secretary & Compliance Officer

Ms. Swapna Arun Sawant

Registered Office

B-505, BSEL Tech Park,
Sector 30-A, Opp. Vashi Railway Station,
Vashi, Navi Mumbai-400705.
Phone- +91-22-65724261 Fax- +91-22-27813555
Email: info@prisminfo.com

Auditors to the Company

E.A. Patil & Associates 316,
3rd Floor, Nirman Vyapar Kendra,
Sector-17 ,Vashi, Navi Mumbai 400705.

Registrars and Transfer Agents

Sharex Dynamic India Pvt Ltd,
Unit 1, Luthra Industrial Premises, Safed Pool ,
Andheri Kurla Road, Andheri (East), Mumbai-4000072.
Tel- 28515644, Fax- 28512885
E-mail- info@sharexindia.com; investor@sharexindia.com

Bankers

Saraswat Co-operative Bank Limited

Small and Medium Enterprise Branch, Prabhat Bhavan, 96,
LBS Marg, Opp Cipla, Vikhroli (West), Mumbai-400083

Axis Bank

Vardhman Chambers Premises CSL,
Plot 84, Sector 17,
Vashi-400705

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the Members Updation Form of the Annual Report) and register the same with Company's Registrars and Transfer Agents, Sharex Dynamic (India) Private Limited. Postage for sending the feed back form will be borne by the Company.

Letter from Managing Director

This fiscal year 2010-11 was significant for Prism Informatics Limited as we continued our growth by evolving and adapting to the ever-changing business environment. Our continued geographical expansion and our foothold in the global markets contributed to strengthening our business position and in establishing us further. In 2010-11, Prism acquired 51% stake in IMT allowing us to reach out to Middle East markets where we see much untapped potential. We are thankful to all our people who have supported us in all our initiatives and embraced all our strategies for expansion and stable growth.

We closed fiscal 2010-11 reporting annual revenue (consolidated) at Rs. 69.14 Crores as compared to Rs. 8.54 Crores last year. The profit after tax (consolidated) for the year was Rs. 0.91 Crores against Rs. 0.51 Crores in the previous year.

Despite an environment which remains very challenging, we have ambitious plans to grow organically and inorganically - through well executed strategic acquisitions and geographic and vertical diversification - to allow for greater reach and customer centric selling. We continue to focus on our established client base to strengthen relationships, provide better services, and scale in the market.

Our ability to work in an integrated manner, even with the existence of diverse geographies and business practices, remains our key strength. This is facilitated by the focused leadership at the top levels, which is divided along geographies and verticals, and the entrepreneurial orientation of our employees. Our business practices are strongly supported by important alliances which have helped our growth. We foresee that consolidation in the IT industry is inevitable and also that multi location strategies will become a norm and onshore – offshore model will be sustained.

We believe in growing responsibly and protecting the interests of all our shareholders. As a cardinal principal, we continue to believe that investors should be adequately and timely rewarded for their consistent support. The Board declared three interim dividends of 10%, 12.5% and 12.5% on equity shares based on first, second and third quarter results for fiscal year 2010-11 and have recommended for approval of members this AGM final dividend of 12.5% on equity shares. We firmly believe you are our pillars of strength and we are very grateful to you for your faith in us.

A sense of achievement and satisfaction meets us as we put fiscal 2010-11 behind. We are confident that we will continue to counter challenges successfully by strengthening our processes and continuing on the path of sturdy growth. As always, we are fully focused on delivering value to our investors, customers and employees. We immensely value your participation in our growth and look forward to your continued support.

Alok Pathak
Managing Director

Navi Mumbai
30th May, 2011

Notice of Annual General Meeting

Notice is hereby given that Twenty-ninth Annual General Meeting (AGM) of the members of Prism Informatics Limited will be held on **Friday, August 12, 2011 at 11.00 AM (IST)** at Four Points Hotel, Near Vashi Railway Station, Vashi, Navi-Mumbai 400 705, India, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011, Profit and Loss Account for the year ended on 31st March 2011 and the reports of Board of Directors and Auditors thereon.
2. To consider and declare Final Dividend for the year 2010-11 on Preference Shares and Equity Shares.
3. To appoint a Director in place of Dr. Ajay Sharma, who retires by rotation and is eligible for re-appointment.
4. To appoint auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s E A Patil & Associates, Chartered Accountants (Registration No. 117371W), be and are hereby appointed as the Statutory Auditors of the Company, to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration as may be determined by the Board of Directors of the Company looking at the volume of the work involved in consultation with M/s. E.A. Patil & Associates, Chartered Accountants."

Special Business:

5. To appoint Mr. Christof Anderi, as Director of the Company and to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to provisions of the Companies Act, 1956, including the rules made thereunder, Mr Christof Anderi be and is hereby appointed as Director of the Company, whose period of office shall be liable for retirement by rotation."

Navi Mumbai
May 30, 2011

By order of Board of Directors
For Prism Informatics Limited
Swapna Sawant
Company Secretary & Compliance Officer

Registered Office:- B-505, BSEL TechPark, Sector 30-A, Opp. Vashi Railway Station, Vashi, Navi Mumbai 400705, India. Website: www.prisminfo.com

NOTES TO NOTICE

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.**
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item no. 5 is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange, of persons seeking appointment/re-appointment as Directors under Item no. 3 of the Notice, is also annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 6, 2011 to Friday, August 12, 2011 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
5. If the Final Dividend on Equity Shares as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made within 30 days from date of AGM as under:
 - a. To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on August 5, 2011;
 - b. To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on August 5, 2011.
6. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to their Depository Participant only and not to the Company's Registrars and Transfer Agents, Sharex Dynamic (India) Private Limited (Sharex) Unit-1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai 400 072; Tel: 022-28515606/44-28516338; Fax: 022-28512885; E-mail: sharexindia@vsnl.com; Website: www.sharexindia.com.
7. The Company or its Registrars and Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and Sharex to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Sharex.

Notice of Annual General Meeting

8. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or Sharex, for assistance in this regard.
9. Reserve Bank of India has initiated NECS for credit of dividend directly to the bank account of Members. Members are requested to register their Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code), in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with Sharex.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, Sharex Dynamic (India) Private Limited.
11. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.
12. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with Sharex.

Navi Mumbai
May 30, 2011

By order of Board of Directors
For Prism Informatics Limited
Swapna Sawant
Company Secretary & Compliance Officer

EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item No.5 of the accompanying Notice dated May 30, 2011 :

Item No. 5: Mr. Christof Anderi was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on May 30, 2011. In terms of Section 260 of the Companies Act 1956, he holds office till the ensuing Annual General meeting. As required by Section 257 of the Act, a notice has been received from a member signifying the intention to propose his appointment as a Director, liable to retire by rotation. Necessary resolution seeking approval of the members for Mr. Christof Anderi is placed before members by means of an Ordinary Resolution.

The Board of Directors recommends the passing of the said resolution.

None of the Directors of the Company, other than Mr. Christof Anderi are interested or concerned in the resolution.

Navi Mumbai
May 30, 2011

By order of Board of Directors
For Prism Informatics Limited
Swapna Sawant
Company Secretary & Compliance Officer

Details of Directors Seeking Appointment/Re-appointment at the Annual General Meeting as per Clause 49 of the Listing Agreement:

Sr No	Name of the Director	Date of last appointment on the Board	Qualifications & expertise in specific functional areas	Names of other Companies in which the person also holds directorship and membership of Committees of the Board (refer note)	Number of shares held as on 30 May 2011	Relationship with other Directors
01	Dr. Ajay Sharma (DIN 00228169)	November 07, 2009	Degree in Electrical Engineering from Roorkee University, & Ph.D degree from London University in Electrical Engineering	None	Nil	None
02	Mr Christof Anderi (DIN 03415356)	June 1, 2011	Graduate in Business Administration and Information Technology from the prestigious university of Saarbrucken, Germany	None	300,000	None

Note: Directorships in foreign Companies, alternate Directorships, Directorships in private Companies and membership in governing councils, chambers and other bodies are not included. Membership/Chairmanship in Audit Committee and Shareholder Grievance Committee of other Companies is included.

Directors Report

To
The members,
PRISM INFORMATICS LIMITED,
Your Directors are delighted to present the Annual Report of the Company along with the audited statement of accounts for the financial year ended 31.03.2011.

1. FINANCIAL PERFORMANCE:

The Standalone financials of the Company for the financial year March 31, 2011 are as follows:-

STANDALONE RESULTS

In Rupees

Particulars	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010
Total Income	168,679,299	17,304,533
Less: Total Expenditure	123,182,571	10,895,024
Profit before Depreciation	45,496,728	64,09,509
Depreciation	448,532	32,653
Profit after Depreciation and before prior period items	45,048,196	6,376,856
Less: prior period items	Nil	Nil
Profit before taxation	45,048,196	6,376,856
Provision for Taxation:		
Current Tax	8,593,882	1,972,038
Deferred Tax	(2,480,811)	6934
Net profit after tax	38,935,125	4,411,752
Profit brought forward	3,097,084	881,236
Amount available for appropriation	42,032,209	5,292,988
General Reserve	3,893,512	Nil
Less: Appropriations		
Interim Dividend	4,893,366	6,30,000
Proposed Equity Dividend	1,799,275	Nil
Preference Dividend	1,07,062	1,253,135
Dividend Tax	1,129,360	312,769
Profit transferred to Balance sheet	30,209,633	3,097,084

The Consolidated financials of the Company for the financial year March 31, 2011 are as follows:-

CONSOLIDATED RESULTS:

In Rupees

Particulars	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010
Total Income	691,489,530	85,407,568
Less: Total Expenditure	660,580,241	76,138,170
Profit before Depreciation	30,909,290	92,69,398
Depreciation	4,880,639	1,789,792
Profit after Depreciation and before prior period items	26,028,650	7,479,606

Directors Report

Particulars	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010
Less: prior period items	Nil	Nil
Profit before taxation	26,028,650	7,479,606
Provision for Taxation:		
Current Tax	11,522,226	2,324,770
Deferred Tax	(2,480,811)	(10,789)
Transfer to Minority Interest	7,894,954	Nil
Net profit after tax	9,092,281	5,165,624
Profit brought forward	3,850,956	881,236
Amount available for appropriation	12,943,237	6,046,860
Transfer to General Reserve	3,893,512	Nil
Less: Appropriations		
Interim Dividend	4,893,366	630,000
Proposed Equity Dividend	1,799,275	Nil
Preference Dividend	107,062	1,253,135
Dividend Tax	1,129,361	312,769
Profit transferred to Balance sheet	1,120,661	3,850,956

2) COMPANY'S PERFORMANCE:

On Consolidated basis for the year 2010-2011, revenue was Rs. 69.14 Crores against Rs. 8.54 Crores in the previous year. Profit before tax for the year 2010-11 was Rs. 2.60 Crores against Rs. 0.74 Crores in the previous year. Net profit for the year 2010-11 was Rs. 0.91 Crores against Rs. 0.51 Crores in the previous year.

On Standalone basis for the year 2010-2011, revenue was Rs. 16.86 Crores against Rs. 1.73 Crores in the previous year. Profit before tax for the year 2010-11 was Rs. 4.50 Crores against Rs. 0.63 Crores in the previous year. Net profit for the year 2010-11 was Rs. 3.89 Crores against Rs. 0.44 Crores in the previous year.

3) DIVIDEND

For the year 2010-11, three interim dividends were paid on equity shares based on their face value:

Period	Percentage	Face value of equity share	Date of declaration by Board
FY 2010-11 1st Quarter results	10%	Rs 10	16th July, 2010
FY 2010-11 2nd Quarter results	12.5%	Rs 10	26th October, 2010
FY 2010-11 3rd Quarter results	12.5%	Rs 1	14th February, 2011

Further, Based on Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of 12.5% on equity share amounting to Rs 0.125 per equity share and 8% on 92164(nos), Non Cumulative Compulsory Convertible Preference Shares (CCPs- Series II) of Rs 100 each allotted on 7th February, 2011 amounting to Rs 8 per Preference share for the financial year 2010-11. Non Cumulative Compulsory Convertible Preference Shares are entitled to a fixed dividend of 8% per annum if dividend is paid to equity shareholders.

The total dividend payout for the year ended March 31, 2011 on equity shares, if final dividend is approved by members, would be Rs 6,692,641 and on preference shares would be Rs 107,062. The total cash outflow on account of dividend including dividend tax for the year 2010-11 including interim dividends already paid, would aggregate Rs 7,929,063 resulting in a payout of 20.36% of the Standalone profits after tax of the Company.

The final dividend will be paid in compliance with applicable regulations.

4) TRANSFER TO RESERVES

On Standalone basis for the financial year 2010-11, the Company proposes to transfer Rs. 38.93 lakhs to the General Reserve out of the amount available for appropriations and an amount of Rs. 3.02 Crores is proposed to be retained in the Profit and Loss Account.

5) DIRECTORS

1. Appointment: Mr. Christof Anderi was appointed as an Additional Director of the Company with effect from 1st June, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956, by the Board of Directors at its meeting held on 30th May, 2011. Mr Christof Anderi will hold office till the date of ensuing Annual General Meeting of the Company. The requisite notices together with necessary deposit have been received from a member pursuant to Section 257 of the Companies Act, 1956 proposing the election of Mr. Christof Anderi as a Director of the Company. Accordingly, necessary resolution has been included in the notice for calling Annual General Meeting for his appointment as a Director.
2. Reappointment: Dr Ajay Sharma retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

6) HIGHLIGHTS OF 2010-2011

- i. Conversion of 13, 29,633 4% Non – Cumulative Compulsorily Convertible Preference Shares (CCP Series I) into Equity Shares:**
13,29,633 4% Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 100 each allotted on January 5, 2010 were converted into 6,64,816 equity shares, having a face value of Rs. 10/- (Rupees Ten) each at a premium of Rs. 190/- per share on June 25, 2010. The Company received listing approval on September 15, 2010 and trading approval on November 5, 2010 from Bombay Stock Exchange.
- ii. Conversion of 5,78,429 10% Compulsorily Convertible Debenture(CCD- Series I) into Equity Shares:**
5,78,429 10% Compulsorily Convertible Debenture(CCD- Series I) of Rs. 100 each allotted on April 27, 2010 were converted into Equity Shares, having a face value of Rs. 10/- (Rupees Ten) each at a premium of Rs. 390/- per share on October 5, 2010. The Company received Listing approval on November 18, 2010 and trading approval on February 2, 2011 from Bombay Stock Exchange.
- iii. Allotment of 2, 82,242 (nos) 12% Compulsorily Convertible Debentures (CCD- Series II) of Rs. 100/- each at par on preferential basis:**
2,82,242 (nos) 12% Compulsorily Convertible Debentures, Series II of Rs. 100/- each at par were allotted by the Company on 20th December, 2010 pursuant to approval of the shareholders at the Extra Ordinary General Meeting of the Company held on December 10, 2010 and In-principal approval received from Bombay Stock Exchange on December 20, 2010.
- iv. Allotment of 92,164 (nos) 8% Non Cumulative Compulsorily Convertible Preference Share, Series II of Rs. 100/- each at par on preferential basis:**
92,164 (nos) 8% Non Cumulative Compulsorily Convertible Preference Share(Series II) of Rs. 100/- each at par were allotted on 7th February, 2011 by the Company pursuant to approval of the shareholders at the Extra Ordinary General Meeting of the Company held on January 29, 2011 and In-principal approval received from Bombay Stock Exchange February 7, 2011.
- v. SUB-DIVISION OF EQUITY SHARES OF THE COMPANY:**
In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to small investors, the Company sub divided its issued, subscribed and fully paid-up equity share capital comprising of 14,39,420 Equity Shares of Rs. 10/- each into 1,43,94,200 Equity Shares of Rs. 1/- each by subdividing 1(one) equity share of Rs. 10/- face value each fully paid up into 10(ten) equity shares of Re 1/- face value each fully paidup.

7) SUBSIDIARIES:

The Subsidiaries of the Company as on 31st March 2011 are as follows:

- a. Prism Informatics Europe AG, Europe
- b. Prism Informatics Schweiz GmbH, Europe
- c. Prism Informatics Deutschland GmbH, Europe
- d. Nexus Systems Resources Company Limited, Thailand
- e. Prism Informatics Inc., USA
- f. Prism Informatics Pte Limited, Singapore
- g. TLC Technologies Inc., USA
- h. Information Management Technologies Limited, Kingdom of Saudi Arabia

A statement containing brief financial details of the subsidiaries is included in the Annual Report. As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 ("Act"). These financial statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiaries and associate companies. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

8) REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

Report on Corporate Governance and Management Discussion and Analysis statements along with a Certificate of Compliance from Practicing Company Secretary are attached to this Report.

9) DIRECTORS RESPONSIBILITY STATEMENT:-

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 ("Act"), and based on the representations received from the operating management, the Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts for the year 2010-11, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a going concern basis.

10) AUDITORS:

M/s E. A. Patil & Associates, Chartered Accountants who are the Statutory Auditors of the Company, hold office in accordance with the provisions of the Act upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

11) AUDITORS REPORT:

The Board has duly examined the statutory auditors' report to accounts and clarifications wherever necessary, have been included in the Corporate Governance Report and Notes to Accounts section of the Annual Report.

