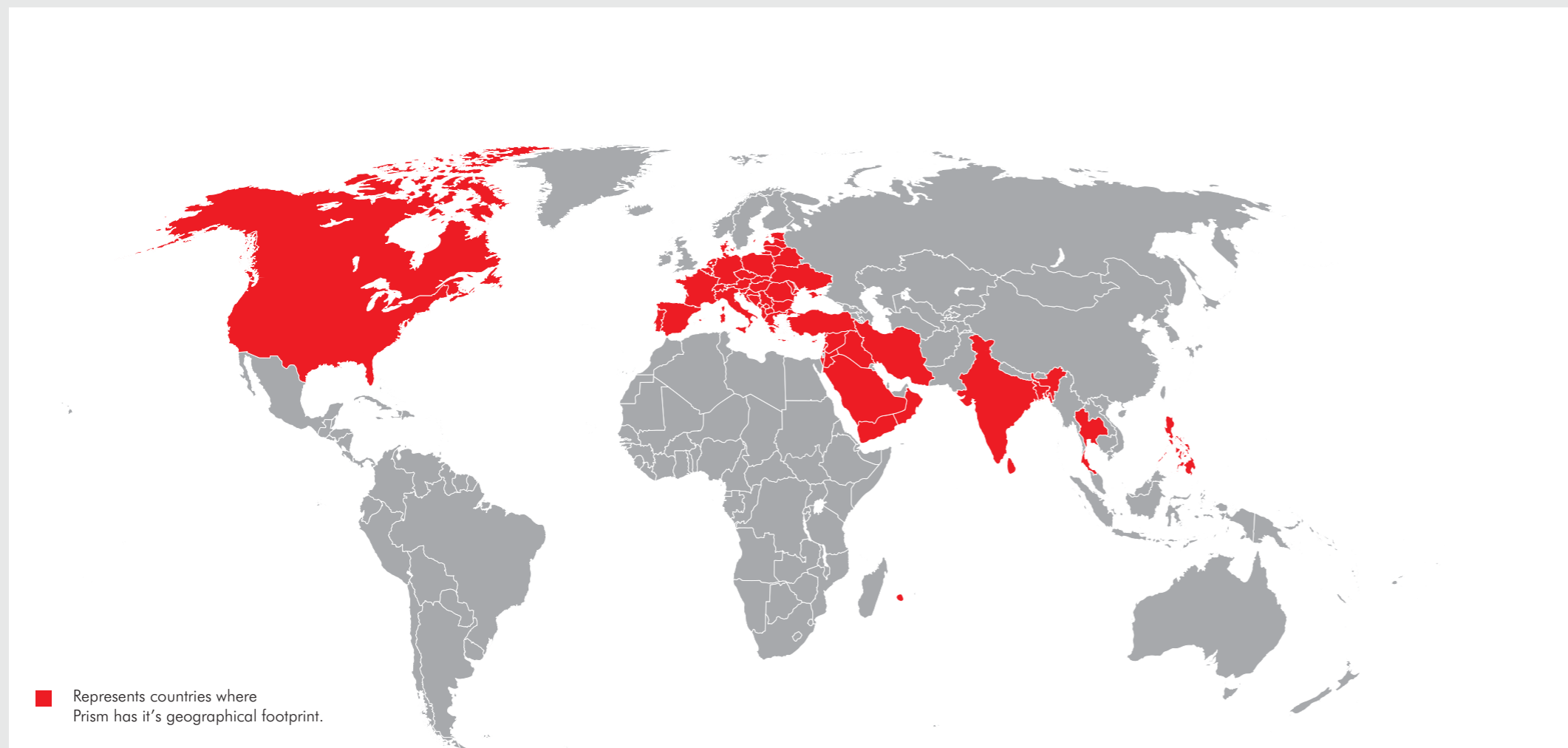


Annual Report

for the year ended March 31, 2012



■ Represents countries where Prism has its geographical footprint.

A full list of the countries where Prism has its offices can be found on the back cover of this document.

Prism Informatics Ltd. (BSE: 505530) is a BSE listed entity in the field of software development and IT business consulting services provider headquartered in Navi Mumbai, India.

- Global Management Consulting and Technology Services Company headquartered in Mumbai.
- Provides a range of services for a variety of industry verticals including BFSI, Retail, HealthCare, Education, Technology and Engineering.
- Caters to the Enterprise customers through its range of services from Software Application Development and Strategic IT Consulting, IT Security, Implementation and support of third Party Enterprise-wide products.
- Quality standards adherence to ISO 9001:2000
- Client Centric = Strong Partnership

Expanding its Geographical Footprint to service Clients effectively..

- Prism (India) has been honored with the recognition of SAP Business Analytics award at SAP PARTNER SUMMIT India.
- Prism Informatics Ltd. acquires 20.28% stake in Management control of Idhasoft Ltd.
- Prism Informatics Ltd. attains the exalted status of SAP Partner Certification of Expertise (PCOE).
- Prism's global expansion continues with opening of 100% subsidiary in Dubai, a new milestone of the presence of Prism in the Middle East.
- Prism with its agreement with Bahrain based Reload Consulting is ready to boost IT Services in Bahrain by providing technology solutions to Bahrain's Reload Consulting WLL.
- Prism's SAP Practice won & delivered multiple projects in Q3 and Q4 of 2011-12 including, Hemas, Amby Valley (Sahara), Unique Group of Companies, Sahara Q Shop FINO and Lankem Ceylon Plc, Srilanka.
- Prism expanded its service and product portfolio in eastern Europe by opening Prism Informatics Austria, GmbH in Vienna providing door to prism toward market in eastern Europe. Prism Europe by advancing SAP technology initiatives is on the best way to achieve its ambitious growth targets beyond the Central Europe region.



Awarded by IBM as a Most Valued Partner for Cognos Business Analytics Solutions



Awarded by SAP as a Highest Revenue and New Names Contributor



Received "Business Analytics Recognition Award 2011-12" by SAP



Highest Revenue & New Names to SAP in 2009



Participation at Asia ITEX Event



Participation at India's largest ICT Event 2008

IT industry is expected to grow as a vivacious sector which focuses mainly on high end innovations as well as application of new technologies. In the last 3 decades, the world's software industry has been developing swiftly and outlook has also been changing dramatically. However, the recent global financial crises and unpredictability in currency exchange rates have deeply impacted the IT companies as well as global companies. Given the emerging tough environment, industry will surely pave way to insulate themselves against all kinds of adverse factors. One has to wait and watch the new facet of IT industry.

Technology plays crucial role in rationalization and process improvement in every industry. It is our approach that differentiates us from the rest. Today, India is transforming into world IT hub and all major players in the field are working constantly towards promoting and expanding their market. At Prism, We leverage technology across every aspect of the enterprise. Our experience in various technologies and domains enable us to suggest and choose best technology and solution based on clients requirements and application type. Our consistent investments across R&D and innovation meet our inherent need to scale greater heights. We have our expertise on mobile platforms (Anroid and iOS), web based application specially those based on PHP / MySQL / AJAX / Java.net. Our technology experts are thoroughly proficient in developing rich mobile applications and web 2.0 applications. Our expertise on

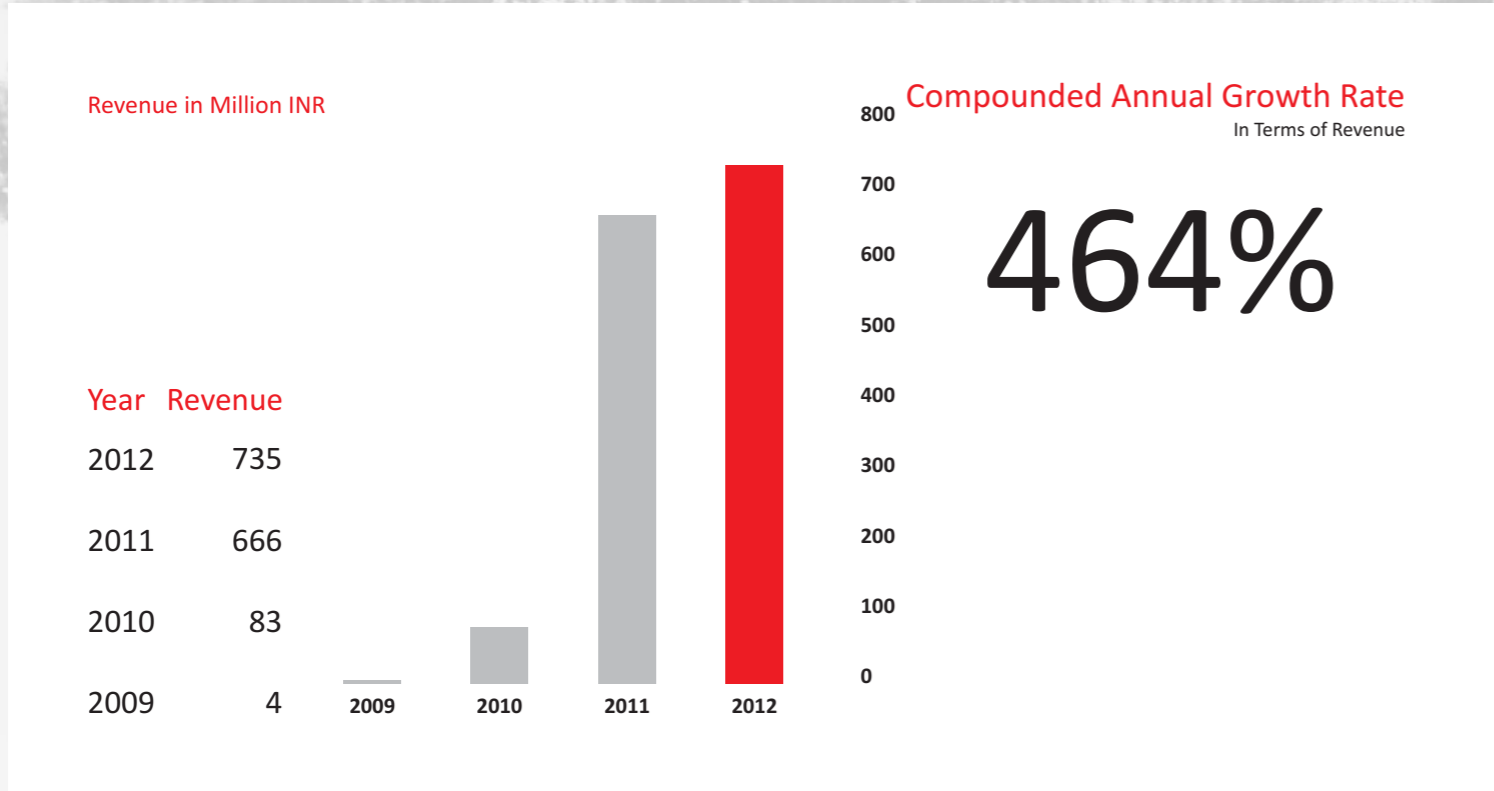


Enterprise Solutions spans across Oracle, SAP, JDE, EPM and Cognos Controller.

Our expertise in IT Security includes IT infrastructure, Data center consolidation and Information Security Consulting and Auditing. We also have our own Managed Security Operations Center based in Pune where we provide remote threat management and fraud detection services in realtime environment. We are in phase of implementation of ISO27001 best practices known as Information Security Management systems.

We provide extensive consultancy to our customers "How to secure your information assets". Technology is ever changing part of your IT infrastructure. To keep up to the speed to customer requirements as well as keep edge over competition; we also adopt new technology. When we adopt it, we also understand the Risk associated with it and try to put as many required controls as we can, to save the information assets.

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(Chairman and Vice Chairman are independent directors and do not have any financial interest in the Company)

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.



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.



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.



Saurabh Dani (Director)

- MBA from the American International College, USA .
- He belongs to the promoter group of Asian Paints Ltd., and is Vice Chairman & Managing Director of Secure Matrix India Private Limited.
- Member of CSI, eISA, ISACA, CYSI, Vice Chairman (IT Committee) of the IACCI and Regional Chairman of ESC.

Registered Office

B-907, 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

Company Secretary & Compliance Officer

Mr. Tulsi Daryanani

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-400072. 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



Dear Shareholder,

Prism ended FY 2011-2012 on a strong note despite challenging economic conditions. The decisions we have taken over the last two years have enabled us to enhance customer engagement and achieve higher revenues.

On consolidated basis revenue has increased from Rs. 66.58 Crores to Rs. 68.60 Crores, up by 3.03%. Natural Calamity in South East Asia in current fiscal has resulted in fall in revenue generation from South East Asia segment from Rs. 21.69 Crores last year to Rs. 12.27 Crores current fiscal. Company ended FY 2011-2012 booking loss of 0.82 Crores as against the profit of Rs. 0.90 Crores last fiscal on account of said natural calamity and

on account of acquisition cost being written off as acquisition of GOD Barcode Marketing (GODBM) was called off resulting in writing off of initial investment of Rs. 2.73 Crores. Management is pursuing legal remedies available to recover the same. Excluding the extra ordinary loss of GODBM acquisition write off, the net profit of the Company would have been Rs. 1.91 Crore.

The IT Services industry is facing the twin challenges of commoditization and scalability. Clients today are increasing turning to service providers who understand their business and their challenges. Since much of the outsourcing benefits have already been realized, Demand is shifting from traditional horizontal offerings to industry-specific high value offerings. Prism is in position to cope with these difficulties and have balance between short term market opportunities with Medium to long term strategic intent.

A sense of achievement and satisfaction meets us as we put fiscal 2011-12 behind. We are confident that we will continue to counter challenges successfully by strengthening our processes and continuing on the path of sturdy growth. In the years ahead, Information technology will continue to be an essential building block of national development. Prism will continue to be one of Cost efficient company which participates in development of IT Industry while meeting its social responsibility to its stakeholders and the communities which it serves.

Notice for Annual General Meeting

Notice is hereby given that Thirtieth Annual General Meeting (AGM) of the members of Prism Informatics Limited will be held on 17th August, 2012 at 11.00 AM 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 2012, Profit and Loss Account for the year ended on 31st March 2012 and the reports of Board of Directors and Auditors thereon.
2. To confirm the declaration and payment of interim dividend for the year ended 31st March, 2012 and to declare the interim dividend as final dividend.
3. To appoint a Director in place of Dr. Nirmal Jain, 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."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. Saurabh Dani, who was appointed as Additional Director of the Company by the Board of Directors on 14th November, 2011 and who holds office under Section 260 of the Companies Act, 1956, (the Act) until the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, be and is hereby appointed as a Director of the company, and will be liable to retire by rotation."

6. To consider and if thought fit to pass with or without

modification the following resolution as an **ORDINARY RESOLUTION for Reclassification of Authorised Share Capital of the Company**:

"RESOLVED THAT the existing Authorised share capital of Rs. 21,75,00,000 (Rupees Twenty one crores seventy five Lakhs only) divided into 1,75,00,000 (one crore seventy five lakhs) equity shares of Re. 1/- (Rupees one only) each aggregating to Rs 1,75,00,000 (Rupees one crore seventy five Lakhs) and 20,00,000 (Twenty Lakhs) Preference shares of Rs 100 (One Hundred only) each aggregating to Rs 20,00,00,000 (Rupees Twenty crores) be and is hereby reclassified into 4,03,47,800 Equity Shares of Re. 1 each aggregating to Rs. 4,03,47,800 (Four Crores Three Lakhs Forty Seven thousand and Eight Hundred) and 17,71,522 Preference Shares of Rs. 100/- each aggregating to Rs. 17,71,52,200 (Seventeen Crores Seventy one Lakhs Fifty Two thousand and two hundred) by reclassification of 2,28,478 Preference Shares of Rs. 100 each into 2,28,47,800 Equity Shares of Re. 1/- each and that Clause V(a) of the Memorandum of Association be altered accordingly.

RESOLVED FURTHER THAT Mr. Alok Pathak, Managing Director of the Company and/ or Mr. Tulsi Daryanani, Company secretary and compliance officer of the company, be and are hereby jointly and severally authorized to take the necessary steps as may be required to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in connection with or incidental to giving effect to the aforesaid resolutions including filing of necessary e form with Registrar of Companies"

7. To consider, and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution for Appointment of Bhuman Dani son of Saurabh Dani as "Operational manager"**:-

SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 314, notification dated 2nd May, 2011 issued by Ministry of Corporate Affairs and other applicable provisions of the Companies Act, 1956, the appointment of Mr. Bhuman Dani, son of Mr. Saurabh Dani-Director of Company, as "Operational Manager"

Notice for Annual General Meeting

be and is hereby approved on remuneration of Rs. 75,000/- per month, together with the usual allowances and benefit applicable to employees occupying similar posts in the said management cadre including bonus, retiring gratuity and provident fund benefits.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary, alter or increase the remuneration of appointment of, Mr. Bhuman Dani subject to a maximum of Rs. 2, 49,999/- per month.

RESOLVED FURTHER THAT any of the director and / or Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in this regards."

