

# **Annual Report 2012 - 2013**

Excel Infoways Ltd.



# 11th Annual Report 2012-2013

## **BOARD OF DIRECTORS**

**Mr. Lakhmendra Khurana**

**Mrs. Ranjana Khurana**

**Mr. Arpit Khurana**

**Mr. Binoy Gupta**

**Mr. Ramesh Joshi**

**Mr. Ravi Prakash Sinha**

Chairman & Managing Director

Executive Director

Executive Director

Independent & Non-Executive Director

Independent & Non-Executive Director

Independent & Non-Executive Director

## **COMPANY SECRETARY**

Mrs. Kumud Waradkar

## **AUDITORS**

M/s S.G. Kabra & Co.  
Wavel House, 1st Floor,  
1st Dhobi Talao Lane,  
Mumbai- 400002.

## **REGISTRARS AND SHARE TRANSFER AGENTS**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West),  
Mumbai- 400078, India.  
Tel No.:91-22-25946970  
Fax No.:91-22-25946969  
Email id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website : [www.linkintime.co.in](http://www.linkintime.co.in)

## **REGISTERED OFFICE**

31-A, Laxmi Industrial Estate,  
New Link Road, Andheri (West),  
Mumbai – 400053  
Tel No.: 91-22-40309898  
Fax :+91-22-26394248  
Email Id: [cs@excel-infoways.com](mailto:cs@excel-infoways.com)

## **BANKERS**

Citibank N.A.  
ICICI Bank Limited  
The Federal Bank Limited  
Corporation Bank  
Axis Bank Limited  
HDFC Bank Limited

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## **NOTICE**

**NOTICE** is hereby given that the Eleventh Annual General Meeting of the Members of **EXCEL INFOWAYS LIMITED** will be held on Wednesday, July 31, 2013 at 10.00 a.m. at the Registered Office of the Company at 31-A, Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400053 to transact the following businesses:

### **ORDINARY BUSINESS**

1. To consider and adopt the audited Balance Sheet as at March 31, 2013 and the Statement of Profit & Loss for the year ended on that date together with the Directors' Report & Auditors' Report thereon.
2. To appoint a Director in place of Mr. Arpit Khurana, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Binoy Gupta, who retires by rotation and being eligible offers himself 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 S. G. Kabra & Co., Chartered Accountants (Registration No. 104507W), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

### **SPECIAL BUSINESS**

5. To re-appoint Mrs. Ranjana Khurana as an Executive Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution** :

**"RESOLVED THAT** pursuant to provisions of sections 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to the re-appointment of Mrs. Ranjana Khurana as an Executive Director of the Company for a period of 5(five) years with effect from January 1, 2014 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of appointment and remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board  
For **Excel Infoways Limited**

sd/-  
**Kumud Waradkar**  
Company Secretary

Place : Mumbai  
Date : May 27, 2013

#### **Registered Office:**

31-A, Laxmi Industrial Estate,  
New Link Road, Andheri (West),  
Mumbai – 400053

**Notes:**

1. **A member entitled to attend and vote at the annual general meeting ("the 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 forty-eight hours before the commencement of 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 representatives to attend and vote on their behalf at the Meeting.
3. In terms of Article 199 of the Articles of Association of the Company, read with section 256 of the Companies Act, 1956, Mr. Arpit Khurana and Mr. Binoy Gupta, Directors, retire by rotation at the ensuing meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company commends their respective re-appointments.
4. Brief resume of all Directors including those proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
5. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to Special Business under item no. 5 set out above is annexed herewith.
6. Members are requested to bring their attendance slip along with the copy of annual report to the Meeting.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
9. The Company has notified closure of Register of members and Share Transfer Books from July 25, 2013 to July 31, 2013 (both days inclusive).
10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Member holding shares in physical form are requested to advise any change in their address immediately to the Company / Registrars and Transfer Agents.
11. 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.
12. Non- Resident Indian Members are requested to inform Registrars and Transfer Agents, immediately of:
  - a. Change in their residential status on return to India for permanent settlement.
  - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
13. The annual report of the Company circulated to the members of the Company, will be made available on the Company's website at [www.excel-infoways.com](http://www.excel-infoways.com)
14. Investor Grievance Redressal :

The Company has designated an exclusive e-mail id [cs@excel-infoways.com](mailto:cs@excel-infoways.com) to enable Investors to register their complaints, if any.
15. Members who have not registered their email addresses so far are requested to register their email addresses so that they can receive the Annual Report and other communications from the Company electronically.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

The following Explanatory Statement sets out material facts relating to the Special Business mentioned at item no. 5 of the accompanying Notice :

**Item No. 5****RE-APPOINTMENT OF MRS. RANJANA KHURANA AS EXECUTIVE DIRECTOR OF THE COMPANY**

The Board of Directors of the Company at its meeting held on May 27, 2013, has subject to the approval of the members, re-appointed Mrs. Ranjana Khurana as an Executive Director of the Company for further period of 5 (five) years from the expiry of her present term, that is January 01, 2014, on the terms and conditions including remuneration as determined by the Remuneration Committee of the Board and approved by the Board.

It is proposed to seek members' approval for the re-appointment of and remuneration payable to, Mrs. Ranjana Khurana as an Executive Director of the Company in terms of the applicable provisions of the Companies Act, 1956.

It is proposed that the remuneration payable to Mrs. Ranjana Khurana during her tenure as an Executive Director be fixed as under :

**A. Salary, Perquisites and Allowances:**

- Salary in the scale of ₹ 50,000 p.m. to ₹ 100,000 p.m.
- Increment as per Company's policy, but not exceeding 20% of the annual salary.
- Perquisites and allowances up to 100% of annual salary i.e. ₹ 6,00,000/- per annum which shall include accommodation (furnished or otherwise); house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilization of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; medical insurance and such other perquisites and/ or allowances.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income-Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

- The Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave at the end of the tenure, shall not be included for the purpose of computation of the overall ceiling of remuneration.

**B. Reimbursement of expenses:**

Reimbursement of expenses incurred for travelling, board and lodging including for her spouse, children and attendant(s) during business trips; provision of car for use on Company's business; telephone expenses at residence shall be reimbursed and not considered as perquisite."

Mrs. Ranjana Khurana satisfies all the conditions set out in Part I of the Schedule XIII to the Companies Act, 1956 for being eligible for the re-appointment. She is not disqualified from being appointed as Director in terms of section 274(1)(g) of the Companies Act, 1956.

Mrs. Ranjana Khurana is interested in the resolution as it pertains to her own re-appointment and remuneration payable to her.

Mr. Lakhmendra Khurana, Chairman and Managing Director and Mr. Arpit Khurana, Executive Director of the Company, being relatives of Mrs. Ranjana Khurana are interested in the proposed resolution.

Save and except the above, none of the other directors of the Company is in any way, concerned or interested in the Resolution.

The Board of Directors recommend the passing of the resolution under the item no. 5.

By Order of the Board  
For **Excel Infoways Limited**

sd/-  
**Kumud Waradkar**  
Company Secretary

Place : Mumbai  
Date : May 27, 2013

**Registered Office:**

31-A, Laxmi Industrial Estate,  
New Link Road, Andheri (West),  
Mumbai – 400053

## **DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting their 11<sup>th</sup> Annual Report along with the audited accounts of the Company for the year ended **March 31, 2013**.

### **FINANCIAL HIGHLIGHTS**

(₹ In Lacs)

| Particulars  | For the year ended 31-3-2013 | For the year ended 31-3-2012 |
|--|------------------------------|------------------------------|
| Income from Operation and other income               | <b>3,059.90</b>              | 1,622.78                     |
| Profit before Depreciation                           | <b>433.48</b>                | 411.42                       |
| Less: Depreciation                                   | <b>49.47</b>                 | 89.15                        |
| Profit before Tax                                    | <b>384.01</b>                | 322.27                       |
| Provision for Tax                                    | <b>75.54</b>                 | 65.63                        |
| Deferred Tax   | <b>(2.16)</b>                | (13.13)                      |
| MAT credit Entitlement                               | <b>52.67</b>                 | 55.83                        |
| Profit after Tax but before Prior period adjustments | <b>257.96</b>                | 213.94                       |
| Less: Prior period adjustments                       | <b>11.84</b>                 | 8.75                         |
| Profit after Tax and Prior period adjustments        | <b>246.12</b>                | 205.19                       |
| Add: Balance B/f. From last year                     | <b>6,369.91</b>              | 6,164.72                     |
| Amount available for appropriation                   | <b>6,616.03</b>              | 6,369.91                     |
| Less: Dividend                                       | -                            | -                            |
| Less: Dividend Tax                                   | -                            | -                            |
| Balance carried to Balance Sheet                     | <b>6,616.03</b>              | 6,369.91                     |

### **OPERATIONS**

As the Company diversified into infra activity and operating into two segments, the Company could sustain its level of profitability as last year and continued to make efforts to make progress on its planned path to growth.

During the year under review, Company has earned total income from operations of ₹ 3059.90 lacs as against ₹ 1622.78 lacs in the previous year, translating into a growth of 88.56%. The Profit after Tax and prior period adjustments increased by 19.95% from ₹ 205.19 lacs in the previous year to ₹ 246.12 lacs in the current year.

### **DIVIDEND**

With a view to conserve resources, the management thought it prudent not to declare dividend on equity shares of the Company.

### **SUBSIDIARY**

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance sheet, the Statement of Profit and Loss and other documents of the subsidiary company are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary company is disclosed in the Annual Report in compliance with the said circular. The Company will make available the annual accounts of the subsidiary company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company. The consolidated financial statements presented by the Company include the financial results of its subsidiary company.

**DIRECTORS**

In terms of sections 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Arpit Khurana and Mr. Binoy Gupta, Directors retire by rotation and being eligible, offer themselves for re-appointment.

The Board of Directors has approved the re-appointment of Mrs. Ranjana Khurana as an Executive Director w.e.f January 01, 2014 for a further period of five (5) years, on such terms and conditions as set out in the Explanatory Statement annexed to the notice of the forthcoming Annual General Meeting. The re-appointment is subject to the approval of shareholders in the said Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that

- in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies in consultation with the statutory auditors 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;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

M/s. S. G. Kabra & Co., Chartered Accountants, Mumbai, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of section 226 of the Companies Act, 1956.

**AUDITORS' REPORT**

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

**DEPOSITS**

During the year under review, Company has not accepted any fixed deposits u/s 58A of the Companies Act, 1956, from the public. As such, no amount of principal or interest is outstanding as on the Balance Sheet date.

**PARTICULARS OF EMPLOYEES**

No Employee draws remuneration in excess of limit prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**EMPLOYEE RELATIONS**

The relationship of your Company with its employees remained cordial throughout the year. The Company has various policies and procedures to attract and retain its employees. Most of the employees of your Company are educated and the Company provides training on various soft skills, domain knowledge and effective communication skills. Your Company is focused on improving the overall experience including health and mental well-being of its employees; and to that end it regularly conducts health checks. The Company also provides many benefits and incentives to its employees including to help, motivate and retain valued employees.

**ENERGY CONSERVATION MEASURES, TECHNOLOGY ABSORPTION**

Provisions of section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 in relation to conservation of energy and technology absorption are currently not applicable to the Company.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

The foreign exchange earnings and outgo, as required to be disclosed under section 217(1)(e) of the Companies act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are provided in the Annexure I to this report.

#### **CORPORATE GOVERNANCE REPORT**

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

#### **ACKNOWLEDGEMENT**

Your directors would like to express their appreciation for the assistance and co-operation received from the shareholders, creditors, financial institutions, banks, government authorities, customers and vendors during the year under review. Your directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

For and on behalf of the Board of Directors

sd/-  
**Lakhmendra Khurana**  
Chairman and Managing Director

sd/-  
**Ranjana Khurana**  
Executive Director

Place : Mumbai  
Date : May 27, 2013



**Annexure- I****FOREIGN EXCHANGE EARNINGS AND OUTGO****(₹ in Lacs)**

|           |                               |               |
|-----------|-------------------------------|---------------|
| <b>a.</b> | Total foreign exchange earned | <b>664.94</b> |
| <b>b.</b> | Total foreign exchange used   | <b>1.25</b>   |

For and on behalf of the Board of Directors

sd/-

**Lakhmendra Khurana**

Chairman and Managing Director

sd/-

**Ranjana Khurana**

Executive Director

Place : Mumbai

Date : May 27, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **Forward-looking statements**

The report contains forward-looking statements, identified by words like 'plans', 'expects', 'will' and so on. All statements that address expectations or projections about the future are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. The Company's actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

### **Industry structure and developments**

The Company is operating in two segments i.e. BPO / IT enabled services and infra activity.

The Indian BPO sector is broad based and encompasses a broad variety of services. As the growth of exports from BPO / IT services declined due to recessionary conditions in western countries it also affected our operations. At the same time the domestic BPO/ IT service expanded and the Company seized the opportunity and diversified into domestic BPO services. Today we have added major clients like IDEA, HPCL and Birla Edutech who have contributed in our growth. Our endeavor is to continue adding new values and services to our clients, stakeholders etc and thereby contribute to the overall growth .

The Company is engaged in the business of providing customer care services and handling the business relations of clients on their behalf by maintaining relation with their consumers and also providing them service by assisting them in managing their work flow and updating their records.

The Company is equipped with an extensive fleet of IT sector related equipments, including advanced mechanism in IT Sector, latest software to conduct operations smoothly. The Company has employed software and hardware experts to render services, to look after working mechanism of the Company and to assure that the process flow of the Company is not hindered by any outside factors or the factors related to software or hardware mechanism.

As India is a growing country and requires vast infrastructure developments, the Company has also diversified into infrastructure development. This year our income from infrastructure segment has grown as compared to previous year.