As regards the comments under point no. (f) to the Auditor's Report regarding receivables balances of unbilled revenue amounting to Rs. 28,47,723, since the Company is engaged in Information Technology sector, revenue on ongoing projects is recognized on milestone basis as confirmed by Project Manager.

As regards the comments under point no.(4) of Annexure to the Auditor's Report regarding the internal control in respect of service income, we would like to inform that we are further strengthening our internal control system to ensure the compliance more stringently.

12) PUBLIC DEPOSITS:

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

13) PARTICULARS OF EMPLOYEES:

The Particulars of employees pursuant to provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is appended as an Annexure to this report.

14) PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956:

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices/registered offices of the respective subsidiary companies. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand.

15) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND 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.

16) ACKNOWLEDGMENTS:

The Board of Directors place on record its appreciation of the continuous efforts put in by all the employees to consolidate and improve the operations of your Company during the year under review.

17) APPRECIATION:

Your Directors wish to convey their appreciation to all the Company's employees for their performance and continued support. The Directors would also like to thank all the shareholders, consultants, customers, vendors, bankers, service providers and governmental & statutory authorities for their continued support

For and on behalf of the Board

For **PRISM INFORMATICS LIMITED**

Place: Navi Mumbai
Date: 30th May, 2011

Alok Pathak
(Managing Director)

Dr Nirmal Jain
(Director)

Annexure “A” to Directors' Report

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

Conservation of Energy & Technology Absorption:

The Company being in information technology sector, information in Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company. However, the Company requires energy for its operations and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

Foreign Exchange Earnings & Outgo:

	As on 31 March 2011	As on 31 March 2010
Foreign Exchange Earnings	Rs. 84,520,508	Rs. 62,86,129
Foreign Exchange Outgo	Rs. 82,769,519	

Annexure “B” to Directors' Report

Particulars of employees pursuant to provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors Report for the Corporate Financial year 31st March, 2011.

EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING RS. 24,00,000/- OR MORE PER ANNUM OR RS. 2,00,000 PER MONTH:

Serial Number	1	2
Name and Age of Person	Ramanan Balakrishnan	Senthil Kumar
Designation	Vice President	Vice President
Remuneration (In Rs.)	2,25,000 per month	2,00,000 per month
Nature of Employment	Permanent	Permanent
Qualification and experience	PGDBMM/BE, 14 years	MBA – Finance-16 yrs
Date of Commencement of Employment	1st February, 2010	1st April, 2010
Age in Years	42	37
Last Employment	Finasys Consultants Pvt.Ltd.	Idhasoft Limited.
% of Equity shares by the employee in the Company based on the issued share capital	NIL	NIL
Whether relative of any director or manager of the Company	No	No

ANNEXURE "C" to Directors Report

Statement under Section 212 (8) of the Companies Act, 1956 relating to Subsidiary Companies as on 31st March, 2011.

Sr. No	Name of subsidiary Company	Reporting Currency	Exchange Rate as at 31 March 2011	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investment other than investment in subsidiary	Sales & service income (turnover)	Profit before taxation	Provision for taxation	Profit/(Loss) after tax	Proposed Dividend	Country
1	Prism Informatics Inc.	USD	45.29	7,50,000	27,546	1,330,385	1,330,385	-	-	54,996	18,699	36,297	-	USA
2	Nexus System Resources Co. Ltd.	THAI BAHT	1.49	22,000,000	(4,406,561)	32,364,992	32,364,992	-	59,268,839	1,848,086	1,450,350	397,736	-	Thailand
3	Prism Informatics Pte Limited,	SGD	35.88	561,487	(116,413)	1,123,763	1,123,763	-	570,485	(67,968)	-	(67,968)	-	Singapore
4	Prism Informatics Europe AG,	CHF	49.13	1,100,000	(162,852)	1,456,606	1,456,606	-	269,790	(499,129)	-	(499,129)	-	Switzerland
5	Prism Informatics Schweiz GmbH	CHF	49.13	20,000	7,665	567,457	567,457	-	2,120,200	(9,873)	-	(9,873)	-	Switzerland
6	Prism Informatics Deutschland GmbH	CHF	49.13	32,180	623	463,459	463,459	-	1,511,993	10,175	-	10,175	-	Germany
7	TLC Technologies Inc,	USD	45.29	310,816	(490,309)	105,787	105,787	-	4,289,663	(272,671)	-	(272,671)	-	USA
8	Information Management Technologies Limited	SAR	12.02	1,000,000	410,607	6,545,166	6,545,166	-	8,924,330	1,410,607	-	1,410,607	-	Kingdom of Saudi Arabia

Management Discussion and Analysis Report

I. Industry Structure and Developments

Dynamic economic and business conditions are creating an increasingly competitive market environment that is driving businesses to transform their operations. Operational efficiency and monitoring business on various parameters – both internal and external, with detailed analysis - has assumed paramount importance.

Technology is no more a mere support to businesses, but has become a driving factor for and an integral part of the business. Technology now leads businesses from the front to facilitate strategy and decision making.

Globally, in all economies, the IT industry has assumed the role of helping all other sectors grow at a higher rate and thereby contributes significantly to the growth of the economy.

Focus areas of Prism:

Our Success Path

Our growth is powered by our consultative approach, customer – centric focus and our deep understanding of business and technology. Consistent performance has been the hallmark of our success. Our customer centric focus ensures that we are constantly reaching the frontiers to cater diverse business requirement of the global market.

The Road Ahead

Prism looks forward to creating and sustaining a niche amongst the global IT service providers. With a strong leadership and focused strategies, Prism has expanded across various geographies through strategic acquisitions, strong business alliances and understanding of customer base and customer requirements. We will continue to deliver the same value to our customers and stakeholders.

Business Offerings:

Prism has tailored its offerings to suit the business needs of our customers in today's challenging business environment. We are very focused on understanding needs of different sectors and in providing our customers, business solutions at effective cost and in reduced implementation time. Our team of highly experienced domain experts ensures that each solution is aligned to customer specific needs thereby helping our customers create an agile and efficient organization to maximize opportunities. Our methodologies take us through several processes which allow us to fully understand the environment and business requirements of our customers. We utilize the information gathered to build solutions and implementation strategies to optimize IT investments of our clients. Our multi – location strategy, supported by an onshore – offshore model, helps us service our clients very effectively.

ii. Opportunities and Threats:

The still recovering economies of USA and Europe provide excellent merger and acquisition opportunities, as companies are very open to aligning with other firms by way of M&A. Our successful M&A process and integration strategies strengthen our ability to successfully expand in geographies in an integrated manner.

The focus on cost and operational efficiencies, by corporations in all sectors in the recovering economies, makes for a potential client base - which is looking to be serviced efficiently and within very economical costs. Our customer centric solutions, geographical presence and very able offshore development practices allow us to provide best of services as per customer budget.

However, the dependency on offshore model can affect IT firms, as the shift in the lowest cost development centre – such as the shift to Philippines from India – can cause dependent corporations find their cost leadership affected.

This overall scenario provides an excellent opportunity to explore the onshore offshore model practiced by Prism. Presence across various geographies allow for direct interaction with clients and an onshore – offshore model facilitates supplying services on site and/ or remotely, based on project demand and access needs. Direct communication with the client through onsite team, allows both onsite and offshore teams to reduce implementation time and deliver on time and per budget.

Prism Growth Strategy - Striking the Right Balance:

At Prism, we are growing organically and with the help of well executed strategic acquisitions. Strategic acquisitions also involve targeting new geographies and markets, alongside focusing on our established client base and their needs.

Our ability to work in an integrated manner even in diverse geographies and through different business practices is due to the focused leadership at the top and the entrepreneurial orientation of our employees. While our business practices are strongly supported by important alliances, we are looking at IPR development in future to create defensible verticals and practices.

We continue to manage overall operating risks on a consistent basis, strengthening our position as a leading localized global business for consulting and technology services. Our strategy and approach is to:

- Increase business from our existing customers by offering complete end-to end holistic solutions. We provide high-end consulting, BPM, Technology and Infrastructure support, which are short, medium and long-term in nature.
- Provide solutions organically.
- Continuously invest in our people to ensure their vertical /horizontal /PMO and documentation skills are world-class.

Management Discussion and Analysis Report

Growth Strategy:

- Organic Growth & Investment
- Strategic Alliances
- Strategic Acquisitions
- New Geographies & Vertical
- Entrepreneurial Orientation
- IPR Development
- Strengthening Foothold
- Focused Leadership

iii. Industry Outlook 2011

According to the latest outlook by Gartner Inc, worldwide IT spending is forecast to total \$3.6 trillion in 2011, a 5.1 percent increase from 2010. In 2010, worldwide IT spending totaled \$3.4 trillion, up 5.4 percent from 2009 levels. The regions with the highest growth rates this year will be Eastern Europe, Middle East Asia, Africa (considered one area), and Latin America. Spending is expected to rise by 9.8% in each region. Asia Pacific will have a growth rate of 8.5% and the U.S. 7.5%, Forrester predicted. The lowest growth rate will be Western and Central Europe, 4%, followed by Canada, 4.9%. All growth is calculated in U.S. dollars. Expecting this trend, Prism has invested interest in developing the CIVETS region. CIVETS (Columbia, Indonesia, Vietnam, Egypt, Turkey & South Africa) is the new group of countries with high growth rates apart from the BRIC Nations. The CIVETS region will provide ample expansion opportunities. In these countries the markets are more agile, wherein a lot of companies are looking at ERP solutions to meet their strategic goals. They are using different or lower end ERPs which have inherent deficiencies & cannot be powerful enough to meet the dynamics of their expansion. Prism has extended its reach in identifying these agile markets and is looking for better solutions, while ascertaining the complexity of their operations. We are committed to expanding reach not only by our strategy of inorganic growth, but by also partnering with industry majors. Our partnerships with key business aides like SAP, Oracle, Microsoft, IBM has been in light.

Our gold certification with such key partners like SAP and Oracle, added to our demonstration of proto-type solutions helps address complexity and localization among many issues. These factors help us expand our footprint geographically across all borders. Though technology plays such a pivotal role in everyday business and decision making, companies consider it cost addition. On the Industry front, many clients expect their partners to be more than ERP vendors. They no longer expect the ERP vendor to act as a franchisee, but act as a strong partner. They expect partners to showcase deep domain knowledge and focus on the business instead of providing IT on a platter.

This acts as an opportunity for us, not only to map the clients in specific industries where we have an upper hand, but also to improve our solution level expertise across diverse industries ranging from the busy BFSI markets to the niche segments like mobile application development.

Technology plays crucial role in rationalization and process improvement in every industry. Therefore, financial planning for a Company should essentially include strategic planning on the technology aspects.

Globally, 2009-2010 saw a huge stagnation in economy. Advanced countries are slowly coming out of the tight monetary and fiscal challenges, and we are hopeful that the next two years would bring in new business opportunities in the ITES segment.

iv. Risks and concerns

"To sustain and grow in global market means tussle with the uncertainty and more the uncertainty, higher the risk."

The growth of IT sector is tightly linked with economy. The recovery in all major economies brightens up the outlook. Also with the recovery, there is a strong need across sectors, to operate in a lean manner and with highest efficiency. Thus, the IT industry is poised well for growth in the coming times.

However the IT budgets/ technology related spending by corporations is very limited. This necessitates customized selling to clients – wherein the implementation times and the risks related to delivery are reduced. On time, on budget delivery is an essential demand by clients which assumes paramount importance.

Continuous diversification in terms of geographies, verticals and service lines will determine growth of IT firms in this economy.

Our observation of global markets has led us to believe that the Middle Eastern and Asia-Pacific markets are expected to further open up, and there is a huge scope for a geographic expansion across these markets. Two reasons to support this fact are, firstly that the Western markets have matured and the requirements have become more specific. Secondly, profit margins in the Western markets are decreasing.

Prism stands at a pivotal point and has reached across Europe, South East Asia, Middle East, Indian sub-continent, and US. Our models of inorganic and organic growth, onshore – offshore delivery, customized solutions and geographic diversification have aided us to tap the opportunities presented by this industry and mitigate the risks effectively.

The number of deals signed by Prism as of 2010-2011 is a clear indication that things are changing for the better. The following years 2011 and 2012 would see things substantially improve with the demand for ITES services on an upswing. Prism is optimistic about the business prospects in USA, Europe, Middle East and the Asia Pacific regions and is geared to meet the challenges that such prospects bring. Our company definitely has a positive outlook for the years to come and our stakeholders can certainly look forward to moving from strength to strength.

Management Discussion and Analysis Report

v. Internal control systems and their adequacy:-

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies including Code of Conduct.

Internal audit is conducted at regular intervals. An Audit Committee consisting of Two Independent directors is in place. The Audit Committee deliberates and advises the management on improvements/compliance.

vi. Discussion on financial performance with respect to operational performance:-

The Company was taken over by new management in November 2009. Financial year 2010-11 results are better than previous year's results. Three Interim dividends for FY 2010-11 were declared by the Company and Directors have recommended final dividend for approval of Shareholders this AGM.

Segmental information (Standalone) Business segments (As at March 31, 2011 and for the year then ended)

Particulars	Software Consultancy Services	Software License Sale	Total
Total Income	139,270,770	14,971,754	154,242,524
Accounts Receivables	76,682,100	-	76,682,100
Unbilled Revenue	2,847,723	-	2,847,723

Geographic segments (Standalone) (As at March 31, 2011 and for the year then ended)

Particulars	India	Rest of World	Total
Total Income	68,538,016	84,520,508	153,058,524
Accounts Receivables	23,933,682	51,408,917	75,342,600
Unbilled Revenue	294,395	2,708,828	3,003,223

segmental information (Consolidated) As at March 31, 2011 and for the year then ended

Particulars	India	USA	Europe	South East Asia
Segment Revenue	168,679,299	192,291,013	142,689,903	216,911,170
Segment Results	51,913,095	216,948	(22,943,463)	12,240,258
Capital Employed	241,803,433	26,632,362	4,431,648	50,053,695

vii. Material developments in Human Resources / Industrial Relations front, including number of people employed.

Prism Informatics gives utmost importance to its Human Resource Function. The Company has firm believe that its people are its biggest enablers. It has employed 119 talented and motivated employees as on March 31, 2011. The Company continues to invest in high quality Human resource and has been successful in building a performance oriented culture with high levels of engagement and empowerment in an environment of teamwork.

The Company has designed compensation package to attract and retain top quality talent. Our professionals receive competitive salaries and are eligible to participate in performance linked Bonus program that motivates higher level of performance. We firmly believe that organizational performance is, in essence, the performance of its Human Resources. We emphasizes on high quality talent development by providing training to fresh graduates and implementing mentoring scheme.

viii. Cautionary Statements:

Any Statement made in this analysis relating to Company's objectives, expectations, estimates, projections etc may be considered as "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ from such estimates, projections etc whether expressed or implied. Factors which could make a significant difference to the Company's operations include climatic conditions, market price in the domestic and overseas markets, changes in Government regulations and tax laws, economic conditions affecting demand/supply and other environmental factors over which the Company does not have any control.

Report On Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given below:

1) **Company's philosophy on Code of Governance:**

The Company believes in and practices good corporate governance. The Corporate Governance philosophy of the Company is founded upon transparency, accountability, values and ethics and is an integral part of the management in its pursuit for excellence, growth and value creation. The written code of conduct which has been adopted by the Company serves as a guide on the standards of value, ethics and business principles to be followed by the Company in running its affairs and lays down practices for prevention of Insider Trading and Whistle Blower Policy. The Corporate governance framework of your Company is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of Board Committees, as required under law. The operations of the Company are managed under the directions of the Board within the framework set by the Companies Act, 1956, the Listing Agreement with the stock exchange and the Articles of Association of the Company.

Simultaneously, in keeping with best practices, your Company seeks to execute the practices of Corporate Governance by maintaining strong business fundamentals and by delivering high performance through relentless focus. Your Company is open, accessible and consistent with its communication. Thus, overall Corporate Governance norms have been institutionalized as an enabling and facilitating business process at the Board, Management and at all operational levels. The Company complies with the requirements as laid down in Clause 49 of the Listing Agreement.

2) **Board of Directors**

The basic responsibility of the Board is to provide effective governance over the Company's affairs. The Company's business is conducted by its employees under the overall supervision of Managing Director, who is assisted by a council of senior managerial personnel heading different functions. The Board of Directors consists of professionals drawn from diverse fields and bring a wide range of skills and experience to the Board. The Non-Executive Directors including the Independent Directors bring external, wider perception and independence in the decision making.

(A) **Board Composition and Category:**

The Board of Directors of the Company comprises of five Directors, one Managing Director, two non executive Directors and two independent Directors. Composition of the Board and category of Directors are as follows:

Chairman & Independent Director	Dr. Nirmal Jain
Vice Chairman & Independent Director	Dr. Ajay Sharma
Executive & Managing Director	Mr. Alok Pathak
Non-Executive Director	Mr. Mohan Natarajan
Non-Executive Director	Mr. Christof Anderi

The Composition of the Board of Directors meets the requirements of Clause 49(l)(A) of the Listing Agreement.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees (as specified in Clause 49) across all Companies in which they are Directors.