For Prism Informatics Limited

Date: 30th May, 2012
Place: Navi Mumbai

Managing Director
Alok Pathak

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, Item No 6 and Item no. 7 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 and Item no. 5 of the Notice, is also annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 10th August, 2012 to Friday, 17th August, 2012 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared by the Shareholders at this Annual General Meeting.
5. Members holding shares in dematerialized 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.

Notice for Annual General Meeting

6. 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.
7. 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.
8. 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 dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Sharex.
9. 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.
10. 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.
11. 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 dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Sharex

For Prism Informatics Limited

Date: 30th May, 2012
Place: Navi Mumbai

Managing Director
Alok Pathak

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, Item No.6 and item no.7 of the accompanying Notice dated May 30, 2012:

Item No 5:

Mr. Saurabh Dani was appointed as an additional director by the Board of Directors at its meeting held on 14th November, 2011. According to the provisions of Section 260 of the Act, he holds office up to the date of the forthcoming 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.

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

The Board recommends the resolution set forth in Item no. 5 for the approval of the members

Item No. 6

Board of Directors in the Board Meeting held on 30th May, 2012 subject to approval of Shareholders approved the reclassification of 2, 28,478 Preference Shares of Rs. 100/- each into 2,28,47,800 equity shares of Re. 1/- each. Accordingly the existing authorized share capital consisting of 1, 75, 00,000 Equity Shares of Re. 1/- each and 20, 00,000 Preference Shares of Rs. 100/- each shall be reclassified into 4,03,47,800 Equity Shares of Re. 1/- each and 17,71,522 Preference Shares of Rs. 100/- each. Company has sufficient Authorised number of preference shares which can cater needs of Company. However for conversion of Compulsorily Convertible Preference Shares into Equity shares, Company needs to have wider equity base and hence reclassification of Authorised Share Capital is required.

None of the Directors in any way interested in above said resolution except as a member of Company.

Board of Directors accordingly recommends the resolution to be passed as ordinary resolution as set out in Item no 6 for approval of the members

Item No. 7:

It is proposed to appoint Mr. Bhuman Dani, Son of Mr. Saurabh Dani, Director as operational manager, on remuneration of Rs. 75,000/- per month together with the usual allowances and benefit applicable to employees occupying similar posts in the said management cadre including bonus, retiring gratuity and provident fund benefits.

In terms of the provisions of section 314(1B) of the Companies Act, 1956 for fixing and enhancing the maximum amount of remuneration of any relatives of the director of the Company, a special resolution needs to be passed.

As per new circular of Central Government G.S.R 303 (E) dated: 6th April, 2011, Director's Relatives (office or Place of Profit) Rules, 2011, shareholders approval is required for the payment of remuneration up to Rs.2,49,999 per month.

The Board of Directors recommends the same for approval of the members of the Company as Special Resolution.

None of the directors except Mr. Saurabh Dani is interested or concerned in the said resolution.

For Prism Informatics Limited

Date: 30th May, 2012

Place: Navi Mumbai

Alok Pathak
Managing Director

Explanatory Statement

Details of Directors Seeking Appointment/Re-appointment at the Annual General Meeting as per Clause 49 (G) 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 2012	Relationship with other Directors
01	Mr. saurabh Dani **	November 9th ,2011	B.COM, LLB, MBA (USA), cVa™, ISO 27001 LA, PMP ,ITIL Foundation	1.) Dani Shares and Stocks Pvt Ltd. 2.) Dani Financials Product Pvt Ltd. 3.) Secure Matrix India Pvt Ltd. 4.) Secure Matrix Global Ltd. 5.) Secure Matrix Solutions Pvt Ltd. 6.)Dani Commodities Pvt Ltd. 7.)Dani Properties Pvt Ltd.	2,92,120	None
02	Dr. Nirmal Jain	November 7th,2009	B Tech, IIT Mumbai and Phd from University of Hawaii (US), Advance Management Program at Harvard Business School.	1) Triton Mentors & Advisors Private Limited 2) Rhombus Consulting India Pvt. Ltd.	None	None

Note: *Directorships in Body Corporate, 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.

**** Mr. Saurabh Dani was added as promoter of company on 9th September, 2011. As on 30th May 2012, Mr Saurabh Dani along with his group holds 13,15,665 equity shares of company constituting 8.91 % of equity share capital of company. Out of said 13,15,665 equity shares Mr. Saurabh Dani holds 2,92,120 equity shares constituting 1.98% of equity share capital of company in his own name.**

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 31.03.2012.

1. FINANCIAL PERFORMANCE:

The Standalone financials of the Company for the financial year ended March 31, 2012 are as follows:

STANDALONE RESULTS

Particulars	April 1, 2011 to March 31, 2012	April 1, 2010 to March 31, 2011
Total Income	270,427,442	168,679,299
Less: Total Expenditure	244,550,895	123,631,103
Profit before Depreciation	26,292,097	45,496,728
Depreciation	415,550	448,532
Profit after Depreciation and before prior period items	25,876,547	45,048,196
Less: prior period items	Nil	Nil
Profit before taxation	25,876,547	45,048,196
Provision for Taxation:		
Current Tax	5,500,000	8,593,882
Deferred Tax	98,715	(2,480,811)
Net profit after tax	20,277,832	38,935,125
Profit brought forward	30,209,634	3,097,084
Amount available for appropriation	50,487,466	42,032,209
General Reserve	Nil	3,893,512
Less: Appropriations		
Interim Dividend	Nil	4,893,366
Equity Dividend	738,402	1,799,275
Preference Dividend	369,666	1,07,062
Dividend Tax	184,036	1,129,360
Profit transferred to Balance sheet	49,195,362	30,209,634

The Consolidated financials of the Company for the financial year March 31, 2012 are as follows:-

CONSOLIDATED RESULTS:

	April 1, 2011 to March 31,	April 1, 2010 to March 31, 2011
Total Income	763,781,026	691,489,530
Less: Total Expenditure	804,900,348	665,460,880
Profit before Depreciation	(2,99,68,114)	3,09,09,290
Depreciation	11,151,209	48,80,639
Profit after Depreciation and before prior period items	(4,11,19,323)	2,60,28,651
Less: Extra ordinary Items	(3,60,33,264)	-
Profit before taxation	(3,23,83,577)	2,60,28,651
Tax Expense:		
1) Current tax	84,76,450	1,15,22,226
2) Deferred tax	(1,16,31,123)	(24,80,811)
Net profit for year	(2,92,28,904)	90,92,282
Profit brought forward	90,92,282	1,29,43,237
Transfer to General Reserve	-	38,93,512
Less: Appropriations		
Interim Dividend	-	48,93,366
Proposed Equity Dividend	7,38,402	17,99,275
Preference Dividend	3,69,666	1,07,062
Dividend Tax	1,84,036	11,29,361

2. COMPANY'S PERFORMANCE:

On Standalone basis revenue of Company increased from Rs. 15.42 Crores to Rs. 25.61 Crores, up by 66.08% and the profit after tax has reduced from Rs. 3.89 Crores last year to Rs. 2.02 Crores current fiscal year on account of increase in employees benefit expenses.

On consolidated basis revenue of Company has increased from Rs. 66.58 Crores last year to 68.60 Crores current year, up by 3.03%. Rate of revenue growth on consolidated basis is low due to natural calamity in South East Asia which has resulted into fall in revenue from Rs. 21.69 Crores last year to Rs. 12.27 Crores current year. Company ended year 2011-2012

booking a net loss of 0.82 Crores as against the profit of 0.90 Crores last year due to said natural calamity and on account of acquisition cost being written off as acquisition of GOD Barcode Marketing (GODBM) was called off resulting in writing off of initial investment of Rs. 2.73 Crores. Management is pursuing legal remedies available to recover the same. Excluding the extra ordinary loss of GODBM acquisition write off, the net profit of the Company would have been Rs. 1.91 Crore.

Directors Report

3. DIVIDEND

Company in the Last Annual General Meeting declared final dividend of 12.5% per Equity Share being Rs. 0.125 per equity share and 8% Non Cumulative Compulsorily Convertible Preference Shares being Rs. 8 per preference shares based on profits of financials of year ended 31st March, 2011.

Board of Directors of the Company in the Board Meeting held on 14th November, 2011 declared interim dividend of 5% on equity shares of the Company being Re. 0.05 per equity share and 8% on Non Cumulative Compulsorily Convertible Preference Shares being Rs. 8 per Preference shares based on profits for the quarter ended 30th September, 2011.

Managing Director of Company recommended at the Board Meeting held on 30th May, 2012 that Interim Dividend of 5% on the issued equity capital of the Company and 8% Non Cumulative Compulsorily Convertible Preference Shares amounting to Rs. 11, 08,068 paid by the Company based on the profits for the quarter ended 30th September, 2011 be declared as a final dividend for the financial year 2011-2012. Board accepted recommendation of Managing Director and requested to place the item of declaring "Interim Dividend" paid by the Company at the forthcoming Annual General Meeting as final dividend for the financial year 2011-2012 subject to approval of Shareholders of Company.

4. DIRECTORS

Mr. Saurabh Dani was appointed as an Additional Director of the Company with effect from 14th November, 2011. As per the provisions of Companies Act, 1956 Mr. Saurabh Dani will hold office till the date of ensuing Annual General Meeting of the Company. Company has received special notice from a member pursuant to Section 257 of the Companies Act, 1956 proposing the election of Mr. Saurabh Dani 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.

Dr Nirmal Jain retires by rotation and being eligible offers himself for reappointment at the ensuing Annual

General Meeting.

Mr. Mohan Natarajan resigned from the Board of the Company w.e.f. 6th March, 2012.

5. HIGHLIGHTS OF 2011-2012:

i. Conversion of 2, 82,242 12% Compulsorily Convertible Debentures (CCD Series II) into Equity Shares:

2,82,242 12% Compulsorily Convertible Debentures of Rs. 100 each allotted on December 20, 2010 were converted into 3,73,830 equity shares, having a face value of Re. 1/- each (Rupees One) each at a premium of Rs. 74.50/- per share on 7th August, 2011. The Company received listing approval on 3rd October, 2011 and trading approval on 9th December, 2011 from Bombay Stock Exchange.

ii. Allotment of 2, 63,715 (nos) 8% Non Cumulative Compulsorily Convertible Preference Shares (CCPs- Series III) of Rs. 100/- each at par on preferential basis:

2,63,715 8% Non Cumulative Compulsorily Convertible Preference Shares (CCP- Series III) of Rs. 100 each at par were allotted by the Company on 16th January, 2012 by way of Circular Resolution post receipt of approval of the shareholders by way of postal ballot on 2nd January, 2012 and In-principal approval received from Bombay Stock Exchange on 12th January, 2012.

iii. Allotment of 4, 01,050 (nos) 11% Compulsorily Convertible Debentures (CCD- Series III) of Rs. 100/- each at par on preferential basis:

Company allotted 4,01,050 11% Compulsorily Convertible Debentures, Series III of Rs. 100/- each at par on 30th April, 2012 post receipt of approval of the shareholders by way of postal ballot on 26th March, 2012 and In-principal approval received from Bombay Stock Exchange on 19th April, 2012.

iv. Allotment of 2,15,643 (nos) 2% Non Cumulative Compulsorily Convertible Preference Share, Series IV of Rs. 100/- each at par on preferential basis:

Directors Report

Company allotted 2,15,643 2% Non Cumulative Compulsorily Convertible Preference Share (Series IV) of Rs. 100/- each at par on 30th April, 2012 post receipt of approval of the shareholders by way of postal ballot on 26th March, 2012 and In-principal approval received from Bombay Stock Exchange on 19th April, 2012.

v. Change in Capital Structure of the Company:

As on 31st March, 2011 the paid up capital of the Company was Rs. 2, 36, 10,600 divided into 1, 43, 94,200 equity shares of Re. 1/- each and 92,164 Preference Shares of Rs. 100/- each.

As on 31st March, 2012 the paid up capital of the Company was Rs. 5,03, 55,930 divided into 1,47,68,030 Equity Shares of Re. 1/- each and 3,55,879 8% Non Cumulative Compulsorily Convertible Preference Shares of Rs. 100/- each. Company has allotted 2, 15,643 2% Non Cumulative Compulsorily Convertible Preference Shares of Rs. 100/- each on 30th April, 2012.

Company has an existing authorized Share Capital of Rs. 21, 75, 00,000 divided into 1,75,00,000 Equity Shares of Re. 1/- each aggregating to Rs. 1,75,00,000 and 20,00,000 Preference Shares of Rs. 100/- each aggregating to Rs. 20,00,00,000. Board of Directors in the Board Meeting held on 30th May, 2012 subject to approval of Shareholders in the forthcoming Annual General Meeting of the Company has approved the reclassification of 2,28,478 Preference Shares of Rs. 100/- each into 2,28,47,800 equity shares of Re. 1/- each. Post Approval of Shareholders of Company the Authorised Share Capital of Company will be Rs. 21,75,00,000 divided into 4,03,47,800 equity shares of Re. 1/- each aggregating to Rs. 4,03,47,800 and 17,71,522 Preference Shares of Rs. 100/- each aggregating to Rs. 17,71,52,200.

6. SUBSIDIARIES:

The Subsidiaries of the Company as on 31st March 2012 are as follows:

- Prism Informatics Europe AG, Europe
- Prism Informatics Schweiz Gmbh, Europe
- Prism Informatics Deutschland Gmbh, Europe

- Prism Informatics Austria Gmbh, Europe
- Nexus Systems Resources Company Limited, Thailand
- Prism Informatics Inc., USA
- Prism Informatics Pte Limited, Singapore
- TLC Technologies Inc., USA
- Prism Software Consulting, JLT

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.

Company has formed wholly owned subsidiary in Dubai Multi Commodities Centre Authority under the name "PRISM SOFTWARE CONSULTANCY JLT to expand its market in Southeast Asia.

7. INVESTMENT IN SHARES OF AN UNLISTED COMPANY:

Company has acquired 20.28% stake in Idhasoft Limited, an unlisted company which is a fast growing, global, new generation consulting offering strategic advisory services with client base of over 1000 and has presence in US and India. Company is on track to acquire more stake in management control of Idhasoft Limited. The said acquisition will bring synergy in a strategic manner which will enable to scale up organic growth of both the entities.

Directors 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 2011-12, 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 up to 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 on annual accounts of company and have

provided clarifications wherever necessary.

As regards the comments under point no. (f) to the Auditor's Report regarding receivables balances of unbilled revenue amounting to Rs. 1,18,33,734, since the Company is engaged in Information Technology sector, revenue on ongoing projects is recognized on milestone basis as confirmed by Project Manager.

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:

Ministry of Corporate Affairs vide notification dated 31st March, 2011 have amended the Limits with respect to 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 required to be disclosed in the Directors Report. The said circular amended rule 1A of said rules and substituted the words Rs. "Twenty four Lakhs" per annum to Rs. "Sixty Lakhs" per annum and the words Rs. "Two Lakhs" per month to Rs. "Five Lakhs" per month. Accordingly as per the said amendment Company does not have any employee drawing remuneration above Rs. "Five Lakhs" per month or Rs. "Sixty Lakhs" per annum. Therefore requirement of disclosure under section 217 (2A) of the Companies Act, 1956 is not applicable.

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, 2012 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed

Directors Report

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. Company has taken an approval of Board of Directors for availing the above said exemption in the Board Meeting dated 30th May, 2012.

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.

