

PRISM FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-à-vis the Stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

Name of Directors	Category of Directorship	No. of other Directorships *	Committee (1) Membership/ (2) Chairmanship in other companies	No. of Board Meetings attended	Attendance at the AGM held on 26 th September, 2012 (Y)/(N)
Naresh P. Raval	Independent Non-Executive	-	-	5	Y
Kashyap R. Mehta	Independent Non-executive	3	Gujarat Craft Ind. Ltd Typhoon Fin. Ser.Ltd Som Shiva (Impex) Ltd.	5	Y
Anal R. Desai	Independent Non-executive	-	-	5	Y

* Private companies excluded.

b) Details of the Directors seeking Reappointment in forthcoming Annual General Meeting:

Name of Director	Naresh P. Rawal
Date of Birth	13-11-1941
Date of Appointment	27-03-1997
Expertise in specific functional areas	Administration
List of Public Limited Companies in which Directorship held	—
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee & Shareholders Grievances Committee
Chairman/Member of the Committees of Directors of other companies.	—

c) Board Procedures:

The Board of Directors meets once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/ Managing Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/ approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, and investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors were held on 14-05-2012, 16-07-2012, 06-11-2012, 30-01-2013 and 13-02-2013.

ANNUAL REPORT 2012-2013

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

Name of the Directors	Expertise	Functions of the Committee	Attendance
Mr. Kashyap R. Mehta	All members are Non-executive. Chairman is independent Director and all are independent. One member has thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s) which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	Majority members were present at the meeting held on: 14-05-2012, 16-07-2012, 06-11-2012 and 13-02-2013.
Mr. Naresh P. Rawal			
Ms. Anal R. Desai			

4. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE:

The Board has constituted a Shareholders/Investors' Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Share Transfer, Non receipt of Balance Sheet, etc.

Mr. Kashyap R. Mehta and Ms. Anal R. Desai, Directors are the Members of the Committee.

The Company has received three complaints during the year. There was no valid request for transfer of shares pending as on 31st March 2013.

Mr. Chirag J. Desai is the Compliance Officer for the above purpose.

5. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2009-10	22-09-2010	11.00 a.m.	301, Iscon Mall,
2010-11	29-09-2011	11.00 a.m.	Above Star Bazar, Satellite Road,
2011-12	26-09-2012	11.00 a.m.	Ahmedabad - 380 015.

Pursuant to the provisions of Section 192 A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.

6. DISCLOSURES:

- a) The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has one subsidiary Company.
- b) There has neither been any non compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.

7. MEANS OF COMMUNICATIONS:

- a) In compliance with the requirements of the Listing Agreement, the Company is generally intimating Unaudited/ Audited Financial Results to the Stock Exchange/s. Results are not displayed on Website and are not sent individually to the Shareholders.
- b) During the year ended on 31st March 2013, no presentation was made to Institutional Investors or analyst or any other enterprise.
- c) Management Discussion and Analysis form part of the Annual Report.

8. SHAREHOLDERS' INFORMATION:

- a) Registered Office : 301, Iscon Mall, Above Star Bazar,
Satellite Road, Ahmedabad - 380 015.
- b) Annual General Meeting : Day : Thursday
Date : 19th September, 2013
Time : 11.00 a. m.
Venue : 301, Iscon Mall, Above Star Bazar,
Satellite Road, Ahmedabad – 380 015.

PRISM FINANCE LIMITED

- c) Financial Calendar :
- 1st Quarter Results : 1st / 2nd week - August, 2013.
- Half-yearly Results : 1st / 2nd week - November, 2013.
- 3rd Quarter Results : 1st / 2nd week - February, 2014.
- Audited yearly Results : End - May, 2014.
- d) Book Closure Dates : From : Saturday, the 7th September, 2013
To : Thursday, the 19th September, 2013.
(Both days inclusive).
- e) Dividend Payment Date : Not Applicable
- f) Listing of Shares on Stock Exchanges : **1. Ahmedabad Stock Exchange Limited,**
Kamdhenu Complex, 1st Floor,
Opp. Sahajanand College,
Panjara Pole, Ambawadi, Ahmedabad - 380 015.
2. Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.
- g) Stock Exchange Code :