(B) **Board Meetings, Board Committee Meetings and Procedures**

The Board meets at regular intervals with an annual calendar and formal schedule of matters specifically reserved for its consideration to ensure that the matters in relation to Strategy, Operations, Finance and Compliances are reviewed and monitored regularly. The calendar of meetings is communicated to the Directors to enable maximum participation. The Board is regularly apprised of the performance of the Company in meetings and is provided with necessary information on the business, compliance and quarterly financials to ensure effective discharge of responsibilities. The Directors of the Company, through their participation in Board Meetings either in person or through technology enabled conferences, provide inputs to management from their relevant fields of knowledge and expertise, viz. Information Technology, Business Process Outsourcing, Finance and Accounting Marketing.

The important decisions taken at the meetings are promptly communicated to the respective functionaries for their action. Further, the action items arising out of the decisions of the Board are followed up with the management and reviewed by the Directors at the succeeding meeting.

(a) **Scheduling and selection of Agenda Items for Board Meetings**

- i) Minimum four Board Meetings are held every year, which are pre-scheduled. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- ii) All departments of the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion / approval / decision at the Board / Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board / Committee Meetings.
- (iii) The Board is given presentations / briefed on areas covering operations of the Company, business environment, business opportunities, business strategy and risk management practices before taking on record the quarterly / annual financial results of the Company.

Report On Corporate Governance

The information required to be placed before the Board includes:

- General notices of interest of Directors.
- Appointment and resignation of Directors.
- Formation/Reconstitution of Board Committees.
- Terms of reference of Board Committees.
- Minutes of meetings of Audit Committee.
- Declaration of independent directors at the time of appointment / annually.
- Annual operating plans of businesses, capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Dividend declaration.
- Quarterly summary of all long-term borrowings made.
- Bank guarantees issued, loans and investments made.
- Significant changes in accounting policies and internal controls.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Statement of significant transactions and arrangements entered by subsidiary Companies.
- Proposals for investment, mergers and acquisitions.
- Details of any joint venture, acquisitions of Companies or collaboration agreement
- Status of business risk exposures, its management and related action plans.
- Making of loans and investment of surplus funds.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer (if any), etc.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial nonpayment for services rendered by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Any significant development in Human Resources front like implementation of Voluntary Retirement Scheme etc.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Brief on statutory developments, changes in Government policies etc. with impact thereof, Directors' responsibilities arising out of any such developments.

(iv) The Managing Director and the Company Secretary in consultation with other concerned members of the senior management finalise the agenda for the Board meetings.

(b) Board material distributed in advance

Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted.

(c) Recording Minutes of proceedings at Board and Committee meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments.

Report On Corporate Governance

(d) Post Meeting Follow-up Mechanism

The important decisions taken at the Board / Committee meetings are communicated to the departments / divisions concerned promptly.

(e) Compliance

The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), is responsible for and ensures adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued there under and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

(C) Board Meetings held during the year, attendance of Directors and particulars of the Directorships, committee memberships/chairmanship and last AGM:

During the year ended 2010-2011, Seventeen Board meetings were convened and held on 9th April, 2010, 27th April, 2010, 7th May, 2010, 19th May, 2010, 31st May, 2010, 25th June, 2010, 16th July, 2010, 10th August, 2010, 1st September, 2010, 27th September, 2010, 5th October, 2010, 26th October, 2010, 8th November, 2010, 20th December, 2010, 5th January, 2011, 7th February, 2011 and 14th February, 2011.

The details of the attendance at the meetings of the Board and at the last AGM together with the particulars of the other Directorships, committee memberships/chairmanships, of the Directors are given below:

Name of Directors	Attendance of Directors in meetings held during 2010-2011 (out of 17 meetings)		No of other directorships (excluding Prism)	No. of Membership(s)/ Chairmanship(s) of Board Committees in Other Companies (excluding Prism)
	Board Meeting	Last AGM		
Mr. Alok Pathak	16	Yes	1	Nil
Dr. Nirmal Jain	15	No	1	Nil
Dr. Ajay Sharma	13	Yes	Nil	Nil
Mr. Mohan Natarajan	8	Yes	3	Nil
Mr Christof Anderi	Nil	N.A	Nil	Nil

N.A- Not Applicable

Notes:

- 1 The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Companies Registered under Section 25 of the Companies Act, 1956.
- 2 Memberships / Chairmanships of the Audit Committees and Shareholders' / Investors' Grievance Committees in all Public Limited Companies have been considered.
3. On 1st September, 2010, Mr. Mohan Natarajan was appointed as additional Director of the Company and in the last annual General meeting he has appointed as Director of the Company.
4. On 1st June, 2011, Mr. Christof Anderi was appointed as additional Director of the Company.

3) Committees:

A) Audit Committee

Composition: The Audit Committee of the Board comprises of Dr. Nirmal Jain, Dr. Ajay Sharma and Mr. Alok Pathak. Dr. Nirmal Jain is Independent Non executive Director and Chairman of Audit Committee, Dr. Ajay Sharma is Independent Non executive Director, and Mr. Alok Pathak is Executive & Managing Director. All the members are eminent professionals and draw upon their experiences and expertise across a wide spectrum of functional areas.

Objective: The Audit Committee of the Company, inter alia, provides assurances to the Board on the adequacy of the internal control systems, financial disclosures and ensures that generally accepted accounting principles are observed by the Company. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Company's risk management policies. The terms of reference of the audit committee are in conformity with the requirements of Clause 49 of the Listing Agreement.

Terms of Reference: The terms of reference / powers of the Audit Committee are as under:-

Report On Corporate Governance

a) Powers of the Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

b) The role of the Audit Committee includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of Statutory Auditors and fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions
 - Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, the performance of Statutory Auditors & adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official. Heading the department, reporting structure, coverage and frequency of internal audit.
8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and / or other Committees of Directors.
14. To review the following information :
 - The management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of Internal Auditors.
15. Reviewing the financial statements and in particular the investments made by the unlisted subsidiaries of Company.
16. Review of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc).

Report On Corporate Governance

Meetings: During the financial year 2010-2011, five meetings of audit committee were held. The dates on which the said meetings were held are as follows: 7th May, 2010, 31st May, 2010, 16th July, 2010, 26th October, 2010 and 14th February, 2011.

The composition of the Committee and the attendance of the members at each of the meetings held during the financial year 2010-2011 are given below:

Name of the Committee Member	No. of meetings held	No. of meeting attended
Dr. Nirmal Jain	5	5
Dr. Ajay Sharma	5	4
Mr. Alok Pathak	5	5

Executives of Accounts Department, Finance Department, Secretarial Department and Representatives of the Statutory and Internal Auditors attend the Audit Committee Meetings.

B) Remuneration of Directors:

Setting up of a Remuneration Committee constitutes a non-mandatory provision of clause 49 as same is given in Annexure I D. So the Company has not yet formed Remuneration Committee. Further, no remuneration is paid to any Directors of the Company. Dr. Ajay Sharma and Dr. Nirmal Jain, Independent Non Executive Directors of the Company do not hold any Shares or convertible instruments of the Company.

C) Investors'/ Shareholders Grievance Committee:

Composition: Investors'/ Shareholders Grievance Committee comprise of 3 Directors, Dr. Ajay Sharma is Independent Non Executive Director and Chairman, Dr. Nirmal Jain is Independent Non Executive Director and Mr. Alok Pathak, Executive & Managing Director.

Terms of Reference: The Committee looks into redressal of shareholders'/ investors' complaints related to transfer of shares, non-receipt of Balance Sheet, non- receipt of declared dividend, etc. The Board has delegated the power of approving transfer of securities to the Managing Director and / or the Company Secretary.

Ms. Swapna Sawant, Company Secretary, is Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India for the year ended 31 March 2011.

No complaints were received by the Company/Registrar and Transfer Agent of the Company for financial year 2010-11 and hence no meeting of Investors'/ Shareholders Grievance Committee was held.

Complaints outstanding as on April 1, 2010	Nil
Complaints received during the year ended March 31, 2011	Nil
Complaints resolved during the year ended March 31, 2011	Nil

4) General Body meetings:

A) Annual General meeting:

a) Date, time and location of the last three Annual General Meeting (AGM):

Year	Day, Date and Time	Venue
2007-08	10th September, 2008 on Wednesday at 11.00 am.	513, 5th Floor, Tulsiani Chambers, Free Press Journal Marg, Nariman Point, Mumbai 400 021.
2008-09	30th September 2009 on Wednesday at 11am.	513, 5th Floor, Tulsiani Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400021.
2009-10	30th September 2010 on Wednesday at 3 pm.	Four Points Hotel, Near Vashi Railway Station, Vashi, Navi-Mumbai 400 705.

b) Special resolutions passed during previous three AGMs:

Year	Special Resolutions passed
2007-08	No Special resolution was passed
2008-09	1) Increase in Borrowing Limits to the extent of Rs. 40 Crores as per the provisions of Section 293 (1) (d) of the Companies Act 1956. 2) Increase in Investment Limits as per the provisions of Section 372 A of the Companies Act, 1956. up to 400% of the net worth of the Company.
2009-10	No Special resolution was passed.

Report On Corporate Governance

c) Resolutions passed through Postal Ballot:

- i) Whether any special resolution passed last year through postal ballot- YES.
Variation of rights of equity shareholders and debenture holders for pre-ponement of Conversion date of 10% Convertible Debentures (CCDs- Series I) and the corresponding Relevant Date.
Details of Voting pattern: The special resolution was passed with a majority of 100% of equity shareholders and debenture voted under the postal ballot being in favor.
- ii) Person who conducted the postal ballot exercise- M/s Makarand M Joshi & Company had been appointed as scrutinizer for the postal ballots, who submitted his report to the Managing Director, Mr. Alok Pathak.
- iii) Whether any special resolution is proposed to be conducted through postal ballot- YES
The following postal ballot is dispatched to all equity shareholders and debentures holders on 15th June, 2011 for their consideration.
Variation of rights of equity shareholders and debenture holders for pre-ponement of Conversion date of 12% Convertible Debentures (CCDs- Series II) and the corresponding Relevant Date.
- iv) Procedure adopted by the Company during Postal Ballot:
 - The Board at its meetings or through circular resolution approves the items to be passed through postal ballot and authorizes Managing Director and the Company Secretary to be responsible for the entire process of postal ballot.
 - A professional such as a Chartered Accountant/Company Secretary, who is not in employment of the Company, is appointed as the Scrutinizer for the poll process.
 - The Postal Ballots along with the Notice & explanatory statement along with a self addressed envelope was posted to all the shareholders of the Company. The entire postal ballot process was carried out pursuant to Section 192A of the Companies (Passing of resolution by Postal Ballot) Rules, 2001.
 - An advertisement is published in one Hindi and one Marathi daily newspaper about the dispatch of ballot papers and notice of postal ballot.
 - The duly completed postal ballot papers are received by the Scrutinizer's.
 - Scrutinizer gives his report to the Chairman.
 - The Chairman announces the results of the postal ballot.
 - Results are intimated to the Stock Exchange.

5) Disclosures:

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large: In terms of Accounting Standard 18, details of transactions with related parties have been reported in the notes on accounts. There were no materially significant transactions that had conflict with the interest of the Company at large.
- b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: Before change in management, the Company had filed consent application for delay in filing the statutory returns with the Stock exchanges as prescribed under Regulation 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for year 2006 and 2007. SEBI after considering that there was no major change in shareholding pattern, passed settlement order on payment of Rs 2,00,000/- on 20th April, 2010. There were no other such instances of non-compliance in the last three years.
- c) Whistle Blower Policy: The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. Such reports received are reviewed by the Corporate Governance and Stakeholders Interface Committee. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.
- d) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreements with the Stock Exchanges:-
 - i) A communication on the financial performance of the Company including a summary of the significant events was sent to every Member.
 - ii) The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour. No employee has been denied access to the Audit Committee.

6) Means of Communication:

- a) **Quarterly Results:** Quarterly Results are published in 'Free Press Journal' and / 'Navshakti' and are displayed on the Company's website www.prisminfo.com.
- b) **News Releases, Presentations, etc:** Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website www.prisminfo.com.
- c) **Website:** The Company's website www.prisminfo.com contains a separate dedicated section 'Investors' where shareholders information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.

Report On Corporate Governance

The Company has made no presentation to any Institutional Investors/Analysts during the year.

- d) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website www.prisminfo.com.

7) General Shareholders Information:

i) Company Registration Details:

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L67120MH1983PLC029483.

ii) Date, time and venue of the Annual General Meeting:

Date: August 12, 2011

Time: 11.00 A.M.

Place: Four Points Hotel, Behind BSEL Tech Park, Near Vashi Railway Station, Vashi, Navi Mumbai-400705

iii) Financial Year: April 1, 2010 to March 31, 2011

iv) Results for the quarter ending :

- June 30, 2010 - 6th July, 2010
- September 30, 2010 - 26th October, 2010
- December 31, 2010 - 14th February, 2011
- March 31, 2011 - 30th May, 2011 (Audited Financials)
- Annual General Meeting - 12th August, 2011

v) Date of Book Closure:

The share transfer book of the Company will be closed from 6th August, 2011 to 12th August, 2011 (Both Days Inclusive).

vi) Dividend Payment Date:

Within 30 days from the date of the AGM i.e. on or before 11th September, 2011.

vii) Listing on Stock Exchange:

Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001,
Tel 022-22721233/34 Fax: 022-22723121. Stock Code: 505530.

The Annual listing fees have been paid and there is no outstanding amount as on date.

Demat ISIN Number for NSDL and CDSL: INE389J01028

viii) Dematerialization of Equity Shares:

The Equity Shares of the company are admitted in the following depositories of the Country under the International Securities Identification Number (ISIN) INE389J01028.

Name of Depository	Address
National Securities Depository Limited	4th & 5th Floors, A Wing, Trade World, Kamala Mills Compound, Senapathi Bapat Marg Lower Parel, Mumbai - 13
Central Depository Services (India) Limited	Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Mumbai - 400 001

The Company has paid the custodial charges to the respective depository participant for the year ending 31 March 2011.

Report On Corporate Governance

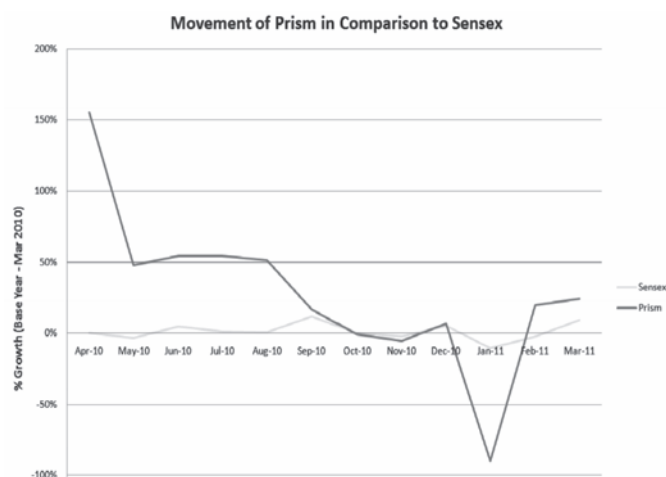
ix) Market Price Data:*

- a) The month wise high and low prices and the volume of shares of the Company traded for the period 01 April, 2010 to 31 March, 2011 on the Bombay Stock Exchange (BSE) are given below:

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	Spread (Rs.)	
								H-L	C-O
Apr 10	30.90	75.15	30.90	75.15	20	20	1,004	44.25	44.25
May 10	76.65	111.10	76.65	111.10	21	21	1,936	34.45	34.45
Jun 10	113.30	171.35	113.30	171.35	113	28	17,126	58.05	58.05
Jul 10	174.75	264.20	174.75	264.20	209	25	46,198	89.45	89.45
Aug 10	269.45	399.30	269.45	399.30	1,634	56	6,11,325	129.85	129.85
Sep 10	407.25	479.40	407.25	466.00	56,444	323	2,51,93,857	72.15	58.75
Oct 10	469.00	481.95	445.00	461.50	76,625	175	3,54,18,306	36.95	-7.50
Nov 10	470.00	479.00	437.05	437.05	21,058	62	98,16,635	41.95	-32.95
Dec 10	445.00	465.00	445.00	465.00	4,326	69	19,62,913	20.00	20.00
Jan 11	472.00	476.00	45.35	46.85	5,18,429	199	2,50,30,972	430.65	-425.15
Feb 11	47.45	55.95	45.25	55.95	5,08,899	232	2,37,36,628	10.70	8.50
Mar 11	57.05	69.70	55.25	69.55	78,051	245	49,99,114	14.45	12.50

*Source: Website of Bombay Stock Exchange.

- b) Performance in comparison to broad-based indices such as BSE Sensex etc:



- c) Registrar and Transfer Agents:

Sharex Dynamic India Pvt Ltd,
 Unit 1, Luthra Industrial Premises, Safed Pool,
 Andheri Kurla Road, Andheri (East), Mumbai-4000072.
 Tel- 28515644
 Fax- 28512885
 E-mail- info@sharexindia.com; investor@sharexindia.com

- d) Share Transfer System:

The Managing Director and / or Company Secretary have been empowered by the Board for approving transfer/ transmissions of shares. The Company's Registrar Sharex Dynamic (India) Private Limited have adequate infrastructure to process the share transfer applications received within 30 days from the date of Lodgment of Transfer subject to the transfer instrument being valid and complete in all respects.