### **Factors affecting results of our operations**

Our financial conditions and results of operations are affected by the following factors:

- ***Foreign currency risk***

All revenues of the Company are denominated in USD, GBP and most of our expenses are incurred and paid in Indian rupees. The exchange rates between the Indian rupee, the U.S. Dollar have changed substantially in the recent years. Our financial position and operating results may be adversely affected by fluctuations in the currency exchange rates.

- ***Cost of people***

The principal component of our cost is the wages of our employees. If wages in India increase due to competitive pressures, we may experience a greater increase in our human resource cost. These being human changes in cost during the execution of the services, may increase cost of services and alter profitability on contracts which are not covered by escalation provisions.

- ***Global demand and economic conditions***

The demand for our services is dependent on acceptance of our service offerings in the international markets, our ability to keep pace with technological changes and provide innovative solutions services. The business of the Company is significantly dependent on the global economic condition and information technology sector activity in India/abroad and Government policies relating to information Technology projects. Our ability to benefit from the considerable investments proposed in the IT sector in the medium and long term will be key to our results of operations.

- ***Regulatory environment***

Our operations are exposed to uncertain political, legal and economic environment, government instability and complex legal systems and laws and regulations in India and abroad. Our ability to manage, evolve and improve our operational, financial and internal controls across the organization and to integrate our widespread operations and derive benefits from our operations is key to our growth strategy and results of operations.

- ***Competition***

We operate in competitive business environment and may not be able to compete effectively. We compete with major service providers in both BPO / IT and infra segment.

- ***Collection of receivables from our clients***

There are usually no delays associated with the collection of receivables from our clients. Our operations involve significant working capital requirements and prompt collection of receivables affect favourably to our liquidity and results of operations. However, there can be no assurance that any such development would not adversely affect our business.

- ***The extent to which the company's business is seasonal***

The Company's business is non seasonal.

- **Dependence on a few suppliers and customers**

As the Company is dependent on few clients, if the customer leaves the Company it may adversely affect the results of operation of the Company. However, the Company has excellent relations with existing clientele who continue to support the operation of the Company which is evident from rise in income from operations, in past years.

**Result of Operations**

As a result of the various factors discussed above that affect our income and expenditure on specific projects, our results of operations may vary from period to period depending on the nature of projects undertaken by us, their completion schedules, the nature of expenditure involved in a particular project and the specific terms of the contract, including payment terms.

During the year under review, the Company has earned BPO/IT income of ₹ 760.90 lacs (previous year ₹ 790.97 lacs). Though the income from IT segment has declined marginally our profit has increased by ₹ 95.96 lacs which is an increase of 41.38%.

Our income from Infra activity increased by ₹ 1535.27 lacs from ₹ 758.24 lacs in previous years to ₹ 2293.48 lacs in the current year.

The Profit after tax and prior period adjustments increased by 19.95% from ₹ 205.19 lacs in previous year to ₹ 246.12 lacs in the current year.

- **Analysis of Revenue**

Our revenues, referred to in our financial statements as total income comprises of income from operations and other income.

The income from operations comprises of

- BPO / IT enabled services receipts from clients in lieu of services provided to them in the form of handling their customers and managing their work flow process in accordance with their requirements as per agreement and up-to their satisfaction and
- income from Infra activities.

Our income from other sources comprises of interest income from bank and other non-operating income.

- **Expenditure**

Our expenditure mainly comprises of payment to contractors, employees cost, operation & other expenses and depreciation.

Payment to contractors includes payment made for infrastructure development. Employee cost consists of payments made to the employees at all levels of the hierarchy. Operation cost comprises of expenditure incurred for maintaining computer systems including development/maintenance expenses for software and hardware systems utilized, communication cost, electricity expenses, overseas travel, exchange fluctuation loss and advertisement. Other expenses consists of expenses incurred for day to day routine office expenses like printing & stationery, professional fees, Insurance, Rent, Rates & Taxes and Sundry Expenses.

**Outlook**

The Company believes it is in a dynamic market with a potential for substantial growth in future.

**Internal Control Systems and their adequacy**

The Company has adequate internal control systems and procedures commensurate with the size and nature of business. The Company continuously upgrades its systems in line with the best availability practices. These systems are supported by periodical reviews by the management and standard policies and guidelines to ensure that financial and other records are prepared accurately.

**Human resources and industrial relations**

The Company has maintained excellent relations with its employees across all levels of the organization during the period under review. All efforts were made during the year under review to ensure a high employee satisfaction level with a series of measures undertaken to enhance the skill sets of the employees.

For and on behalf of the Board of Directors

sd/-  
**Lakhmendra Khurana**  
Chairman and Managing Director

sd/-  
**Ranjana Khurana**  
Executive Director

Place : Mumbai  
Date : May 27, 2013

## **REPORT ON CORPORATE GOVERNANCE**

In accordance with clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited (BSE) and National Stock Exchange India Limited (NSE) (clause 49) the report containing the details of corporate governance systems and processes is as under:

### **1. STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Board of Directors and the Management of Excel Infoways Limited commit themselves to strive towards enhancement of shareholder value through sound business decisions, prudent financial management and high standard of ethics throughout the organization. The Company ensures transparency and accountability in all decisions and transactions of the Company. The Board of Directors commit themselves to achieve excellence in Corporate Governance by conforming to guidelines on Corporate Governance.

### **2. BOARD OF DIRECTORS**

#### **Board Composition**

The Board consists of 6 (six) directors of which 3 (three) are non-executive and independent directors. The composition of the Board and category of Directors is as follows:

| <b>Category</b>                        | <b>Name of the Director</b>  |
|--|--|
| Promoter Director                      | Mr. Lakhmendra Khurana<br>Chairman and Managing Director<br>Mrs. Ranjana Khurana |
| Executive Director                     | Mr. Arpit Khurana  |
| Non-Executive and Independent Director | Mr. Binoy Gupta<br>Mr. Ramesh Joshi<br>Mr. Ravi Prakash Sinha                    |

All the independent directors of the Company furnished a declaration at the time of their appointment as also annually that they satisfy the conditions for being independent. All such declarations were / are placed before the Board.

Mrs. Ranjana Khurana is the wife of Mr. Lakhmendra Khurana and Mr. Arpit Khurana is the son of Mr. Lakhmendra Khurana. None of the other directors are related in terms of the meaning of the expression of 'relative' given under the Companies Act, 1956.

#### **Directors' Profile**

A brief resume of all the Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and their shareholding in the Company are provided below:

**Mr. Lakhmendra Khurana**, is the Chairman and Managing Director of Excel Infoways Limited. He is one of the Promoters of the Company. He holds a Bachelor of Arts (B.A.) degree from Meerut University. He has experience of more than 35 years.

He is also a director of M/s. Excel Infra N Realty Pvt. Ltd., M/s. Ranjana Construction Pvt. Ltd., M/s. Tista Impex Pvt. Ltd., M/s. Raj HR Solutation Pvt. Ltd. and M/s. Ritz Shopping Mall Pvt. Ltd.

He holds 69,91,930 equity shares of the Company as on March 31, 2013.

**Mrs. Ranjana Khurana**, is the Executive Director and one of the Promoters of Excel Infoways Limited. She holds a Master's Degree in Arts from Meerut University. She is responsible for administration related activities of the Company. She was previously running a garment export business for 11 years.

She is also a director in M/s. Excel Infra N Realty Pvt. Ltd., M/s. Ritz Shopping Mall Pvt. Ltd., and M/s. Raj HR Solutation Pvt. Ltd.

She holds 57,38,390 shares in Excel Infoways Ltd. as on March 31, 2013.

**Mr. Arpit Khurana**, is the Executive Director of Excel Infoways Limited. He has completed his HSC. He has experience of five years in the Company.

He is also a director in M/s. Excel Infra N Realty Pvt. Ltd., M/s. Ranjana Construction Pvt. Ltd., and M/s. Tista Impex Pvt. Ltd.,

He holds 5,24,980 equity shares of the Company as on March 31, 2013.

**Mr. Binoy Gupta**, is a Non Executive Independent Director of Excel Infoways Limited. He has obtained Ph.D. in law from University of Mumbai. He has also done PG Diploma in Cyber Law from NALSAR University of Law, Hyderabad. He has an overall experience of more than 40 years. He started his career with Indian Revenue Services in 1968 and retired as Chief Commissioner of Income-Tax. He has written books on Income Tax and law and various articles on subjects ranging from medical to travel.

He is also a director in M/s. Trinity Wealth Management Pvt. Ltd., M/s. Trinity Book-keeping and Accounts Pvt. Ltd. and M/s. Trinity Excursions Pvt. Ltd.

He does not hold any shares of Excel Infoways Ltd.

**Mr. Ramesh Joshi**, is a Non Executive Independent Director of Excel Infoways Limited. He is LLB., from Nagpur University. He has an overall experience of more than 35 years. He has worked with various regulatory authorities of India such as Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI). He held various important positions in RBI since 1972 such as the General Manager- Exchange Control Department and Rural Planning and Credit Department, Chief General Manager- Department of Banking Supervision, Rural Planning and Credit Department etc. He was earlier on board of many banks and financial institutions viz, State Bank of Mysore, Karnataka State Financial Corporation etc as RBI Nominee Director. He was appointed as an Executive Director in SEBI in the year 2002-03 and was in charge of Primary Markets, Mutual Funds, Foreign Institutional Investors etc.

He is also a director in M/s. Vakrangee Software Ltd., M/s. Avon Corporation Ltd., M/s. Sahara Asset Management Company Pvt Ltd., M/s. Vakrangee Technologies Ltd. and M/s. IND Fund Management Ltd.

He does not hold any shares of Excel Infoways Ltd.

**Mr. Ravi Sinha**, is a Non Executive Independent Director of Excel Infoways Limited. He holds a Master's degree of Science from Jivaji University, Gwalior. He was employed with the Central Bureau of Investigation from 1968 to 1990 in various departments such as the Anti Corruption Branch, Economic Offences Wing, the Special Crime Branch and Central Investigation Unit (Banking). In the year 1990, he joined Air India and worked in various departments including vigilance, properties / facilities and internal audit.

He is also a director in M/s. SPH Services Pvt. Ltd.

He does not hold any shares of Excel Infoways Ltd.

### 3. NUMBER OF BOARD MEETINGS HELD AND THE DATES ON WHICH HELD

Six Board meetings were held during the year, as against the minimum requirement of four meetings. The Company has held at least one meeting in every three months. The details of the Board Meetings are as under:

| Sr. No. | Date of Meeting   | Board Strength | No. of Directors Present |
|---------|-------------------|----------------|--------------------------|
| 1       | May 28, 2012      | 6              | 6                        |
| 2       | July 09, 2012     | 6              | 5                        |
| 3       | August 09, 2012   | 6              | 6                        |
| 4       | November 10, 2012 | 6              | 6                        |
| 5       | November 20, 2012 | 6              | 3                        |
| 6       | February 14, 2013 | 6              | 6                        |

**4. THE INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS INCLUDES:**

- General notices of interest of Directors
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary
- Formation / Reconstitution of Board Committees
- Terms of reference of Board Committees
- Minutes of meetings of audit committee and other committees of the board
- Declaration of independent directors at the time of appointment / annually
- Quarterly results for the Company and its operating divisions or business segments
- Significant changes in accounting policies and internal audit
- Sale of material nature of investments, subsidiaries, assets which is not in normal course of business
- Statement of significant transactions, related party transactions by unlisted subsidiary companies
- Annual financial results of the Company, Auditors' Report and the Report of the Board of Directors
- Dividend declaration
- Annual operating plans and budgets and any updates
- Capital budgets and any updates
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Appointment of and the fixing of remuneration of the Auditors as recommended by the Audit Committee
- Audit findings and Audit Reports (through the Audit Committee)
- Status of business risk exposures, its management and related action plans
- Making 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 etc
- Compliance Certificate certifying compliance with all Laws as applicable to the Company.
- Reconciliation of share capital audit report under SEBI (Depositories and Participants) Regulations, 1996

**5. ATTENDANCE OF DIRECTORS AT BOARD MEETINGS, LAST ANNUAL GENERAL MEETING (AGM) AND NUMBER OF DIRECTORSHIPS AND CHAIRMANSHIPS / MEMBERSHIPS OF COMMITTEES OF EACH DIRECTOR IN OTHER COMPANIES**

| Name of the Director   | Attendance of meeting during 2012-2013 |          | *No. of other Directorships in other companies | **No. of Chairmanship(s)/ Membership(s) of Board Committees in other Companies |
|------------------------|--|----------|--|--|
|                        | Board Meetings                         | Last AGM |  |  |
| Mr. Lakhmendra Khurana | 6                                      | Yes      | -  | -  |
| Mrs. Ranjana Khurana   | 6                                      | Yes      | -  | -  |
| Mr. Arpit Khurana      | 6                                      | Yes      | -  | -  |
| Mr. Binoy Gupta        | 5                                      | No       | -  | -  |
| Mr. Ramesh Joshi       | 5                                      | No       | 4  | 3  |
| Mr. Ravi Prakash Sinha | 4                                      | Yes      | -  | -  |

\*The directorships held by directors as mentioned above does not include alternate directorships and directorships in foreign companies, companies registered under section 25 of the Companies Act, 1956 and private limited companies.

\*\* In accordance with Clause 49, Memberships / Chairmanships of only Audit Committees and Shareholders' / Investors' Grievance Committees in all public limited companies have been considered (excluding Excel Infoways Limited)

None of the non-executive directors has any material pecuniary relationship or transactions with the Company.