Place: Navi Mumbai
Date: 30th May, 2012

16. ACKNOWLEDGEMENTS:

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 PRISM INFORMATICS LIMITED

Alok Pathak
(Managing Director)

Saurabh Dani
(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:

Particulars	As on 31st March, 2012	As on 31st March, 2011
Foreign Exchange Earnings	111,734,848	Rs 84,520,508
Foreign Exchange Outgo	5,68,40,624	Rs 84,520,508

For PRISM INFORMATICS LIMITED

Place: Navi Mumbai
Date: 30th May, 2012

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

Annexure "B" to Directors' Report

Statement pursuant to Section 212 (8) Of the Companies Act, 1956 relating to Subsidiary Companies:

Sr. No	Name of subsidiary company	Reporting currency	Exchange Rate as at 31 march 2012	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investment other than investment in subsidiary	Sales & Service income	Profit before taxation	Provision for taxation	Profit/(loss) after tax	Proposed dividend	Country
1	Prism Informatics Inc	USD	51.1565	28,647,640	(474,047)	91,656,057	63,482,465	15,346,950	17,314,404	(1,765,025)	-	(1,765,025)	Nil	USA
2	Nexus System Resources co.Ltd.	Thai Baht	1.6775	36,905,000	(25,879,641)	54,742,351	67,726,293	-	110,344,041	(14,265,153)	2,957,278	(17,222,431)	Nil	Thailand
3	Prism Informatics Pie limited.	SGD	41.2385	30,416,833	(13,133,251)	39,991,497	22,707,915	-	18,212,967	(7,748,523)	-	(7,748,523)	Nil	Singapore
4	Prism Informatics Europe AG	CHF	57.4030	143,507,500	(75,426,892)	133,146,308	65,065,700	-	55,222,224	(8,775,683)	-	(8,775,683)	Nil	Switzerland
5	Prism Informatics Schweiz Switzerland	CHF	57.4030	1,148,060	(2,710,758)	36,190,491	37,753,189	-	78,471,548	(2,743,243)	1,722	(2,744,948)	Nil	Switzerland
6	Prism Informatics Detuschland Germany	CHF	57.4030	20,768,405	(23,082,101)	88,182,491	90,496,188	-	181,495,267	(21,110,014)	652,936	(21,762,950)	Nil	Germany
7	Prism Informatics Austria GmbH	CHF	57.4030	2,422,981	(1,290,008)	9,314,903	8,181,931	-	12,883,752	(1,266,401)	23,607	(1,290,008)	Nil	Austria
8	TLC Technologies Inc	USD	51.1565	15,994,392	(22,831,485)	44,757,154	515,942,247	-	165,862,216	1,717,074	-	1,717,074	Nil	USA
9	Prism Software Consultancy, JLT	AED	14.1144	705,720	(1,379,979)	2,101,906	2,776,165	-	395,276	(1,360,171)	-	(1,360,171)	Nil	Dubai, United Arab Emirates

For PRISM INFORMATICS LIMITED

Place: Navi Mumbai
Date: 30th May, 2012

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

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:

Corporate Governance philosophy of Company is woven around its total commitment to ethical practices in the conduct of its business, while striving to enhance shareholder's value. Corporate Governance refers to a set of laws, regulations, and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. 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. Company will continue to focus its resources, strengths, and strategies to achieve its vision of becoming a truly global leader in software services, while upholding the core values of excellence, integrity, responsibility, unity and understanding which are fundamental to Company. The Directors of the Company are in fiduciary positions empowered to oversee the Management functions with a view to ensure its effectiveness and enhancement of shareholders' value. The Board reviews and approves Management strategic plan & business objectives and monitors the Company's strategic direction. Standards

of value, ethics and business principles are maintained and improved on constant basis by the Company by way of abiding the internal code of conduct.

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 Memorandum and Articles of Association of the Company.

2) Board of Directors:

The Current policy is to have an appropriate mix of independent and executive director to maintain the independence of Board and to separate the functions of governance and management

The Board of Directors of the Company comprises of five Directors, one Managing Director, two non executive Directors and two independent Directors .The Board believes that current size is appropriate , based on our present circumstances .The Board periodically evaluate the need for change in its composition and size .

A. Board Composition and Category:

The Composition of the Board and category of Directors are as follows:

Category	Name of the Directors
Chairman & Independent Director	Mr. Nirmal Jain
Independent Director	Dr. Ajay Sharma
Executive & Managing Director	Mr. Alok Pathak
Non-Executive Director	Mr. Saurabh Dani
Non-Executive Director	Mr. Christof Anderi

The Composition of the Board of Directors meets the requirements of Clause 49(I) (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.

Report On Corporate Governance

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) 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.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Proposals for investment, mergers and acquisitions.
- 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.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.

(iii) 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). Recording Minutes of proceedings at Board and Committee meetings

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

c) Post Meeting Follow-up Mechanism

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

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 2011-2012, Six Board meetings were convened and held on 8th April, 2011, 30th May, 2011, 11th August, 2011, 8th November, 2011, 14th November, 2012, 2nd February, 2012.

Report On Corporate Governance

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 membership/chairmanship, of the Directors are given below:

Name of Directors	Attendance of Directors in meetings held during 2011-2012 (out of 6 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	6	Yes	1	Nil
Dr. Nirmal Jain	5	Yes	2	Nil
Dr. Ajay Sharma	4	Yes	Nil	Nil
Mr. Mohan Natarajan (Resigned w.e.f 6th March, 2012)	6	Yes	3	Nil
Mr. Christof Anderi	4	Yes	Nil	Nil
Mr. Saurabh Dani (appointed w.e.f 14th November, 2011)	1	No	7	

Notes:

- 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.
- Membership / Chairmanship of the Audit Committees and Shareholders' / Investors' Grievance Committee in all Public Limited Companies have been considered.
- On 6th march, 2012, Mr. Mohan Natarajan resigned from his position of Director.

D. Most of the Decisions of the Company is taken in the Board Meeting. However due to business exigencies, availability of independent directors or urgency of matters, resolutions are passed by circulation. Following resolutions during the year 2011-2012 were passed by way of Circulation which are in accordance with the provisions of Section 292 of the Companies Act, 1956:

Date of Resolution	Resolution Passed	No. of directors approving the same
7th, August, 2011	i) Noting of result of postal announced on Saturday, July 16th, 2011. ii) Approval for conversion of 12% compulsory convertible securities of Rs 100/- each	All Directors

Report On Corporate Governance

Date of Resolution	Resolution Passed	No. of directors approving the same
24th November, 2011	1) To consider the proposal for preferential issue of 2, 63,715, 8% Non Cumulative Compulsory Convertible Preference Shares (CCPs-III) of Rs. 100/- each. 2) To consider the application to Bombay Stock Exchange for in-principle approval for the aforesaid preferential issue of NCCPs-III 3) To approve the postal ballot process to be undertaken for the above matter and to approve the appointment of M/s. Prashant Sharma & associates, Practicing Company Secretaries as Scrutinizer.	All Directors except Saurabh Dani who was interested director for this resolution being one of the subscriber to 8% NCCP's Series III
16th January, 2012	1) To allot 2, 63,715 (no's) 8% Non Cumulative Compulsorily Convertible Preference Shares, Series III of Rs. 100/- each at par on preferential basis. 2) To consider the proposal to raise funds aggregating to Rs 20 Crores (twenty crores) by issue of 2% Non Cumulative compulsorily convertible preference shares (NCCP'SIV) non preferential basis	1) All Directors except Saurabh Dani who was interested director for this resolution being one of the subscriber to 8% NCCP's Series III. 2) All Directors
16th February, 2012	1.) To consider the proposal for preferential issue of 10, 00,000 2% Non cumulative compulsorily convertible preference shares of Rs 100/- each. 2.) To consider the application to Bombay stock exchange for in principal approval for the aforesaid issue. 3.) To seek the approval of members of the company for the allotment of 10,00,000 2% Non cumulative convertible preference shares (NCCP IV)	All Directors
16th March, 2012	To consider shifting of registered office of the Company from B-505, 5th Floor, BSEL Tech Park, opp. Vashi railway Station, Sector-30A, Navi Mumbai, Vashi- 400705 to B-907, 9th floor, BSEL Tech park, opp. Vashi railway Station, Sector-30A, Navi Mumbai, Vashi- 400705.	All Directors

Report On Corporate Governance

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

a) Powers of the Audit Committee:

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

b) The role of the Audit Committee includes:

- 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.
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of Statutory Auditors and fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- 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.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the performance of Statutory Auditors & adequacy of internal control systems.
- 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.
- Discussion with Internal Auditors any significant findings and follow up thereon.
- 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.
- 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.
- To look into the reasons for substantial defaults, if any, in the re-payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the whistleblower mechanism.

Report On Corporate Governance

19. Carrying out such other functions as may be specifically referred to the committee by the Board of Directors and / or other committees of Directors.

20. 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 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	3	3
Dr. Ajay Sharma	3	3
Mr. Alok Pathak	3	3

Executives of Accounts Department, Finance Department, Secretarial Department and representatives of the Statutory and Internal Auditors attend the audit committee Meetings.

A) 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.

B) Investors'/Shareholders Grievance Committee:

Composition: Investors/Shareholders Grievance committee comprises 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.

Mr. Tulsi Daryanani, 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 2012.

No complaints were received by the Company/Registrar and Transfer Agent of the Company for financial year 2011-12 and hence no meeting of Investors'/ Shareholders Grievance Committee was held.

Complaints outstanding as on April 1, 2011	Nil
Complaints received during the year ended March 31, 2012	Nil
Complaints resolved during the year ended March 31, 2012	Nil

Report On Corporate Governance

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
2008-09	30th September 2009 on Wednesday at 11 am.	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.
2010-11	12th august 2011 on Friday at 11 am.	Four Points Hotel, Near Vashi Railway Station, Vashi, Navi-Mumbai 400 705.

b) Special resolutions passed during previous three AGMs:

Year	Special Resolutions passed
2008-09	<ol style="list-style-type: none"> 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. 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
2010-11	No Special resolution was passed

c) Special Resolutions passed through Postal Ballot during the year 2011-2012:

- Whether any special resolution passed last year through postal Ballot- Yes.
- Company passed the resolution by the postal ballot on 30th December, 2011.

Following Resolutions were passed:

Year	Nature of resolution
Resolution 1	Investment under Section 372A of the Companies Act, 1956(In excess of the limits prescribed under the ACT)
Resolution 2	Approval for enhancing remuneration as per Section 314(1B)Increase in salary of Ms. Shilpi Pathak from not exceeding 50,000 to not exceeding 2,50,000
Resolution 3	Issuance of Non Cumulative convertible preference shares on preferential basis as per SEBI (ICDR) Regulations 2009.

The result of the postal ballot was announced by the managing director of the company on 2nd January, 2012

Report On Corporate Governance

Sr. No.	No. of valid postal ballot form received	Votes in favour of the resolution	% of votes in favor of resolution	Votes against the resolution	% of votes Against the resolution
Resolution 1	19	18	100	1	0
Resolution 2	19	16	100	3	0
Resolution 3	19	19	100	2	0

- Whether any special resolution passed last year through postal Ballot- Yes.
 - Company passed the resolution by the postal ballot on 26th march, 2012

Following Resolutions were passed:

b) Special resolutions passed during previous three AGMs:

Sr. No.	Special Resolutions passed
Resolution 1	Issue of Compulsorily Convertible Debentures under Section 81(1A) of the Companies Act, 1956 and in accordance with the SEBI (Issue of Shares and Disclosure Requirements) Regulations, 2009
Resolution 2	Issue of Non Cumulative Compulsorily Convertible Preference Shares under Section 81(1A) of the Companies Act, 1956 and in accordance with the SEBI (Issue of Shares and Disclosure Requirements) Regulations, 2009

The Result of the postal ballot was announced by the Managing Director of the company on 26th march, 2012

Sr. No.	Ballots	Votes	%
Votes in favor of the resolution	16	58,52,170	99.99
Votes against the resolution	1	10	0.01
Total	17	58,52,180	100

- Person who conducted the postal ballot exercise- Mr. Prashant Sharma Company Secretary in Whole time Practice had been appointed as scrutinizer for the postal ballots, who submitted their report to the Managing Director, Mr. Alok Pathak.
- 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 by Registered post. 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 consisting of notice of postal ballot and information that said postal ballot papers have been dispatched is published in one Hindi and one Marathi daily newspaper. The duly completed postal ballot papers are received by the Scrutinizer.
 - Scrutinizer gives his report to the Chairman.
 - The Chairman announces the result of the postal ballot.
 - Results are intimated to the stock exchange.

Report On Corporate Governance

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 behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. 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 Company including a summary of the significant events was sent to every member.
- ii) Company has adopted a Whistle blower policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No employee has been denied access to the audit committee.

6) Means of Communication:

- i) **Quarterly Results:** Quarterly Results are published in 'Free Press Journal' and / 'Navshakti' and are displayed on the Company's website www.prisminfo.com.
- ii) **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.
- iii) **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. The Company has made no presentation to any Institutional Investors/Analysts during the year.
- iv) **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:**
Company is registered in the State of Maharashtra, India. 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 17, 2012
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, 2011 to March 31, 2012

Report On Corporate Governance

iv) Results for the quarter ending

June 30, 2011	-	11th August, 2011
September 30, 2011	-	14th November, 2011
December 31, 2011	-	2nd February, 2012
March 31, 2012	-	30th May, 2012 (Audited Financials)

Annual General Meeting-17th August, 2012

v) Date of Book Closure:

The share transfer book of the Company will be closed from 10th August, 2012 to 17th August, 2012 (Both Days Inclusive).

vi) 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

vii) 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.

This number is required to be quoted in each transaction relating to dematerialized Equity shares of the Company

Name of Depository	Address
National Securities Depository Ltd.	Trade World, A Wing, 4th & 5th Floors, Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai - 400 013
Central Depository Services (India) Ltd.	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 2012.

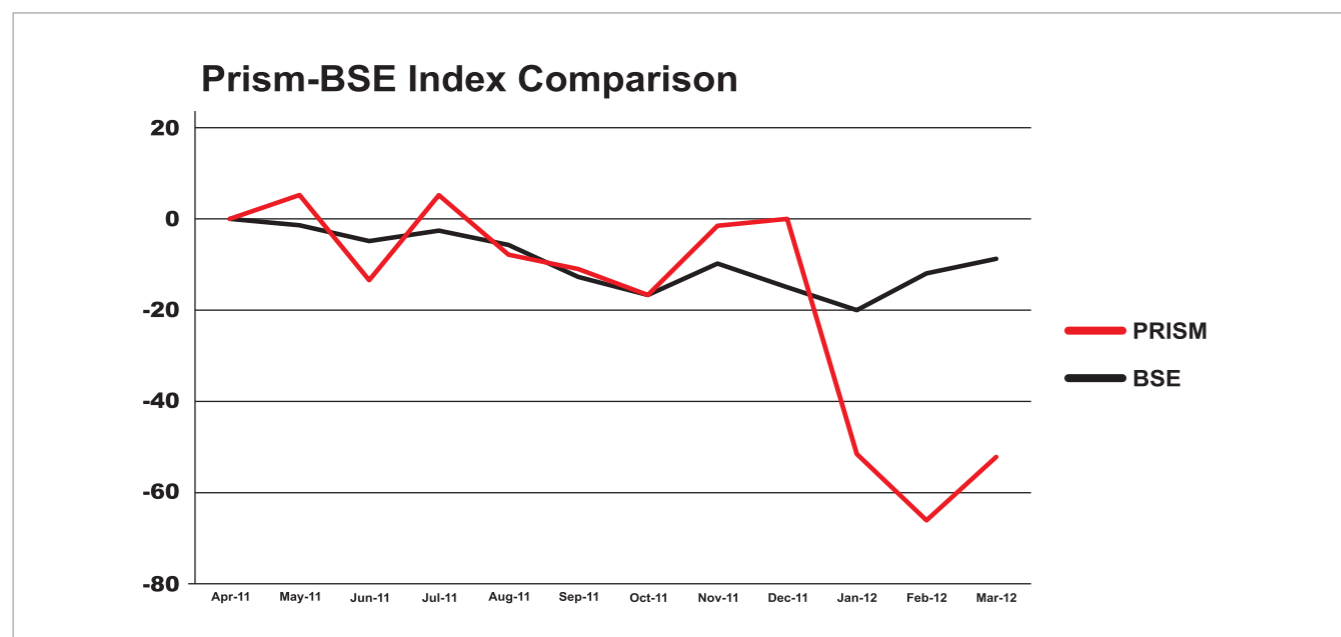
vii) Market Price Data:

The month wise high and low prices and the volume of shares of the Company traded for the period 01 April, 2011 to 31 March, 2012 on the Bombay Stock Exchange (BSE) are given below:

Company : PRISM INFORMATICS LTD. (505530) Archives - Stock Prices

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 11	70.90	73.10	66.35	73.10	34,507	468	24,15,227	6.75	2.20
May 11	74.55	82.70	61.40	61.40	44,769	162	33,94,289	21.30	-13.50
Jun 11	61.40	80.00	60.00	76.00	39,607	312	29,24,531	20.00	14.60
Jul 11	74.50	74.50	66.80	66.80	31,653	64	23,04,280	7.70	-7.70
Aug 11	65.50	67.80	59.00	62.00	16,037	131	10,42,121	8.80	-3.50
Sep 11	63.20	85.40	61.55	62.00	1,22,867	683	95,32,062	23.85	-1.20
Oct 11	58.95	88.85	57.30	66.85	50,505	280	31,15,521	11.55	7.90
Nov 11	70.00	75.00	54.00	65.70	1,41,849	432	89,81,516	21.00	-4.30
Dec 11	70.90	70.90	36.15	36.15	25,725	184	13,95,000	34.75	-34.75
Jan 12	34.40	39.00	20.00	23.00	6,46,272	567	1,44,87,613	19.00	-11.40
Feb 12	24.15	39.50	22.95	35.65	12,69,886	2,714	4,00,57,050	16.55	11.50
Mar 12	33.90	35.25	28.45	31.75	2,88,215	766	95,69,625	6.80	-2.15

Report On Corporate Governance



b) 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

c) 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.

ix) Distribution of shareholding as on 31-03-2012:

Sr. No	No. of Equity Shares held	No. of Shareholders	No. of Share	% of No of Shareholders	% of Shareholding
1	1-5000	638	182641	88.49	1.24
2	5000-10000	20	155401	2.77	1.05
3	10000-20000	12	149511	1.66	1.01
4	20000-30000	4	104360	0.55	0.71
5	30000-40000	4	105158	0.55	0.71
6	40000-50000	4	194610	0.55	1.32
7	50000- 100000	11	710537	1.53	4.81
8	100000 to above	28	13165812	3.88	89.15
		721	14768030	100	100

Report On Corporate Governance

Sr. No	Category	No of Shares	% of Shareholding
1	Promoters, Directors & Relatives	309095	2.09
2	Public Financial Institutions/ Banks	0	0
3	Mutual Funds/ UTI	0	0
4	FIIS	0	0
5	Venture capital fund	10860	0.07
6	NRIS/ OCBS	43,16,592	29.23
7	Private Corporate Bodies/ Non Institutions Body Corporate	72,43,619	49.05
8	Indian Public	28,87,864	19.55
	Total	1,47,68,030	100.00

x) 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 2012, 97.67 % shares of Paid up capital of the Company comprising of 1, 44, 22,200 equity shares of Re 1 each has been dematerialized.

xi) Outstanding Convertible instruments, conversion date and likely impact on equity:

- The Company had allotted 92,164 8% Non-Cumulative Compulsorily Convertible Preference Shares (NCCP's- 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. The Conversion of these securities is due on 6th August, 2012.
- The Company had allotted 2,63,715 8% Non-Cumulative Compulsorily Convertible Preference Shares (NCCP's – Series III) on 16th January, 2012 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. The Conversion accordingly is due on 15th July, 2013 or such other date earlier than 15th July, 2013 subject to necessary approvals.
- The Company had allotted 2,15,643 2% Non-Cumulative Compulsorily Convertible Preference

- Shares (NCCP's – Series IV) on 30th April, 2012 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. The Conversion accordingly is due on 29th October, 2013 or such other date earlier than 29th October, 2013 subject to necessary approvals.