Report On Corporate Governance

x) Distribution of shareholding as on 31-03-2011:

Sr. No	No. of Equity Shares held	No. of Shareholders	No. of Shares	% of Shareholders	% of Shareholding
1	1-5000	221	1,37,631	74.66	0.96
2	5001-10000	22	1,63,224	7.43	1.13
3	10001-20000	6	86,860	2.03	0.60
4	20001-30000	6	1,54,710	2.03	1.07
	30001-40000	4	1,37,550	1.35	0.96
	40001-50000	4	1,94,610	1.35	1.35
5	50001- 100000	9	5,78,635	3.04	4.02
6	100001 to above	24	1,29,40,980	8.11	89.90
7	TOTAL	296	1,43,94,200	100	100

Category of Equity Shareholders as on 31-03-2011:

Sr. No	Category	No. of Shares	% of total Shareholding
1	Promoters, Directors & Relatives	22,10,353	15.35
2	Public Financial Institutions/ Banks	0	0
3	Mutual Funds/ UTI	0	0
4	FIIS	0	0
5	NRIS/ OCBS	29,97,860	20.83
6	Private Corporate Bodies/ Non Institutions	67,25,511	46.72
	Body Corporate		
7	Indian Public	24,60,476	17.01
	Total	1,43,94,200	100

xi) Dematerialization of shares and liquidity:

The Shares of the Company form part of the Compulsory demat segment. The company has established connectivity with both Depositories viz, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Share Transfer Agent. As on 31st March 2011 88.53% shares of Paid up capital of the Company representing 1,27,42,590 equity shares of Re 1 each has been dematerialized.

xii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

- Company allotted 5,78,429 10% Compulsorily Convertible Debentures (CCD- Series I) of Rs. 100/- at par on 27th April, 2010 on preferential basis. On 5th October, 2010, the said debentures were converted into 1,44,604 equity shares of Rs. 10 each at premium of Rs. 390/- per share. The conversion is made as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Conversion price is calculated as per regulation 76 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- The Company allotted 2,82,242 12% Compulsorily Convertible Debentures (CCD-Series II) of Rs. 100/- each on preferential basis on 20th December, 2010 with conversion period of 18 months from the date of allotment. The Conversion price will be decided as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- The Company had allotted 92,164 8% Non Cumulative Compulsorily Convertible Preference Shares (CCP- Series II) of Rs. 100 each at par on 7th February, 2011 on Preferential Basis with conversion period of 18 months from the date of allotment. The Conversion price will be decided as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Report On Corporate Governance

xiii) Plant Locations:

The Company has following operating divisions:

Registered office: Prism Informatics Limited is located at B-505, Bsel Tech Park, Opposite Vashi Railway Station, Sector 30 A, Vashi, Navi Mumbai-400705.

Sr No.	Operative Divisions located at	Registered Office Address
1	Pune	Unit 602, Sixth Floor, Wing 2-Cluster C,EON FREE ZONE, Plot No.1,S.No.77,Kharadi MIDC, Knowledge Park, Pune- 411 014.
2	Europe	Gewerbestrasse 5, 6330 Cham/ Zug, Switzerland.
3	USA	Six Concourse Parkway, Fifth Floor, Atlanta, GA 30328, USA.
4	Germany	Sciencepark 2,DE-66123 Saarbrucken, Germany.
5	Thailand	No. 701/ 206, Soi Pattanakarn 30, Pattanakarn Road, Suanluang, Bangkok 10250, Thailand.
6	Singapore	31, Cantonment Road, Singapore- 089747.

xiv) Address for Correspondence:

Shareholders may correspond on all matters to the address mentioned below:

1. Prism Informatics Limited: B-505, Bsel Tech Park, Opposite Vashi Railway Station, Sector 30 A, Vashi, Navi Mumbai-400705. Contact Number: 02265724261.

2. Sharex Dynamic (India) Pvt. Ltd: 1st Flr, 44-E, M Vasanti Marg, Andheri-Kurla Road, Safed pool, Andheri(E), Mumbai 400072. Tel No. 2270 2485, Fax No. 2264 1349.

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under Clause 49 of Listing Agreement with the Stock Exchange, the Board Members and Senior Management Personnel have confirmed compliance with the Code Of Conduct for the period ended 31st March, 2011.

Place: Navi Mumbai

Date: 30th May, 2011

For Prism Informatics Limited

Alok Pathak

Managing Director

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENT UNDER CLAUSE 49 OF LISTING AGREEMENT

We have examined the compliance of conditions of Corporate Governance by Prism Informatics Limited ("the Company") for the year ended 31st March,2011, as stipulated in Clause 49 of the Listing Agreement of the Company with Bombay Stock Exchange.

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

In our opinion, and to the best of our information and according to the explanations given to us and based on the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of 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.

Date: 29th June, 2011

Place: Mulund

For Makarand M Joshi & Company,

Company Secretaries

Makarand Joshi

Membership Number-3662



Standalone Auditor's Report & Financials FY 2010-11

Auditor's Report

To the Members of

Prism Informatics Limited

We have audited the attached Balance Sheet of Prism Informatics Limited ('the Company') as at 31 March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 purposes 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;
- c. the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- e. On the basis of written representation received from the directors of the Company, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act, and
- f. in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair *view except in case of receivable balances which are subject to confirmation and reconciliation (if any), unbilled revenue Rs.28,47,723 /- which has been as certified by the management*, in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2011;
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For M/s. E.A.Patil & Associates

Chartered Accountants

Firm Registration No.117371W

CA. E. A. Patil

Partner

Membership No. 031979

Date: 30th May 2011

Vashi, Navi Mumbai

Prism Informatics Limited

Annexure to the Auditors' Report for the year ended March 31st, 2011. (Referred to in our report of even date)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
- b) The Company has a regular program of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. *For the current financial year, physical verification for the fixed assets is yet to be carried out.* In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) Following fixed assets have been disposed off during the year.

Sr. No	Particulars of the asset	Amount
1	Computer Equipment	502,940/-
2	Furniture	623,511/-
3	Office Equipment	508,454/-
Total Rs.		16,34,455/-

2. The Company is a service company, primarily rendering IT consulting, software implementation and software development services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
3. The Company has granted loans to body corporate covered under registered maintained under section 301 of the Companies Act 1956 (the Act) Rs. 1,63,742,000/- (previous year Rs nil) as unsecured loans. The maximum amount outstanding during the year Rs 115,237,930/- (previous year Rs Nil) and year end balance Rs. 107,974,041/- (previous year Rs Nil).

Loan to these body corporate are repayable within two years, there is no specific repayment schedule indicated in the loan agreement. During the year these body corporate have repaid Rs. 68,461,960/-

In our opinion, the rate of interest and other terms and conditions on which the loan has been granted to the body corporate listed in the registered maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the company.

The Company has not taken loans, secured or unsecured from the companies, firms or parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, the company is in process of implementation of internal control system commensurate with the size of the company and nature of its business with regard to purchase of fixed assets and with regard to sale goods & services. *In our opinion, the internal control in respect of service income needs to be strengthened.*
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.

b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. The Company does not have internal audit system.
8. As per the information and explanations provided by the management, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act, for any of the services rendered by the Company.
9. According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income tax, TDS, Service tax, Profession Tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
10. We have been informed by the management, that there are no dues of sales tax/ income tax/ custom tax/ wealth tax/ excise duty/ cess have been deposited on account of dispute.
11. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
12. The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year on account of default.
13. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Auditor's Report

14. In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.
15. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
16. 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.
17. The Company did not have any term loans outstanding during the year.
18. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long term investment.
19. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.
20. The debentures are Compulsorily Convertible Debentures (CCD) outstanding at the end of the year Rs. 2,82,24,200/- (previous year Rs Nil). No security has been created for these debentures.
21. The Company has not raised any money by public issue during the year.
22. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For M/s. E.A.Patil & Associates
Chartered Accountants
Firm Registration No.117371W

CA. E. A. Patil
Partner
Membership No. 031979

Date: 30th May 2011
Vashi, Navi Mumbai

Balance Sheet

as on March 31, 2011 | (Currency: in Indian Rupees)

	Note	March 31,2011	March 31,2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	23,610,600	139,263,300
Share application money		-	251,953
Reserves and surplus	4	218,192,833	10,843,084
		241,803,433	150,358,337
Loan funds			
Secured loans	5	38,487,315	-
Unsecured loans	6	79,643,900	41,573,242
Deferred tax liability	19	-	17,756
		359,934,647	191,949,335
APPLICATION OF FUNDS			
Intangible Assets			
Goodwill on Business Acquisitions		15,047,307	8,289,901
Tangible Assets			
Gross block	7	1,823,269	310,099
Less: Accumulated depreciation		405,363	20,050
Net block		1,417,906	290,049
Capital work-in-progress (Includes capital advances)		-	-
		16,465,213	8,579,950
Investments	8	198,606,156	95,400,622
Deferred tax Asset	19	2,463,055	-
Current assets, loans and advances			
Sundry debtors	9	76,682,100	13,589,987
Cash and bank balances	10	5,144,000	66,063,260
Unbilled revenue	11	2,847,723	556,738
Loans and advances	12	110,493,901	14,643,627
		195,167,723	94,853,612
Less: Current liabilities and provisions			
Current liabilities	13	50,789,111	7,449,039
Provisions	14	1,978,389	719,291
		52,767,500	8,168,330
Net current assets		142,400,223	86,685,282
Miscellaneous expenditure (to the extent not written off)	20	-	1,283,481
		359,934,647	191,949,335

The accompanying notes form an integral part of this Balance Sheet
As per attached report of even date.

For E.A. Patil & Associates

Chartered Accountants
Firm Registration No. 117371W

CA E.A. Patil

Partner
Membership No: 031979

Navi Mumbai
30th May, 2011

For and on behalf of the Board of Directors

Alok Pathak
Managing Director

Mohan Natarajan
Director

Swapna Sawant
Company Secretary

Profit and Loss Account

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

	Note	March 31,2011	March 31,2010
Income			
Sales and Service Income		154,242,524	15,860,187
Other income	15	14,436,775	1,444,346
		168,679,299	17,304,533
Expenditure			
Purchases		27,585,343	-
Personnel costs	16	63,420,589	7,001,318
Selling, general and administration costs	17	25,683,078	3,893,706
Interest cost	18	6,493,561	-
Depreciation	7	448,532	32,653
		123,631,103	10,927,677
Profit for the year before prior period items and taxation		45,048,196	6,376,856
Prior period items		-	-
Profit for the year before taxation		45,048,196	6,376,856
Provision for taxation - Current tax	19	8,593,882	1,972,038
- Deferred tax	19	(2,480,811)	6,934
MAT Credit		-	-
Provision for taxation (prior periods)		-	-
Profit for the year after taxation		38,935,125	4,411,752
Profit and loss account, brought forward		3,097,084	881,236
Amount available for appropriation		42,032,209	5,292,988
Transfer to General Reserve		3,893,512	-
Interim Equity Dividend		4,893,366	630,000
Proposed Equity Dividend		1,799,275	-
Preference Dividend		107,062	1,253,135
Tax on Dividend		1,129,360	312,769
Profit and loss account, carried forward		30,209,633	3,097,084
Earnings per equity share of Re. 1 each (Refer Accounting Policy 2.9(b))			
- Basic		3.21	0.47
- Diluted		2.82	0.30
Weighted average number of equity shares outstanding during the year			
- Basic		12,105,150	6,300,000
- Diluted		14,551,493	9,769,200

The accompanying notes form an integral part of this Profit and Loss Account
As per attached report of even date.

For E.A. Patil & Associates

Chartered Accountants

Firm Registration No. 117371W

CA E.A. Patil

Partner

Membership No: 031979

Navi Mumbai
30th May, 2011

For and on behalf of the Board of Directors

Alok Pathak

Managing Director

Mohan Natarajan

Director

Swapna Sawant

Company Secretary

Cash Flow Statement

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

	March 31,2011	March 31,2010
Cash flows from operating activities		
(Loss)/Net Profit before tax	45,048,196	6,376,856
Adjustments for		
Depreciation and amortisation	448,532	32,653
(Profit)/Loss on sale of fixed assets	-	(12,603)
Share issue exp W/o	-	312,197
Interest Expense	6,493,561	-
Sundry balances written off	-	683,846
Unrealised exchange differences	321,423	108,854
Interest income	(13,206,465)	(396,596)
Operating profit before working capital changes	39,105,247	7,105,207
(Increase) / Decrease in working capital		
Sundry debtors	(64,313,689)	(11,411,734)
Unbilled revenue	(2,290,985)	(556,738)
Loans and advances	(4,555,414.97)	
Prov for expenses	1,259,098	-
Other Current liabilities and provisions	5,360,519	5,552,400
Net change in working capital	(64,540,472)	(6,416,072)
Cash generated/used in from operations	(25,435,225)	689,135
Income tax paid	(9,150,701)	(219,376)
Net Cash provided by operating activities	(34,585,925)	469,759
Cash flows from investing activities		
Purchase of fixed assets	(1,576,389)	(8,600,000)
Purchase of investments	(68,853,119)	-
Purchase of non trade investments	-	(95,400,622)
Sale of investments	100,000	996,939
Proceeds from sale of fixed assets	-	85,826
Loans given to related parties	(159,000,000)	(14,437,193)
Loan recovered from related parties	63,719,960	-
Purchase of Goodwill	(2,900,000)	-
Interest received	13,206,465	396,596
Net Cash used by investing activities	(155,303,083)	(116,958,454)
Cash flows from financing activities		
(Repayment)/Proceeds from issuance of share capital	11,856,527	133,215,253
Increase in securities premium	-	-
Proceeds from borrowings - unsecured loan (net)	93,021,477	41,573,242
Share Issue Expenses	-	(1,595,678)
Interest expense	(6,493,561)	-
Increase/(Decrease) in - Secured loan	38,487,315	-
Dividend paid	(7,902,010)	-
Net Cash provided by financing activities	128,969,748	173,192,817
Net increase in cash and cash equivalents	(60,919,260)	56,704,122
Cash and cash equivalents at beginning of the period	66,063,260	9,359,138
Net increase/(decrease) in Cash and Cash equivalents	5,144,000	66,063,260

Cash Flow Statement

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

	March 31,2011	March 31,2010
Cash and Cash Equivalent		
Cash in hand	9,830	6,192
Balance with scheduled banks		
- in current accounts	(7,740,458)	66,057,068
- in deposit accounts	12,874,628	-
	5,144,000	66,063,260

For E.A. Patil & Associates

Chartered Accountants
Firm Registration No. 117371W

CA E.A. Patil

Partner
Membership No: 031979

Navi Mumbai
30th May, 2011

For and on behalf of the Board of Directors

Alok Pathak
Managing Director

Mohan Natarajan
Director

Swapna Sawant
Company Secretary

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

1. Background

Prism Informatics (PRISMINFO), incorporated in 1983, is engaged in software development. Earlier known as Aakruti Holdings, it got its present name on Nov. 11, 2005. Specializing in web technologies, application development, mobile computing and systems programming, company focus has been on delivering cutting edge software solutions coupled with building client relationships. It has affiliations with leading companies like Elance, Palm, Handspring, ProSavvy, Square Trade and Oracle among others.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The accompanying financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles ('GAAP') in India, under the historical cost convention. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards (NACAS) and relevant provisions of Companies Act, 1956, to the extent applicable.

The preparation of the financial statements in accordance with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

2.2 Fixed assets and depreciation

Tangible assets

Fixed assets are stated at cost less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Depreciation is provided on Written Down Value ('WDV'). For additions and disposals, depreciation is provided pro-rata for the period of use. The rate of depreciation is based on Schedule XIV of the Companies Act, 1956.

Intangible assets

Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis. Intangible assets comprise Goodwill, which is not being amortized.

2.3 Leases

In accordance with Accounting Standard 19 "Accounting for leases", lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognized as operating leases. Lease payments under operating lease are recognized as an expense in the profit and loss account.

2.4 Revenue and cost recognition

The Company derives its revenues primarily from software technology and IT enabled services. Revenue from time-and-material contracts is recognized as related services are rendered. Revenue from fixed-price contracts is recognized on a percentage of completion basis, measured by the percentage of costs incurred to-date to estimated total costs for each contract. This method is used because management considers costs to be the best available measure of progress on these contracts. In case of sale of software, revenue is recognized when right to use the software is transferred to the customer.

The asset "Unbilled revenue", represents revenues recognized in excess of amounts billed. These amounts are billed after the milestones specified in the agreement are achieved and the customer acceptance for the same is received.

Revenue from maintenance contracts is recognized ratably over the term of maintenance.

Warranty costs on sale of services are accrued based on management's estimates and historical data at the time related revenues are recorded.

Dividend income is recognized when the Company's right to receive dividend is established. Interest income is recognized on the time proportion basis.