**6. BOARD COMMITTEES**

The Company is having four Board Committees as given below:

|   |   |
|---|---|
| <p><b>I. Audit Committee</b></p> <p>Mr. Binoy Gupta - Non-executive Independent Director<br/>(Chairman of the Committee)</p> <p>Mr. Ravi Prakash Sinha - Non-executive Independent Director</p> <p>Mr. Ramesh Joshi - Non-executive Independent Director</p>          | <p><b>II. Shareholders' / Investors' Grievances Committee</b></p> <p>Mr. Ramesh Joshi - Non-executive Independent Director<br/>(Chairman of the Committee)</p> <p>Mr. Ravi Prakash Sinha - Non-executive Independent Director</p> <p>Mr. Lakhmendra Khurana - Managing Director</p> |
| <p><b>III. Remuneration Committee</b></p> <p>Mr. Binoy Gupta - Non-executive Independent Director<br/>(Chairman of the Committee)</p> <p>Mr. Ravi Prakash Sinha - Non-executive Independent Director</p> <p>Mr. Ramesh Joshi - Non-executive Independent Director</p> | <p><b>IV. Selection Committee</b></p> <p>Mr. Binoy Gupta - Non-executive Independent Director<br/>(Chairman of the Committee)</p> <p>Mr. Ravi Prakash Sinha - Non-executive Independent Director</p> <p>Mr. Pawan Gupta – Outside Expert</p>  |

**Terms of Reference and other details of Board Committees**

**I. Audit Committee**

**Composition**

The Audit Committee of the Board comprises three independent directors namely Mr. Binoy Gupta, Chairman, Mr. Ravi Prakash Sinha and Mr. Ramesh Joshi. All the members of the Audit Committee possess good knowledge of corporate and project finance, accounts and Company law. The composition of the Audit Committee meets with the requirement of section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement.

The Company Secretary of the Company acts as Secretary to the Audit Committee. The minutes of the meetings of the Audit Committee are placed before the Board.

**Objective**

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and compliance with the legal and regulatory requirements. The Committee oversees 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.

**Terms of reference:**

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

**A. Powers of Audit Committee**

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

**B. The Role of Audit Committee includes :**

- 1 Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- 2 Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- 3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- 4 Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Directors' report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of related party transactions
  - g. Qualifications in the draft audit report, if any
- 5 Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- 6 Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 7 Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 8 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.
- 9 Discussion with internal auditors any significant findings and follow up there on.
- 10 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.
- 11 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.
- 12 To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors.



- 13 To review the functioning of the Whistle Blower mechanism
- 14 Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate
- 15 Carrying out other functions as may be specifically referred to the Committee by the Board of Directors
- 16 To review the following
  1. Management discussion and analysis of financial condition and results of operations;
  2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  4. Internal audit reports relating to internal control weaknesses; and
  5. The appointment, removal and terms of remuneration of the Internal auditors

### Meetings

Four meetings of Audit Committee were held during the year ended March 31, 2013 details of which are as under:

| Name of the Committee Member | No. of meetings |          |
|------------------------------|-----------------|----------|
|                              | Held            | Attended |
| Mr. Binoy Gupta              | 4               | 4        |
| Mr. Ravi Prakash Sinha       | 4               | 4        |
| Mr. Ramesh Joshi             | 4               | 4        |

Executives of accounts department, finance department, secretarial department and representatives of the Statutory Auditors attended the Audit Committee Meetings.

## II. Shareholders' / Investors' Grievance Committee (SIGC)

The Shareholders' / Investors' Grievance Committee of the Board, comprises three directors, namely, Mr. Ramesh Joshi, Chairman, Mr. Ravi Prakash Sinha and Mr. Lakhmendra Khurana.

### Terms of reference

The Shareholders'/Investors' Grievance Committee, oversees and reviews all matters connected with the securities of the Company. The Committee also looks into redressal of shareholders'/investors' complaints related to, non-receipt of annual report etc. The Committee oversees performance of the Registrars and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

### Meetings

Four meetings of the Committee were held during the year ended March 31, 2013.

### Attendance of each member at the SIGC meetings held during the year

| Name of the Committee Member | No. of meetings |          |
|------------------------------|-----------------|----------|
|                              | Held            | Attended |
| Mr. Ramesh Joshi             | 4               | 4        |
| Mr. Ravi Prakash Sinha       | 4               | 4        |
| Mr. Lakhmendra Khurana       | 4               | 4        |

### Compliance Officer

Company Secretary is the Compliance Officer for complying with the requirements of Securities Laws and the Listing Agreement with the Stock Exchanges in India.

For the financial year 2012-13 the Company did not receive any complaints from the shareholders nor there were any share transfers pending.

### III. Remuneration Committee

#### Composition

The Remuneration Committee of the Board, comprises three independent directors, namely, Mr. Binoy Gupta, Chairman, Mr. Ravi Prakash Sinha and Mr. Ramesh Joshi.

#### Terms of reference

To recommend to the Board, the remuneration packages of the Company's Managing/ Whole time/ Executive Directors, including all elements of remuneration package (i.e. salary, benefits, incentives, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.).

#### Meetings

No meeting of the Committee was held during the year.

#### Remuneration Policy

The remuneration of the Managing Director and Executive Directors are decided by the Remuneration Committee based on the Company's performance vis-à-vis the industry performance/track record of the Managing Director and Executive Directors and same is reported to the Board of Directors. The Company pays remuneration by way of salary to its Managing Director and Whole-time Director. Increment(s) are decided by the Remuneration Committee within the overall limits approved by the Members.

#### Details of the remuneration and sitting fees paid to Directors

| Name of Director       | Salary ₹  | Sitting Fees ₹ | Total ₹   |
|------------------------|-----------|----------------|-----------|
| Mr. Lakhmendra Khurana | 12,00,000 | Nil            | 12,00,000 |
| Mrs. Ranjana Khurana   | 6,00,000  | Nil            | 6,00,000  |
| Mr. Arpit Khurana      | 6,00,000  | Nil            | 6,00,000  |
| Mr. Binoy Gupta        | Nil       | 50,000         | 50,000    |
| Mr. Ramesh Joshi       | Nil       | 50,000         | 50,000    |
| Mr. Ravi Prakash Sinha | Nil       | 40,000         | 40,000    |

### IV. Selection Committee

#### Composition

The Selection Committee of the Board, comprises two independent directors, namely, Mr. Binoy Gupta as Chairman, Mr. Ravi Prakash Sinha and Mr. Pawan Gupta, an outside expert.

#### Terms of reference

To recommend the appointment of relative of directors to hold office or place of profit in the Company.

#### Meetings

No meeting of the Selection Committee was held during the year.

### 7. CODE OF CONDUCT

The Board has approved and adopted a code of conduct for all Board members and senior management of the Company. The code of conduct has been posted on the website of the Company at [www.excel-infoways.com](http://www.excel-infoways.com). All Board members and senior management personnel affirm compliance with the code of conduct annually. A declaration to this effect signed by Mr. Lakhmendra Khurana, Chairman and Managing director of the Company is given below:

#### Declaration

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct for directors and senior managerial personnel in respect of the financial year ended March 31, 2013.

sd/-  
Lakhmendra Khurana  
Chairman and Managing Director

**8. GENERAL BODY MEETINGS**

Location and time of last three Annual General Meetings

| Financial Year | Date               | Time       | Venue   |
|----------------|--------------------|------------|---|
| 2011-2012      | August 21, 2012    | 10.00 a.m. | 31-A, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400 053 |
| 2010-2011      | September 30, 2011 | 10.00 a.m. | 31-A, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400 053 |
| 2009-2010      | September 09, 2010 | 2.00 p.m.  | 31-A, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400 053 |

I The following special resolution(s) were passed in the previous annual general meetings:

**a) Annual General Meeting held on August 21, 2012**

- To approve utilization of IPO Funds
- To approve commencement of new activities
- To approve re-appointment of Mr. Lakhmendra Khurana as Managing Director for further period of five years with effect from April 01, 2012

**b) Annual General Meeting held on September 30, 2011**

- To approve re-appointment and payment of remuneration to Mrs. Ranjana Khurana as an Executive Director of the Company, at remuneration of ₹ 50,000/- p.m. for a period of 3 years w.e.f. January 1, 2011
- To approve appointment and payment of remuneration to Mr. Arpit Khurana as an Executive Director of the Company, at remuneration upto ₹ 1,00,000/- p.m. for a period of 3 years w.e.f. August 11, 2011
- To approve appointment of Mr. Arpit Khurana to hold an office or place of profit as an Executive Director of the Company for a period of 3 years w.e.f. August 11, 2011

**c) Annual General Meeting held on September 9, 2010**

- To approve keeping the register of members and related documents at a place other than the registered office of the Company
- To approve commencement of new business activities
- To approve alteration in the clause V(a) of the Memorandum of Association and clause 3(a) Articles of Association of the Company for increase in Authorized Capital from ₹ 25,00,000/- (₹ Twenty Five Lacs) to ₹ 50,00,000/- (₹ Fifty Lacs).
- To approve the increase in the ceiling of investment limit of investment by Foreign Institutional Investors from 24% to 49% of the paid up share capital of the Company
- To approve further issue of securities pursuant to section 81(1A) of the Companies Act, 1956

**II Postal Ballot**

During the year 2012-2013 no special resolution was passed through postal ballot.

**9. CEO / CFO CERTIFICATION**

The Managing Director of the Company gives annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Managing Director also gives quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

## 10. DISCLOSURES

### a) **Disclosures on materially significant related party transactions that may have potential conflict with the interest of Company at large**

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of members is drawn to the disclosure of transactions with the related parties set out in Notes on Accounts, forming part of the Annual Report.

The Company's major related party transactions are generally with its subsidiaries and associates.

All related party transactions are negotiated on arm's length basis and are intended to further the interests of the Company.

### b) **Details of non-compliance by the Company, penalties, and 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.**

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the stock exchanges or SEBI or any other statutory authority.

## 11. MEANS OF COMMUNICATIONS

### a) **Quarterly results**

Quarterly results of the Company are published in 'Free Press Journal' and 'Nav Shakti' and are also displayed on the Company's website [www.excel-infoways.com](http://www.excel-infoways.com)

### b) **Website**

The Company's website [www.excel-infoways.com](http://www.excel-infoways.com) contains a separate dedicated section 'Investor Relations' where shareholders information is available. The Annual Report of the Company is also available on the website in a user friendly and downloadable form.

### c) **Annual Report**

Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report and 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.excel-infoways.com](http://www.excel-infoways.com)

### d) **Corporate Filing and Dissemination System (CFDS)**

The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

### e) **Designated Exclusive email-id**

The Company has designated the following email-ids exclusively for investor servicing.

- i. For queries on Annual Report – [cs@excel-infoways.com](mailto:cs@excel-infoways.com)
- ii. For queries in respect of equity shares of the Company – [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).

## 12. GENERAL SHAREHOLDER INFORMATION COMPANY REGISTRATION DETAILS

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L72900MH2003PLC138568.

**a) Annual General Meeting****Day, Date, Time & Venue**

Wednesday, July 31, 2013 at 10.00 a.m. at 31-A, Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai - 400053.

**Financial Year**

April 01, 2013 - March 31, 2014.

**Financial Calendar (tentative)**

**June 30, 2013-** Second week of August, 2013.

**September 30, 2013-** Second week of November, 2013.

**December 31, 2013-** Second week of February, 2014.

**March 31, 2014-** Last week of May, 2014.

**Dividend Payment Date**

Not Applicable

**Book closure**

July 25, 2013 to July 31, 2013 (both days inclusive)

**b) Listing on Stock Exchanges**

The shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

Bombay Stock

National Stock Exchange

Exchange Limited (BSE)

of India Limited (NSE)

Phiroze Jeejeebhoy

"Exchange Plaza", Plot No. C/1, G Block

Towers, Dalal Street

Bandra-Kurla Complex, Bandra (E)

Mumbai 400 001

Mumbai 400 051

**Scrip Code - 533090**

**Trading Symbol – EXCELINFO**

**c) ISIN – INE688J01015****d) Payment of Listing and Custodial Fee**

The Company has paid the Annual Custodial fees of National Securities Depository Limited (NSDL).

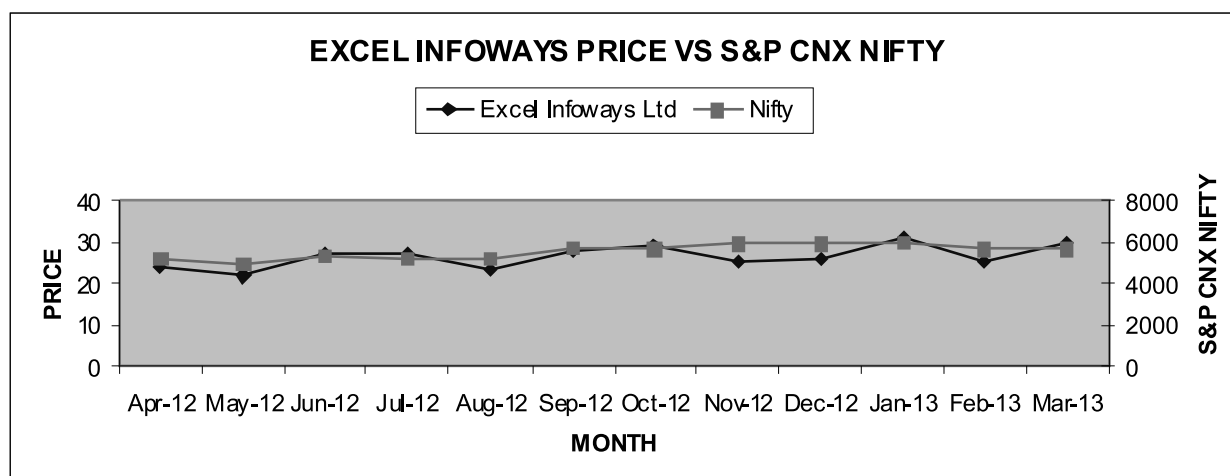
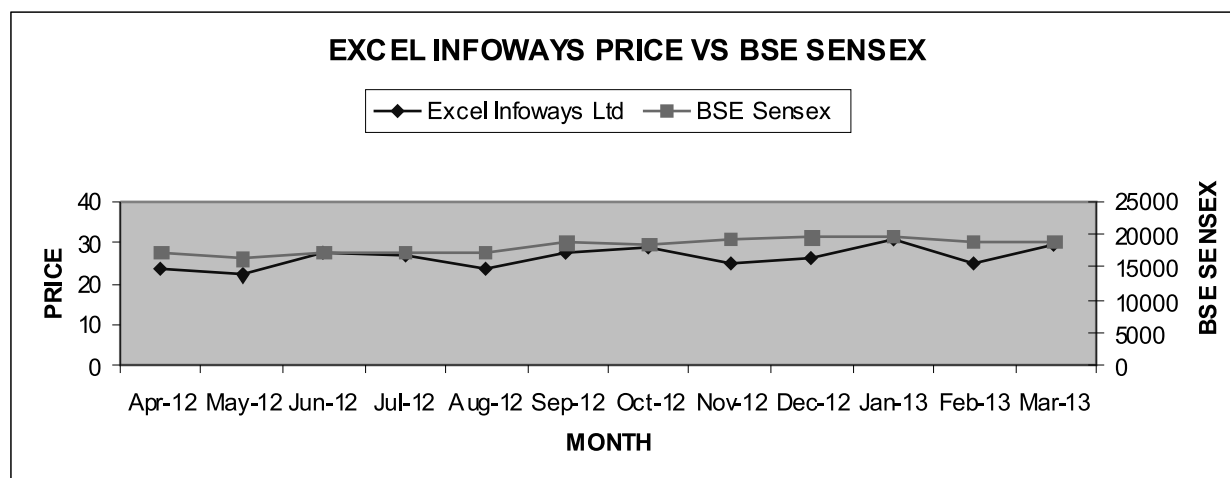
The annual Listing Fees for the year 2013-2014 of the concerned Stock Exchanges and the Annual Custodial fees of Central Depository Services (India) Limited (CDSL) were outstanding as on the date of this report.