- The Company had allotted 4,01,050 11% Non-Cumulative Compulsorily Convertible Debentures (CCD's – Series III) on 30th April, 2012 on preferential basis with conversion period of 18 months from the date of allotment. The conversion price Rs. 54.04 is decided on upfront basis as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and FDI policy. The Conversion accordingly is due on 29th October, 2013 or such other date earlier than 29th October, 2013 subject to necessary approvals.

xii) Plant Locations:

The Company has following operating divisions:

Registered office: Prism Informatics Limited is located at B-907, Bsel Tech Park, Opposite Vashi Railway Station, Sector 30 A, Vashi, Navi Mumbai-400705.

Report On Corporate Governance

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.
7	Dubai	Unit No.2502, Fortune Tower Plot No.C1, Jmeriah Lakes Towers, Dubai, United Arab Emirates.

xiii) Address for Correspondence:

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

1. Prism Informatics Limited: B-907, Bsel Tech Park, Opposite Vashi Railway Station, Sector 30 A, Vashi, Navi Mumbai-400705. Contact Number: 02265724261.
2. Sharex Dynamic (India) Pvt. Ltd: 1st Floor, 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, 2012.

For PRISM INFORMATICS LIMITED

Alok Pathak
(Managing Director)

Place: Navi Mumbai
Date: 30th May, 2012

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, 2012 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 the internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in the 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.

For PRISM INFORMATICS LIMITED

Alok Pathak
(Managing Director)

Place: Navi Mumbai
Date: 30th May, 2012

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, 2012, 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.

For Neetu Agarwal & Co
Company Secretaries

Neetu Agarwal
C.P. No: 9272

Date: 30th May, 2012

Place: Mumbai

Management Discussion & Analysis Report

I. Industry Structure and Developments

The Global ITES Industry has dramatically gone through a sea change, where Technology was considered to be an enabler for Automation. IT is now also recognized as an intricate service tool for ensuring not only automation or process implementation, but also as a bottom-line improvement tool.

Changing economic and business conditions and rapid technological innovations are creating an increasing competitive market environment that is driving corporations to transform their operation. Consumers of services are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies to adequately cater the needs of Consumers.

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. The slowdown in IT- expenditure has not left the off shore market untouched. A gradual upturn in the world economy puts brake on the seemingly inevitable expansion of off shoring. Clients turn increasingly to their more familiar, on shore suppliers to explore revenue- generating ideas. Therefore Prism Informatics Limited have encouraged onshore model. Onshore model gives an ability to work closely with a geographical team and enables to have smooth flow of process and communication. It enables to bring teams physically together to discuss business needs and to ensure a shared understanding of the project. Onshore helps organization to identify talent that has extensive expertise in organization domain. With an experienced staff, close proximity, negligible time difference, and

real-time interaction onshore strategy could yield to client satisfaction and thereby higher revenue for company.

As different geographical locations, where Company has footprints, have different set of norms, availability of resources and different sectoral development, Prism encourages the model as per the requirement of particular geographic location to achieve growth for the Company.

Business Offerings:

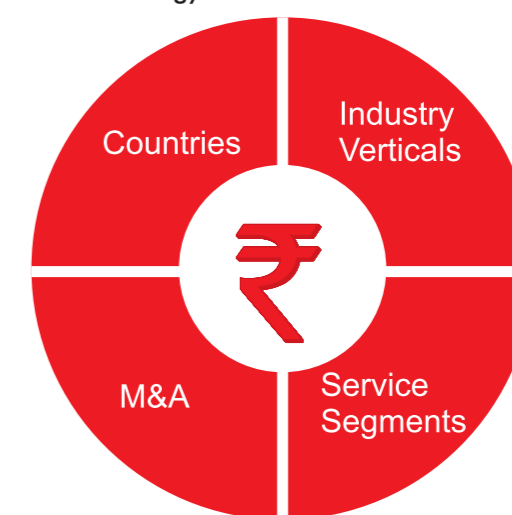
Prism has tailored its offerings to suit the business needs of our customers in today's challenging business environment. We are very focused on understanding needs of different sectors and in providing our customers, business solutions at effective cost and in reduced implementation time. Our team of 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.

Strategy of Prism Informatics Limited

Our strategy for the next million and beyond

Differentiated approach for Developed and Emerging countries

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



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

Focus on incubating new business ideas into sizable businesses

Management Discussion & Analysis Report

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. Acquisitions have allowed us to diversify geographic and industry targets as well as delivery locations in line with our aim to invest in local markets. we have made significant investments in local resources to build strong environments in different cities of the globe.

Based on years of industry and application implementation experience, we have developed and honed our methodology. These proven standards and templates help establish a framework on which each solution is built. 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.

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 reducing implementation time and delivering on time and per budget.

iii. Industry Outlook 2012

The Global economy has been tumultuous during the last several years, with both enterprise and consumers being cautious in decision making and discretionary spends. **According to the latest outlook by Gartner Inc, worldwide IT spending forecast for overall**

global IT spending growth in 2012 in current U.S. dollars has been revised down from 3.7% last quarter to 2.5%. Inflationary pressures have also deeply impacted in slowing down the economy and the desired growth momentum. However, governments and enterprises are aiming the best possible efforts to bring in momentum and accomplish sustainable growth.

As we head in 2012, the IT sector will be one of momentum and continuation. Cloud Computing, mobility and social communication and collaboration technologies are such initiative which expects to bring in unprecedented changes in the industry. In the last 3 decades, the world's software industry has been developing swiftly and outlook has also been changing dramatically. However, the recent global financial crises and unpredictability in currency exchange rates have deeply impacted the IT companies as well as global companies. We see this having a short term impact. Prism has extended its reach in identifying agile markets and is looking for better solutions, while ascertaining the complexity of their operations. Our partnerships with key business aides like SAP, Oracle, Microsoft, IBM has been in light. Our gold certification with a key partner like SAP, added to our demonstration of proto-type solutions helps address complexity and localization among many issues. Our expertise in IT Security is another factor fueling the growth and momentum in our accomplishments. IT security is prime concern for all the organizations; however intensity of the need varies as per the kind of data they handle. As we are also a listed company; we strongly believe that security controls should be more tightened and managed appropriately. We are in phase of implementation of ISO27001 best practices known as Information Security Management systems.

The small and midsize business (SMB) market—which Gartner analysts said accounts for about 25 percent of all enterprise IT spending, should hit \$874 billion this year, and grow to \$1 trillion by 2016. The SMB space will outperform other markets during the next few years, thanks to demand for enterprise software, the analysts said.

At Prism, we have a huge repository of business concepts that can be matched to clients' future vision. The clients' vision is customized to these packaged visions. Our SMB clients are, therefore, assured of a faster, ready to market and highly robust

Management Discussion & Analysis Report

system. Our prevalent intent in the SMB market is to target awareness. A sizable portion of the SMBs do not relate to terms such as ERP or Business Intelligence. By keeping regular events, and anticipating participation within our ATL and BTL events, we ensure that awareness reaches optimal levels.

Technology plays crucial role in rationalization and process improvement in every industry. At Prism, We leverage technology across every aspect of the enterprise. Our consistent investments across R&D and innovation meet our inherent need to scale greater heights. Our expertise on mobile platforms, web applications, Enterprise Solutions and IT Security management will help our mission firmly in place to embark on a growth trajectory. Our expansion into the emerging geographies has also been quite rapid and we intend to keep on delivering positive results.

We have clearly defined emerging business areas and significant investments are being made as we gear up for the future frontiers. Our company definitely has a positive outlook for the years to come and our stakeholders can certainly look forward to move from strength to strength.

iv. Risks and concerns

On Global and Indian front

Slowdown in Global economic environment and corporate IT spending budget could impact the business of the Company. As a remedy to this company focused on diversification across geographies having emerging markets. The competitors may develop similar offerings leading to dilution of the Company's current competitive positioning in the market place and to avoid this Company is on track to become an integrated full services partner to clients. Rupee appreciation, wage inflation, payment delays or defaults and other cost escalations could reduce the Company's earnings. We compete with both international and local service providers. We are witnessing higher pricing pressures due to our concentration on improved quality of services and due to higher focus on Indian markets by all leading IT companies.

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.

The number of deals signed by Prism as of 2011-2012 is a clear indication that things are changing for the better. The following years 2012 and 2013 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.

On Indian Front:

Industry has been lobbying very hard for the removal of Minimum Alternate Tax (MAT) and Dividend Distribution Tax ('DDT') on Special Economic Zone ('SEZ') income. However, removal of this provision or a relaxation therein is doubtful. In fact the common concern is that the Government might actually increase MAT rate.

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. The Company has for the year 2012-2013 has appointed KARM & CO, Chartered Accountants to act as an "Internal Auditor" of the Company and will be responsible to strengthen the internal control system of the Company. To add efficiency to control system, Company carries on monthly financial reviews.

Management Discussion & Analysis Report

vi. Discussion on financial performance with respect to operational performance

Company during financial year 2011-2012 was able to achieve growth in terms of higher revenues. On Standalone basis revenue of company increased from Rs.15 Crores in last year to Rs. 25 Crores in current financial year. Company invested an amount to employ good quality human assets required for IT sector company. Directors of company recommend to declare Interim dividend paid based on quarter ended September 2011 as final dividend for year 2012.

Segmental information (Standalone)

Business segments (For year ended 31st March, 2012)

Particulars	Software Consultancy Services	Software License Sale	Total
Total Income	17,22,25,538	8,39,52,923	25,61,78,461
Accounts Receivables	9,21,65,637	-	9,21,65,637
Unbilled Revenue	1,18,33,734	-	1,18,33,734

Segmental information (Consolidated)

For year ended 31st March, 2012

Particulars	India	Rest of world	Total
Total Income	14,44,43,613	59,05,31,102	73,49,74,715
Account Receivable	1,90,02,285	14,76,30,513	16,66,32,798
Unbilled Revenue	1,19,319	2,28,95,430	2,30,14,749

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 173 employees as on March 31, 2012 against 119

employees as on 31st March, 2011, up by 31.22 %. 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.

Financial Statements together with Auditors' Report for the year ended March 31, 2012



To the Members of

Prism Informatics Limited

We have audited the attached Balance Sheet of Prism Informatics Limited ('the Company') as at 31 March 2012, 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:

- 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;
- 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;
- 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;
- 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 except in case of Goodwill of Rs,17,472,307 which is subject to impairment test;
- On the basis of written representation received from the directors of the Company, as on 31st March, 2012 and taken on record by the Board of Directors, we report that

none of the directors are disqualified as at 31st March, 2012 from being appointed as a director in terms of clause(g) of sub-section (1) of Section 274 of the Act, and

- 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 unbilled revenue Rs 11,833,734/- which has been as certified by the management, in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2012;
 - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - 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 2012.

Vashi, Navi Mumbai

- The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - 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.
- 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.
- The Company has not granted loans secured or unsecured to companies, firms or other parties covered under registered maintained under section 301 of the Companies Act 1956 (the Act). Accordingly, the provisions of sub clause (b) to(d)of clause (iii) of paragraph 4 of the order are not applicable.
 - The Company has not taken any loans, secured or unsecured from the companies, firms or parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of sub clause (f) to (g) of clause (iii) of paragraph 4 of the order are not applicable.
- 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 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.
 - 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
- The Company has not accepted any deposits from the public.
- The company does not have internal audit system.
- 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.
- 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 except for the specified in following annexure which were outstanding as at the last day of the financial year concerned for the period more than six months from the date it become payable, which are yet to be paid:

Name of the Statute	Nature of the Dues	Amount in Rs.	Period to Which the amount pertains
Income Tax Act, 1961	Tax Deposited at Source	54,178	2011-12
	Interest on Delayed Payment	6,098	2011-12
Finance Act, 1994	Service Tax	419,753	2011-12
	Interest on Delayed Payment	36,846	2011-12
Maharashtra Value Added Tax Act, 2002	VAT	1,158,150	2011-12

Annexure to the Auditors' Report for the year ended March 31st, 2012. (Referred to in our report of even date)

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.
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 made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956 to the following:

Sr. No.	Name of the Party	Nature of shares	No. of preference shares issued
01	Saurabh Dani	8% Non-cumulative convertible Preference Shares Series III	233,715

And as per information and explanations given to us, the price at which shares have been issued is not prejudicial to the interest of the company.

20. The debentures are Compulsorily Convertible Debentures (CCD) outstanding at the end of the year Rs. Nil (previous year Rs.28,224,200). 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 2012.

Vashi, Navi Mumbai

Balance Sheet

as at March 31, 2012 | (Currency : Indian Rupee)

	Note	March 31,2012	March 31,2011
Capital & Liabilities			
Shareholders' funds			
Share capital	3	50,355,930	23,610,600
Reserves and surplus	4	265,028,896	218,192,833
Money received against share warrants			
Share application money pending allotment	5	21,564,363	-
Non current liabilities			
Long term borrowings	6	79,105,000	79,643,900
Deferred tax liabilities (net)		-	-
Other long term liabilities		-	-
Long term provisions	7	1,617,431	792,386
Current liabilities			
Short term borrowings	8	57,115,771	38,487,315
Trade payables		5,611,811	968,200
Other current liabilities	9	65,597,522	51,006,914
Short term provisions	10	195,863	-
Total		546,192,587	412,702,148
Assets			
Non-current assets			
Fixed assets:			
■ Tangible assets	11	940,468	1,417,906
■ Intangible assets -			
-Goodwill on Business Acquisitions		17,472,307	15,047,307
Non-current investments	12	380,655,488	198,606,156
Deferred tax assets (net)	22b	2,364,340	2,463,055
Long-term loans and advances	13	7,674,192	3,587,742

Balance Sheet

as at March 31, 2012 | (Currency : Indian Rupee)

Particular	Note	March 31,2012	March 31,2011
Current assets			
Current investments			-
Inventories			-
Trade receivables	14	92,165,637	76,682,100
Cash and bank balances	15	15,543,858	5,144,000
Short-term loans and advances	16	29,376,297	109,753,882
Other current assets	18	-	-
Total		546,192,587	412,702,148

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

For and on behalf of the Board of Directors

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

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

CA E.A. Patil
Partner
Membership No: 031979

Tulsi Daryanani
Company Secretary

Place: Navi Mumbai
Date: 30th May, 2012

Statement of Profit and Loss

as at March 31, 2012 | (Currency : Indian Rupee)

Particular	Note	March 31,2012	March 31,2011
Revenue			
Sales and services from operations	17	256,178,461	154,242,524
Other income	18	14,248,981	14,436,775
Total Revenue		270,427,442	168,679,299
Expenses			
Purchases		80,003,761	27,585,343
Employee benefits expense	19	81,512,186	52,500,780
Cost of technical sub-contractors		12,786,034	10,919,809
Rent		4,907,002	6,567,538
Travel and conveyance		13,544,019	12,139,709
Sundry Balance written off		17,317,557	-
Commission		3,895,493	355,800
Business Development Expenses		3,398,572	1,776,252
Finance costs	20	19,774,537	6,493,561
Depreciation and amortisation expense	11	415,550	448,532
Other expenses	21	6,996,184	4,843,779
Total Expenses		244,550,895	123,631,103
Profit before tax		25,876,547	45,048,196
Tax expense:			
- Current tax	22a	5,500,000	8,593,882
- Deferred tax charge	22a	98,715	(2,480,811)
Profit after taxation for the year from continuing operations		20,277,832	38,935,125
Earnings per equity share of Re. 1 each			
- Basic		1.36	3.21
- Diluted		1.27	2.82
Weighted average number of equity shares outstanding during the year			
- Basic	27	14,637,958	12,105,150
- Diluted		15,592,183	14,551,493

Statement of Profit and Loss

as at March 31, 2012 | (Currency : Indian Rupee)

The accompanying notes form an integral part of this profit and loss account
As per attached report of even date.