2.5 Employee retirement and other benefits Defined Contribution Plans:

Defined Benefit Plans

Gratuity and leave encashment schemes are defined benefits. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation carried out by an independent actuary at the balance sheet date using the Projected Unit Credit Method, which recognizes each period of service as giving rise to one additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Profit and loss account.

2.6 Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and monetary liabilities at the year end are translated at the year-end exchange rate. Exchange rate differences resulting from foreign exchange transactions settled during the year, including year-end translation of monetary assets and liabilities are recognized in the profit and loss account.

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

2. Significant accounting policies (Continued)

2.7 Investments

Long-term investments are stated at cost, and provision for diminution is made when, in the management's opinion, there is a decline, other than temporary, in the carrying value of such investments. Current investments are carried at lower of cost and fair value.

2.8 Taxation

Income tax expense comprises current tax expense and deferred tax expense or credit computed in accordance with the relevant provisions of the Income Tax Act, 1961. Provision for current taxes is recognised under the taxes payable method based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Indian Income tax Act, 1961.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements of the Company. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment rate. Deferred tax assets in respect of carry forward losses are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. Other deferred tax assets are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

2.9 Earnings per share

(a) The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

(b) Earning per share calculation for the previous year has been reinstated at the split Equity share face value of Re. 1 each.

2.10 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2.11 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.12 Miscellaneous expenditure (to the extent not written off)

During the Financial Year the Company has adjusted expenditure incurred towards issue of Compulsorily Convertible Preference shares and Compulsorily Convertible Debentures which are converted into equity shares against Security Premium.

3. Share capital

	March 31,2011	March 31,2010
Authorised		
"17,500,000 (2010 : 1,750,000) Equity Shares of Re. 1/- each (2010 : Rs. 10/- each)"	17,500,000	17,500,000
2,000,000 (2010 : 2,000,000) Non Cumulative Compulsorily Convertible Preference Shares of Rs 100/- each	200,000,000	200,000,000
	217,500,000	217,500,000
Issued, Subscribed and Paid - Up		
14,394,200 (2010 : 6,30,000) Equity Shares of Re. 1/- each (2010 : Rs. 10/- each) fully subscribed and paid up	14,394,200	6,300,000
92,164 8% Non Cumulative Compulsorily Convertible Preference Shares series II of Rs. 100 each* (2010 : 1,39,633 4% Non Cumulative Compulsorily Convertible 2010 Preference Shares)	9,216,400	132,963,300
	23,610,600	139,263,300

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

3. Share capital (Continued)

The company has split its equity shares face value from Rs. 10 each to Re. 1 each on 7th January, 2011. Before split up in value of equity share, the compulsorily convertible preference shares have been converted into 664816 equity share of Rs. 10 each. And Compulsorily Convertible Debentures have been converted into 144604 equity shares of Rs.10 each.

*Compulsorily Convertible Preference Shares Series II of Rs. 100 each are expected to get converted into equity shares by 6th August, 2012.

4. Reserves and surplus

	March 31,2011	March 31,2010
General reserve		
- Balance brought forward	7,746,000	7,746,000
- Additions during the year	3,893,512	-
- Reduction during the year	(5,084,832)	-
	6,554,680	7,746,000
Security Premium	181,428,519	-
Profit and loss account, balance carried forward	30,209,633	3,097,084
	218,192,833	10,843,084

5. Secured loans

Bank Overdraft	38,487,315	-
	38,487,315	-

Nature of security

Bank overdraft is secured against hypothecation of book debts, stock, other receivables.

6. Unsecured loans

CCD Application Money	-	41,573,242
12% Debentures (CCD Series II)*	28,224,200	-
Other unsecured loans	51,419,700	-
	79,643,900	41,573,242
*Expected date of conversion in equity shares is 7th Aug , 2011 .		

7. Fixed assets

	Tangible Assets					Total as at March 31,2011	Total as at March 31,2010
	Computers & other service equipments	Office equipments	Furniture and fixtures	Vehicles			
Gross block							
As at 1st April, 2010	310,099	-	-	-	310,099	310,516	
Additions	953,168	508,454	628,861	1,057,142	3,147,625	310,099	
Deletions	502,490	508,454	623,511	-	1,634,455	310,516	
As at 31 on March, 2011	760,777	-	5,350	1,057,142	1,823,269	310,099	
Accumulated depreciation and amortization							
As at 1st on April, 2010	20,050	-	-	-	20,050	224,690	
Charge	185,862	11,627	18,555	232,488	448,532	32,653	
Deletions	33,040	11,627	18,552	-	63,219	237,293	
As at on 31 March, 2011	172,872	-	3	232,488	405,363	20,050	
Net block as at 31 March 2011	587,905	-	5,347	824,654	1,417,906	290,049	
Net block as at 31 March 2010	290,049	-	-	-	290,049		

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

8. Investments

	March 31,2011	March 31,2010
Long term (Unquoted, at cost)		
Trade		
Investment in subsidiary companies		
NIL (2010 : 10,000) equity shares of Rs. 10/- each fully paid of Nastek Solutions Pvt Limited, India (Refer note 1)	-	10,120,336
20,000,000 (2010 : 7,500,000) Equity shares of CHF 0.10 each fully paid of Prism Infomatics Europe AG (Refer note 2)	145,395,000	51,197,000
75,000,000 (2010 : 1,00,000) Equity shares of \$ 0.01 each fully paid of Prism Infomatics Inc, USA	34,078,655	34,078,655
412,900 (2010 : 100) Equity shares of \$ 1 each fully paid of Prism Infomatics Pte Limited (Refer note 3)	19,107,401	4,631
	198,581,056	95,400,622

* Refer Note 24(b) on related party transaction and Note 26.

Note 1: Share purchase agreement dated December 01, 2009, states that on May 31, 2010 share holding of Nastek Solutions Pvt Limited has been transferred. In pursuance of the said share purchase agreement, the addendum has been entered on dated March 2, 2011 to transfer net assets of Rs 2,303,207 (Assets Rs 5,104,789 and liabilities Rs 2,801,582). The deficit arising as result of transfer of shareholding along with the above mentioned assets Rs 5,084,832 has been netted off against the reserve.

Note 2: In case of Prism Infomatics Europe AG, the company has paid additional consideration of Rs 94,198,000 which is determined based on the parameters defined in the Share Purchase agreement and its addendums.

Note 3: During the year ending March 31,2011, 412800 equity shares have been subscribed by the company.

Long term (Other Unquoted, at cost)		
100 (2010:Nil) equity shares of Re. 1/- each fully paid of Idhasoft Ltd.	100	-
Saraswat Co-Op Bank Ltd.	25,000	-
Aggregate value of unquoted investments	198,606,156	95,400,622
(Refer Note 25 for number of units purchased and sold during the year)		

9. Sundry debtors (Unsecured)

Debtors outstanding for a period exceeding six months (considered good)	16,826,730	-
Other debtors (considered good)	59,855,370	13,589,987
	76,682,100	13,589,987
Less: Provision for doubtful debtors	-	-
	76,682,100	13,589,987

Of the above, debtors due from companies under the same management as defined under Section 370(1)(B) of the Companies Act, 1956 aggregate Rs. 23,681,994 (2010: Rs. 3,075,795). This consists of debts due from Prism Infomatics Europe AG Rs. 1,339,500 (2010:Nil), Prism Infomatics, Thailand Rs. 4,011,802 (2010: Rs. 3,075,795), TLC Technologies Ltd Rs. 12,598,645 (2010: Nil), Prims Infomatics INC, USA Rs. 3,237,125 (2010: Nil) Prims Infomatics Pte Rs. 7,957 (2010: Nil), Idhasoft Inc. Rs. 2,143,200 (2010: Nil), Finasys Consultants Pvt Ltd Rs. 343,765 (2010:Nil)

10. Cash and bank balances

Cash in hand	9,830	6,192
Balances with scheduled banks	130,417	66,057,068
Book Overdraft	(7,870,874)	-
Fixed Deposit with Bank	12,874,628	-
	5,144,000	66,063,260

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

	March 31, 2011	March 31, 2010
11. Unbilled Revenue	2,847,723	556,738

12. Loan and Advance (Unsecured and considered good)

Loan to Related Parties	95,280,040	-
Loan to Employees	148,250	-
Loan to subsidiaries*	-	8,955,000
Loan to previous Owner	-	6,209,425
Taxes paid in advance	556,819	(1,674,062)
(Less: Provison for tax amounted to Rs. 10506144.10)		
Prepaid Expenses	48,430	73,248
Deposits	3,030,923	1,080,016
Other	-	-
Interest receivable	11,429,439	-
	110,493,901	14,643,627

* Refer Note 23 for loans to companies under same management.

13. Current liabilities

Provision for expenses	1,784,345	106,862
Sundry creditors (Refer Note 24)	968,201	2,012,661
Salaries Payable	4,898,665	1,952,578
Unearned Income	496,077	219,406
Proposed Dividend	1,799,275	630,000
Dividend on preference shares	107,062	1,253,135
Dividend tax	316,620	312,769
Profession Tax Payable	32,324	39,745
VAT Payable	406,641	-
TDS Payable	1,082,704	921,883
Acquisition cost payable	37,952,500	-
Others	944,697	-
	50,789,111	7,449,039

14. Provisions

Provision for Gratuity	176,160	-
Provision for Leave Encashment	616,226	-
Provision for Service Tax	1,183,003	716,291
Provision for Fringe benefit tax	3,000	3,000
	1,978,389	719,291

15. Other income

Interest on bank deposits	374,628	187,171
Interest on others	12,824,357	209,425
Interest Recd on IT Refund	7,480	-
Profit on sale of assets	-	12,603
Miscellaneous income	1,230,310	1,035,147
	14,436,775	1,444,346

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

16. Personnel costs

	March 31,2011	March 31,2010
Salaries, bonus and allowances, including overseas employee expenses	51,022,092	6,909,318
Consultancy Fees	10,919,809	-
Gratuity	452,050	-
Leave Encashment	616,226	-
Staff welfare	410,412	92,000
	63,420,589	7,001,318

17. Selling, general and administration costs

Rent	6,567,538	243,000
Travel and conveyance	12,139,709	1,679,642
Communication Expenses	176,505	30,000
Sundry Balance written off	-	683,846
Legal and professional fees	1,605,422	135,736
Commission	355,800	-
Advertisement and publicity	150,847	148,588
Subscription, registration and license fee	128,840	64,763
Auditor's remuneration	406,500	346,000
Printing and stationery	363,103	16,037
Business Development Expenses	1,776,252	5,000
Electricity	262,967	7,250
Office expenses	976,520	-
Repairs and maintenance	35,521	-
Insurance	133,303	-
Bank charges & commission	259,141	63,018
Preliminary expenses written off	-	312,197
Directors Remuneration	-	44,275
Foreign exchange loss/(gain), net	321,423	108,854
Miscellaneous expenses	23,687	5,500
	25,683,078	3,893,706

18. Interest Cost

Bank Interest	2,926,385	-
Interest on CCD	3,513,751	-
Interest on other	53,425	-
	6,493,561	-

19. Taxes

Provision for tax expense consists of the following:	8,593,882	1,972,038
Current taxes	8,593,882	1,972,038
	(2,480,811)	6,934
Deferred tax expense / (credit)	6,113,071	1,978,972
The significant components of deferred tax asset and liability consists of the following:		
Depreciation	204,085	6,934
Provision for leave encashment and gratuity	257,090	-
Provision for Rent Equilisation (AS-19)	369,813	-
Short term capital loss	1,649,823	-
Opening Deferred tax liability	(17,756)	(24,690)
Total deferred tax assets	2,463,055	(17,756)

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

20. Miscellaneous expenditure (to the extent not written off)

	March 31,2011	March 31,2010
Share allotment expenses	-	1,283,481

21. Auditor's remuneration

Remuneration to auditors consists of the following:		
Audit fees	215,000	215,000
Tax audit fees	35,000	35,000
Other services	156,500	96,000
	406,500	346,000

22. Segmental information

Business segments

As on March 31, 2011 and for the year then ended

Particulars	Software Consultancy Services	Software License Sale	Total
Total Income	139,270,770	14,971,754	154,242,524
Accounts Receivables	76,682,100	-	76,682,100
Unbilled Revenue	2,847,723	-	2,847,723

Geographic segments

As on March 31, 2011 and for the year then ended

Particulars	India	Rest of world	Total
Total Income	68,538,016	84,520,508	153,058,524
Accounts Receivables	23,933,682	51,408,917	75,342,600
Unbilled Revenue	294,395	2,708,828	3,003,223

23. Related party transactions

(a) Names of related parties and nature of relationship where control exists

Sr. No.	Category of related parties	Names
1	Subsidiaries	1. Prism Europe AG, Switzerland 2. Prism informatics Schweiz GmbH, Switzerland 3. Prism informatics Deutschland GmbH, Germany 4. Prism Informatics (Thailand) Co. Ltd., Thailand [Previously known as Nexus System Resources Ltd] 5. TLC Technologies Inc. 6. Information Management Technologies Limited 7. Prism Informatics Inc, Delaware 8. Prism Informatics Pte, Limited, Singapore
2	Key management personnel	1) Alok Pathak 2) Dr. Nirmal Jain 3) Dr. Ajay Sharma 4) Mohan Natarajan
3	Parties with substantial interest	1) Finasys Consultants Pvt Ltd 1) Idhasoft Limited

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

23. Related party transactions (Continued)

(b) Transactions and balances with related parties

Nature of the transaction Transactions during the year ended 31 March	Subsidiaries		Key management personnel		Parties with substantial interest	
	March 31,2011	March 31,2010	March 31,2011	March 31,2010	March 31,2011	March 31,2010
Investments purchased	113,300,770	95,400,622	-	-	100	-
Sale of investments	-	-	-	-	-	-
Reimbursement of expenses	66,810	923,328	93,095	-	271,048	26,819
Loans received	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-
Sale of asset	-	-	-	-	-	-
Service income	27,133,903	2,203,574	-	-	2,858,989	4,699,992
Purchases of licences	-	-	-	-	-	-
Remuneration paid	-	-	-	44,275	-	-
Sitting fees paid	-	-	-	-	-	-
Loans to subsidiaries	4,542,000	48,955,000	-	-	159,200,000	-
Loans recovered	4,542,000	40,000,000	-	-	63,919,960	-
Interest Income	48,385	-	-	-	12,645,616	-
Services purchased	-	1,878,835	-	-	-	-
Rent paid	-	195,000	-	-	265,000	-
Dividend	-	466,200	-	-	-	-
Balance as at 31 March						
Investments	198,581,156	95,400,622	-	-	100	-
Debtors	21,195,029	3,075,795	-	-	343,765	-
Creditors	-	1,255,769	-	-	2,356,594	-
Loans payable	-	-	-	-	-	-
Loans to subsidiaries and related parties	-	8,955,000	-	-	95,280,040	-
Advances payable	-	-	-	-	-	-
Advances recoverable from subsidiaries	-	-	-	-	-	-
Reimbursement payable	-	1,256,399	-	-	-	-

Transactions during the year ended March 31,2011

	March 31,2011	March 31,2010
A Key management personnel		
(i) Reimbursement of expenses		
Mohan Natrajan	93,095	-
(ii) Loans received		
(iii) Loans repaid	-	-
(iv) Advances given	-	-
(v) Advances recovered	-	-
(vi) Sale of asset to Directors	-	-
(vii) Remuneration	-	-
Directors	-	44,275

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

23. Related party transactions (Continued)

B subsidiaries

		March 31,2011	March 31,2010
(i)	Reimbursement of expenses		
	Prism Informatics, Thailand	-	917,573
	Nastek Solutions Pvt. Ltd.	-	5,755
	TLC Technologies Ltd	44,540	-
	Prism Informatics Inc, USA	22,270	-
		66,810	923,328
(ii)	Service income		
	Prism Informatics, Thailand	7,165,446	2,203,574
	Prism Informatics Europe AG	1,339,500	-
	TLC Technologies Ltd	12,750,747	-
	Prism Informatics Inc, USA	3,234,420	-
	Prism Informatics Pte Ltd	2,643,790	-
		27,133,903	2,203,574
(iii)	Investments purchased		
	Nastek Solutions Pvt. Ltd.	-	10,120,336
	Prism Informatics Europe AG	94,198,000	51,197,000
	Prism Informatics Pte Ltd	19,102,770	4,631
	Prism Informatics Inc, USA	-	34,078,655
		113,300,770	95,400,622
(iv)	Sale of investments	-	-
(v)	Loans to subsidiaries		
	Prism Informatics Europe AG	4,542,000	-
	Nastek Solutions Pvt. Ltd.	-	48,955,000
		4,542,000	48,955,000
(vi)	Loans recovered		
	Prism Informatics Europe AG	4,542,000	-
	Nastek Solutions Pvt. Ltd.	-	40,000,000
		4,542,000	40,000,000
(vii)	Interest Income		
	Prism Informatics Europe AG	48,385	-
(viii)	Loans received	-	-
(ix)	Loans repaid	-	-
(x)	Interest expense	-	-
(xi)	Advances given	-	-
(xii)	Advances received	-	-
(xiii)	Services purchased		
	Nastek Solutions Pvt. Ltd.	-	1,051,203
(xiv)	Rent paid		
	Nastek Solutions Pvt. Ltd.	-	135,000
(xv)	Rent received	-	-
(i)	Allotment of equity shares (including premium)		
(ii)	Allotment of preference shares (including premium)		
(iii)	Dividend		
(iv)	Reimbursement of expenses		
	Finasys Consultants Pvt Ltd	86,382	26,819
	Idhasoft Limited	184,666	333,071
(v)	Service income	2,439,104	4,699,992
	Finasys Consultants Pvt Ltd	419,885	-
	Idhasoft Limited	-	-

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

23. Related party transactions (Continued)

B subsidiaries

		March 31,2011	March 31,2010
(vi)	Investments purchased		
	Idhasoft Limited	100	-
(vii)	Loans Paid		
	Idhasoft Limited	159,200,000	-
(viii)	Loans recovered		
	Idhasoft Limited	63,919,960	-
(vi)	Interest income		
	Idhasoft Limited	12,645,616	-
(vii)	Services Purchased		
	Idhasoft Limited	-	827,632
(viii)	Rent Paid		
	Idhasoft Limited	265,000	-

24. Amounts due to micro, small and medium enterprises

As at 31 March, 2011, the Company has no outstanding dues to any vendors registered with appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006. There have been no delays in settlement of dues to such vendors, warranting any payment of interest as provided in the above Act (2010 : Nil).