Note - Subsequently the outstanding annual listing fees and annual Custodial fees has been paid in June 2013.

**e) Market Price Data - High / Low during each month in the year 2012-2013**

| MONTH           | Market Price Per Share (₹)  |        |                               |        |
|-----------------|-----------------------------|--------|-------------------------------|--------|
|                 | Bombay Stock Exchange (BSE) |        | National Stock Exchange (NSE) |        |
|                 | Highest                     | Lowest | Highest                       | Lowest |
| April, 2012     | 31.40                       | 19.45  | 31.50                         | 19.45  |
| May, 2012       | 24.40                       | 18.50  | 28.60                         | 18.60  |
| June, 2012      | 28.20                       | 21.15  | 29.00                         | 21.00  |
| July, 2012      | 28.40                       | 24.00  | 28.40                         | 24.15  |
| August, 2012    | 27.15                       | 22.00  | 30.20                         | 21.45  |
| September, 2012 | 29.00                       | 23.25  | 30.00                         | 23.00  |
| October, 2012   | 29.75                       | 26.20  | 29.90                         | 26.60  |
| November, 2012  | 29.30                       | 25.00  | 29.40                         | 25.00  |
| December, 2012  | 26.75                       | 24.55  | 27.00                         | 24.25  |
| January, 2013   | 31.90                       | 24.35  | 31.10                         | 24.35  |
| February, 2013  | 31.40                       | 23.35  | 31.15                         | 23.40  |
| March, 2013     | 30.20                       | 21.10  | 30.40                         | 21.10  |

**f) Company Share Price Compared with BSE SENSEX & NSE S&P CNX NIFTY**



**g) Registrars and Share Transfer Agents**

The Company has appointed Link Intime India Private Limited of Mumbai as the Registrars and Share Transfer Agents.

For any assistance regarding share transfers, transmissions, change of address, duplicate/missing share certificate and other relevant matters, please write to the Registrars and Transfer Agents, at the address given below:

**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (West)

Mumbai – 400078

**h) Share Transfer System**

The equity shares of the Company are primarily dealt with in electronic form in the depository system with no involvement of the Company. There are negligible or no transfers made in physical form. As regards transfer of shares held in physical form the transfer documents can be lodged with Registrars and Transfer Agents at the above mentioned address.

i) **Distribution of Shareholding as on March 31, 2013**

| No. of shares | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|---------------|---------------------|-------------------|--------------------|-------------------|
| 1 - 500       | 10040               | 86.7987           | 1430269            | 4.5624            |
| 501 - 1000    | 791                 | 6.8384            | 646677             | 2.0628            |
| 1001 - 2000   | 340                 | 2.9394            | 522789             | 1.6677            |
| 2001 - 3000   | 123                 | 1.0634            | 316199             | 1.0086            |
| 3001 - 4000   | 60                  | 0.5187            | 214043             | 0.6828            |
| 4001 - 5000   | 35                  | 0.3026            | 166282             | 0.5304            |
| 5001 - 10000  | 51                  | 0.4409            | 380889             | 1.2150            |
| Over 10000    | 127                 | 1.0980            | 27671631           | 88.2702           |
| Total         | 11567               | 100.0000          | 31348779           | 100.00            |

j) **Shareholding Pattern (Category of Shareholders) as on March 31, 2013**

| Category code | Category of shareholder   | Total no. of shares   | As a percentage (A+B+C) |
|---------------|---|-----------------------|-------------------------|
| <b>(A)</b>    | <b>Shareholding of Promoter and Promoter Group</b>                                      |                       |                         |
| (1)           | Indian  | 13267300 <sup>1</sup> | 42.32                   |
| (2)           | Foreign   | 0                     | 0                       |
|               | <b>Total Shareholding of Promoter and Promoter Group</b>                                | <b>13267300</b>       | <b>42.32</b>            |
| <b>(B)</b>    | <b>Public shareholding</b>  |                       |                         |
| (1)           | Institutions  | 0                     | 0                       |
| (2)           | Non-institutions  | 18081479              | 57.68                   |
|               | <b>Total Public Shareholding</b>  | <b>18081479</b>       | <b>57.68</b>            |
| <b>(C)</b>    | <b>Shares held by Custodians and against which Depository Receipts have been issued</b> |                       |                         |
| (1)           | Promoter and Promoter Group   | 0                     | 0                       |
| (2)           | Public  | 0                     | 0                       |
|               | <b>Total</b>  | <b>0</b>              | <b>0</b>                |
|               | <b>TOTAL (A+B+C)</b>  | <b>31348779</b>       | <b>100</b>              |

<sup>1</sup> As per disclosure under regulation 30(2) of the SEBI ( Substantial Acquisition of Shares and Takeovers ) Regulations, 2011.

k) **Dematerialisation of Shares and Liquidity as on March 31, 2013**

| Category                     | No. of Shares held | No of Shareholders | % of Total Shareholding |
|------------------------------|--------------------|--------------------|-------------------------|
| Shares held in Demat Form    | 31271967           | 11563              | 99.75                   |
| Shares held in Physical Form | 76812              | 4                  | 0.25                    |
| <b>TOTAL</b>                 | <b>31348779</b>    | <b>11567</b>       | <b>100</b>              |

**13. COMPLIANCE CERTIFICATE OF THE AUDITORS**

Certificate from the Auditors of the Company, M/s. S. G. Kabra & Co., Chartered Accountants confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to the Directors' Report forming part of the Annual Report.

#### **14. ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS OF CLAUSE 49**

The Company has complied with all mandatory requirements and has adopted following non-mandatory requirements of Clause 49.

**a) Remuneration Committee**

The Company has constituted Remuneration Committee to recommend / review remuneration of the Managing Director and Executive Directors based on their performance and defined assessment criteria.

**b) Whistle Blower Policy**

The Board of Directors' of the Company are committed to maintain the highest standard of honesty, openness and accountability and recognize that each and every person in the Company has an important role to play in achieving the organizational goals. It is the policy of the Company to encourage employees, when they have reason to suspect questionable accounting/audit practices or the reporting of fraudulent financial information to shareholders, the Government or the financial markets, and/or serious misconduct otherwise, to report the concerns to the Company's Management. We further affirm that no employee has been denied access to the Audit Committee

**c) Training of Board Members**

The Board members are also provided with the necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The Board and Committee members are apprised of business and performance updates, business strategy and risks involved.



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members of Excel Infoways Limited

We have examined the compliance of conditions of Corporate Governance by Excel Infoways Limited, for the financial year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement entered into by Excel Infoways Limited with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with 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 Directors and 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 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 S. G. Kabra & Co.**  
Chartered Accountants  
FRN - 104507W

sd/-  
**Malvika Mitra**  
Partner  
M. No. 44105

Place : Mumbai  
Dated : May 27, 2013

## **INDEPENDENT AUDITORS' REPORT**

**To the Members of Excel Infoways Limited**

### **Report on the Financial Statement**

1. We have audited the accompanying financial statement of Excel Infoways Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statement.**

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

### **Auditors' Responsibility**

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

### **Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

6. (i) As require by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
  - (ii) Further to our comments in the Annexure referred to in paragraph 6(i) above, as required by section 227(3) of the Act, We report that;
    - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
    - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
    - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of accounts.
    - d. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
    - e. On the basis of written representations received from the directors of the Company, as on March 31, 2013 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S. G. KABRA & CO.**  
Chartered Accountants  
FRN - 104507W

sd/-

**Malvika P. Mitra**  
Partner  
M. No. 44105

Place: Mumbai  
Date : May 27, 2013

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 6 (i) of our report of even date

1. a) The Company has maintained proper records showing full particulars including quantitative details of situation of Fixed Assets.
- b) The Fixed Assets have been physically verified by the management at reasonable interval and we are informed that no material discrepancies have been noticed on such verification.
- c) During the year, there is no disposal of substantial portion of Fixed Assets of the Company.
2. The nature of business of the Company is such that there is no inventory, hence the Clause (2) of the aforesaid order is not applicable.
3. a) The Company has granted unsecured loans to its subsidiary. The maximum amount outstanding was ₹ 2,595.96 lacs and the year end balance is ₹ 2,595.96 lacs.
- b) The Company has not taken any loan secured or unsecured from any party, companies or firms covered under the register maintained u/s 301 of the Companies Act, 1956 during the year.
- c) In our opinion and according to information and explanation given to us, the rate of interest and other terms and conditions of the loans given by the Company, is not prima facie prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and for sale of service. During the course of our audit, we have not observed any major weakness in the Internal controls.
5. a) According to the information and explanations given to us, in our opinion, the transactions that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) To the best of our knowledge & belief and according to the information and explanations given to us, in our opinion, the transactions made in pursuance of contracts or agreements with bodies corporate covered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of Rupees Five Lacs in respect of any party during the year have been made at prices which appear reasonable as per information available with the Company. The maximum outstanding was ₹ 481 lacs (Dr) and closing balance was ₹ 481 Lacs (Dr)
6. The Company has not accepted any deposit from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records for the services rendered by the Company u/s 209(1)(d) of the Companies Act.
9. a) According to the information and explanations given to us and on the basis of records of the Company examined by us, in our opinion, the Company is regularly depositing the undisputed statutory dues, as applicable. There were no arrears of undisputed statutory dues as at March 31, 2013 except TDS payable on contractors amounting to ₹ 9.69 Lacs, which were outstanding for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and as per books and records of the Company, there are no disputed dues which have remained unpaid as on March 31, 2013 on account of any pending dispute.
10. The Company has neither accumulated losses at the year end nor has incurred cash losses during the year under review and in the immediately preceding financial year.
11. As per records verified by us, the Company has not defaulted in repayment of dues to financial institutions or bank or debenture holders.
12. As per records verified by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a Nidhi / Mutual Fund / Society. Therefore the provisions of clause 4(xiii) of the order are not applicable to the Company.
14. The Company has maintained proper records of the transaction and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments held by the Company in its own name.
15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks / financial institutions during the year.
16. In our opinion, the term loans that have been raised by the Company have been applied for the purpose for which these were raised.
17. In our opinion and according to the information and explanations given to us and also on an overall examination of the Balance Sheet of the Company, the funds raised during the year on short term basis have not been used for long term investment.
18. The Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under section 301 of the Companies Act.
19. The Company has not issued any debentures and hence clause 4 (xix) of the order is not applicable.
20. The Company has not raised any money by public issue during the year.
21. As per books examined by us and based on the information and explanations given to us, no fraud on or by the Company has been reported during the year