For and on behalf of the Board of Directors

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

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

CA E.A. Patil
Partner
Membership No: 031979

Tulsi Daryanani
Company Secretary

Place: Navi Mumbai
Date: 30th May, 2012

Cash Flow Statement

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Particular	March 31,2012	March 31,2011
Cash flows from operating activities		
(Loss)/Net Profit before tax	25,876,547	45,048,196
Adjustments:		
Depreciation and amortisation	415,550	448,532
Fixed assets written off	61,889	
Interest Expense	19,774,537	6,493,561
Dividend income	(833)	
Sundry balances written off	17,317,557	
Unrealised exchange differences	(1,979,379)	321,423
Interest income	(11,568,919)	(13,206,465)
Operating cash flows before working capital changes	49,896,949	39,105,247
Inventories		
(Increase)/Decrease in debtors	(24,522,980)	(64,313,689)
(Increase)/Decrease in unbilled revenue	(8,986,011)	(2,290,985)
(Increase)/Decrease in Short-term loans and advances	78,738,549	
(Increase)/Decrease in other current assets	-	(4,555,414.97)
(Decrease)/Increase in sundry creditors	3,920,631	
(Decrease)/Increase in Other current liabilities	13,523,976	6,619,617.20
(Decrease)/Increase in Short term provisions	195,863	
(Decrease)/Increase in long term provisions	825,045	
(Decrease)/Increase in Deposits	728,891	
Net change in working capital	64,423,964	(64,540,472)
Cash generated from (used in) operations	114,320,913	(25,435,225)
Income tax paid	(10,315,341)	(9,150,700)

Cash Flow Statement

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Particular	March 31,2012	March 31,2011
Net cash provided by (used in) operating activities (A)	104,005,572	(34,585,925)
Cash flows from investing activities		
Purchase of fixed assets	-	(1,576,389)
Purchase of investments	(171,424,286)	(68,853,119)
Payment of acquisition cost liability	(8,113,405)	
Dividend income	833	
Sale of investments		100,000
Loans given to related parties		(159,000,000)
Loan recovered from related parties		63,719,960
Purchase of goodwill	(2,425,000)	(2,900,000)
Interest received	11,568,919	13,206,465
Net cash from (used in) investing activities (B)	(170,392,939)	(155,303,083)
Cash flows from financing activities		
(Repayment)/Proceeds from issuance of share capital	26,371,500	11,856,527
Share application money received	21,564,363	-
Proceeds from long term borrowings - unsecured loan (net)	29,104,965	93,021,477
Proceeds from short term borrowings - secured loan (net)	18,628,456	-
Interest expense	(15,366,998)	(6,493,561)
Increase/(Decrease) in - secured loan	-	38,487,315
Dividend paid	(3,515,061)	(7,902,010)
Net cash from (used in) financing activities (C)	76,787,225	128,969,748
Net decrease in cash and cash equivalents during the year (A+B+C)	10,399,858	(60,919,260)
Cash and cash equivalents at the beginning of the year	5,144,000	66,063,260
Cash and cash equivalents at the end of the year	15,543,858	5,144,000

Cash Flow Statement

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Particular	March 31,2012	March 31,2011
Notes to the Cash flow statement		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts.		
Cash in hand	11,006	9,830
Balance with scheduled banks		
- in current accounts	1,435,737	(7,740,458)
- in deposit accounts	14,097,115	12,874,628
	15,543,858	5,144,000

The accompanying notes form an integral part of this cash flow statement.

For and on behalf of the Board of Directors

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

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

CA E.A. Patil
Partner
Membership No: 031979

Tulsi Daryanani
Company Secretary

Place: Navi Mumbai
Date: 30th May, 2012

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

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 recognised 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 economic life 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 recognised as operating leases. Lease payments under operating lease are recognised as an expense in the profit and loss account.

2.4 Inventories

Inventories comprising of resalable licenses are valued at lower of cost and net realizable value. Cost is determined on the basis of FIFO method and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2.5 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. 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 specified in the agreement are achieved and the customer acceptance for the same is received.

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.

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

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

2.6 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 recognises 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 recognised immediately in the Profit and loss account.

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

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term 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.

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.

A substantial portion of profits of the Company are exempted from Indian income tax, being profit from undertakings situated at Special Economic Zones ("SEZ") in India. One of the Company's undertaking is eligible for a tax holiday as a Special Economic Zone unit commencing from 2010 onwards in respect of 100% of the export profits for a period of 5 years, 50% of such profits for next 5 years and 50% of the profits for further period of 5 years subject to satisfaction of certain capital investments requirements.

In this regard, the Company recognises deferred taxes in respect of those originating timing differences, which reverse after the tax holiday year resulting in tax consequences. Timing differences, which originate and reverse within the tax holiday year do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same. For this purpose, the timing differences, which originate first are considered to reverse first.

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

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 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.

3 Share capital

Particular	March 31,2012	March 31,2011
Authorised		
17,500,000 (2011: 17,500,000) equity shares of Re. 1/- each	17,500,000	17,500,000
2,000,000 (2011: 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

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 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.

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

3 Share capital

Particular	March 31,2012	March 31,2011
Issued, subscribed and paid - up		
14,768,030 (2011 : 14,394,200) equity shares of Re. 1/- each (2011 : Rs. 1/- each) fully subscribed and paid up*	14,768,030	14,394,200
92,164 8% non cumulative compulsorily convertible preference shares series II of Rs. 100 each (2011 : 92,164 8% non cumulative compulsorily convertible preference shares series II)	9,216,400	9,216,400
263,715 8% non cumulative compulsorily convertible preference shares series III of Rs. 100 each* (2011 : Nil)**	26,371,500	-
	50,355,930	23,610,600

Reconciliation statement of the number of shares outstanding at the beginning and at the end of the reporting period.

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	Amount	No. of Shares	Amount
(1) Equity shares :				
Number of shares at the beginning	14,394,200	14,394,200	12,948,160	12,948,160
Add: Shares issued	373,830	373,830	1,446,040	1,446,040
Number of shares at the end	14,768,030	14,768,030	14,394,200	14,394,200
(2) Non cumulative compulsory convertible preference share (CCP-II) :				
Number of shares at the beginning	92,164	9,216,400	-	-
Add: Shares issued	-	-	92,164	9,216,400
Number of shares at the end	92,164	9,216,400	92,164	9,216,400
(3) Non cumulative compulsory convertible preference share (CCP-III) :				
Number of shares at the beginning	-	-	-	-
Add: Shares issued	263,715	26,371,500	-	-
Number of shares at the end	263,715	26,371,500	-	-

* During the current year, the Company has allotted 373,830 equity shares to debenture holders in exchange of 282,242 12% debentures (CCD Series II).

** Further, the Company has allotted 233,715 8% non cumulative compulsorily convertible preference shares series III of Rs. 100 each to Mr Saurabh Dani, Promoter of the Company and 30,000 8% non cumulative compulsorily convertible preference shares series III of Rs. 100 each to Bankim Dani.

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Compulsorily Convertible Preference Shares Series II & Series III of Rs. 100 each are expected to be converted into equity shares by 6 August, 2012 & 15 July 2013 respectively.

Details of shareholders holding more than 5% shares in the Company are as below:

Type of shareholding	2011-2012		2010-2011	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Equity shareholding:				
Amitabh Arun Parekh	1,258,042	8.52%	-	-
Sainath Informatics Private Limited	1,203,500	8.15%	1,207,500	8.39%
Neogen Computer Systems Private Limited	1,462,920	9.91%	1,462,920	10.16%
Anor Technologies Private Limited	1,650,000	11.17%	1,650,000	11.46%
Idhasoft Ltd	-	-	985,820	6.85%
Qasem M Alsuwaidi	985,820	6.68%	-	-
Roger Cunningham	-	-	868,930	6.04%
Ndteam Consultants & Architects Pvt. Ltd.	1,385,978	9.38%	1,385,978	9.63%
Preference shareholding (8% NCCP's Series II):				
Atif M Alsuwaidi	92,164	100%	92,164	100%
Preference shareholding (8% NCCP's Series III):				
Saurabh Dani	233,715	88.62%	-	-
Bankim Dani	30,000	11.38%	-	-

4 Reserves and surplus

Particular	March 31,2012	March 31,2011
General reserve		
Balance brought forward	6,554,680	7,746,000
Additions during the year	-	3,893,512
Reduction during the year	-	(5,084,832)
	6,554,680	6,554,680
Share premium		
Balance brought forward	181,428,519	181,428,519
Share premium received on issue of equity shares	27,850,335	-
	209,278,854	181,428,519
Surplus - opening balance	30,209,634	3,097,084
Add- Net profit after tax transferred from statement of profit & loss	20,277,832	38,935,125
Amount available for appropriation	50,487,466	42,032,209

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

4 Reserves and surplus

Particular	March 31,2012	March 31,2011
Appropriations:		
Transfer to general reserve		3,893,512
Interim equity dividend		4,893,366
Proposed equity dividend	738,402	1,799,275
Preference dividend	369,666	107,062
Tax on dividend	184,036	1,129,360
Surplus- closing balance	49,195,362	30,209,634
	265,028,896	218,192,833

5 Share application money pending allotment

Particular	March 31,2012	March 31,2011
Preference share application money+	21,564,363	-
	21,564,363	-

** Preference shares application money is been allotted 2,15,643 2% non cumulative compulsorily convertible Preference Shares series IV of Rs.100 each on 30th April, 2012. The date of conversion in equity is 29th October, 2013 or date earlier to this subject to necessary approval.

6 Long-term borrowings

Particular	March 31,2012	March 31,2011
Unsecured :		
Debenture application money**	29,105,000	-
12% Debentures (CCD Series II)	-	28,224,200
Loan from MEGH Leasing Investments Ltd	50,000,000	50,000,000
Loan from Nastek Solutions (Interest free)	-	1,419,700
	79,105,000	79,643,900

**Out of above, debenture application money of Rs 28,755,000 is being allotted 287,550 12% Debentures (CCD Series III) on 30 April, 2012. The date of conversion in equity is 29 October 2013 or date earlier to this subject to necessary approval.

7 Long-term provisions

Particular	March 31,2012	March 31,2011
Provision for Gratuity	673,114	176,160
Provision for Leave Encashment	944,317	616,226
	1,617,431	792,386

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

8 Short-term borrowings

Particular	March 31,2012	March 31,2011
Secured :		
Bank Overdraft*	47,115,771	38,487,315
Loan from Allstate Finance Limited**	10,000,000	-
	57,115,771	38,487,315

* The Company has availed bank overdraft facility from Saraswat Co-operative Bank Limited. Bank overdraft facility is secured against fixed Deposit of Rs. 125 Lacs and pledge of 5,00,000 Shares of Re. 1/- each of Prism Informatics Limited held by Idhasoft Limited as collateral securities. Further personal guarantee and corporate guarantee are also given by Alok Pathak, managing director and Idhasoft Limited respectively.

** The loan facility was guaranteed by Anor Technologies Private Limited by creating pledge on 12,500,000 shares of Prism Informatics Limited held by Anor Technologies Private Limited.

9 Other current liabilities

Salaries Payable	8,132,532	4,898,665
Acquisition cost payable	36,834,550	37,952,500
Provision for expenses	3,606,963	1,784,345
Provision for Rent Equilisation (AS-19)	406,515	-
Advance from customers	3,708,043	-
Interest payable	4,407,539	944,697
Interest payable on debentures	918	-
Unearned Income	-	496,077
Proposed Dividend	-	1,799,275
Dividend on preference shares	-	107,062
Dividend tax	-	316,620
Profession Tax Payable	33,925	32,324
Provident Fund Payable	1,467	-
VAT Payable	2,736,191	406,641
TDS Payable	1,999,368	1,082,704
Service tax payable	3,729,511	1,183,004
Others		3,000
	65,597,522	51,006,914

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

10 Short term provisions

Particular	March 31,2012	March 31,2011
Provision for employee benefits		
Leave encashment	195,863	-
	195,863	-

11 Fixed assets

Particular	Tangible Assets				
	Computers & other service equipments	Furniture and fixtures	Vehicles	Total as at March31,2012	Total as at March31,2011
Original Cost					
As at 1st April, 2011	760,777	5,350	1,057,142	1,823,269	310,099
Additions	-	-	-	-	3,147,625
Deletions	82,353	-	-	82,353	1,634,455
As at 31 March, 2012	678,424	5,350	1,057,142	1,740,916	1,823,269
Accumulated depreciation and amortization					
As at 1st April, 2011	172,872	3	232,488	405,363	20,050
Depreciation for the period	201,079	968	213,503	415,550	448,532
Deductions/Adjustments during the period	20,464	-	-	20,464	63,219
As at 31 March, 2012	353,487	971	445,991	800,449	405,363
Net block as at 31 March 2012	324,937	4,379	611,151	940,467	1,417,906
Net block as at 31 March 2011	587,905	5,347	824,654	1,417,906	

12 Non-current investments

Particular	March 31,2012	March 31,2011
Investment in subsidiary companies (Unquoted, at cost)		
22,133,150 (2011:20,000,000) Equity shares of CHF 0.10 each fully paid of Prism Infomatics Europe AG, Switzerland	156,020,047	145,395,000
56,000,000 (2011 : 75,000,000) Equity shares of \$ 0.01 each fully paid of Prism Informatics Inc., USA	25,623,329.	34,078,655

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Particular	March 31,2012	March 31,2011
50 (2011 : Nil) equity shares of AED 1,000 each fully paid of Prism Software Consultancy JLT	716,500	-
550,900 (2011 : 412,900) Equity shares of \$ 1 each fully paid of Prism Informatics Pte Limited, Singapore	25,915,978	19,107,401
	208,275,854	198,581,056

* Refer Note 24 on related party transaction

Other (Unquoted, at cost)		
172,354,634 (2011: 100) equity shares of Re. 1/- each fully paid of Idhasoft Ltd.	172,354,634	100
2,500 (2011: 2,500) shares of Rs. 10 each fully paid up of Saraswat Co-Op Bank Ltd.	25,000	25,000
	172,379,634	25,100
Aggregate value of unquoted investments	380,655,488	198,606,156

* Refer Note 26 for number of units purchase and sold during the year.

13 Long-term loans and advances

(Unsecured and considered good)		
Rental deposits	2,302,032	3,030,923
Taxes paid in advance (net of provision for tax amounted to Rs. 15,729,144 (2011: Rs. 10,506,144))	5,372,160	556,819
	7,674,192	3,587,742

14 Trade receivables

Unsecured		
Debtors outstanding for a period exceeding six months (considered good)	63,177,852	16,826,730
Other debtors (considered good)	28,987,785	59,855,370
	92,165,637	76,682,100

Refer Note 32(b) for debts due from the companies under the same management under section 370 (1) (B) of the Companies Act, 1956.

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

15 Cash and bank balances

Particular	March 31,2012	March 31,2011
Cash in hand	11,006	9,830
Balances with banks	1,435,737	130,417
Book overdraft	-	(7,870,875)
Fixed Deposit with Bank*	14,097,115	12,874,628
	15,543,858	5,144,000

Fixed deposit with bank of Rs 12,500,000 (2011; Rs. 12,500,000) are held as margin money against bank overdraft facilities from bank

16 Short-term loans and advances

Particular	March 31,2012	March 31,2011
(Unsecured and considered good)		
Loan to Related Parties*	3,713,636	-
Loan to Idhasoft Limited, India	11,500,000	95,280,040
Interest receivable	805,728	11,429,439
Advance to creditors	646,199	
Unbilled Revenue	11,833,734	2,847,723
Rent deposits	877,000	
Advance to employees	-	148,250
Prepaid expenses	-	48,430
	29,376,297	109,753,882

*Refer note 32(a) for loans to companies under same management under section 370 (1) (B) of the Companies Act, 1956.