25. Summary of investments purchased and sold during the year

Investments purchased during the year ended March 31, 2011

	Units	Cost of purchase
Investment in related parties		
Idhasoft Limited	100	100
Prism Infomatics Europe AG	12,500,000	94,198,000
Prism Infomatics Pte	512,800	19,102,770
	13,012,900	113,300,870
Total	13,012,900	113,300,870

Also refer Notes to accounts 8 note no. 1

Investments sold during the year ended March 31, 2011

	Sale Value	Cost of purchase
Nastek Solutions Pvt Ltd	100,000	10,120,336
Total	100,000	10,120,336

26. Reconciliation of basic and diluted shares used in computing earnings per share

Number of shares considered as basic weighted average shares outstanding	12,105,150	6,300,000
Add: Effect of dilutive issues of stock options/warrants/preference shares	2,446,343	3,469,200
Number of shares considered as weighted average shares and potential shares outstanding	14,551,493	9,769,200

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

27. Leases

Rent expense for all operating leases for the year ended 31 March 2011 aggregated to Rs. 6,567,538 (2010:Rs.243,000)

28. Names of non-scheduled banks, balances at year end and maximum amount of outstanding during the year

Axis Bank A/c (909020041819502)* (Maximum balance outstanding during the year: Rs. 61,394,791.88 ; 2010: Rs. 110,869,232.90)	(7,870,874)	61,394,792
Axis Bank Ltd - EEFC Account (Maximum balance outstanding during the year: Rs. 2,507,863.14 ; 2010: Rs. 1,564,312.19)	6,340	1,522,798
HDFC BANK A/C (Maximum balance outstanding during the year: Rs. 39,478.14 ; 2010: Rs.8225991.11)	-	39,478
HSBC Bank A/c No.030-722359-001 (Maximum balance outstanding during the year: Rs. Nil ; 2010: Rs. 100,000)	-	100,000
ICICI Bank A/c No.015105010678 (Maximum balance outstanding during the year: Rs. 3,000,000 ; 2010: Rs. 3,000,000)	915	3,000,000
UNION Bank (Maximum balance outstanding during the year: Rs. 4,798,618 ; 2010: Rs. Nil)	123,161	-
	(7,863,619)	66,057,068

* Book Overdraft

29. Loans to subsidiaries under the same management

Loans and advances include loans to subsidiaries under same management under section 370 (1) (B) of the Companies Act 1956:		
Nastek Solutions Pvt Ltd (Maximum amount outstanding during the year Rs. 68,705,000 2010: Rs. 89,55,000)	-	8,955,000
Idhasoft Limited (Maximum amount outstanding during the year Rs.110,000,000, 2010: Rs. Nil)	95,280,040	-
	95,280,040	8,955,000

30. Supplementary statutory information

(l) Managerial remuneration	-	-
Salaries and allowances	-	44,275

(a) Provisions for gratuity and leave encashment in respect of Directors are not included above, as actuarial valuation is done on an overall Company basis.

(b) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 has not been disclosed, as commission by way of percentage of profits is not payable for the year to the Directors.

(c) Sitting fees paid to non-executive director not included above aggregated Rs. NIL (2010: NIL).

Notes to the financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

31. Supplementary statutory information

		March 31,2011	March 31,2010
(i)	Earning in foreign currency		
	Service income	84,520,508	6,286,129
	Prior period revenue	-	-
		84,520,508	6,286,129

32. Prior year comparatives

Previous year figures have been appropriately reclassified to conform to the current year's presentations.

Balance Sheet Abstract And Company's General Business Profile

(Currency: in Indian Rupees)

I. Registration details

Registration details **L67120MH1983PLC029483** State Code **11**

Balance Sheet Date **31** **03** **2011**
Date Month Year

II. Capital raised during the year

Public Issue	Right Issue	Bonus Issue	Private Placement
-	-	-	-115,652,700

III. Position of mobilisation and deployment of funds

Total Liabilities	Total Assets
412,702,148	410,239,093

Sources of Funds

Paid Up Capital including Share Application Money	Reserves & Surplus	Secured Loans
23,610,600	218,192,833	38,487,315
Unsecured Loans	Deferred Tax Liability	
79,643,900	0	

Application of Funds

Net Fixed Assets	Investments	Net Current Assets	Deferred Tax Asset
16,465,213	198,606,156	142,400,223	2,463,055
Accumulated Losses	Miscellaneous Expenditure		
-	-		

IV. Performance of the company

Turnover	Total Expenditure	+/- Profit after Tax	+/- Profit after Tax
168,679,299	123,631,103	+ 45,048,196	+ 38,935,125
Earnings per share in Rs.	Dividend @ 12.5%		
3.21	4,893,366		

V. Generic names of three principal products of the company

(As per monetary terms)

Item no. ITC Code	Product Description
85,249,113	Computer Software and Services

For E.A. Patil & Associates

Chartered Accountants
Firm Registration No. 117371W

CA E.A. Patil

Partner
Membership No: 031979

Navi Mumbai
'30th May, 2011

For and on behalf of the Board of Directors

Alok Pathak
Managing Director

Mohan Natarajan
Director

Swapna Sawant
Company Secretary



Consolidated Auditor's Report & Financials FY 2010-11

Consolidated Auditor's Report

Auditor's report on Consolidated financial statements

To the Members of

Prism Informatics Limited

We have examined the attached Consolidated Balance Sheet of Prism Informatics Limited ("the Company") and its subsidiaries as at 31st March 2011 and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year ended on that date. These Consolidated financial statements are the responsibility of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts disclosed in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries of Prism Informatics Limited whose financial statements reflects total assets of Rs.28,29,04,284 and total revenue of Rs.45,60,61,601 as on March 31st 2011. These financial statements have been audited by other auditors, except in case of Information Management Technology company Ltd. The audit reports of the subsidiaries have been furnished to us, and in our opinion, in so far as, it relates to the amounts included in respect of those associates and subsidiaries, is based solely on the report of other auditors.

In case of Information Management Technology Company Ltd (IMT), the unaudited financial statements having revenue of Rs.89,42,906, Net Profit Rs.14,10,607 and assets Rs.89,20,299 have been reviewed by management.

We report that consolidated financial statement prepared by the company is in accordance with the requirements of Accounting Standards (AS) 21 on, 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India in case of consolidation of financial statements is made line by line basis adding together like items of assets, liabilities, income and expenditure, in order that the consolidated financial statement presents financial information about the subsidiary for the entire financial year as that of one single enterprise. In case of IMT, basic pre-requisite conditions mentioned in Accounting Standards (AS) 21, required for consolidation of IMT, we have relied on the management representation. However, attention is invited to Note 22 of Notes to Accounts.

On the basis of information and explanation given to us and on the consideration of the separate audit report on individual audited financial statements of the Company and aforesaid subsidiaries, in our opinion the consolidated financial statements read together with the attached schedules and Note on consolidation and other notes thereon, give the information required by the Companies Act, 1956. Except in case of disclosure of fixed assets, accounts receivable and receivable balances in case of India are subject to confirmation and reconciliation (if any) in the manner so required and present 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 affairs of the Prism Informatics and its subsidiaries as at 31st March 2011;
- 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 M/s. E.A.Patil & Associates

Chartered Accountants

Firm Registration No.117371W

CA. E. A. Patil

Partner

Membership No. 031979

Date: 30th May 2011

Vashi, Navi Mumbai

Consolidated Balance Sheet

as on March 31, 2011 | (Currency: in Indian Rupees)

	Note	March 31,2011	March 31,2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	23,610,600	139,263,300
Share application money		-	251,953
Reserves and surplus	4	211,346,711	26,128,285
		234,957,311	165,643,538
Minority interest			
		5,839,751	-
Loan funds			
Secured loans	5	59,435,047	-
Unsecured loans	6	302,145,641	94,561,176
Deferred tax liability	18	-	199,178
		602,377,750	260,403,892
APPLICATION OF FUNDS			
Intangible Assets			
Goodwill		168,210,436	55,169,030
Tangible Assets			
Net block of Fixed Assets		18,266,740	10,787,116
Investments	7	25,100	-
Deferred tax Asset	18	2,463,055	-
Current assets, loans and advances			
Inventories		2,327,216	331,586
Sundry debtors	8	180,985,659	54,450,887
Cash and bank balances	9	94,607,855	108,889,175
Unbilled revenue	10	7,884,702	712,538
Loans and advances	11	211,485,628	71,784,144
		497,291,059	236,168,330
Less: Current liabilities and provisions			
Current liabilities	12	79,795,188	40,555,706
Provisions	13	4,083,452	6,640,546
		83,878,640	47,196,252
Net current assets			
Miscellaneous expenditure (to the extent not written off)	19	-	5,475,668
		602,377,750	260,403,892

The accompanying notes form an integral part of this Balance Sheet As per attached report of even date.

For E.A. Patil & Associates

Chartered Accountants
Firm Registration No. 117371W

CA E.A. Patil

Partner
Membership No: 031979

Navi Mumbai
30th May, 2011

For and on behalf of the Board of Directors

Alok Pathak
Managing Director

Mohan Natarajan
Director

Swapna Sawant
Company Secretary

Consolidated Profit and Loss Account

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

	Note	March 31,2011	March 31,2010
Income			
Sales and Service Income		665,826,059	82,996,760
Other income	14	25,663,471	2,410,808
		691,489,530	85,407,568
Expenditure			
Purchases		27,585,343	-
Personnel costs	15	271,348,028	35,562,343
Cost of Sales		92,506,311	9,183,190
Outside Services		124,102,939	17,434,827
Selling, general and administration costs	16	130,923,963	13,892,228
Interest cost	17	14,113,656	65,582
Depreciation		4,880,639	1,789,792
		665,460,880	77,927,962
Profit for the year before prior period items and taxation		26,028,650	7,479,606
Profit for the year before taxation		26,028,650	7,479,606
Provision for taxation - Current tax	18	11,522,226	2,324,770
Deferred tax income	18	(2,480,811)	(10,789)
Transfer to Minority interest		7,894,954	-
Profit for the year after taxation		9,092,281	5,165,624
Profit and loss account, brought forward		3,850,956	881,236
Amount available for appropriation		12,943,237	6,046,860
Transfer to General Reserve		3,893,512	-
Interim Equity Dividend		4,893,366	630,000
Proposed Dividend On Equity		1,799,275	-
Preference Dividend		107,062	1,253,135
Tax on Dividend		1,129,361	312,769
Profit and loss account, carried forward		1,120,661	3,850,956
Earnings per equity share of Re. 1 each (Refer Accounting Policy 2.10)			
- Basic		0.74	0.59
- Diluted		0.66	0.38
Weighted average number of equity shares outstanding during the year			
- Basic		12,105,150	6,300,000
- Diluted		14,551,493	9,769,200

The accompanying notes form an integral part of this Balance Sheet As per attached report of even date.

For E.A. Patil & Associates

Chartered Accountants
Firm Registration No. 117371W

CA E.A. Patil

Partner
Membership No: 031979

Navi Mumbai
30th May, 2011

For and on behalf of the Board of Directors

Alok Pathak
Managing Director

Mohan Natarajan
Director

Swapna Sawant
Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

	March 31,2011	March 31,2010
Cash flows from operating activities		
(Loss)/Net Profit before tax	26,028,650	7,479,605
Adjustments for		
Depreciation and amortisation	4,880,639	1,789,792
(Profit)/Loss on sale of fixed assets	-	21,576
Miscellaneous expenditure written off	2,259,221	693,304
Debtor written off	-	683,846
Unrealised exchange differences	8,448,949	278,971
Interest income	(21,371,151)	(187,171)
Interest expense	7,257,863	65,582
Operating profit before working capital changes	27,504,172	10,825,506
(Increase) / Decrease in working capital		
Inventories	(1,995,630)	(331,586)
Sundry debtors	(136,696,995)	(52,442,752)
Unbilled revenue	(7,172,164)	(712,538)
Loans and advances	(144,799,462)	(58,069,535)
Prov for expenses	(2,557,094)	24,053,807
Other Current liabilities and provisions	(7,432,885)	18,227,421
Net change in working capital	(300,654,230)	(69,275,183)
Cash generated/used in from operations	(273,150,058)	(58,449,677)
Income tax paid	(12,270,132)	11,595,913
Net Cash provided by operating activities	(285,420,190)	(70,045,591)
Cash flows from investing activities		
Purchase of fixed assets	(12,360,263)	(12,564,306)
Purchase of investments	(71,856,585)	(55,169,030)
Sale of non trade investments	-	996,939
Proceeds from sale of fixed assets	-	51,647
Purchase of Goodwil	(2,900,000)	-
Interest received	21,371,151	187,171
Net Cash used by investing activities	(65,745,697)	(66,497,578)
Cash flows from financing activities		
(Repayment)/Proceeds from issuance of share capital	11,856,527	133,215,253
Proceeds from borrowings - unsecured loan (net)	273,188,019	94,561,176
Proceeds from borrowings - secured loan (net)	59,435,047	-
Share issue exp	-	(6,168,973)
Dividend paid	(7,902,010)	-
interest Paid	(7,257,863)	-
Increase/(Decrease) in Foregin tansaction reserve	-	(146,672)
Increase/(Decrease) in Capital reserve	7,564,848	14,678,003
Net Cash provided by financing activities	336,884,567	236,073,205
Net increase in cash and cash equivalents	(14,281,320)	99,530,037
Cash and cash equivalents at beginning of the period	108,889,175	9,359,138
Cash and cash equivalents at end of the period	94,607,855	108,889,175
Net increase/(decrease) in Cash and Cash equivalents	-	-

Consolidated Cash Flow Statement (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

	March 31,2011	March 31,2010
Cash and Cash Equivalent		
Cash in hand	94,607,855	127,325
Balance with scheduled banks		
- in current accounts	-	108,761,850
	94,607,855	108,889,175

The accompanying notes form an integral part of this Balance Sheet As per attached report of even date.

For E.A. Patil & Associates

Chartered Accountants
Firm Registration No. 117371W

CA E.A. Patil

Partner
Membership No: 031979

Navi Mumbai
30th May, 2011

For and on behalf of the Board of Directors

Alok Pathak
Managing Director

Mohan Natarajan
Director

Swapna Sawant
Company Secretary

Notes to the consolidated financial statements

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

1 Background

Prism Informatics (PRISMINFO), incorporated in 1983, is engaged in software development. Earlier known as Aakruti Holdings, it got its present name on Nov. 11, 2005. Specializing in web technologies, application development, mobile computing and systems programming, company focus has been on delivering cutting edge software solutions coupled with building client relationships. It has affiliations with leading companies like Elance, Palm, Handspring, ProSavvy, Square Trade and Oracle among others.

The figures in the consolidated Balance sheet representing Prism Inc., Delaware, Prism PTE & Prism Informatics Europe Group operating outside India and are converted into Indian Rupees. The figures in profit & loss Account for the period April'10 to March'11 have been converted at the average INR rate for the financial year ending March 31, 2011. The figures in Balance Sheet have been converted at closing INR rate for the financial year ending March 31, 2011.

2 Significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles ('GAAP') in India, under the historical cost convention. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') and relevant provisions of Companies Act, 1956, to the extent applicable.

The preparation of the consolidated financial statements in accordance with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

The company has following subsidiaries which form part of the consolidation.

Name of the Subsidiary	Country of Incorporation	% Shareholding
Prism Informatics Inc	USA	100%
TLC Technologies, Inc. (Acquired under Prism Informatics Inc)	USA	51%
Prism Informatics Pte. Ltd.	Singapore	100%
Prism Informatics (Thailand) Co., Ltd. (Acquired under Prism Informatics Pte. Ltd.)	Thailand	100%
Information Management Technologies Co. Ltd. ((Acquired under Prism Informatics Pte. Ltd. (Refer Note 21)	Kingdom of Saudi Arabia	51%
Prism Informatics Europe AG	Switzerland	100%
Prism Informatics Schweiz GmbH	Switzerland	100%
Prism Informatics Deutschland GmbH	Germany	100%

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard 21 - "Consolidated Financial Statements" (AS-21) for the purpose of preparation and presentation of consolidated financial statements.