For **S. G. KABRA & CO.**  
Chartered Accountants  
FRN - 104507W  
sd/-

**Malvika P. Mitra**  
Partner  
M. No. 44105

Place: Mumbai  
Date : May 27, 2013

**BALANCE SHEET AS AT MARCH 31, 2013**

|  |                | Amount (₹ 000)             |                            |
|--|----------------|----------------------------|----------------------------|
| Particulars  | Note No.       | As at<br>March 31, 2013    | As at<br>March 31, 2012    |
| <b>A EQUITY AND LIABILITIES</b>                      |                |                            |                            |
| <b>1 Shareholders' funds</b>                         |                |                            |                            |
| (a) Share capital                                    | 1              | 313,487.79                 | 313,487.79                 |
| (b) Reserves and surplus                             | 2              | 1,297,220.37               | 1,230,020.18               |
|  |                | <u>1,610,708.16</u>        | <u>1,543,507.97</u>        |
| <b>2 Non-current liabilities</b>                     |                |                            |                            |
| (a) Long-term borrowings                             | 3              | 30,040.53                  | 924.61                     |
| (b) Deferred tax liabilities (net)                   | 4              | 4,305.15                   | 4,521.27                   |
|  |                | <u>34,345.68</u>           | <u>5,445.88</u>            |
| <b>3 Current liabilities</b>                         |                |                            |                            |
| (a) Short-term borrowing                             | 5              | 39,107.84                  | -                          |
| (b) Other current liabilities                        | 6              | 3,749.66                   | 2,610.11                   |
| (c) Short-term provisions                            | 7              | 7,554.14                   | 4,401.18                   |
|  |                | <u>50,411.64</u>           | <u>7,011.29</u>            |
| <b>TOTAL</b>   |                | <b><u>1,695,465.48</u></b> | <b><u>1,555,965.14</u></b> |
| <b>B ASSETS</b>                                      |                |                            |                            |
| <b>1 Non-current assets</b>                          |                |                            |                            |
| (a) Fixed assets                                     | 8              | 80,931.51                  | 85,569.62                  |
| (b) Non-current investments                          | 9              | 1,000,039.45               | 951,723.95                 |
| (c) Long-term loans and advances                     | 10             | 492,340.84                 | 417,230.55                 |
| (d) Other non-current assets                         | 11             | 10,624.45                  | 10,622.40                  |
|  |                | <u>1,583,936.25</u>        | <u>1,465,146.52</u>        |
| <b>2 Current assets</b>                              |                |                            |                            |
| (a) Trade receivables                                | 12             | 20,417.02                  | 6,249.62                   |
| (b) Cash and cash equivalents                        | 13             | 7,412.21                   | 8,157.78                   |
| (c) Short-term loans and advances                    | 14             | 83,700.00                  | 67,900.00                  |
| (d) Other current assets                             | 15             | -                          | 8,511.22                   |
|  |                | <u>111,529.23</u>          | <u>90,818.62</u>           |
| <b>TOTAL</b>   |                | <b><u>1,695,465.48</u></b> | <b><u>1,555,965.14</u></b> |
| <b>Notes forming part to the Financial Statement</b> | <b>1 to 32</b> |                            |                            |

As per our Report of even date

**For S. G. KABRA & CO.**

Chartered Accountants

FRN - 104507W

sd/-

**Malvika Mitra**

Partner

M. No. 44105

Place : Mumbai

Date : May 27, 2013

**For and on behalf of the Board of Directors**

sd/-

**Lakhmendra Khurana**

Chairman and Managing Director

sd/-

**Ranjana Khurana**

Executive Director

sd/-

**Kumud Waradkar**

Company Secretary

Place : Mumbai

Date : May 27, 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

Amount (₹ 000)

| Particulars                                   | Note No. | For the<br>year ended<br>March 31, 2013 | For the<br>year ended<br>March 31, 2012 |
|---|----------|---|---|
| <b>1 Revenue from operations (gross)</b>      | 16       | 306,639.18                              | 155,779.34                              |
| Less: Service Tax                             |          | 1,192.40                                | 858.31                                  |
| Revenue from operations (net)                 |          | 305,446.78                              | 154,921.03                              |
| <b>2 Other income</b>                         | 17       | 543.59                                  | 7,356.75                                |
| <b>3 Total revenue (1+2)</b>                  |          | <b>305,990.37</b>                       | <b>162,277.78</b>                       |
| <b>4 Expenses</b>                             |          |   |   |
| (a) Purchases                                 | 18       | 219,982.36                              | 74,853.06                               |
| (b) Employee benefits expense                 | 19       | 17,910.61                               | 20,215.30                               |
| (c) Finance costs                             | 20       | 4,941.50                                | 166.81                                  |
| (d) Depreciation and amortisation expense     | 8        | 4,947.14                                | 8,915.08                                |
| (e) Other expenses                            | 21       | 20,452.72                               | 26,776.02                               |
| <b>Total expenses</b>                         |          | <b>268,234.33</b>                       | <b>130,926.27</b>                       |
| <b>5 Profit before tax (3 - 4)</b>            |          | <b>37,756.04</b>                        | <b>31,351.51</b>                        |
| <b>6 Tax Expense</b>                          |          |   |   |
| (a) Current tax expense                       |          | 7,554.28                                | 6,562.61                                |
| (b) MAT credit Entitlement                    |          | 5,266.45                                | 5,582.67                                |
| (c) Tax expense relating to prior years       |          | 539.22                                  | -                                       |
| Net tax expense                               |          | 13,359.95                               | 12,145.28                               |
| (d) Deferred tax liability/(asset)            |          | (216.12)                                | (1,312.57)                              |
|   |          | 13,143.83                               | 10,832.71                               |
| <b>7 Profit for the year (5 - 6)</b>          |          | <b>24,612.21</b>                        | <b>20,518.80</b>                        |
| <b>8 Earnings per share (of ₹.10/- each):</b> |          |   |   |
| (a) Basic                                     |          | 0.79                                    | 0.70                                    |
| (b) Diluted                                   |          | 0.79                                    | 0.65                                    |

Notes forming part to the Financial Statement

1 to 32

As per our Report of even date

**For S. G. KABRA & CO.**

Chartered Accountants

FRN - 104507W

sd/-

**Malvika Mitra**

Partner

M. No. 44105

Place : Mumbai

Date : May 27, 2013

**For and on behalf of the Board of Directors**

sd/-

**Lakhmendra Khurana**

Chairman and Managing Director

sd/-

**Ranjana Khurana**

Executive Director

sd/-

**Kumud Waradkar**

Company Secretary

Place : Mumbai

Date : May 27, 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

| Particulars   | Amount (₹ 000)                       |                    |                                      |                     |
|---|--------------------------------------|--------------------|--------------------------------------|---------------------|
|   | For the year ended<br>March 31, 2013 |                    | For the year ended<br>March 31, 2012 |                     |
| <b>A. Cash flow from operating activities</b>                   |                                      |                    |                                      |                     |
| Net Profit / (Loss) before extraordinary items and tax          | 37,756.04                            |                    | 31,351.51                            |                     |
| <i>Adjustments for:</i>   |                                      |                    |                                      |                     |
| Depreciation and amortisation                                   | 4,947.14                             |                    | 8,915.08                             |                     |
| Amortisation of share issue expenses and discount on shares     | 8,509.17                             |                    | 8,699.17                             |                     |
| (Profit) / loss on sale / write off of assets                   | -                                    |                    | (0.32)                               |                     |
| Finance costs   | 4,941.50                             |                    | 166.81                               |                     |
| Interest income   | (197.86)                             | 55,955.99          | (71.44)                              | 49,060.81           |
| Operating profit / (loss) before working capital changes        |                                      |                    |                                      |                     |
| <i>Changes in working capital:</i>                              |                                      |                    |                                      |                     |
| Adjustments for (increase) / decrease in operating assets:      |                                      |                    |                                      |                     |
| Trade receivables   | (14,167.40)                          |                    | 64,938.37                            |                     |
| Short-term loans and advances                                   | (15,800.00)                          |                    | (67,900.00)                          |                     |
| Long-term loans and advances                                    | (80,376.75)                          |                    | 25,539.35                            |                     |
| Adjustments for increase / (decrease) in operating liabilities: |                                      |                    |                                      |                     |
| Other current liabilities                                       | 1,139.55                             |                    | (511.70)                             |                     |
| Foreign Exchange Translation Difference                         | 42,587.98                            | (66,616.62)        | -                                    | 22,066.02           |
| Cash generated from operations                                  |                                      | (10,660.63)        |                                      | 71,126.83           |
| Net income tax (paid) / refunds                                 |                                      | (4,940.53)         |                                      | (33,922.43)         |
| <b>Net cash flow from / (used in) operating activities (A)</b>  |                                      | <b>(15,601.16)</b> |                                      | <b>37,204.40</b>    |
| <b>B. Cash flow from investing activities</b>                   |                                      |                    |                                      |                     |
| Purchase of Fixed Assets including Work in Process              | (309.03)                             |                    | (295.00)                             |                     |
| Proceeds from sale of fixed assets                              | -                                    |                    | 617.00                               |                     |
| Purchase of long-term investments                               |                                      |                    |                                      |                     |
| - Subsidiaries  | (215.50)                             |                    | -                                    |                     |
| - Others  | (48,100.00)                          |                    | (287,125.00)                         |                     |
| Proceeds from sale of long-term investments                     |                                      |                    |                                      |                     |
| - Subsidiaries  | -                                    |                    | 250.00                               |                     |
| Interest received   | 197.86                               | (48,426.67)        | 71.44                                | (286,481.56)        |
| <b>Net cash flow from / (used in) investing activities (B)</b>  |                                      | <b>(48,426.67)</b> |                                      | <b>(286,481.56)</b> |

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

| Particulars   | Amount (₹ 000)                       |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
| <b>C. Cash flow from financing activities</b>                         |                                      |                                      |
| Proceeds from issue of equity shares                                  | -                                    | 257,045.00                           |
| Proceeds from long-term borrowings                                    | 29,899.92                            | -                                    |
| Repayment of long-term borrowings                                     | (784.00)                             | (690.45)                             |
| Proceeds from short-term borrowings                                   | 39,107.84                            | -                                    |
| Share issue Expenses  | -                                    | (5,466.10)                           |
| Finance cost  | (4,941.50)                           | (166.81)                             |
|   | 63,282.26                            | 250,721.64                           |
| <b>Net cash flow from / (used in) financing activities (C)</b>        | <b>63,282.26</b>                     | <b>250,721.64</b>                    |
| <b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b> | <b>(745.57)</b>                      | <b>1,444.49</b>                      |
| Cash and cash equivalents at the beginning of the year                | 8,157.78                             | 6,713.29                             |
| <b>Cash and cash equivalents at the end of the year</b>               | <b>7,412.21</b>                      | <b>8,157.78</b>                      |

As per our Report of even date

**For S. G. KABRA & CO.**Chartered Accountants  
FRN - 104507Wsd/-  
**Malvika Mitra**  
Partner  
M. No. 44105Place : Mumbai  
Date : May 27, 2013**For and on behalf of the Board of Directors**sd/-  
**Lakhmendra Khurana**  
Chairman and Managing Directorsd/-  
**Ranjana Khurana**  
Executive Directorsd/-  
**Kumud Waradkar**  
Company SecretaryPlace : Mumbai  
Date : May 27, 2013

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Corporate information

Excel Infoways Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the IT enabled BPO Services and development of infrastructure facility.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

### 2.1 Summary of significant accounting policies

#### a. Change in accounting policy

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy in use.

#### b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods

#### c. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

#### d. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates prescribed under the Schedule XIV to the Companies Act, 1956. The Company has used the following rates to provide depreciation on its fixed assets.

##### Rates (SLM)

|                        |   |        |
|------------------------|---|--------|
| Buildings              | - | 1.63%  |
| Plant and equipment    | - | 10.34% |
| Furniture and fixtures | - | 6.33%  |
| Vehicles               | - | 9.50%  |
| Office Equipments      | - | 16.21% |

#### e. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of asset exceeds the recoverable amount. An impairment loss is charged to the profit and loss account in the year in which asset is identified as impaired.

#### f. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

#### g. 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. Investments in subsidiary are classified as long-term investments and are stated at cost except in case of foreign subsidiary which are translated at current value.



## SIGNIFICANT ACCOUNTING POLICIES

### i. Employee benefits

As per the practice consistently followed, leave encashment is accounted for as and when paid. In view of the management, most of the employees have already utilized balance of leave in their account therefore there is no material amount of leave encashment payable at the year end. Since, none of the employees have put in specified period of service; no provision for gratuity is made.

The Company makes provident fund contribution to defined contribution plans. These comprise defined contribution to Employees Provident Fund and are reported as expenses during the period under which the qualifying employee performs the service.

### j. Revenue Recognition

The Company earns revenues from Business Process Outsourcing (BPO) / Information Technology Enabled Services which are recognized when the related services are rendered and recorded at relevant exchange rate prevailing on the date of transaction. Revenue from Infrastructure activities are recognized when the related work is completed.

### k. Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### l. Foreign Currency Transactions and Translations

Income and Expenses in foreign currencies are converted at exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Exchange difference gain/(loss) is recognized in the profit and loss account. Premium or discount on forward exchange contracts are amortized and recognized in the profit and loss account. In case of non-integral foreign operations the assets and liabilities are translated at the closing rate and income and expenditure are translated at the rate on the date of transaction. The resulting exchange difference arising is accumulated in foreign currency translation reserve under reserve and surplus.

### m. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Revenue.

### n. Service Tax

Service Tax is recognized on the basis of both, payments made in respect of service taken from professional and others and service rendered by the Company for BPO related service, where applicable.

### o. Segment reporting

#### Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of business and services provided, with each segment representing a strategic business unit.

#### Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

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**SIGNIFICANT ACCOUNTING POLICIES**

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**Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**p. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares

**q. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. .

**r. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability

**s. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****Note 1- Share Capital**

| 1. | Particulars   | As at March 31, 2013 |                   | As at March 31, 2012 |                   |
|----|---|----------------------|-------------------|----------------------|-------------------|
|    |   | Number of shares     | ₹ ('000)          | Number of shares     | ₹ ('000)          |
|    | (a) Authorised Share Capital<br>Equity shares of ₹ 10/- each with voting rights                     | 50,000,000           | 500,000.00        | 50,000,000           | 500,000.00        |
|    | (b) Issued, subscribed and paid up Share Capital<br>Equity shares of ₹ 10/- each with voting rights | 31,348,779           | 313,487.79        | 31,348,779           | 313,487.79        |
|    | <b>Total</b>  | <b>31,348,779</b>    | <b>313,487.79</b> | <b>31,348,779</b>    | <b>313,487.79</b> |

**1.1 Details of shares held by each shareholder holding more than 5% shares:**

| Sr. No. | Name of the shareholder                | Number of shares     | % of Share Held | Number of shares     | % of Share Held |
|---------|--|----------------------|-----------------|----------------------|-----------------|
|         |  | As at March 31, 2013 |                 | As at March 31, 2012 |                 |
| 1       | Lakhmendra Khurana                     | 6,991,930            | 22.30           | 6,991,930            | 22.30           |
| 2       | Ranjana Khurana                        | 5,738,390            | 18.30           | 5,359,729            | 17.10           |
| 3       | Arcadia Share & Stock Brokers Pvt. Ltd | -                    | -               | 1,633,532            | 5.21            |

**1.2 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars                                | As at March 31, 2013<br>No. of Shares | As at March 31, 2012<br>No. of Shares |
|--|---------------------------------------|---------------------------------------|
| Equity Shares at the beginning of the year | 31,348,779                            | 21,168,779                            |
| Add: Shares issued on QIP                  | -                                     | 10,180,000                            |
| Equity Shares at the end of the year       | 31,348,779                            | 31,348,779                            |

**1.3 Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held.

**Note 2 - Reserves and surplus**

| Particulars   | ₹ ('000)             |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2013 | As at March 31, 2012 |
| (a) Securities premium account                          |                      |                      |
| Opening balance   | 593,028.93           | 437,783.93           |
| Add : Premium on shares issued during the year          | -                    | 155,245.00           |
| Closing balance   | <b>593,028.93</b>    | <b>593,028.93</b>    |
| (b) Surplus / (Deficit) in Statement of Profit and Loss |                      |                      |
| Opening balance   | 636,991.25           | 616,472.45           |
| Add: Profit / (Loss) for the year                       | 24,612.21            | 20,518.80            |
| Closing balance   | <b>661,603.46</b>    | <b>636,991.25</b>    |
| (c) Foreign Currency Translation Reserve                | <b>42,587.98</b>     | -                    |
|   | <b>1,297,220.37</b>  | <b>1,230,020.18</b>  |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

|  |                         | ₹ ('000)                |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
| <b>Note 3 – Long-term borrowings</b>   |                         |                         |
| <b>Secured Loan</b>  |                         |                         |
| <b>Term loans</b>  |                         |                         |
| (i) From Banks   | 29,899.92               | -                       |
| (ii) From Others   | 140.61                  | 924.61                  |
|  | <b>30,040.53</b>        | <b>924.61</b>           |
| (a) Term loan from banks is taken for business expansion in the month of July 2012 against mortgage of office premises for a period of sixty months at an interest rate of 13.75% p.a (Base rate+3.75%). The monthly installment is ₹ 763.58 thousand.         |                         |                         |
| (b) Term loan from others is taken for purchase of vehicle and secured by way of hypothecation of that specific vehicle. The interest rate is 11.76% and tenure is for a period of sixty months ending in May 2013.  |                         |                         |
| <b>Note 4 - Deferred tax liabilities (net)</b>   |                         |                         |
| <b>Deferred tax liability</b>  |                         |                         |
| Tax effect of items constituting deferred tax liability  |                         |                         |
| On difference between book balance and tax balance of fixed assets   | 4,305.15                | 4,521.27                |
|  | <b>4,305.15</b>         | <b>4,521.27</b>         |
| <b>Details of dues to Micro and Small Enterprises under the MSMED Act, 2006</b>  |                         |                         |
| As per information available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act 2006, to whom the Company owes dues on account of principle or interest.                |                         |                         |
| The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been defined on the basis of information available with the Company. This has been relied upon by the auditors.                        |                         |                         |
| <b>Note 5 - Short-term borrowings</b>  |                         |                         |
| <b>Secured Loans</b>   |                         |                         |
| From Banks   | 28,933.82               | -                       |
| From Others  |                         |                         |
| Inter Corporate Deposits (Loans payable on demand)   | 10,174.02               | -                       |
|  | <b>39,107.84</b>        | <b>-</b>                |
| (a) Loans taken from banks is overdraft for working capital requirement secured against mortgage of residential bungalow and pledge of shares held by directors. The interest rate is 14% (base rate + 4.75%) and the tenure is for a period of twelve months. |                         |                         |
| (b) Secured loan from others is secured against pledge of shares held by directors for a period of 180 days which can be renewed and is payable on demand. The loan is @18% interest per annum.  |                         |                         |
| <b>Note 6 - Other current liabilities</b>  |                         |                         |
| (a) Unpaid dividends   | 177.13                  | 177.96                  |
| (b) Application money received for allotment of securities and due for refund and interest accrued thereon.  | 5.36                    | 12.16                   |
| (c) Other payables   |                         |                         |
| Creditors For Expenses   | 2,131.07                | 2,279.27                |
| TDS Payable  | 1,145.66                | 140.72                  |
| Provision for expenses   | 290.44                  | -                       |
|  | <b>3,746.66</b>         | <b>2,610.11</b>         |
| <b>Note 7 - Short-term provisions</b>  |                         |                         |
| Provision for tax  | 7,544.14                | 4,401.18                |
| <b>Total</b>   | <b>7,544.14</b>         | <b>4,401.18</b>         |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****Note 8 – Fixed assets**

₹ ('000)

| Tangible assets            | Gross block                  |               |           | Accumulated depreciation and impairment |                              |  |                                  | Net block                    |                              |                              |
|----------------------------|------------------------------|---------------|-----------|---|------------------------------|--|----------------------------------|------------------------------|------------------------------|------------------------------|
|                            | Balance as at April 01, 2012 | Additions     | Disposals | Balance as at March 31, 2013            | Balance as at April 01, 2012 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at March 31, 2013 | Balance as at March 31, 2013 | Balance as at March 31, 2012 |
| (a) Land                   | -                            | -             | -         | -                                       | -                            | -  | -                                | -                            | -                            | -                            |
| (b) Buildings              |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Own use                    | 50,161.04                    | -             | -         | 50,161.04                               | 3,179.79                     | 817.62   | -                                | 3,997.41                     | 46,163.63                    | 46,981.25                    |
| (c) Plant and Equipment    |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Owned                      | 3,895.76                     | -             | -         | 3,895.76                                | 2,344.73                     | 402.82   | -                                | 2,747.55                     | 1,148.21                     | 1,551.04                     |
| (d) Furniture and Fixtures |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Owned                      | 49,242.34                    | -             | -         | 49,242.34                               | 15,350.96                    | 3,117.04   | -                                | 18,468.00                    | 30,774.34                    | 33,891.39                    |
| (e) Vehicles               |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Owned                      | 4,166.68                     | -             | -         | 4,166.68                                | 1,494.90                     | 395.83   | -                                | 1,890.73                     | 2,275.95                     | 2,671.78                     |
| (f) Office equipment       |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Owned                      | 25,837.47                    | 309.03        | -         | 26,146.50                               | 25,363.29                    | 213.83   | -                                | 25,577.12                    | 569.38                       | 474.17                       |
| <b>Total</b>               | <b>133,303.29</b>            | <b>309.03</b> | <b>-</b>  | <b>133,612.32</b>                       | <b>47,733.67</b>             | <b>4,947.14</b>                                  | <b>-</b>                         | <b>52,680.81</b>             | <b>80,931.51</b>             | <b>85,569.62</b>             |
| Previous year              | 134,142.98                   | 295.00        | 1,134.69  | 133,303.29                              | 39,336.60                    | 8,915.08   | 518.01                           | 47,733.67                    | 85,569.62                    | 94,806.39                    |

As depreciation is calculated on straight line basis, some office equipment depreciated totally during the year.

**Note 9 – Non-current investments**

₹ ('000)

| Particulars   | As at March 31, 2013 |                     |                     | As at March 31, 2012 |                   |                   |
|---|----------------------|---------------------|---------------------|----------------------|-------------------|-------------------|
|   | Quoted               | Unquoted            | Total               | Quoted               | Unquoted          | Total             |
| <b>A. Trade investment</b>  |                      |                     |                     |                      |                   |                   |
| <b>Investment in 100% subsidiary</b>                                |                      |                     |                     |                      |                   |                   |
| One Share of AED 100000/- each in Excel Info FZE U.A.E.             | -                    | 1,479.45            | 1,479.45            | -                    | 1,263.95          | 1,263.95          |
| <b>Other Investment</b>   |                      |                     |                     |                      |                   |                   |
| 1000 Equity Shares of ₹ 10/- each in Excel Infra N Realty Pvt. Ltd. | -                    | 10.00               | 10.00               | -                    | 10.00             | 10.00             |
| <b>(A)</b>  | -                    | 1,489.45            | 1,489.45            | -                    | 1,273.95          | 1,273.95          |
| <b>B. Other investments</b>   |                      |                     |                     |                      |                   |                   |
| Investment in Property <b>(B)</b>                                   | -                    | 998,550.00          | 998,550.00          | -                    | 950,450.00        | 950,450.00        |
| <b>(A+B)</b>  | -                    | <b>1,000,039.45</b> | <b>1,000,039.45</b> | -                    | <b>951,723.95</b> | <b>951,723.95</b> |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

|   |                         | ₹ ('000)                |
|---|-------------------------|-------------------------|
| Particulars   | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
| <b>Note 10 – Long-term loans &amp; advances</b>   |                         |                         |
| <b>A Loans and advances to related parties</b>  |                         |                         |
| (Unsecured, considered good)  |                         |                         |
| Loans to 100% Subsidiary - Excel Info FZE   | 259,596.10              | 211,701.61              |
| <b>(A)</b>  | <b>259,596.10</b>       | <b>211,701.61</b>       |
| <b>B Other advances</b>   |                         |                         |
| (Unsecured, considered good)  |                         |                         |
| MAT credit entitlement  | 74,137.94               | 79,404.39               |
| Service Tax credit receivable   | 11.16                   | 64.77                   |
| TDS Receivable  | 5,479.04                | 144.23                  |
| Advance Recoverable   | 153,116.60              | 125,915.55              |
| <b>(B)</b>  | <b>232,744.74</b>       | <b>205,528.94</b>       |
| <b>(A+B)</b>  | <b>492,340.84</b>       | <b>417,230.55</b>       |
| <b>Note 11 - Other non-current assets</b>   |                         |                         |
| <b>Unamortized expenses</b>   |                         |                         |
| (i) Share issue expenses  | 10,602.40               | 10,622.40               |
| (ii) Deferred revenue   | 22.05                   | -                       |
|   | <b>10,624.45</b>        | <b>10,622.40</b>        |
| <b>Note 12 - Trade receivable</b>   |                         |                         |
| (Unsecured considered good)   |                         |                         |
| Other Trade receivables   | 20,417.02               | 6,249.62                |
|   | <b>20,417.02</b>        | <b>6,249.62</b>         |
| # All trade receivables are less than six months old.   |                         |                         |
| <b>Note 13 - Cash &amp; cash equivalents</b>  |                         |                         |
| (a) Cash on hand  | 70.00                   | 214.14                  |
| (b) Balances with banks   |                         |                         |
| (i) In current accounts   | 4,262.34                | 7,174.95                |
| (ii) In EEFC accounts   | -                       | 103.83                  |
| (iii) In deposit accounts#  | 2,897.38                | 474.74                  |
| (iv) In earmarked accounts  |                         |                         |
| - Unpaid dividend accounts  | 177.13                  | 177.96                  |
| - Share application money received for allotment of securities and due for refund   | 5.36                    | 12.16                   |
|   | <b>7,412.21</b>         | <b>8,157.78</b>         |
| #Fixed Deposit with Banks includes deposit (inclusive of accrued interest thereon) of ₹ 2,897.38 thousands (Previous Year ₹ 474.74 thousands) with maturity of more than 12 months. |                         |                         |
| <b>Note 14 - Short-term loans and advances</b>  |                         |                         |
| (Unsecured, considered good)  |                         |                         |
| Others  | 83,700.00               | 67,900.00               |
|   | <b>83,700.00</b>        | <b>67,900.00</b>        |
| <b>Note 15 - Other current assets</b>   |                         |                         |
| Unamortized expenses  |                         |                         |
| (i) Share issue expenses  | -                       | 8,435.96                |
| (ii) Deferred Revenue expenses  | -                       | 75.26                   |
|   | <b>-</b>                | <b>8,511.22</b>         |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

|   |  | ₹ ('000)                |
|---|--|-------------------------|
| Particulars   | As at<br>March 31, 2013  | As at<br>March 31, 2012 |
| <b>Note 16 - Revenue from operations</b>  |  |                         |
| Information Technology/ BPO related Service   | 77,290.94  | 79,955.26               |
| Infra Projects  | 229,348.24   | 75,824.08               |
|   | <b>306,639.18</b>  | <b>155,779.34</b>       |
| Less: Service Tax   | 1,192.40   | 858.31                  |
|   | <b>305,446.78</b>  | <b>154,921.03</b>       |
| <b>Note 17 - Other Income</b>   |  |                         |
| (a) Interest income   | 197.86   | 71.44                   |
| (b) Net gain on foreign currency transactions and translation   | 332.20   | 6,536.85                |
| (c) Other non-operating income  | 13.53  | 748.46                  |
|   | <b>543.59</b>  | <b>7,356.75</b>         |
| <b>17.1 Interest income comprises:</b>  |  |                         |
| Interest from Fixed Deposit with Banks  | 190.83   | 58.11                   |
| Interest from other deposits  | 7.03   | 13.33                   |
|   | <b>197.86</b>  | <b>71.44</b>            |
| <b>17.2 Other non-operating income comprises:</b>   |  |                         |
| Profit on sale of fixed assets  | -  | 0.32                    |
| Miscellaneous income.   | 13.53  | 748.15                  |
|   | <b>13.53</b>   | <b>748.46</b>           |
| <b>Note 18 - Purchases</b>  |  |                         |
| Infra Projects  | 219,982.36   | 74,853.06               |
|   | <b>219,982.36</b>  | <b>74,853.06</b>        |
| Purchases of Infra Projects are accounted for as and when a contract is done.   |  |                         |
| <b>Note 19 - Employee benefits expense</b>  |  |                         |
| Salaries and wages  | 17,444.45  | 19,638.01               |
| Contributions to provident and other funds  | 255.82   | 85.72                   |
| Staff welfare expenses  | 210.34   | 391.57                  |
|   | <b>17,910.61</b>   | <b>20,215.30</b>        |
| 19.1 -  | The Company makes Provident Fund Contribution to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. In case of Provident Fund, the contributions specified under the law are paid to the Provident Fund set up to the respective Regional Provident Fund Commissioner. |                         |
| <b>Note 20 - Finance Cost</b>   |  |                         |
| Interest expense on:  |  |                         |
| Borrowings  |  |                         |
| (a) Banks   |  |                         |
| (b) Others  | 3,542.39   | -                       |
|   | 1,399.11   | 166.81                  |
|   | <b>4,941.50</b>  | <b>166.81</b>           |
| (a) Interest paid to bank is for term loan and working capital loan   |  |                         |
| (b) Interest paid to others is interest on inter corporate deposits and interest on loan for purchase of car (previous year interest was paid only for loan for purchase of car). |  |                         |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