17 Revenue from operations

Sale of products	83,952,923	14,971,754
Sale of services	172,225,538	139,270,770
	256,178,461	154,242,524

18 Other income

Interest on bank deposits	1,008,319	374,628
Interest on intercompany loan	486,252	12,694,001
Interest on others	10,074,348	130,356
Foreign exchange loss/(gain), net	1,979,379	

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

19 Other income (continued)

Particular	March 31,2012	March 31,2011
Interest Recd on IT Refund	-	7,480
Miscellaneous income	700,683	1,230,310
	14,248,981	14,436,775

20 Employee benefits expense

Salaries, bonus & allowances, including overseas employee expenses	79,992,863	51,022,092
Contribution to provident & other funds	1,087,168	1,068,276
Staff welfare	432,155	410,412
	81,512,186	52,500,780

21 Finance costs

Bank Interest	7,768,383	2,926,385
Interest on CCD	1,187,736	3,513,751
Interest on other	10,818,418	53,425
	19,774,537	6,493,561

22 Other expenses

Communication Expenses	575,557	176,505
Legal and professional fees	1,631,947	1,605,422
Advertisement and publicity	212,107	150,847
Subscription, registration and license fee	217,732	128,840
Auditor's remuneration:		
Audit fees	265,000	215,000
Tax audit fees	55,000	35,000
Other services	246,828	156,500
Printing and stationery	590,716	363,103
Electricity	428,919	262,967
Office expenses	832,760	976,520
Repairs and maintenance	559,814	35,521
Insurance	733,323	133,303
Bank charges & commission	423,362	259,141
Foreign exchange loss/(gain), net	-	321,423
Fixed assets written off	61,889	

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

22 Other expenses (continued)

Particular	March 31,2012	March 31,2011
Miscellaneous expenses	161,230	23,687
	6,996,184	4,843,779

23 Taxes

a) Provision for tax expense consists of the following:

Current taxes		
- India	5,500,000	8,593,882
	5,500,000	8,593,882
Deferred tax expense / (credit)		
- India	98,715	(2,480,811)
	98,715	(2,480,811)
	5,598,715	6,113,071

b) The significant components of deferred tax asset and liability consists of the following:

Depreciation	(5,700)	186,329
Provision for leave encashment and gratuity	588,323	257,090
Provision for rent equilisation	131,894	369,813
Short term capital loss	1,649,823	1,649,823
Total deferred tax assests	2,364,340	2,463,055

24 Segmental Information

Business segments

As at March 31, 2012 and for the year then ended

Particular	Software Consultancy Services	Software License Sale	Total
Total Income	172,225,538	83,952,923	256,178,461
Accounts Receivables	92,165,637	-	92,165,637
Unbilled Revenue	11,833,734	-	11,833,734

Geographic segments

As at March 31, 2012 and for the year then ended

Particular	India	Rest of World	Total
Total income	144,443,613	111,734,848	256,178,461
Accounts receivables	19,002,285	73,163,352	92,165,637
Unbilled revenue	119,319	11,714,415	11,833,734

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

25 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 Inc, Delaware
		5. TLC Technologies Inc.
		6. Prism Informatics Pte, Limited, Singapore
		7. Prism Informatics (Thailand) Co. Ltd., Thailand
		"8. Prism Software Consultancy JLT (date of incorporation is 1 February 2012)"
2	Key management personnel	1) Alok Pathak
		2) Dr. Nirmal Jain
		3) Dr. Ajay Sharma
		4) Mohan Natarajan (ceased to be Director on 6 March 2012)
		5) Christof Anderi (appointed with effect from 1 June 2011)
		6) Saurabh Dani (appointed with effect from 14 November 2011)
3	Parties with substantial interest	1) Secure Matrix Solutions Private Limited
		2) Dani Financial Products Private Limited
		2) Relatives of key management personnel

25 Related party transactions

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

Particular	Subsidiaries		Key management personnel		Parties with substantial interest	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Transactions during the year ended 31 March						
Investments purchased	18,150,124	113,300,770	-	-	-	100
Sale of investments	8,455,326	10,120,336	-	-	-	-
Reimbursement of expenses	-	66,810	-	93,095	-	271,048
Service income	61,188,926	27,133,903	-	-	-	2,858,989
Remuneration paid	-	-	-	-	614,000	530,500
Loans given	3,713,636	4,542,000	-	-	-	159,200,000
Loans recovered	-	4,542,000	-	-	-	63,919,960
Interest income	486,252	48,385	-	-	-	12,645,616
Rent paid	-	-	-	-	90,000	265,000
Allotment of preference shares	-	-	23,371,500	-	3,000,000	-
Share application money	-	-	23,371,500	-	-	-
Debtenture application money received	-	-	9,000,000	-	5,000,000	-
Balance as at 31 March						
Investments	208,275,854	198,581,056	-	-	-	100
Debtors	66,916,426	21,195,029	-	-	8,963	343,765
Creditors	-	-	-	-	-	2,356,594
Loans receivable	3,713,636	95,280,040	-	-	-	95,280,040

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

25 Related party transactions (Continued)

Out of the above, transactions with related parties in excess of 10% of the total related party transactions are as under:

Transactions during the year ended March 31,2012	March 31,2012	March 31,2011
A Key management personnel		
(I) Reimbursement of expenses		
Mohan Natrajan	-	93,095
(ii) Share application money received		
Saurabh Dani	23,371,500	-
(iii) Allotment of preference shares		
Saurabh Dani	23,371,500	-
(iv) Debenture application money received		
Saurabh Dani	9,000,000	-
B Subsidiaries		
(I) Service income		
Prism Informatics, Thailand	7,624,916	7,165,446
Prism Informatics Europe AG	5,771,600	1,339,500
TLC Technologies Ltd	16,449,154	12,750,747
Prism Informatics Inc, USA	18,570,900	3,234,420
Prism Informatics Pte Ltd	12,772,356	2,643,790
(ii) Investments purchased		
Prism Informatics Europe AG	10,625,047	94,198,000
Prism Informatics Pte Ltd	6,808,577	19,102,770
(ii) Investments Sold		
Prism Informatics Inc, USA	8,455,326	-
Nastek Solutions Pvt Ltd	-	10,120,336
(iii) Loans Given		
Prism Informatics Europe AG	-	4,542,000
Prism Informatics PTE Limited Singapore	3,580,955	-
(iv) Loans recovered		
Prism Informatics Europe AG	-	4,542,000
(v) Reimbursement of expenses		
TLC Technologies Ltd	-	44,540
Prism Informatics Inc, USA	-	22,270
(vi) Interest Income		
Prism Informatics Europe AG	284,563	48,385
Prism Informatics Pte Limited, Singapore	201,689	-

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

25 Related party transactions (Continued)

Out of the above, transactions with related parties in excess of 10% of the total related party transactions are as under:

Transactions during the year ended March 31,2012	March 31,2012	March 31,2011
C Parties with Substantial interest		
(I) Allotment of preference shares		
Bankim Dani	3,000,000	-
(ii) Reimbursement of expenses		
Finasys Consultants Pvt Ltd	-	86,382
Idhasoft Limited	-	184,666
(iii) Service income		
Finasys Consultants Pvt Ltd	-	2,439,104
Idhasoft Limited	-	419,885
(iv) Investments purchased		
Idhasoft Limited	-	100
(v) Loans given		
Idhasoft Limited	-	159,200,000
(vi) Loans recovered		
Idhasoft Limited	-	63,919,960
(vii) Interest income		
Idhasoft Limited	-	12,645,616
(viii) Debenture application money received		
Dani Financial Products Private Limited	5,000,000	-
(ix) Rent Paid		
Secure Matrix Solutions Private Limited	90,000	-
Idhasoft Limited	-	265,000
(x) Remuneration paid		
Shilpi Pathak	614,000	530,500

Balance as at year end	March 31,2012	March 31,2011
(I) Investments		
Prism Informatics Europe AG	156,020,047	145,395,000
Prism Informatics, USA	25,623,329	34,078,655
Prism Informatics Pte Ltd	25,915,978	19,107,401
Prism Software Consultancy JLT	716,500	-

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

25 Related party transactions (Continued)

Balance as at year end	March 31,2012	March 31,2011
Parties with substantial interest		
Idhasoft Limited	-	100
(ii) Debtors		
Prism Informatics Europe AG	7,673,475	1,339,500
Prism Informatics, Thailand	9,074,702	4,011,802
TLC Technologies Ltd	21,738,903	12,598,645
Prism Informatics INC, USA	17,316,475	3,237,125
Prism Informatics Pte Ltd	11,112,870	7,957
Parties with substantial interest		
Finasys Consultants Pvt Ltd	-	343,765
Seema Pathak	8,963	-
(iii) Creditors		
Idhasoft Limited	-	2,356,594
(iv) Loans receivable		
Idhasoft Limited	-	95,280,040
Loan to Prism Software Consultancy JLT	132,681	
Loan to Prism Informatics Pte Limited, Singapore	3,580,955	

26 Amounts due to micro, small and medium enterprises

As at 31 March, 2012, 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 (2011 : Nil).

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

27 Summary of investments purchased and sold during the year

(a) Investments purchased during the year ended March 31

Particular	2012		2011	
	Units	Cost of purchase	Units	Cost of purchase
Investment in related parties				
Prism Infomatics Europe AG, Switzerland*	2,133,150	10,625,047	12,500,000	94,198,000
Prism Software Consultancy JLT	50	716,500	-	-
Prism Informatics Pte Limited, Singapore	138,000	6,808,577	512,800	19,102,770
Idhasoft Limited	-	-	100	100
(A)	2,271,200	18,150,124	13,012,900	113,300,870
Others				
Idhasoft Limited	172,354,534	172,354,534	-	-
(B)	172,354,534	172,354,534	-	-
Total (A+B)	174,625,734	190,504,658	13,012,900	113,300,870

*Loan given to Prism Informatics Europe AG of Rs. 10,625,047 has been converted into 2,133,150 shares of Prism Informatics Europe AG

(b) Investments sold during the year ended March 31

Particular	2012		2011	
	Units	Cost of purchase	Units	Cost of purchase
Nastek Solutions Pvt Ltd	-	-	100,000	10,120,336
Prism Informatics Inc., USA	19,000,000	8,455,326	-	-
Total	19,000,000	8,455,326	100,000	10,120,336

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

(a) Investments purchased during the year ended March 31

	March 31,2012	March 31,2011
Number of shares considered as basic weighted average shares outstanding	14,637,958	12,105,150
Add: Effect of dilutive issues of stock options/ warrants/ preference shares	954,225	2,446,343
Number of shares considered as weighted average shares & potential shares outstanding	15,592,183	14,551,493

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

29 Leases

Rent expense for all operating leases for the year ended 31 March 2012 aggregated to Rs. 4,907,002 (2011: Rs.6,567,538)

The future minimum lease payments in respect of non-cancellable operating leases as at the year end are as follows :

Particular	March 31,2012	March 31,2011
Amount due within one year from the balance sheet date	3,534,912	3,534,912
Amount due in the period between one year and five years	8,424,874	11,959,786
Later than five years	-	-

30 Capital commitments and contingent liabilities

The Company has entered into asset purchase agreement dated Feb 2, 2010 entered with Finasys Consultants Pvt Ltd. As per the agreement, the Company is require to pay earn out based on achievement of certain parameters. The performance parameters for the period April 1, 2010 to March 31, 2011 have been achieved by the Company. However, the earn out of Rs 44,78,024 to be payable on the achievement of these parameters have not been accounted to the extent of Rs 3,452,759 due to uncertainties in the collection of certain receivables.

31 Gratuity Benefits

In accordance with the Payment of Gratuity Act, 1972, Prism Informatics provides for gratuity, a defined retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's defined portion of last salary and the years of employment with the Company.

Prism Informatics contributes each year to a gratuity fund based upon actuarial valuations performed by an actuary. The fund is administered by Life Insurance Corporation of India for the purpose.

Amount to be recognised in Balance Sheet

Particular	As at 31 March 2012	As at 31 March 2011
Present Value of Funded Obligations	980,068	460,377
Fair Value of Plan Assets	(306,954)	(284,217)
Net (Asset)/ Liability	673,114	176,160
Amounts recognised in Balance Sheet		
Net (Asset)/ Liability	673,114	176,160

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Expense recognised in Statement of Profit and Loss Account

Particular	As at 31 March 2012	As at 31 March 2011
Current Service Cost	678,495	460,377
Interest on Defined Benefit Obligations	91,569	-
Expected Return on Plan Assets	(21,214)	-
Net Actuarial Losses / (Gains) recognised in the Year	(251,896)	(19,758)
Total Included in "Employee Benefit Expense"	496,954	440,619

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particular	As at 31 March 2012	As at 31 March 2011
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	460,377	-
Current Service Cost	678,495	460,377
Interest Cost	91,569	-
Actuarial Losses/(Gain)	(250,373)	-
Closing Defined Benefit Obligation	980,068	460,377
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	284,217	-
Expected Return on Plan Assets	21,214	-
Actuarial Gain /(Losses)	1,523	19,758
Contributions by Employer	-	264,459
Closing Fair Value of Plan Assets	306,954	284,217
Expected Employer's Contribution Next Year	900,000	-

Reconciliation of opening and closing balances of the present value of the defined benefit obligation: (Continued)

Financial Assumptions at the valuation Date	As at 31 March 2012	As at 31 March 2011
Discount Rate (p.a.)	8.60%	8.05%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Increase Rate (p.a.)	7.00%	7.00%

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Composition of plan assets :

	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Life Insurance Corporation Of India	306,954	100%	284,217	100%
Total	306,954	100%	284,217	100%

Experience Adjustment

Net asset / (liability) recognised in Balance sheet (including experience adjustment entry)	For the year ended 31-Mar-12	For the year ended 31-Mar-11	For the year ended 31-Mar-10	For the year ended 31-Mar-09
Defined Benefit Obligation	980,068	460,377	-	-
Plan Assets	306,954	284,217	-	-
Surplus / (Deficit)	(673,114)	(176,160)	-	-

32 Names of non-scheduled banks and balances at year end

Particular	March 31,2012	March 31,2011
1 Axis Bank - A/c No 909020041819502	1,139,508	-
2 Axis Bank - EEFC Account	293,049	6,340
3 Citi Bank	3,180	-
4 ICICI Bank	-	915
5 Union Bank	-	123,161
	1,435,737	130,417

33 Transactions with companies under the same management

(a) Loans and advances include loans to companies under same management under section 370 (1)

(B) of the Companies Act 1956:

Prism Software Consultancy JLT	132,681	-
Loan to Prism Informatics Pte Limited, Singapore	3,580,955	-
	3,713,636	-

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

(b) Debts due from companies under the same management as defined under Section 370(1)(B) of the Companies Act, 1956:

Particular	March 31,2012	March 31,2011
Prism Informatics Europe AG	7,673,475	1,339,500
Prism Inforamtics, Thailand	9,074,702	4,011,802
TLC Technologies Ltd	21,738,903	12,598,645
Prims Informatics INC, USA	17,316,475	3,237,125
Prims Informatics Pte	11,112,870	7,957
Idhasoft Inc.	-	2,143,200
Finasys Consultants Pvt Ltd	-	343,765
	66,916,426	23,681,994

34 Supplementary statutory information

(i) Managerial remuneration

Salaries and allowances	-	-
	-	-

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 (2011: Nil).

(ii) Earning in foreign currency

Service income	111,734,848	84,520,508
	111,734,848	84,520,508

34 Subsequent event note

Subsequent to the balance sheet date, Prism Informatis Ltd. has acquired 11,750,000 equity shares of Re 1 of Idhasoft Limited on 15 May 2012. After purchase of such number of shares, Prism Informatis Ltd holds more than 20% interest in the voting power of Idhasoft Limited. As a result, Idhasoft limited has become the associate of Prism Informatis Ltd with effect from 15 May 2012.

Notes to the financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

35 Prior year comparatives

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

For and on behalf of the Board of Directors

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

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

CA E.A. Patil
Partner
Membership No: 031979

Tulsi Daryanani
Company Secretary

Place: Navi Mumbai
Date: 30th May, 2012

Consolidated Financial Statements together with Auditors' Report for the year ended March 31, 2012



Auditors' Report On Consolidated Financial Statements To 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 2012 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 and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 reflect total assets of Rs.729,642,922/- and total revenue of Rs.763,781,026/- as on 31st March 2012. These financial statements have been audited by other auditors. 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 the other auditors. The Revised Schedule VI requires the assets and liabilities of the current and previous year financial statement to be classified in current and non-current nature. We have placed our reliance on the management representation for the classification of information in case of overseas subsidiaries for drawing financials as per the Revised Schedule VI.

We report that the consolidated financial statement prepared by the company is in accordance with the requirements of Accounting Standard (AS) 21 on, 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India in case of the 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.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Company and its 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 and accounts receivable in the manner so required and present a true and fair view except in the case of unbilled revenue Rs 11,833,734/- which has been as certified by the management, Goodwill of Rs. 17,472,307/- included in Intangible Assets which is subject to impairment testing in case of India and brought forward reserve (refer note 2.2(b)) in case of consolidated accounts in conformity with the accounting principles as far as generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the affairs of the Prism Informatics and its subsidiaries as at 31st March 2012;
- in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- 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 2012.