The financial statements of the parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered in full. In case of subsidiaries acquired during the financial year, income and expenses have been considered from the date of acquisition.

2.2 Fixed assets and depreciation

Tangible assets

Fixed assets are stated at cost less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Depreciation provided on Written Down Value (WDV) is based on the estimated useful lives of the assets as determined by the management. For additions and disposals, depreciation is provided pro-rata for the period of use.

In case of entities outside India, assets has been consolidated at historical cost less Accumulated depreciation. Depreciation is calculated as per the rates prevailing in the concerned countries.

Intangible assets

Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis. Intangible assets comprise Goodwill, which is not being amortized.

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

2.3 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.4 Goodwill

Goodwill on standalone

In case of business acquisition the amount paid towards business relationship has been recognised as goodwill.

Goodwill on consolidation

The excess of the cost of the Holding Company of its investment in subsidiaries over the Holding Company's portion of equity in the subsidiaries, at the respective dates on which investments in subsidiaries were made, is recognised in the consolidated financial statements as Goodwill. The holding company's portion of equity in the subsidiaries is determined on the basis of the book value of the acquired assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

The goodwill recorded in these consolidated financial statements has not been amortised but instead evaluated for impairment. The Group evaluates the carrying amount of its goodwill whenever events or changes in circumstances indicate that its carrying amount may be impaired.

2.5 Leases

In accordance with Accounting Standard 19 "Accounting for leases", lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating leases. Lease payments under operating lease are recognised as an expense in the profit and loss account.

2.6 Revenue and cost recognition

The Company derives its revenues primarily from software technology and IT enabled services. Revenue from time-and-material contracts is recognised as related services are rendered. Revenue from fixed-price contracts is recognised on a percentage of completion basis, measured by the percentage of costs incurred to-date to estimated total costs for each contract. This method is used because management considers costs to be the best available measure of progress on these contracts. In case of sale of software, revenue is recognised when right to use the software is transferred to the customer.

The asset "Unbilled revenue", represents revenues recognised in excess of amounts billed. These amounts are billed after the milestones as confirmed by the management.

Revenue from maintenance contracts is recognised ratably over the term of maintenance.

Warranty costs on sale of services are accrued based on management's estimates and historical data at the time related revenues are recorded.

2.7 Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and monetary liabilities at the year end are translated at the year-end exchange rate. Exchange rate differences resulting from foreign exchange transactions settled during the year, including year-end translation of monetary assets and liabilities are recognised in the profit and loss account.

2.8 Investments

Long-term investments are stated at cost, and provision for diminution is made when, in the management's opinion, there is a decline, other than temporary, in the carrying value of such investments. Current investments are carried at lower of cost and fair value.

2.9 Taxation

Income tax expense comprises current tax expense and deferred tax expense or credit computed in accordance with the relevant provisions of the Income Tax Act, 1961. Provision for current taxes is recognised under the taxes payable method based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Indian Income tax Act, 1961.

In case of entities situated outside india Current and Deferred tax is calculated as per the law prevailing in that entities.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements of the Company. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment rate. Deferred tax assets in respect of carry forward losses are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. Other deferred tax assets are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

2.10 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

2.11 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.12 Miscellaneous expenditure (to the extent not written off)

During the Financial Year the Company has adjusted expenditure incurred towards issue of Compulsorily Convertible Preference shares and Compulsorily Convertible Debentures which are converted into equity shares against Security Premium.

3.0 Share capital

	March 31,2011	March 31,2010
Authorised		
17,500,000 (2010 : 1,750,000) Equity Shares of Re. 1/- each (2010 : Rs. 10/- each)	17,500,000	17,500,000
2,000,000 (2010 : 2,000,000) Non Cumulative Compulsorily Convertible Preference Shares of Rs 100/- each	200,000,000	200,000,000
	217,500,000	217,500,000
Issued, subscribed and paid - up		
14,394,200 (2010 : 6,30,000) Equity shares of Re. 1/- each (2010 : Rs. 10/- each) fully subscribed and paid up	14,394,200	6,300,000
92,164 8% Non Cumulative Compulsorily Convertible Preference Shares series II of Rs. 100 each* (2010 : 1,39,633 4% Non Cumulative Compulsorily Convertible 2010 Preference Shares)	9,216,400	132,963,300
	23,610,600	139,263,300

The company has split its equity shares face value from Rs. 10 each to Re. 1 each on 7th January, 2011.

Before split up in value of equity share, the compulsorily convertible preference shares have been converted into 664816 equity share of Rs. 10 each. And Compulsorily Convertible Debentures have been converted into 144604 equity shares of Rs.10 each.

*Compulsorily Convertible Preference Shares Series II of Rs. 100 each are expected to get converted into equity shares by 6th August, 2012.

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

4 Reserves and surplus

	March 31,2011	March 31,2010
General reserve		
- Balance brought forward	7,746,000	7,746,000
- Additions during the year	3,893,512	-
- Reduction during the year	(5,084,832)	
	6,554,680	7,746,000
Capital reserve	14,678,003	14,678,003
Statutory Reserve	7,564,848	
Foreign currency translation reserve	-	(146,672)
Security Premium	181,428,519	-
Profit and loss account, balance carried forward	1,120,661	3,850,956
	211,346,711	26,128,287

5 Secured loans

	March 31,2011	March 31,2010
Bank Overdraft	38,487,315	-
Lines of Credit	20,947,732	-
	59,435,047	-

Nature of security

Bank overdraft is secured against hypothecation of book debts, stock, other receivables

6 Unsecured loans

	March 31,2011	March 31,2010
CCD Application Money	-	41,573,242
Loan from owner of IMT	61,967,724	-
Loan from Related Entities	51,540,838	-
12% Debentures (CCD Series II)*	28,224,200	-
Other unsecured loans	160,412,879	52,987,934
	302,145,641	94,561,176

*Expected date of conversion in equity shares is 07th Aug, 2012.

7 Investments

	March 31,2011	March 31,2010
Long term (Unquoted, at cost)		
100 (2010:Nil) equity shares of Re. 1/- each fully paid of Idhasoft Ltd.		
Saraswat Co-Op Bank Ltd.	100	-
	25,000	-
Aggregate value of unquoted investments		
	25,100	-

(Refer Note 25 for number of units purchased and sold during the year)

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

8 Sundry debtors (Unsecured)

	March 31,2011	March 31,2010
Debtors	181,798,780	54,450,887
	181,798,780	54,450,887
Less: Provision for doubtful debtors	813,122	-
	180,985,659	54,450,887

9 Cash and bank balances

	March 31,2011	March 31,2010
Cash in hand	20,138,742	127,325
Balances with scheduled banks	69,465,359	108,761,850
Book Overdraft	(7,870,874)	-
Fixed Deposit with Bank	12,874,628	-
	94,607,855	108,889,175

10 Unbilled Revenue

	March 31,2011	March 31,2010
Unbilled Revenue	7,884,702	712,538
	7,884,702	712,538

11 Loans and advances

(Unsecured and considered good)

	March 31,2011	March 31,2010
Loan to Related Entities	130,140,654	42,662,313
Loan to Employees	148,250	-
Loan to subsidiaries*	127,757	-
Loan to Director	-	4,170,000
Taxes paid in advance	-	2,365,998
Advances to Employees	-	353,419
Prepaid Expenses	8,070,341	1,937,098
Deposits	4,149,460	-
Interest receivable	19,166,446	-
STL-SHC	36,206,261	-
Loan to Others	13,222,345	7,678,202
Other Current Assets	254,114	2,583,118
VAT Receivables	-	366,850
TDS Receivables	-	9,667,146
	211,485,628	71,784,144

The Company has entered in Financial transaction with Aravandrud Capital and gave loan of Rs. 13,650,00 (USD 30,000) against Personal Guarantee of Mr.Arvind by way of Post dated cheque of equivalent amount. The Company exercised its right of Guarantee and deposited the cheque for encashment, which was not honoured by bank. The Company has filed a suit under Section 138 of Negotiable Instrument Act, 1881. As per management the said amount is fully recoverable.

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

12 Current liabilities

	March 31,2011	March 31,2010
Provision for expenses	37,081,398	12,507,520
Sundry creditors (Refer Note 24)	21,914,717	11,942,518
Other Current Liabilities	100	11,987,213
Advance Payable to Others	-	790,327
Advance payable to Holding company	-	1,225,587
Salaries Payable	5,017,659	-
Unearned Income	1,532,489	219,406
Proposed Dividend	1,799,275	630,000
Dividend on preference shares	107,062	1,253,135
Advance from customer	1,111,478	-
Interest Payable	2,392,837	-
Payable to previous owner	8,838,174	-
	79,795,188	40,555,706

13 Provisions

	March 31,2011	March 31,2010
Provision for Gratuity	176,160	-
Provision for Leave Encashment	616,226	-
Provision for income tax	266,773	3,380,677
Provision for Service Tax	1,183,003	-
Dividend tax	316,620	312,769
Profession Tax Payable	32,324	-
VAT Payable	406,641	287,795
TDS Payable	1,082,704	2,659,305
Provision for Fringe benefit tax	3,000	-
	4,083,452	6,640,546

14 Other income

	March 31,2011	March 31,2010
Interest on bank deposits	397,658	187,171
Interest - Others	20,973,493	-
Miscellaneous income	4,292,320	2,223,637
	25,663,471	2,410,808

15 Personnel costs

	March 31,2011	March 31,2010
Salaries, bonus and allowances, including overseas employee expenses	255,102,402	34,450,940
Consultancy Fees	13,508,503	665,349
Gratuity	452,050	-
Leave Encashment	616,226	-
Staff welfare	1,668,847	446,054
	271,348,028	35,562,343

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

16 Selling, general and administration costs

	March 31,2011	March 31,2010
Rent	18,313,319	1,099,581
Travel and conveyance	34,352,536	4,420,008
Communication Expenses	3,572,564	470,457
Legal and professional fees	6,426,067	282,132
Consultancy Charges	-	1,240,313
Commission	1,715,778	-
Advertisement and publicity	2,750,017	311,995
Subscription, registration and license fee	5,977,214	-
Auditor's remuneration	950,393	346,000
Sundry Balances written off	-	683,846
Printing and stationery	384,329	17,644
Training Fees	-	14,626
Loss on sale of asset	-	21,576
Business Development Expenses	15,501,852	5,000
Electricity	544,707	125,346
Office expenses	20,266,945	879,744
Repairs and maintenance	2,815,935	341,201
Insurance	2,610,929	57,531
Bank charges & commission	457,690	124,038
Preliminary expenses written off *	-	693,305
Directors Remuneration	-	44,275
Foreign exchange loss/(gain), net	8,448,949	278,971
Miscellaneous expenses	87,549	2,439,639
Allocated Exp	2,259,221	-
Rates and taxes	3,204,300	-
Selling, general and administration costs	283,669	-
	130,923,963	13,897,228

17 Interest Cost

	March 31,2011	March 31,2010
Bank Interest	2,926,385	65,582
Finance Charges	6,855,793	-
Interest on CCD	3,513,751	-
Interest - Others	817,727	-
	14,113,656	65,582

18 Taxes

	March 31,2011	March 31,2010
a) Provision for tax expense consists of the following:		
Current taxes	11,522,226	2,324,770
	11,522,226	2,324,770
Deferred tax expense / (credit)	(2,480,811)	(10,789)
	14,003,037	2,313,981

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

18 Taxes (continued..)

The significant components of deferred tax asset and liability consists of the following:		
Depreciation	204,085	6,934
Provision for leave encashment and gratuity	257,090	-
Provision for Rent Equilisation (AS-19)	369,813	-
Short term capital loss	1,649,823	-
Opening Deferred tax liability	(17,756)	(24,690)
Total Deferred Tax Liability	2,463,055	(17,756)

19 Miscellaneous expenditure (to the extent not written off)

	March 31,2011	March 31,2010
Set Up Cost	-	4,192,187
Share allotment expenses	-	1,283,481
	-	5,475,668

20 Auditor's remuneration

	March 31,2011	March 31,2010
Remuneration to auditors consists of the following:		
Audit fees	215,000	215,000
Tax audit fees	35,000	35,000
Other services	156,500	96,000
Global Auditors'	543,893	-
	950,393	346,000

21 Goodwill

	March 31,2011	March 31,2010
Goodwill on Business Acquisitions	15,047,307	8,289,901
Goodwill on consolidation	153,163,129	46,879,129
	168,210,436	55,169,030

22 Note on Acquisition of Information Management Technology Company Ltd:

- Mr. Jassim Mohamed Salem Al-suwaidi, Chairman & CEO of Al-Suwaidi Holding Company has provided an undertaking dated March 13, 2011 to effect the transfer of 51% holding of Information Management Technology Company Ltd ("IMT") in the name of Prism Informatics Pte Limited.
- The Assets and Liabilities prior to the date of acquisition have not been acquired by Prism Informatics Pte. Limited Singapore. At the time of consolidation, liability to the effect of Rs. 61,974,127 (SAR 5,134,559) has been provided in the financial statement of IMT for disclosure purpose. These financial statements have been certified by the nominated board of directors of IMT on May 20, 2011.
- Prism Informatics Pte. Limited Singapore has agreed to a fair value of IMT at USD 500,000 as on the date of amended SPA and has made provision of USD 255,000 for 51%. Prism informatics Pte. Limited Singapore shall pay 80% of new net income of IMT towards this liability on or before December 31, 2014. In the event of non payment of USD 255,000 to Al-Suwaidi Holding Company till December 31, 2014, Prism Informatics Pte. Limited Singapore shall have an option either to pay-up the short fall or surrender proportionate holding of IMT shares free from all encumbrances and the indemnities along with all rights and interest of any nature to Al-Suwaidi Holding Company.
- Shares of IMT acquired by Prism Informatics Pte. Limited Singapore shall be locked in and non transferable up to December 31st, 2014. Further, Prism Informatics Pte. Limited Singapore has agreed to waive the right to receive all dividends, distributions or any return of capital declared, paid or made by IMT till the aforementioned 51 % of the fair value is paid to Al-Suwaidi Holding Company.
- The company is in further negotiation with Information Management Technology Company Ltd . for certain clauses indicated in SPA, these clauses may influence acquisition liability. Any such changes shall be incorporated in Financial Statement in the year in which they are agreed upon by the parties.

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

23 Related party transactions

a) Names of related parties and nature of relationship where control exists

Sr. No.	Category of related parties	Names
1	Key management personnel	1) Alok Pathak
		2) Dr. Nirmal Jain
		3) Dr. Ajay Sharma
		4) Mohan Natarajan
2	Parties with substantial interest	1) Finasys Consultants Pvt Ltd
		2) Idhasoft Limited

b) Related party transactions

Nature of the transaction	Key management personnel		Parties with substantial interest	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Transactions during the year ended 31st March, 2011				
Investments purchased	-	-	-	-
Sale of investments	-	-	-	-
Reimbursement of expenses	93,095	-	-	26,819
Loans received	-	-	66,362	-
Loans repaid	-	-	-	-
Sale of asset	-	-	-	-
Service income	-	-	-	4,699,992
Purchases of licences	-	-	-	-
Remuneration paid	-	44,275	2,439,104	-
Sitting fees paid	-	-	-	-
			-	
Balance as at 31 March				
Investments	-	-	-	-
Debtors	-	-	-	-
Creditors	-	-	-	-
Loans payable	-	-	343,765	-
Loans to subsidiaries	-	-	-	-
Advances payable	-	-	-	-
Advances recoverable from subsidiaries	-	-	-	-
Reimbursement payable	-	-	-	-

24 Amounts due to micro, small and medium enterprises

As at 31 March, 2011, the Company has no outstanding dues to any vendors registered with appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006. There have been no delays in settlement of dues to such vendors, warranting any payment of interest as provided in the above Act (2010 : Nil).

25 Summary of investments purchased and sold during the year

Investments purchased during the year ended March 31, 2011

	Sale Value	Cost of purchase
Investment in subsidiaries		
Nastek Solutions Pvt Limited, India	100,000	10,120,336
	100,000	10,120,336

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

Note 1: Share purchase agreement dated December 01, 2009, states that on May 31, 2010 share holding of Nastek Solutions Pvt Limited has been transferred. In pursuance of the said share purchase agreement, the addendum has been entered on dated March 2, 2011 to transfer net assets of Rs 2,303,207 (Assets Rs 5,104,789 and liabilities Rs 2,801,582). The deficit arising as result of transfer of shareholding along with the above mentioned assets Rs 5,084,832 has been netted off against the reserve.