| Particulars                                    | ₹ ('000)                |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
| <b>Note 21 – Other Expenses</b>                |                         |                         |
| Power & Fuel Charges                           | 1,584.92                | 1,388.43                |
| Rent   | 1,551.15                | 8,328.95                |
| Repairs and maintenance - Buildings            | 99.03                   | 107.96                  |
| Repairs and maintenance - Machinery            | 161.66                  | 71.76                   |
| Insurance                                      | 36.57                   | 58.65                   |
| Rates and taxes                                | 24.50                   | 21.96                   |
| Communication                                  | 1,675.59                | 1,484.40                |
| Traveling and conveyance                       | 339.87                  | 154.09                  |
| Printing and stationery                        | 347.68                  | 398.69                  |
| Business promotion                             | 130.32                  | 971.62                  |
| Donations and contributions                    | 896.00                  | 536.10                  |
| Legal and professional                         | 1,196.23                | 1,380.96                |
| Payment to auditors (Refer Note 21.1 below)    | 250.00                  | 280.90                  |
| Director sitting fee                           | 140.00                  | 230.00                  |
| Bank Charges (Refer Note 21.2 below)           | 1,787.14                | -                       |
| Prior period items (Refer Note 21.3 below)     | 644.70                  | 875.23                  |
| Miscellaneous expenses (Refer Note 21.4 below) | 9,587.36                | 10,486.32               |
|  | <b><u>20,452.72</u></b> | <b><u>26,776.02</u></b> |

21.1 - Payment to auditors for current year is exclusive of service tax.

21.2 - Bank Charges were included in Miscellaneous expenses for previous year.

21.3 - Prior Period Items comprises short provision of Income tax of earlier years ₹ 644.70 thousand (Previous year ₹ 875.23 thousand).

21.4 - Miscellaneous Expenses includes Misc. Expenditure W/off ₹ 8,509.17 thousand (Previous Year ₹ 8,700.00 thousand).



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****Note - 22 Particulars of subsidiary and associate**

| Name of the company            | Country of Incorporation | Percentage of Voting Power as at 31.03.2013 | Percentage of Voting Power as at 31.03.2012 |
|--------------------------------|--------------------------|---|---|
| <b>Subsidiary</b>              |                          |   |   |
| Excel Info FZE                 | RAS AL KHAIMAH- UAE      | 100   | 100   |
| <b>Associate</b>               |                          |   |   |
| Excel Infra N Realty Pvt. Ltd. | India                    | 2   | 2   |

**a) Associates/Subsidiaries**

1. Ranjana Construction Pvt. Ltd.
2. Tista Impex Pvt. Ltd.
3. Ritz Shopping Mall Pvt. Ltd.
4. Excel Infra N Realty Pvt. Ltd (formerly known as Paramsatya Construction Pvt. Ltd.)
5. Raj HR Solutation Pvt. Ltd.
6. Lakhmendra Khurana & Sons (H.U.F.)
7. Excel Info FZE (UAE)

**b) Key Management Personnel**

- |                       |                                      |
|-----------------------|--------------------------------------|
| 1. Lakhmendra Khurana | Chairman and Managing Director       |
| 2. Ranjana Khurana    | Executive Director                   |
| 3. Arpit Khurana      | Executive Director                   |
| 4. Ravi Prakash Sinha | Independent & Non-Executive Director |
| 5. Binoy Gupta        | Independent & Non-Executive Director |
| 6. Ramesh Joshi       | Independent & Non-Executive Director |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**
**c) Transaction with related parties**
**₹ ('000)**

| Name of Party                  | Relationship       | Nature of Transaction                                 | 31.03.2013                     |                                | 31.03.2012                     |                                |
|--------------------------------|--------------------|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                |                    |   | Transactions during the period | Balance at the end of the year | Transactions during the period | Balance at the end of the year |
| Excel Info FZE                 | Subsidiary         | Advances  | 5,522.00                       | 259,596.09                     | 9,858.83                       | 212,965.56                     |
| Lakhmendra Khurana             | Managing Director  | Rent Paid   | 120.00                         | Nil                            | 120.00                         | Nil                            |
|                                |                    | Remuneration  | 1,200.00                       | Nil                            | 1,200.00                       | Nil                            |
|                                |                    | Sale of 10,000 shares of Excel Infra N Realty Pvt Ltd | Nil                            | Nil                            | 100.00                         | Nil                            |
|                                |                    |   |                                |                                |                                |                                |
| Ranjana Khurana                | Executive Director | Remuneration  | 600.00                         | Nil                            | 600.00                         | Nil                            |
|                                |                    | Sale of 15,000 shares of Excel Infra N Realty Pvt Ltd | Nil                            | Nil                            | 150.00                         | Nil                            |
| Bela Ash                       | Executive Director | Remuneration  | Nil                            | Nil                            | 186.00                         | Nil                            |
| Arpit Khurana                  | Executive Director | Salary  | 600.00                         | Nil                            | 350.00                         | Nil                            |
|                                |                    | Sale of Car   | Nil                            | Nil                            | 617.00                         | Nil                            |
| Ranjana Construction Pvt. Ltd. | Associated Concern | Capital Works in Progress                             | 48,100.00                      | 48,100.00                      | 17,475.00                      | Nil                            |

**23. Segment reporting**
**23.1 Identification of segments**

The Company's operating businesses are organized and managed separately according to the nature of business and services provided, with each segment representing a strategic business unit.

**23.2 Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**23.3 Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**23.4 Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****23.5 Year ended March 31, 2013**

₹ ('000)

| Particulars                   | Business Segment        |                | Total          |
|-------------------------------|-------------------------|----------------|----------------|
|                               | IT/ BPO enables Service | Infra Activity |                |
| Revenue                       | 76,098.54               | 229,348.24     | 305,446.78     |
|                               | (79,096.95)             | (75,824.08)    | (154,921.03)   |
| Segment Result                | 32,788.08               | 9,365.87       | 42,153.95      |
|                               | (23,190.55)             | (971.02)       | (24,161.57)    |
| Other unallocable Income      |                         |                | 543.59         |
|                               |                         |                | (7,356.75)     |
| Other unallocable expenditure |                         |                | 4,941.50       |
|                               |                         |                | (166.81)       |
| Profit Before Tax             |                         |                | 37,756.04      |
|                               |                         |                | (31,351.51)    |
| Tax expenses (Net)            |                         |                | 13,143.83      |
|                               |                         |                | (10,832.71)    |
| Profit After Tax for the year |                         |                | 24,612.21      |
|                               |                         |                | (20,518.80)    |
| Segment Assets                | 1,695,465.48            | -              | 1,695,465.48   |
|                               | (1,555,965.14)          | -              | (1,555,965.14) |
| Segment Liabilities           | 1,695,465.48            | -              | 1,695,465.48   |
|                               | (1,555,965.14)          | -              | (1,555,965.14) |

The figures in bracket are figures pertaining to financial year 2011-12.

**24. Earning Per Share**

| Particulars   | 2012-13    | 2011-12    |
|---|------------|------------|
| Net Profit after Tax as per statement of Profit & Loss attributable to Equity Shareholders (₹. in '000) | 24,612.21  | 20,518.80  |
| Weighted Average number of equity shares used as denominator for calculating EPS                        | 31,348,779 | 29,313,779 |
| Basic & Diluted Earning per share   | 0.79/0.79  | 0.70/0.65  |
| Face value per equity shares  | 10.00      | 10.00      |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

|  | ₹ ('000)   |                 |
|--|--|-----------------|
| Particulars                                | 31.03.2013   | 31.03.2012      |
| <b>25. Managerial Remuneration</b>         |  |                 |
| Remuneration to Managing Director          | 1,200.00   | 1,200.00        |
| Remuneration to Executive Director         | 1,200.00   | 1,136.00        |
|  | <b>2,400.00</b>  | <b>2,336.00</b> |
| <b>26. Payment to Auditors</b>             |  |                 |
| Statutory Audit                            | 200.00   | 200.00          |
| Tax Audit                                  | 50.00  | 50.00           |
|  | 250.00   | 250.00          |
| Add Service Tax                            | 30.90  | 30.90           |
|  | <b>280.90</b>  | <b>280.90</b>   |
| <b>27. Income in Foreign Currency</b>      |  |                 |
| Received from BPO/ITES                     | 66,493.54  | 136,939.35      |
| <b>28. Expenditure in Foreign Currency</b> |  |                 |
| Telecom Expenses                           | 124.69   | 361.86          |
| <b>29. Contingent Liability</b>            |  |                 |
| Guarantee to Custom Department             | 474.74   | 474.74          |
| <b>30.</b>                                 | Certain balance in loans & advances and Debtors accounts are subjected to confirmation/reconciliation.   |                 |
| <b>31.</b>                                 | In the opinion of Board of Director of the Company current assets, loans & advances are of approximately the value stated, if realized in ordinary course of business. |                 |
| <b>32.</b>                                 | These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956.  |                 |

As per our Report of even date

**For S. G. KABRA & CO.**

Chartered Accountants

FRN - 104507W

sd/-

**Malvika Mitra**

Partner

M. No. 44105

Place : Mumbai

Date : May 27, 2013

**For and on behalf of the Board of Directors**

sd/-

**Lakhmendra Khurana**

Chairman and Managing Director

sd/-

**Kumud Waradkar**

Company Secretary

Place : Mumbai

Date : May 27, 2013

sd/-

**Ranjana Khurana**

Executive Director

## **INDEPENDENT AUDITORS' REPORT**

**To The Board of Directors of Excel Infoways Limited**

### **Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of EXCEL INFOWAYS LIMITED (the "Company") and its subsidiary (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

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

### **Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
  - b. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
  - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### **Other Matters**

6. Financial statements of EXCEL INFOWAYS LIMITED which reflect total assets (net) of ₹ 16,954.66 lacs as at March 31, 2013, total revenue (net) of ₹ 3,059.90 lacs and net cash flows amounting to ₹ (7.46) lacs for the year then ended, have been audited by us.
7. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of ₹ 2,600.17 lacs as at March 31, 2013 / December 31, 2012, total revenues (net) of ₹ 3.65 lacs and net cash flows amounting to ₹ (4.36) lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of other matters.

**For S. G. KABRA & CO.**  
Chartered Accountants  
FRN - 104507W

sd/-

**Malvika P. Mitra**  
Partner  
M. No. 44105

Place: Mumbai  
Date : May 27, 2013

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013**
**Amount (₹ '000)**

| Particulars  | Note No.       | As at<br>March 31, 2013    | As at<br>March 31, 2012    |
|--|----------------|----------------------------|----------------------------|
| <b>A EQUITY AND LIABILITIES</b>                      |                |                            |                            |
| <b>1 Shareholders' funds</b>                         |                |                            |                            |
| (a) Share capital                                    | 1              | 313,487.79                 | 313,487.79                 |
| (b) Reserves and surplus                             | 2              | 1,296,533.76               | 1,230,325.54               |
|  |                | <u>1,610,021.55</u>        | <u>1,543,813.33</u>        |
| <b>2 Non-current liabilities</b>                     |                |                            |                            |
| (a) Long-term borrowings                             | 3              | 30,040.53                  | 924.61                     |
| (b) Deferred tax liabilities (net)                   | 4              | 4,305.15                   | 4,521.27                   |
|  |                | <u>34,345.68</u>           | <u>5,445.88</u>            |
| <b>3 Current liabilities</b>                         |                |                            |                            |
| (a) Short-term borrowing                             | 5              | 39,107.84                  | -                          |
| (b) Other current liabilities                        | 6              | 4,038.26                   | 3,354.71                   |
| (c) Short-term provisions                            | 7              | 7,554.14                   | 4,401.18                   |
|  |                | <u>50,700.24</u>           | <u>7,755.89</u>            |
| <b>TOTAL</b>   |                | <b><u>1,695,067.47</u></b> | <b><u>1,557,015.10</u></b> |
| <b>B ASSETS</b>                                      |                |                            |                            |
| <b>1 Non-current assets</b>                          |                |                            |                            |
| (a) Fixed assets                                     | 8              | 80,931.51                  | 85,569.62                  |
| (b) Non-current investments                          | 9              | 998,560.00                 | 950,460.00                 |
| (c) Long-term loans and advances                     | 10             | 232,744.75                 | 418,151.80                 |
| (d) Other non-current assets                         | 11             | 10,624.45                  | 10,622.40                  |
|  |                | <u>1,322,860.71</u>        | <u>1,464,803.82</u>        |
| <b>2 Current assets</b>                              |                |                            |                            |
| (a) Trade receivables                                | 12             | 20,417.02                  | 6,249.62                   |
| (b) Cash and cash equivalents                        | 13             | 8,493.64                   | 9,550.45                   |
| (c) Short-term loans and advances                    | 14             | 343,296.10                 | 67,900.00                  |
| (d) Other current assets                             | 15             | -                          | 8,511.22                   |
|  |                | <u>372,206.76</u>          | <u>92,211.29</u>           |
| <b>TOTAL</b>   |                | <b><u>1,695,067.47</u></b> | <b><u>1,557,015.10</u></b> |
| <b>Notes forming part to the Financial Statement</b> | <b>1 to 24</b> |                            |                            |