Vashi, Navi Mumbai

	Note	March 31,2012	March 31,2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	50,355,930	23,610,600
(b) Reserves and surplus	2.2	260,174,926	211,346,712
(c) Money received against share warrants			
Minority interest		-	5,839,751
		310,530,856	240,797,063
Share application money pending allotment		21,564,363	-
Non-current liabilities			
(a) Long-term borrowings	2.3	121,599,127	260,206,022
(b) Long-term provisions	2.4	5,461,192	792,386
		127,060,319	260,998,408
Current liabilities			
(a) Short-term borrowings	2.5	65,900,673	87,659,247
(b) Trade payables		52,179,913	21,914,717
(c) Other current liabilities	2.6	126,497,844	29,546,071
(d) Short-term provisions	2.7	25,908,954	53,211,760
		270,487,384	192,331,794
TOTAL		729,642,922	694,127,265
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets		11,275,112	18,266,740
(ii) Intangible assets		52,087,453	-
(b) Non-current investments	2.8	172,379,634	25,100
(c) Deferred tax assets (net)		14,242,630	2,463,055
(d) Long-term loans and advances	2.9	38,986,926	183,846,477
(e) Other non-current assets			
		288,971,755	204,601,372

Balance Sheet

as at March 31, 2012

	Note	March 31,2012	March 31,2011
Goodwill on consolidation		166,275,000	168,210,436
Current assets			
(a) Current investments			
(b) Inventories		-	2,327,216
(c) Trade receivables	2.10	166,632,799	180,985,659
(d) Cash and cash equivalents	2.11	57,038,022	102,478,729
(e) Short-term loans and advances	2.12	12,047,965	19,314,696
(f) Other current assets	2.13	38,677,381	16,209,157
		274,396,167	321,315,457
TOTAL		729,642,922	694,127,265

For and on behalf of the Board of Directors

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

CA E.A. Patil
Partner
Membership No: 031979

Place: Navi Mumbai
Date: 30th May, 2012

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

Tulsi Daryanani
Company Secretary

Statement of Profit & Loss

as at March 31, 2012

Particular	Note	March 31,2012	March 31,2011
Revenue from operations	2.14	734,974,716	665,826,059
Other income	2.15	28,806,310	25,663,471
Total Revenue (I + II)		763,781,026	691,489,530
Expenses:			
Cost of sales and services	2.16	253,064,555	244,194,593
Employee benefit expenses	2.16	362,654,300	271,348,028
Travel expenses	2.16	17,261,600	34,352,536
Professional fees	2.16	5,837,051	6,426,067
Depreciation		11,151,209	4,880,639
Business Development Expenses	2.16	3,651,174	15,501,852
Rent	2.16	6,868,184	18,313,319
Office expenses	2.16	3,087,300	20,266,945
Foreign exchange loss/(gain), net		-	8,448,949
Preliminary expenses w/o	2.16	228,237	2,259,221
Sundry Balance written off	2.16	16,618,744	-
Interest cost	2.16	23,532,256	14,113,656
Other expenses	2.16	100,945,738	25,355,074
Total expenses		804,900,349	665,460,880
Profit before exceptional & extraordinary items and tax (III-IV)		(41,119,323)	26,028,651
Exceptional items	2.17	(36,033,264)	-
Profit before extraordinary items and tax (V - VI)		(5,086,059)	26,028,651
Extraordinary Items	2.18	27,297,518	-
Profit before tax (VII- VIII)		(32,383,577)	26,028,651

Statement of Profit & Loss

as at March 31, 2012

Particular	Note	March 31,2012	March 31,2011
Tax expense:			
(1) Current tax	2.19	8,476,450	11,522,226
(2) Deferred tax	2.19	(11,631,123)	(2,480,811)
Transfer to Minority interest		-	7,894,954
Profit (Loss) for the period from continuing operations (IX-X)		(29,228,904)	9,092,282
Profit/(loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
Profit (Loss) for the period (XI + XIV)		(29,228,904)	9,092,282
Earnings per equity share:			
(1) Basic		(2.00)	1.00
(2) Diluted		(2.00)	1.00
Weighted average number of equity shares outstanding during the year			
- Basic		14,637,958	12,105,150
- Diluted		15,592,183	14,551,493
See accompanying notes to the financial statements			

For and on behalf of the Board of Directors

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

CA E.A. Patil
Partner
Membership No: 031979

Place: Navi Mumbai
Date: 30th May, 2012

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

Tulsi Daryanani
Company Secretary

Cash Flow Statement

for the year ended March 31, 2012 (Currency : Indian Rupee)

Particular	Note	March 31,2012	March 31,2011
Cash flows from operating activities			
(Loss)/Net Profit before tax		(32,383,577)	26,028,650
Adjustments:			
Depreciation and amortization		11,151,209	4,880,639
Miscellaneous expenditure written off		228,237	2,259,221
Interest Expense		23,532,256	7,257,863
Sundry balances written off		16,618,744	-
Unrealised exchange differences		69,532,289	8,448,949
Interest income		(15,473,843)	(21,371,151)
Operating cash flows before working capital changes		73,205,315	27,504,172
(Increase)/Decrease in debtors		(2,265,885)	(136,696,995)
(Increase)/Decrease in unbilled revenue		(15,130,046)	(7,172,164)
(Increase)/Decrease in Short-term loans and advances		7,266,731	(144,799,462)
(Increase)/Decrease in other current assets		(7,566,415)	
(Increase)/Decrease in inventories		2,327,216	(1,995,630)
(Decrease)/Increase in sundry creditors		30,265,197	
(Decrease)/Increase in Other current liabilities		96,951,772	437,989
(Decrease)/Increase in Short term provisions		(19,468,526)	(2,557,094)
(Decrease)/Increase in long term provisions		4,668,806	
Net change in working capital		97,048,850	(292,783,356)
Cash generated from (used in) operations		170,254,165	(265,279,184)
Income tax paid		(7,834,280)	(12,270,132)
Net cash provided by (used in) operating activities (A)		162,419,885	(277,549,316)
Cash flows from investing activities			
Purchase of fixed assets		(56,247,034)	(12,360,263)
Purchase of investments		(170,419,098)	(71,856,585)
Recovery of long-term loans and advances		28,013,964	-
Deferred tax assets (net)		(11,779,575)	
Loans given to related parties		116,845,587	
Loan recovered from related parties		(10,590,110)	

Cash Flow Statement

for the year ended March 31, 2012 (Currency : Indian Rupee)

Particular	Note	March 31,2012	March 31,2011
Purchase of Goodwil	-	-	(2,900,000)
Miscellaneous expenditure incurred for formation of company	-	-	
Adjustment on account of Minortiy Interest (Refer Note 1.1(b))		5,839,751	
Interest received		15,473,843	21,371,151
Net cash from (used in) investing activities (B)		(82,862,672)	(65,745,697)
Cash flows from financing activities			
(Repayment)/Proceeds from issuance of share capital		26,745,330	11,856,527
Share application money received		21,564,363	-
Increase in reserves		-	7,564,848
Dividend Paid		-	(7,902,010)
Increase in securities premium			
Proceeds from long term borrowings - unsecured loan (net)		(128,016,784)	273,188,019
Proceeds from short term borrowings - secured loan (net)		(21,758,573)	59,435,047
Interest expense		(23,532,256)	(7,257,863)
Net cash from (used in) financing activities (C)		(124,997,920)	336,884,568
Net decrease in cash and cash equivalents during the year (A+B+C)		(45,440,707)	(6,410,446)
Cash and cash equivalents at the beginning of the year		102,478,729	108,889,175
Cash and cash equivalents at the end of the year		57,038,022	102,478,729
		57,038,022	102,478,729
		0	0

Cash Flow Statement

for the year ended March 31, 2012 (Currency : Indian Rupee)

Notes to the Cash flow statement		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts.		
Cash in hand	408,959	20,138,742
'Balance with banks	56,629,063	82,339,987
	57,038,022	102,478,729

The accompanying notes form an integral part of this cash flow statement.

For and on behalf of the Board of Directors

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

CA E.A. Patil
Partner
Membership No: 031979

Place: Navi Mumbai
Date: 30th May, 2012

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

Tulsi Daryanani
Company Secretary

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

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 along with their subsidiaries and Prism JLT operating outside India and are converted into Indian Rupees. The figures in profit & loss Account for the period April'11 to March'12 have been converted at the average INR rate for the financial year ending March 31, 2012. The figures in Balance Sheet have been converted at closing INR rate for the financial year ending March 31, 2012.

1 Significant accounting policies

1.1 Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements

a) 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%
Prism Informatics Europe AG	Switzerland	100%
Prism Informatics Schweiz GmbH	Switzerland	100%
Prism Informatics Deutschland GmbH	Germany	100%
Prism Software Consultancy JLT (formed on 1st Feb., 2012)	Dubai	100%

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard 21 - "Consolidated Financial Statements" (AS-

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 recognized prospectively in the current and future periods.

21) for the purpose of preparation and presentation of consolidated financial statements.

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

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 or formed during the financial year, income and expenses have been considered from the date of acquisition or formation.

- b) The Share Purchase Agreements of GOD Barcode Marketing MBH (GODBM) and Information Technology Management (IMT) have been terminated during the current financial year. The financial statement for these companies have not been consolidated in the current financial year. Previous year figures include the financial information of GODBM and IMT.

1.2 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 as per GAAP prevailing in the respective countries. 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.

1.3 Goodwill

Goodwill on standalone

In case of business acquisition the amount paid towards business relationship has been recognized 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.

1.4 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.

1.5 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 as confirmed by the management.

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.

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

1.6 Employee retirement and other benefits Defined Contribution Plans:

Defined Benefit Plans:

In case of Indian operation 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.

1.7 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.

1.8 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.

1.9 Taxation

In case of Indian operation 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 recognized 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 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.

1.10 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.

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

1.11 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 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

1.12 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.

2.1 Share capital

	March 31,2012	March 31,2011
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		
92,164 8% non cumulative compulsorily convertible preference shares series II of Rs. 100 each (2011 : 92,164 8% non cumulative compulsorily convertible 2010 preference shares of Rs.100 each)	9,216,400	9,216,400
263,715 8% non cumulative compulsorily convertible preference shares series III of Rs. 100 each	26,371,500	-
14,768,030 (2011 : 14,394,200) equity shares of Re. 1/- each (2011 : Re. 1/- each*) fully subscribed and paid up	14,768,030	14,394,200
	50,355,930	23,610,600

* Equity shares subdivided on 7th jan, 2011 into Rs. 1 each from Rs. 10 each

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Reconciliation statement of the number of shares outstanding at the beginning and at the end of the reporting period.

Particulars	March 31,2012		March 31,2011	
	No. of Shares	Amount	No. of Shares	Amount
(1) Non cumulative compulsory convertible preference share (CCP-II) :				
Number of shares at the beginning	92,164	9,216,400	-	-
Add: Shares issued during the year	-	-	92,164	9,216,400
Number of shares at the end	92,164	9,216,400	92,164	9,216,400
(2) Non cumulative compulsory convertible preference share (CCP-III) :				
Number of shares at the beginning	-	-	-	-
Add: Shares issued during the year	263,715	26,371,500	-	-
Number of shares at the end	263,715	26,371,500	-	-
(3) Equity shares :				
Number of shares at the beginning	14,394,200	14,394,200	12,948,160	12,948,160
Add: Shares issued during the year	373,830	373,830	1,446,040	1,446,040
Number of shares at the end	14,768,030	14,768,030	14,394,200	14,394,200

Notes

- * Further, the Company has allotted 233,715 8% non cumulative compulsorily convertible preference shares series III of Rs. 100 each to Mr Saurabh Dani, Promoter of the Company and 30,000 8% non cumulative compulsorily convertible preference shares series III of Rs. 100 each to Bankim Dani.
- * Share Application Money pertains to Compulsorily Convertible Preference Shares Series II & Series III of Rs. 100 each are expected to be converted into equity shares by 6 August, 2012 & 15 July 2013 respectively.
- * During the current year, the Company has allotted 373,830 equity shares to debenture holders in exchange of 282,242 12% debentures (CCD Series II).

Terms of convertible shares and securities :

Type of shares or securities	Issue Date	Conversion date
8% Non cumulative compulsory convertible preference share (CCP-II)	07.02.2011	06.08.2012
8% Non cumulative compulsory convertible preference share (CCP-III)	16.01.2012	15.07.2013
Compulsory convertible debentures	20.10.2010	07.08.2011

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Details of shareholder holding more than 5 percent shares specifying the number of shares held:

Name of Shareholder	March 31,2012		March 31,2011	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Equity shares :				
Amitabh Arun Parekh	1,258,042	8.52		
Sainath Informatics Private Limited	1,203,500	8.15	1207500	8.39
Neogen Computer Systems Private Limited	1,462,920	9.91	1462920	10.16
Anor Technologies Private Limited	1,650,000	11.17	1650000	11.46
Idhasoft Ltd.	-	-	985820	6.85
Qasem M Alsuwaidi	985,820	6.68	-	-
Roger Cunningham	-	-	868930	6.04
Ndteam Consultants and Architects Private Limited	1,385,978	9.38	1385978	9.63
8% Non cumulative compulsory convertible preference share (CCP-II) :				
Atif M alsuwaidi	92,164	100.00	92,164	100.00
8% Non cumulative compulsory convertible preference share (CCP-III) :				
Saurabh Dani	233,715	88.62	-	-
Bankim Dani	30,000	11.38	-	-

2.2 Reserves and surplus

Particular	March 31,2012	March 31,2011
a)		
Security Premium	209,278,854	181,428,519
General reserve		
- Balance brought forward	6,554,680	7,746,000
- Additions during the year	-	3,893,512
- Reduction during the year	-	(5,084,832)
	6,554,680	6,554,680
Statutory Reserve	2,616,586	7,564,848
Foreign currency translation reserve	21,045,204	-
Profit and loss account, balance carried forward	20,679,603	15,798,665
	260,174,926	211,346,712

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

2.2 Reserves and surplus

Particular	March 31,2012	March 31,2011
Surplus in statement of Profit & Loss	51,200,611	18,528,959
Profit for the year	(29,228,904)	9,092,282
Interim Equity Dividend	-	4,893,366
Proposed Dividend On Equity	738,402	1,799,275
Preference Dividend	369,666	107,062
Tax on Dividend	184,036	1,129,361
Transfer to General Reserve	-	3,893,512
Balance as at the end of the year	20,679,603	15,798,665

- b) Brought forward surplus (reserve) is subject to reconciliation with the previous year Carried forward Surplus in case of overseas subsidiaries.

2.3 Long-Term Borrowings

Unsecured loans :		
Loan from Related Entities	40,950,728	51,540,838
Loan from owner of IMT	-	61,967,724
CCD Application money+ +	29,105,000	-
Loan from others	50,000,000	-
Other unsecured loans	1,543,399	146,697,460
	121,599,127	260,206,022

** Out of above, debenture application money of Rs 28,755,000 is being allotted 287,550 12% Debentures (CCD Series III) on 30 April, 2012. The date of conversion in equity is 29 October 2013 or date earlier to this subject to necessary approval.

2.4 Long-Term Provisions

Provisions for employee benefits :		
Provision for Gratuity	4,040,863	176,160
Provision for Leave Encashment	1,140,180	616,226
Other long term provisions	280,148	-
	5,461,192	792,386

2.5 Short-Term Borrowings

Unsecured loans :		
12% Debentures (CCD Series II)*	-	28,224,200
		28,224,200

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

2.5 Short-Term Borrowings (continued)

Particular	March 31,2012	March 31,2011
Secured loans :		
Bank Overdraft	47,115,771	38,487,315
Lines of Credit	8,057,735	20,947,732
Loan from others**	10,727,168	-
	65,900,673	59,435,047
	65,900,673	87,659,247

* The Company has availed bank overdraft facility from Saraswat Co-operative Bank Limited. Bank overdraft facility is secured against fixed Deposit of Rs. 125 Lacs and pledge of 5,00,000 Shares of Re. 1/- each of Prism Informatics Limited held by Idhasoft Limited as collateral securities. Further personal guarantee and corporate guarantee are also given by Alok Pathak, managing director and Idhasoft Limited respectively.

** The loan facility was guaranteed by Anor Technologies Private Limited by creating pledge on 12,500,000 shares of Prism Informatics Limited held by Anor Technologies Private Limited.