26 Reconciliation of basic and diluted shares used in computing earnings per share

	March 31,2011	March 31,2010
Number of shares considered as basic weighted average shares outstanding	12,105,150	6,300,000
Add: Effect of dilutive issues of stock options/warrants/preference shares	2,446,343	3,469,200
Number of shares considered as weighted average shares and potential shares outstanding	14,551,493	9,769,200

27 Leases

Rent expense for all operating leases for the year ended 31 March 2011 aggregated to Rs. 18,313,318.64 (2010:Rs.243,000)

28 Names of non-scheduled banks, balances at year end and maximum amount of outstanding during the year

	March 31,2011	March 31,2010
Axis Bank A/c (909020041819502)* (Maximum balance outstanding during the year: Rs. 61,394,791.88 ; 2010: Rs. 110,869,232.90)	(7,870,874)	61,394,792
Axis Bank Ltd - EEFC Account (Maximum balance outstanding during the year: Rs. 2,507,863.14 ; 2010: Rs. 1,564,312.19)	6,340	1,522,798
HSBC Bank A/c No.030-722359-001 (Maximum balance outstanding during the year: Rs. Nil ; 2010: Rs. 100,000)	-	100,000
ICICI Bank A/c No.015105010678 (Maximum balance outstanding during the year: Rs.3,000,000 ;2010: Rs. 3,000,000)	915	3,000,000
	(7,863,619)	66,017,590

29 Loans to subsidiaries under the same management

	March 31,2011	March 31,2010
Loans and advances include loans to subsidiaries under same management under section 370 (1) (B) of the Companies Act 1956:		
Nastek Solutions Pvt Ltd (Maximum amount outstanding during the year Rs. 68,705,000 2010: Rs. 89,55,000)	-	8,955,000
Idhasoft Limited (Maximum amount outstanding during the year Rs.110,000,000, 2010: Rs. Nil)	95,280,040	-
	95,280,040	8,955,000

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2011 | (Currency: in Indian Rupees)

30 Supplementary statutory information

	March 31,2011	March 31,2010
(l) Managerial remuneration		
Salaries and allowances	-	44,275
	-	44,275

- (a) Provisions for gratuity and leave encashment in respect of Directors are not included above, as actuarial valuation is done on an overall Company basis.
- (b) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 has not been disclosed, as commission by way of percentage of profits is not payable for the year to the Directors.
- (c) Sitting fees paid to non-executive director not included above aggregated Rs. NIL (2010: NIL).

31 Supplementary statutory information

	March 31,2011	March 31,2010
(l) Earning in foreign currency		
Service income	84,520,508	6,286,129
Prior period revenue	-	-
	84,520,508	6,286,129

32 Employee Benefit Plans

In accordance with The Payment of Gratuity Act, 1972, the company has made provision for defined retirement plan covering all employees working under Indian operations. The plan provides lumpsum payment to vested employees at retirement or termination of employment based on the respective employees defined portion of last salary and the years of employment with the company. the contribution is made based upon actuarial valuation performed by an actuary. the company has provided Rs. 452050.00/- as current year contribution. the contribution shall be paid to a fund administered by Life Insurance corporation of India.

33 Prior year comparatives

Previous year figures have been appropriately reclassified to conform to the current year's presentations.

34 Segmental information

Geographical Segments

As at March 31, 2011 and for the year then ended

Particulars	INDIA	USA	Europe	South East Asia
Segment Revenue	168,679,299	192,291,013	142,689,903	216,911,170
Segment Results	51,913,095	216,948	(22,943,463)	12,240,258
Capital Employed	241,803,433	26,632,362	4,431,648	50,053,695

CEO/CFO CERTIFICATION:

The Board of Directors
Prism Informatics Limited

- (a) We have reviewed the financial Statements, read with the cash flow statement of Prism Informatics Limited for the year ended 31st March, 2011 and that to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee
- (i) Significant changes, if any, in internal control over financial reporting during the year;
- (ii) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Date: 30th May, 2011
Place: Navi Mumbai

For Prism Informatics Limited
Alok Pathak
Managing Director

Persons constituting group within the definition of "group" for the purpose of Regulation 3 (1) (e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of shares and take over) Regulation, 1997 includes the following:

Sr. No	Name of Person/Entity	Sr. No	Name of Person/Entity
01	Mr. Alok Pathak	04	Mr. Mohan Natarajan
02	Mrs. Seema Pathak	05	Dr. Ramesh Subramaniam Iyer
03	Mr. Christof Anderi	06	Omisha Soft tech Solutions Limited

Members Updation Form

Dear Shareholder:

Request to update your email-id for Company records.

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies and has issued a circular on April 21, 2011 stating that the service of document by a company can be made through electronic mode. Keeping in view the underlying theme and the circular issued by MCA, we propose to send documents like the notice calling the annual general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form, to the email address provided by you.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill this form and register the same with Company's Registrars and Transfer Agents, Sharex Dynamic (India) Private Limited. Postage for sending the feedback form will be borne by the Company.

Thank you,

PRISM INFORMATICS LTD.
Shareholder Services

Please print clearly

EMAIL-ID UPDATE FORM

To,
Prism Informatics Ltd.
B-505, BSEL Tech Park, 5th floor, Opp. Vashi Railway Station Sector 30A,
Vashi Navi Mumbai-400705 INDIA

Name of Sole/ First Holder:

Folio Number:

DP ID:

Client ID:

Current Address (street address or P. O. Box):

City, State and Zip Code

Telephone Number:

Your E-Mail Address:

Date: _____

(Sign of Shareholder)

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PERMIT NO: NMD/BRP/72/2011-2012

Navi Mumbai Division, Panvel - 410206

NO
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IN INDIA

To,
Prism Informatics Limited
B-505, BSEL Tech Park, 5th floor, opposite Vashi Railway Station
Sector 30A, Vashi, Navi Mumbai 400705,
Phone: +91-22-65724261, Fax: +91-22-66096704.

ATTENDANCE SLIP

(to be presented at the entrance)

29th ANNUAL GENERAL MEETING ON FRIDAY, AUGUST 12, 2011 AT 11.00 AM (IST) at Four Points Hotel, Near Vashi Railway Station, Vashi, Navi-Mumbai 400 705, India.

Folio no: _____ DP ID No.: _____ Client ID No.: _____

Name of the member: _____ Signature: _____

Name of the proxyholder: _____ Signature: _____

1. Only Members/Proxyholders can attend the meeting.
2. Members/Proxyholders should bring his/her copy of the Annual Report for reference at the meeting.

PRISM INFORMATICS LIMITED

Registered Office: B-505, BSEL TechPark, Sector 30-A, Opp. Vashi Railway Station, Vashi, Navi Mumbai- 400 705, India.

PROXY FORM

(to be presented at the entrance)

I/We _____ of _____ being member(s) of the above named Company, hereby appoint _____ of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 29th Annual General Meeting of the Company to be held on August 12, 2011 at 11.00 am (IST) at Four Points Hotel, Near Vashi Railway Station, Vashi, Navi-Mumbai 400 705, India, or at any adjournment thereof.

Folio no: _____ DP ID No.: _____ Client ID No.: _____

Number of shares held: _____

Signed this : _____ day of _____ 2011.

Signature: _____

Affix Re 1
Revenue
Stamp

This form is to be used ** in favour of / or **against the resolution. Unless otherwise instructed, the Proxy will act as he thinks fit. **Strike out whichever is not desired.

Notes:

1. This Proxy must be lodged with the Company at its Registered Office at B-505, BSEL TechPark, Sector 30-A, Opp. Vashi Railway Station, Vashi, Navi Mumbai- 400 705, India, not less than 48 hours before the time for holding the aforesaid meeting.
2. Those members who have multiple folios with different joint holders may use copies of their Attendance/Proxy Slip.

Our Customers

**Godrej
Properties**

**Lodha
Group**

**@Home
Retail**

**Thomas
Cook**

**Crompton
Greaves**

C. Mahendra

**Concord
Blue**

**Classic
Marbles**

CEAT

Raymond

Onida

Hager

Hemas

**Textured
Jersey**

PABC

**Lankem
Ceylon**

Haycarb

Nippolac

**Ceylon
Biscuits**

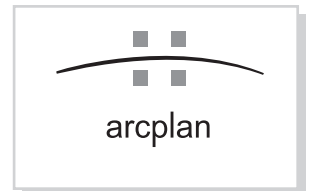
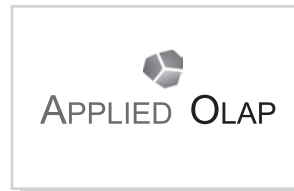
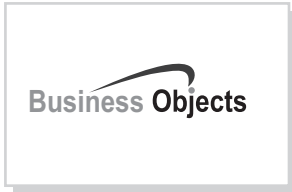
**Dialog
Telecom**

COH

Unique

IARC

AMALGAM

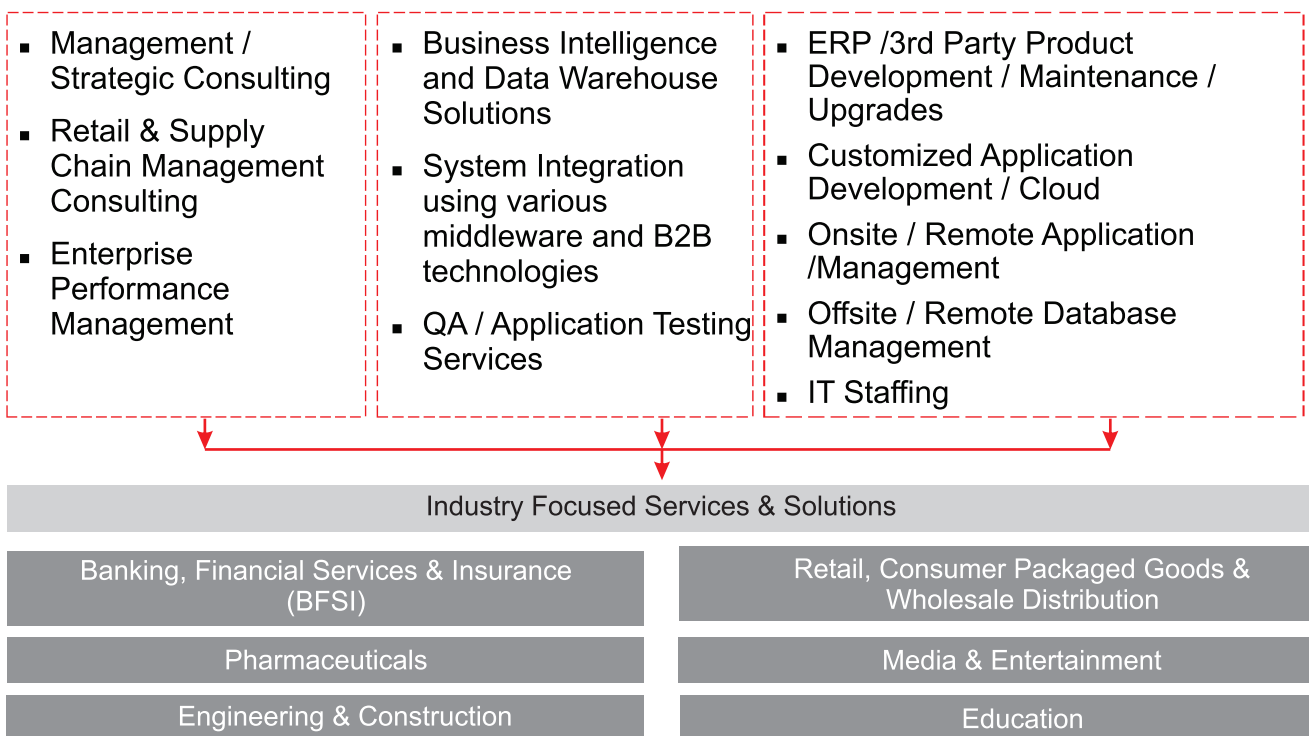


Service Offering: Industry focused solutions

Prism has tailored its offerings to suit the business needs and overcome the challenges. Our team of highly experienced domain experts ensures that each solution is aligned to your specific needs.

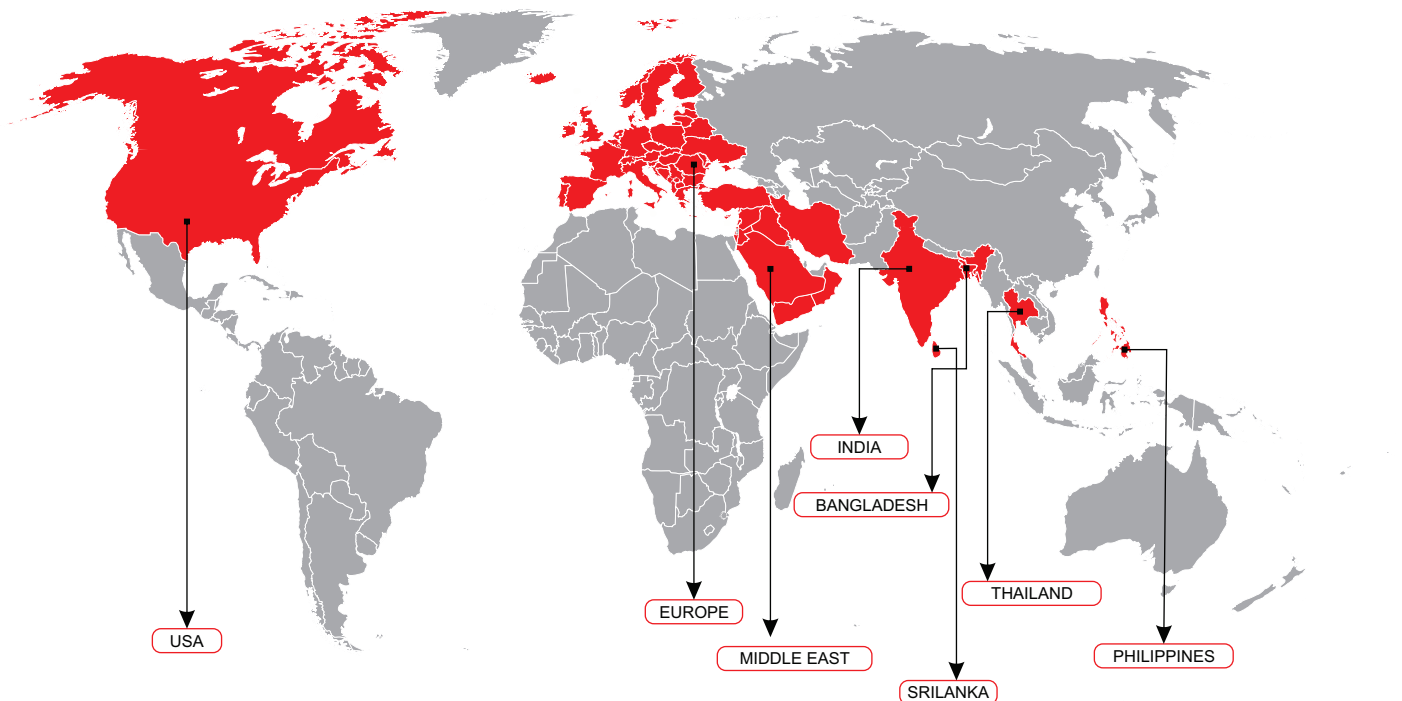
We intricately understand the varying needs of our customers and develop well- packaged solutions that exceed expectations. On time, cost-effective solutions have led us to consistently serve clients across the globe. We provide a complete holistic range of solutions by leveraging our deep domain expertise and close-knit associations with leading technology companies. Our services & solutions are powered by our impeccable team that spans across many industries and can greater increase your company's internal processes making daily task more proficient.

Our methodologies takes us through several processes which allow us to fully understand your environment, contracts, business requirements, desired vendor relationships and actual software usage. We utilize the information gathered to build solutions and implementation strategies to optimize your software and IT investments.



- More companies on the anvil for takeover, particularly in Europe and Middle East.
- Looking at large growth over next 3 years, mainly driven by inorganic route.
- Constantly rewarding investors.
- Exploring different geographies.
- Build global scale and yield in the high growth global market
- Improvements in performance across all Divisions, including acquired businesses

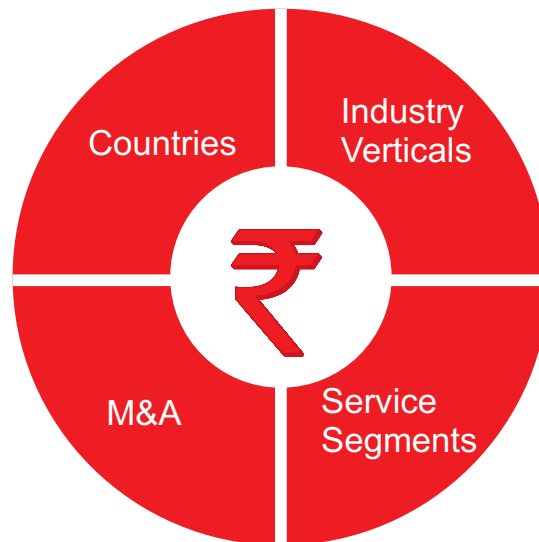
Geographical Footprint



Expanding its Geographical Footprint to service Clients effectively..

Our strategy for the next million & beyond

Differentiated approach for Developed and Emerging countries



Deep vertical expertise in chosen areas to create tailored/differentiated solutions

Strategic investments to accelerate market presence and leadership position in chosen verticals

Focus on incubating new business ideas into sizable businesses





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