Stock Exchange	Code
ASE	45565
BSE	531735
- h) Stock Price Data :
The Shares of the Company have not been traded during the period from 1st April, 2012 to 31st March, 2013 hence no information is submitted.
- i) Registrar and Share Transfer Agents. :
The Company has initiated certain steps to meet the requirements of SEBI Circular No. D&CC/FITTC/CIR 15/2003 dated 27th December, 2002 read with Circular No. D&CC/FITTC/CIR 18/2003 dated 12th February, 2003, on appointment of common agency for share registry work. At present, the Company has its own in house Share Department at:
301, Iscon Mall, Above Star Bazar,
Satellite, Ahmedabad – 380 015.
Tele. No. :079-26401121
Fax No. :079-26421239
E-mail : prismfinance@yahoo.com
- j) Share Transfer System :
The transfer of shares in physical form is processed and completed by the Company's own in house Share Department within a period of 25 days from the date of receipt thereof.
The Company is in the process of making arrangements with NSDL/CDSL to enable shareholders to hold their holding in electronic form.
- k) Distribution of Shareholding as on 31st March, 2013:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	1202	73.65	92960	1.43
501 to 1000	303	18.57	283100	4.36
1001 to 2000	10	0.62	13600	0.21
2001 to 3000	27	1.65	65600	1.01
3001 to 4000	2	0.12	7400	0.11
4001 to 5000	18	1.10	88700	1.36
5001 to 10000	12	0.74	105300	1.63
10001 to above	58	3.55	5843640	89.89
Grand Total	1632	100.00	6500300	100.00

ANNUAL REPORT 2012-2013

l) Category of Shareholders as on 31st March, 2013:

Category	No. of Shares held	% of Shareholding
Promoters	30,13,700	46.36
Financial Institutions/Banks	-	-
Mutual Fund	-	-
Bodies Corporate	5,37,000	8.26
NRIs	2,32,600	3.58
Public	27,17,000	41.80
Grand Total	65,00,300	100.00

m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity:

The Company has not issued any GDRs/ADRs.

n) Dematerialisation of Shares :

The Company is in the process of making arrangements with NSDL/ CDSL for Dematerialisation of Shares.

9. ADDRESS FOR CORRESPONDENCE:

For any assistance regarding share transfers, transactions, change of address, or any other query relating to shares, shareholders may contact at Registered Office of the Company at:

301, Iscon Mall, Above Star Bazar, Satellite Road, Ahmedabad – 380 015.

Tele. No. : 079-26401121

Fax No. : 079-26421239

E-mail : prismfinance@yahoo.com

Compliance Officer : Mr. Chirag J. Desai, Secretarial Executive

For and on behalf of the Board,

Place : Ahmedabad
Date : 16th July, 2013

Kashyap R. Mehta **Anal R. Desai**
Director Director

PRISM FINANCE LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry Structure and Developments:

The Non Banking Financial Companies (NBFC) industry in the private sector in India is represented by a mix of few large and national level Companies and a large number of small and medium sized, regional and local Companies. These NBFCs provide a variety of services including fund based and free based activities as well as cater to retail and non-retail markets and niche segments.

As a part of the economic reform, the Government is reducing the interest rate to lower the overall finance cost. In spite of this and other banking reforms, no major momentum is witnessed in credit obtained by the industrial sector including core industry.

The imposition of stricter registration and other regulatory compliance requirements over the years have led to better investor protection and improved overall industry environment.

b. Opportunities and Threats:

The Company faces normal market competition in its business. The working of the NBFCs continued to be adversely affected by defaults due to recession and absence of proper and speedier recovery loss and procedure, paucity of funds, over regulations, lack of level playing field, additive tax treatments and disallowance and encroachment by unprofessional and inexperienced fly-by-night operators in the industry.

The continuance of slow down in economy coupled with the reduction in the interest rate would continue to affect the income level of your Company in the current year. However, with the effective control over the expenses and prudent development of available resources, the Management is hopeful of maintaining satisfactory results.

c. Segment wise Performance:

The Company is operating in single segment. Hence, there is no need of reporting segment wise performance.

d. Recent Trend and Future Outlook:

The Company is likely to continue to maintain its focus on capital market activities including trading in securities and emerging products in derivatives. The Company will also look for any attractive opportunities in other growth areas in the financial services sector.

e. Risks and Concerns:

The Company is exposed to the normal industry risk factors of interest rate volatility, credit risk, market risk and operational risk. It manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practises.

With lower and lower interest regime, the Company's gross income may suffer a set back as being a finance Company its main income is return/yield on its deployable funds.

f. Internal Control Systems and their Adequacy:

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

g. Financial Performance with respect to Operational Performance:

The financial performance of the Company for the year 2011-12 is described in the Directors' Report.

h. Material Developments in Human Resources and Industrial Relations Front:

The Company is in process of employing and developing HRD department.

i. Cautionary Statement:

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

For and on behalf of the Board,

Place : Ahmedabad
Date : 16th July, 2013

Kashyap R. Mehta **Anal R. Desai**
Director Director

CERTIFICATE ON CORPORATE GOVERNANCE

**To
The Members of
Prism Finance Limited,**

We have examined the compliance of conditions of corporate governance by M/s. Prism Finance Limited, for the year ended on 31st March, 2013 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

As per representation received from the Registrars of the Company, we state that as per records maintained by the Shareholders'/ Investors' Grievance Committee, no investor grievance remaining unattended/pending for more than 30 days.

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 PINAKIN SHAH & Co.
Company Secretaries**

Place : Ahmedabad
Date : 16th July, 2013

**PINAKIN SHAH
Proprietor
COP: 2932**