2.6 Other current liabilities

Advance from customer	3,708,099	1,111,478
Unpaid dividend	-	107,062
Trade advances	-	876,123
Other current liabilities	66,161,052	-
Book Overdraft	-	7,870,874
Acquisition cost payable	36,834,550	-
Other Current Liabilities	79,917	100
Salaries Payable	8,132,532	5,017,659
Other payables	2,795,131	-
Unearned Income	-	1,532,489
Proposed Dividend	-	1,799,275
Payable to previous owner	-	8,838,174
Payroll liabilities	103,520	-
Sales tax payable	11,459	-
Interest Payable	8,671,584	2,392,837
	126,497,844	29,546,071

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

2.7 Short-term provisions

Particular	March 31,2012	March 31,2011
Others		
Provision for expenses	17,003,444	49,920,694
Provision for income tax	-	266,773
Provision for Service Tax	3,729,511	1,183,003
Dividend tax	-	316,620
Profession Tax Payable	33,925	32,324
VAT Payable	2,736,191	406,641
TDS Payable	1,999,368	1,082,704
Provision for rent equilisation	406,515	-
Provision for Fringe benefit tax	-	3,000
	25,908,953	53,211,759.53

2.8 Non-current investments

Investment in equity instruments		
172,354,634 (2011: 100) equity shares of Re. 1/- each fully paid of Idhasoft Ltd.	172,354,634	100
2,500 (2011: 2,500) shares of Rs. 10 each fully paid up of Saraswat Co-Op Bank Ltd.	25,000	25,000
	172,379,634	25,100

2.9 Long-term loans and advances

Others :		
(Unsecured and considered good)		
Deposits	3,221,375	4,149,460
Loan to Related Entities	8,951,774	125,797,361
Loan to Idhasoft Limited, India	11,500,000	-
Loan to Others	3,326,997	13,222,345
STL-SHC	-	36,206,261
Other non current assets	6,954,280	-
Loans to directors	5,032,500	4,471,050
	38,986,926	183,846,477

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

2.10 Sundry debtors (Unsecured and considered good)

Particular	March 31,2012	March 31,2011
Debtors	166,632,799	181,798,780
	166,632,799	181,798,780
Less: Provision for doubtful debtors		813,122
	166,632,799	180,985,659

2.11 Cash and cash equivalents

Balances with banks	42,531,948	69,465,359
Cash in hand	408,959	20,138,742
Fixed Deposit with Bank *	14,097,115	12,874,628
	57,038,022	102,478,729
* Fixed deposits with banks for more than 12 months	12,500,000	12,500,000

Fixed deposit with bank of Rs 12,500,000 (2011; Rs. 12,500,000) are held as margin money against bank overdraft facilities from bank

2.12 Short-term loans and advances

Loan to Employees	-	148,250
Interest receivable	11,864,584	19,166,446
Taxes paid in advance (net of provision)	183,381	-
	12,047,965	19,314,696

2.13 Other current assets

Prepaid Expenses	3,837,492	8,070,341
Advance to creditors	885,949	254,114
Other current assets	10,012,949	-
Unbilled revenue	23,014,749	7,884,702
	37,751,138	16,209,157

2.14 Income from software services and products

Income from software services	651,021,793	650,854,305
Income from software products	83,952,923	14,971,754
	734,974,716	665,826,059

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

2.15 Other income

Particular	March 31,2012	March 31,2011
Interest on bank deposits	1,008,319	397,658
Interest - Others	14,465,524	20,973,493
Tax refund	457,625	-
Foreign exchange loss/(gain), net	2,528,955	-
Miscellaneous income	10,345,887	4,292,320
	28,806,310	25,663,471

2.16 Expenses

Cost of sales & services		
Cost of sales	126,068,746	120,091,654
Cost of services	126,995,809	124,102,939
	253,064,555	244,194,593
Employee benefit expenses		
Salaries, bonus & allowances, including overseas employee expenses	170,906,640	255,102,402
Consultancy Fees	317,219	13,508,503
Gratuity	496,954	452,050
Leave Encashment	526,654	616,226
Staff welfare	190,406,832	1,668,847
	362,654,300	271,348,028
Travel expenses		
Travel and conveyance	17,261,600	34,352,536
	17,261,600	34,352,536
Professional fees		
Legal and professional fees	5,837,051	6,426,067
	5,837,051	6,426,067
Business Development Expenses		
Business Development Expenses	3,651,174	15,501,852
	3,651,174	15,501,852
Rent		
Rent	6,868,184	18,313,319
	6,868,184	18,313,319
Office expenses		
Office expenses	3,087,300	20,266,945
	3,087,300	20,266,945

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

2.16 Expenses (continued)

Foreign exchange loss/(gain), net		
Foreign exchange loss/(gain), net	-	8,448,949
	-	8,448,949
Expenses written off		
Preliminary expenses w/o	228,237	-
Miscellaneous expenditure w/o	-	2,259,221
	228,237	2,259,221
Sundry Balance written off		
Sundry Balance written off	16,618,744	-
Other expenses		
Advertisement and publicity	2,565,620	2,750,017
Bank Office charges	-	-
Communication Expenses	1,585,429	3,572,564
Commission paid	4,486,680	1,715,778
Subscription, registration and license fee	723,392	5,977,214
Electricity	115,084	544,707
Loss on sale of assets	61,889	-
Repairs and maintenance	-	2,815,935
Insurance	1,618,991	2,610,929
Bank charges & commission	3,156,026	457,690
Rates and taxes	-	3,204,300
Contribution to provident & other funds	63,560	-
Selling, general and administration costs	-	283,669
Miscellaneous expenses	85,994,570	471,878
Auditor's remuneration		
Audit fees	265,000	215,000
Tax audit fees	55,000	35,000
Other services	254,498	156,500
Global Auditors'	-	543,893
	100,945,738	25,355,074
Interest Cost		
Bank Interest	6,562,194	2,926,385
Interest on CCD	1,187,736	3,513,751
Interest - Others	15,782,326	7,673,520
	23,532,256	14,113,656
	523,837,603	414,126,426

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

2.17 The exceptional item of Rs.36,033,264 pertains to capitalisation of internally generated intangible asset.

2.18 The extraordinary item of Rs.27,297,518 pertains to write off of GODBM investment, purchased during the year.

2.19 Tax expenses

Particular	March 31,2012	March 31,2011
Current tax		
Income taxes	8,476,450	11,522,226
Deferred taxes	(11,631,123)	(2,480,811)
	(3,154,673)	9,041,415

3 Segmental information

Business segments

As at March 31, 2012 and for the year then ended

Particulars	Software Consultancy Services	Software License Sale	Total
Total Income	651,021,792	83,952,923	734,974,715
Accounts Receivables	166,632,798	-	166,632,798
Unbilled Revenue	23,014,749	-	23,014,749

Geographic segments

As at March 31, 2012 and for the year then ended

Particulars	India	Rest of World	Total
Total income	144,443,613	590,531,102	734,974,715
Accounts receivables	19,002,285	147,630,513	166,632,798
Unbilled revenue	119,319	22,895,430	23,014,749

4 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 (ceased to be Director on 6 March 2012)
		5) Christof Anderi (appointed with effect from 1 June 2011)
		6) Saurabh Dani (appointed with effect from 14 November 2011)
2.	Parties with substantial interest	1) Secure Matrix Solutions Private Limited
		2) Dani Financial Products Private Limited
		2) Relatives of key management personnel

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

5 Related party transactions (continued)

(a) Transactions and balances with related parties

Nature of the transaction	Key management personnel		Parties with substantial interest	
	March 31,2012	March 31,2011	March 31,2012	March 31,2011
Transactions during the year ended 31 March				
Investments purchased	-	-	-	100
Sale of investments	-	-	-	-
Reimbursement of expenses	-	93,095	-	271,048
Service income	-	-	-	2,858,989
Remuneration paid	-	-	614,000	530,500
Loans given	-	-	-	159,200,000
Loans recovered	-	-	-	63,919,960
Interest income	-	-	-	12,645,616
Rent paid	-	-	90,000	265,000
Allotment of preference shares	23,371,500	-	3,000,000	-
Share application money	23,371,500	-	-	-
Debenture application money received	9,000,000	-	5,000,000	-
Balance as at 31 March				
Investments	-	-	-	100
Debtors	-	-	8,963	343,765
Creditors	-	-	-	2,356,594
Loans receivable	-	-	-	95,280,040

6 Related party transactions (continued)

Out of the above, transactions with related parties in excess of 10% of the total related party transactions are as under :

	Transactions during the year ended March 31,2012	March 31,2012	March 31,2011
A Key management personnel			
(i) Reimbursement of expenses			
Mohan Natarajan		-	93,095
(ii) Share application money received			
Saurabh Dani		23,371,500	-
(iii) Allotment of preference shares			
Saurabh Dani		23,371,500	-
(iv) Debenture application money received			
Saurabh Dani		9,000,000	

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

6 Related party transactions (continued)

Out of the above, transactions with related parties in excess of 10% of the total related party transactions are as under :

Transactions during the year ended March 31,2012	March 31,2012	March 31,2011
B Parties with Substantial interest		
(i) Allotment of preference shares		
Bankim Dani	3,000,000	-
(ii) Reimbursement of expenses		
Finasys Consultants Pvt Ltd		86,382
Idhasoft Limited	-	184,666
(iii) Service income		
Finasys Consultants Pvt Ltd	-	2,439,104
Idhasoft Limited	-	419,885
(iv) Investments purchased		
Idhasoft Limited		100
(v) Loans given		
Idhasoft Limited		159,200,000
(vi) Loans recovered		
Idhasoft Limited		63,919,960
(vii) Interest income	-	
Idhasoft Limited		12,645,616
(viii) Debenture application money received		
Dani Financial Products Private Limited	5,000,000	-
(ix) Rent Paid		
Secure Matrix Solutions Private Limited	90,000	-
Idhasoft Limited	-	265,000
(x) Remuneration paid		
Shilpi Pathak	614,000	530,500

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

6 Related party transactions (continued)

Balance as at year end	March 31,2012	March 31,2011
(I) Parties with substantial interest		
Idhasoft Limited	-	100
(ii) Parties with substantial interest		
Finasys Consultants Pvt Ltd	-	343,765
Seema Pathak	8,963	-
(iii) Creditors		
Idhasoft Limited	-	2,356,594
(iv) Loans receivable		
Idhasoft Limited	-	95,280,040

7 Amounts due to micro, small and medium enterprises

As at 31 March, 2012, 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 (2011 : Nil).

8 Summary of investments purchased and sold during the year

Investments purchased during the year ended March 31

	2012		2011	
	Units	Cost of purchase	Units	Cost of purchase
Investment in related parties				
Idhasoft Limited	-	-	100	100
(A)	-	-	100	100
Idhasoft Limited	172,354,534	172,354,534	-	-
(B)	172,354,534	172,354,534	-	-
	172,354,534	172,354,534	100	100

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

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

	March 31,2012	March 31,2011
Number of shares considered as basic weighted average shares outstanding	14,637,958	12,105,150
Add: Effect of dilutive issues of stock options/ warrants/ preference shares	954,225	2,446,343
Number of shares considered as weighted average shares and potential shares outstanding	15,592,183	14,551,493

10 Leases

Rent expense for all operating leases for the year ended 31 March 2012 aggregated to Rs. 6,868,184 (2011: Rs.18,313,318.64)

11 Capital commitments and contingent liabilities

The Company has entered into asset purchase agreement dated Feb 2, 2010 entered with Finasys Consultants Pvt Ltd. As per the agreement, the Company is require to pay earn out based on achievement of certain parameters. The performance parameters for the period April 1, 2011 to March 31, 2012 have been achieved by the Company. However, the earn out of Rs 44,78,024 to be payable on the achievement of these parameters have not been accounted in financial year 2011-12 to the extent of Rs 3,452,759 due to uncertainties in the collection of certain receivables.

12 Gratuity Benefits

In accordance with the Payment of Gratuity Act, 1972, Prism Informatics Ltd provides for gratuity, a defined retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's defined portion of last salary and the years of employment with the Company.

Prism Informatics Ltd contributes each year to a gratuity fund based upon actuarial valuations performed by an actuary. The fund is administered by Life Insurance Corporation of India for the purpose.

Amount to be recognised in Balance Sheet	March 31,2012	March 31,2011
Present Value of Funded Obligations	980,068	460,377
Fair Value of Plan Assets	(306,954)	(284,217)
Net (Asset)/ Liability	673,114	176,160
Amounts recognised in Balance Sheet		
Net (Asset)/ Liability	673,114	176,160

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

12 Gratuity Benefits (continued)

Expense recognised in Statement of Profit and Loss Account	March 31,2012	March 31,2011
Current Service Cost	678,495	460,377
Interest on Defined Benefit Obligations	91,569	-
Expected Return on Plan Assets	(21,214)	-
Net Actuarial Losses / (Gains) recognised in the Year	(251,896)	(19,758)
Total Included in "Employee Benefit Expense"	496,954	440,619

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	460,377	-
Current Service Cost	678,495	460,377
Interest Cost	91,569	-
Actuarial Losses/(Gain)	(250,373)	-
Closing Defined Benefit Obligation	980,068	460,377
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	284,217	-
Expected Return on Plan Assets	21,214	-
Actuarial Gain /(Losses)	1,523	19,758
Contributions by Employer	-	264,459
Closing Fair Value of Plan Assets	306,954	284,217
Expected Employer's Contribution Next Year	900,000	-

Reconciliation of opening and closing balances of the present value of the defined benefit obligation: (Continued)

Financial Assumptions at the valuation Date	March 31,2012	March 31,2011
Discount Rate (p.a.)	8.60%	8.05%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Increase Rate (p.a.)	7.00%	7.00%

Composition of plan assets :

Particular	2012	%	2011	%
Life Insurance Corporation Of India	306,954	100%	284,217	100%
Total	306,954	100%	284,217	100%

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

Experience Adjustment

Particular	For the year ended 31-Mar-12	For the year ended 31-Mar-11	For the year ended 31-Mar-10	For the year ended 31-Mar-09
Net asset / (liability) recognised in Balance sheet (including experience adjustment entry)				
Defined Benefit Obligation	980,068	460,377	-	-
Plan Assets	306,954	284,217	-	-
Surplus / (Deficit)	(673,114)	(176,160)	-	-

13(A) Transactions with companies under the same management

a) Loans and advances include loans to companies under same management under section 370 (1) (B) of the Companies Act 1956:

	March 31,2012	March 31,2011
Nil	-	-

b) Debts due from companies under the same management as defined under Section 370(1)(B) of the Companies Act, 1956:

	March 31,2012	March 31,2011
Idhasoft Inc.	-	2143200

13(B) Name of non-scheduled banks and balances at year end

		March 31,2012	March 31,2011
1	Axis Bank- A/c No. 909020041819502	1,139,508	-
2	Axis Bank- EEFC Account	293,049	6,340
3	Citi Bank	3,180	-
4	ICICI Bank	-	915
5	Union Bank	-	123,161

14 Supplementary statutory information

(I) Managerial remuneration		
Salaries and allowances	-	-

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 (2011: Nil).

Notes to the consolidated financial statements

for the year ended March 31, 2012 | (Currency : Indian Rupee)

(ii) Earning in foreign currency		
Service Income	590,531,102	84,520,508
	590,531,102	84,520,508

15 Subsequent event note

Subsequent to the balance sheet date, Prism Informatics Ltd. has acquired 11,750,000 equity shares of Re 1 of Idhasoft Limited on 15 May 2012. After purchase of such number of shares, Prism Informatics Ltd holds more than 20% interest in the voting power of Idhasoft Limited. As a result, Idhasoft limited has become the associate of Prism Informatics Ltd with effect from 15 May 2012.

16 Prior year comparatives

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

For and on behalf of the Board of Directors

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

Alok Pathak
(Managing Director)

Saurabh Dani
(Director)

CA E.A. Patil
Partner
Membership No: 031979

Tulsi Daryanani
Company Secretary

Place: Navi Mumbai
Date: 30th May, 2012

Location of various offices

ATTENDANCE SLIP

(to be presented at the entrance)

30th ANNUAL GENERAL MEETING ON FRIDAY, AUGUST 17, 2012 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-907, BSEL Tech Park, Sector 30-A, Opp. Vashi Railway Station, Vashi, Navi Mumbai- 400 705, India.

PROXY FORM

I/We _____ of _____ being member(s) of the above named Company, hereby appoint _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on August 17, 2012 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 _____ 2012.

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-907, 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.

AMERICA

Georgia (HQ)

Six Concourse Parkway
Fifth Floor
Atlanta, GA 30328
Phone: 770-248-2999
Fax: 770-248-2999

SINGAPORE

31 Cantonment Rd.,
Singapore 089747
info.sg@prisminfoglobal.com

THAILAND

268 Soi Pattanakam 30,
Pattanakarn Rd., Suanluang,
Bangkok 10250, Thailand.
Tel. : (662) 704 - 1900.
Fax : (662) 704 - 1919.
info.th@prisminfoglobal.com

ASIA

INDIA (Mumbai)

B-907, BSEL Tech Park,
9th floor, opposite Vashi
Rly Station Sector 30A, Vashi
Navi Mumbai 400705
Phone: +91-22-65724261
Fax: +91-22-6609 6704.

INDIA (Pune)

Unit 602-A, 6th Floor,
Wing 2, Cluster C,
EON Free Zone, Plot No.1,
Survey No.77,
MIDC Knowledge Park,
Kharadi, Pune - 411 014
info.in@prisminfoglobal.com

INDIA (Hyderabad)

12-13-1274
1st Floor, Maspack House
Tarnaka Hyderabad 500017
Andhra Pradesh, India
Phone: +91-40-66392900.
info.in@prisminfoglobal.com

INDIA (Gurgaon)

G-2 ,Vipul Orchid Square
Block B, Sushant lok-1,
Gurgaon-122002
0124-4006316,
0124-4006317

EUROPE

PRISM Informatics Europe AG

GmbH, 6330 Cham/Zug,
Gewerbstrasse 5

PRISM Informatics Switzerland GmbH

GmbH, 6330 Cham/Zug,
Gewerbstrasse 5

PRISM Informatics Germany GmbH

66123 Saarbrücken,
Sciencepark 2

PRISM Informatics Austria GmbH

1020 Vienna,
Lassallestrasse 7b

MIDDLE EAST (Dubai)

Unit No 2502, Fortune Tower,
Plot No. C1, Jumeirah Lakes
Towers, Dubai,
United Arab Emirates