As per our Report of even date

**For S. G. KABRA & CO.**

Chartered Accountants

FRN - 104507W

sd/-

**Malvika Mitra**

Partner

M. No. 44105

Place : Mumbai

Date : May 27, 2013

**For and on behalf of the Board of Directors**

sd/-

**Lakhmendra Khurana**

Chairman and Managing Director

sd/-

**Kumud Waradkar**

Company Secretary

Place : Mumbai

Date : May 27, 2013

sd/-

**Ranjana Khurana**

Executive Director

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

|  |                | Amount (₹ '000)      |                      |
|--|----------------|----------------------|----------------------|
| Particulars  | Note No.       | As at March 31, 2013 | As at March 31, 2012 |
| <b>1 Revenue from operations (gross)</b>             | 16             | 306,639.18           | 155,779.34           |
| Less: Service Tax                                    |                | 1,192.40             | 858.31               |
| Revenue from operations (net)                        |                | 305,446.78           | 154,921.03           |
| <b>2 Other income</b>                                | 17             | 908.34               | 7,356.75             |
| <b>3 Total revenue (1+2)</b>                         |                | <b>306,355.12</b>    | <b>162,277.78</b>    |
| <b>4 Expenses</b>                                    |                |                      |                      |
| (a) Purchases  | 18             | 219,982.36           | 74,853.06            |
| (b) Employee benefits expense                        | 19             | 18,169.09            | 20,513.14            |
| (c) Finance costs                                    | 20             | 4,941.50             | 166.81               |
| (d) Depreciation and amortisation expense            | 8              | 4,947.14             | 8,915.08             |
| (e) Other expenses                                   | 21             | 20,538.93            | 27,086.20            |
| <b>Total expenses</b>                                |                | <b>268,579.02</b>    | <b>131,534.29</b>    |
| <b>5 Profit before tax (3 - 4)</b>                   |                | <b>37,776.10</b>     | <b>30,743.49</b>     |
| <b>6 Tax expense:</b>                                |                |                      |                      |
| (a) Current tax expense                              |                | 7,554.28             | 6,562.61             |
| (b) MAT credit Entitlement                           |                | 5,266.45             | 5,582.67             |
| (c) Tax expense relating to prior years              |                | 539.22               | -                    |
| Net tax expense                                      |                | 13,359.95            | 12,145.28            |
| (d) Deferred tax liability/(assets)                  |                | (216.12)             | (1,312.57)           |
|  |                | <b>13,143.83</b>     | <b>10,832.71</b>     |
| <b>7 Profit for the year (5 - 6)</b>                 |                | <b>24,632.27</b>     | <b>19,910.78</b>     |
| <b>8 Earnings per share (of ₹ 10/- each):</b>        |                |                      |                      |
| (a) Basic  |                | 0.79                 | 0.68                 |
| (b) Diluted  |                | 0.79                 | 0.64                 |
| <b>Notes forming part to the Financial Statement</b> | <b>1 to 24</b> |                      |                      |

As per our Report of even date

**For S. G. KABRA & CO.**

Chartered Accountants

FRN - 104507W

sd/-

**Malvika Mitra**

Partner

M. No. 44105

Place : Mumbai

Date : May 27, 2013

**For and on behalf of the Board of Directors**

sd/-

**Lakhmendra Khurana**

Chairman and Managing Director

sd/-

**Ranjana Khurana**

Executive Director

sd/-

**Kumud Waradkar**

Company Secretary

Place : Mumbai

Date : May 27, 2013

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

(₹ '000)

| Particulars   | For the year ended<br>March 31, 2013 |                    | For the year ended<br>March 31, 2012 |                     |
|---|--------------------------------------|--------------------|--------------------------------------|---------------------|
| <b>A. Cash flow from operating activities</b>                   |                                      |                    |                                      |                     |
| Net Profit / (Loss) before extraordinary items and tax          | 37,776.10                            |                    | 30,743.49                            |                     |
| Adjustments for:  |                                      |                    |                                      |                     |
| Depreciation and amortisation                                   | 4,947.14                             |                    | 8,915.08                             |                     |
| Amortisation of share issue expenses and discount on shares     | 8,509.17                             |                    | 8,699.17                             |                     |
| (Profit) / loss on sale / write off of assets                   | -                                    |                    | (0.32)                               |                     |
| Finance costs   | 4,941.50                             |                    | 166.81                               |                     |
| Interest income   | (197.86)                             | 55,976.05          | (71.44)                              | 48,452.79           |
| Operating profit / (loss) before working capital changes        |                                      |                    |                                      |                     |
| Changes in working capital:                                     |                                      |                    |                                      |                     |
| Adjustments for (increase) / decrease in operating assets:      |                                      |                    |                                      |                     |
| Trade receivables   | (14,167.40)                          |                    | 64,938.37                            |                     |
| Short-term loans and advances                                   | (275,396.10)                         |                    | (67,900.00)                          |                     |
| Long-term loans and advances                                    | 180,140.60                           |                    | 48,899.80                            |                     |
| Adjustments for increase / (decrease) in operating liabilities: |                                      |                    |                                      |                     |
| Other current liabilities                                       | 683.55                               | (108,739.35)       | 221.66                               | 46,159.84           |
| Cash generated from operations                                  |                                      | (52,763.30)        |                                      | 94,612.63           |
| Net income tax (paid) / refunds                                 |                                      | (4,940.55)         |                                      | (33,922.43)         |
| <b>Net cash flow from / (used in) operating activities (A)</b>  |                                      | <b>(57,703.85)</b> |                                      | <b>60,690.20</b>    |
| <b>B. Cash flow from investing activities</b>                   |                                      |                    |                                      |                     |
| Purchase of Fixed Assets including Work in Process              | (309.03)                             |                    | (295.00)                             |                     |
| Proceeds from sale of fixed assets                              | -                                    |                    | 617.00                               |                     |
| Purchase of long-term investments                               |                                      |                    |                                      |                     |
| - Others  | (48,100.00)                          |                    | (313,012.00)                         |                     |
| Proceeds from sale of long-term investments                     |                                      |                    |                                      |                     |
| - Subsidiaries  | -                                    |                    | 250.00                               |                     |
| Interest received   | 197.86                               |                    | 71.44                                |                     |
| Foreign Exchange Translation Difference                         | 41,575.95                            | (6,635.22)         | (2,276.00)                           | (314,644.56)        |
| <b>Net cash flow from / (used in) investing activities (B)</b>  |                                      | <b>(6,635.22)</b>  |                                      | <b>(31,4644.56)</b> |



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

(₹ '000)

| Particulars   | For the year ended<br>March 31, 2013 |                   | For the year ended<br>March 31, 2012 |                   |
|---|--------------------------------------|-------------------|--------------------------------------|-------------------|
| <b>C. Cash flow from financing activities</b>                         |                                      |                   |                                      |                   |
| Proceeds from issue of equity shares                                  | -                                    |                   | 257,045.00                           |                   |
| Proceeds from long-term borrowings                                    | 29,899.92                            |                   | -                                    |                   |
| Proceeds from short-term borrowings                                   | 39,107.84                            |                   | -                                    |                   |
| Repayment of long-term borrowings                                     | (784.00)                             |                   | (690.45)                             |                   |
| Decrease in minority interest   | -                                    |                   | (243.02)                             |                   |
| Decrease in Capital Reserve   | -                                    |                   | (2.62)                               |                   |
| Share issue Expenses  | -                                    |                   | (5,466.10)                           |                   |
| Finance cost  | (4,941.50)                           | 63,282.26         | (166.81)                             | 250,476.00        |
| <b>Net cash flow from / (used in) financing activities (C)</b>        |                                      | <b>63,282.26</b>  |                                      | <b>250,476.00</b> |
| <b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b> |                                      | <b>(1,056.81)</b> |                                      | <b>1,073.85</b>   |
| Cash and cash equivalents at the beginning of the year                |                                      | 9,550.45          |                                      | 8,477.16          |
| <b>Cash and cash equivalents at the end of the year</b>               |                                      | <b>8,493.64</b>   |                                      | <b>9,550.45</b>   |

As per our Report of even date

**For S. G. KABRA & CO.**

Chartered Accountants

FRN - 104507W

sd/-

**Malvika Mitra**

Partner

M. No. 44105

Place : Mumbai

Date : May 27, 2013

**For and on behalf of the Board of Directors**

sd/-

**Lakhmendra Khurana**

Chairman and Managing Director

sd/-

**Ranjana Khurana**

Executive Director

sd/-

**Kumud Waradkar**

Company Secretary

Place : Mumbai

Date : May 27, 2013

## SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

### 1. Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and under the historical cost convention. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956.

The financial statement of the foreign subsidiary has been in accordance with the respective local laws and applicable accounting standards and generally accepted accounting principals.

### 2. Principles of Consolidation

The consolidated financial statements relate to Excel Infoways Limited ('the Company') and its subsidiary. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary are combined on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements"
- b) In case of foreign subsidiaries, being non-integral foreign operation, revenue items are consolidated at the actual exchange rate on the date of transaction. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign exchange fluctuation reserve.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

### 3. The Subsidiary considered in the consolidated financial statements is:

| Name of Subsidiary | Country of Incorporation | Proportion of Ownership | Year/period ended included in Consolidation |
|--------------------|--------------------------|-------------------------|---|
| Excel Info FZE     | U.A.E.                   | 100%                    | April 01, 2012 to March 31, 2013            |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2013****Note 1 - Share Capital**

| 1. | Particulars   | As at March 31, 2013 |                   | As at March 31, 2012 |                   |
|----|---|----------------------|-------------------|----------------------|-------------------|
|    |   | Number of shares     | ₹ ('000)          | Number of shares     | ₹ ('000)          |
|    | (a) Authorised share capital<br>Equity shares of ₹ 10/- each with voting rights                     | 50,000,000           | 500,000.00        | 50,000,000           | 500,000.00        |
|    | (b) Issued, subscribed and paid up share capital<br>Equity shares of ₹ 10/- each with voting rights | 31,348,779           | 313,487.79        | 31,348,779           | 313,487.79        |
|    | <b>Total</b>  | <b>31,348,779</b>    | <b>313,487.79</b> | <b>31,348,779</b>    | <b>313,487.79</b> |

**1.1 Details of shares held by each shareholder holding more than 5% shares:**

| Sr. No. | Name of the shareholder                | Number of shares     | % of Share Held | Number of shares     | % of Share Held |
|---------|--|----------------------|-----------------|----------------------|-----------------|
|         |  | As at March 31, 2013 |                 | As at March 31, 2012 |                 |
| 1       | Lakhmendra Khurana                     | 6,991,930            | 22.30           | 6,991,930            | 22.30           |
| 2       | Ranjana Khurana                        | 5,738,390            | 18.30           | 5,359,729            | 17.10           |
| 3       | Arcadia Share & Stock Brokers Pvt. Ltd | -                    | -               | 1,633,532            | 5.21            |

**1.2 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars                                | As at March 31, 2013<br>No. of Shares | As at March 31, 2012<br>No. of Shares |
|--|---------------------------------------|---------------------------------------|
| Equity Shares at the beginning of the year | 31,348,779                            | 21,168,779                            |
| Add: Shares issued on QIP                  | -                                     | 10,180,000                            |
| Equity Shares at the end of the year       | 31,348,779                            | 31,348,779                            |

**1.3 Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held.

**Note 2 - Reserves and surplus**

₹ ('000)

| Particulars   | As at March 31, 2013 | As at March 31, 2012 |
|---|----------------------|----------------------|
| (a) Securities premium account                          |                      |                      |
| Opening balance   | 593,028.93           | 437,783.93           |
| Add : Premium on shares issued during the year          | -                    | 155,245.00           |
| Closing balance   | <b>593,028.93</b>    | <b>593,028.93</b>    |
| (b) Surplus / (Deficit) in Statement of Profit and Loss |                      |                      |
| Opening balance   | 635,926.81           | 616,016.03           |
| Add: Profit / (Loss) for the year                       | 24,632.27            | 19,910.78            |
| Closing balance   | <b>660,559.08</b>    | <b>635,926.81</b>    |
| (c) Foreign Currency Translation Reserve                | <b>42,945.75</b>     | <b>1,369.80</b>      |
|   | <b>1,296,533.76</b>  | <b>1,230,325.54</b>  |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

|  |                         | ₹ ('000)                |  |
|--|-------------------------|-------------------------|--|
| Particulars  | As at<br>March 31, 2013 | As at<br>March 31, 2012 |  |
| <b>Note 3 – Long-term borrowings</b>   |                         |                         |  |
| <b>Secured Loan</b>  |                         |                         |  |
| <b>Term loans</b>  |                         |                         |  |
| (i) From Banks   | 29,899.92               | -                       |  |
| (ii) From Others   | 140.61                  | 924.61                  |  |
|  | <b>30,040.53</b>        | <b>924.61</b>           |  |
| (a) Term loan from banks is taken for business expansion in the month of July 2012 against mortgage of office premises for a period of sixty months at an interest rate of 13.75% p.a (Base rate+3.75%). The monthly installment is ₹ 763.58 thousand.         |                         |                         |  |
| (b) Term loan from others is taken for purchase of vehicle and secured by way of hypothecation of that specific vehicle. The interest rate is 11.76% and tenure is for a period of sixty months ending in May 2013.  |                         |                         |  |
| <b>Note 4 - Deferred tax liabilities (net)</b>   |                         |                         |  |
| <b>Deferred tax liability</b>  |                         |                         |  |
| Tax effect of items constituting deferred tax liability  |                         |                         |  |
| On difference between book balance and tax balance of fixed assets   | 4,305.15                | 4,521.27                |  |
|  | <b>4,305.15</b>         | <b>4,521.27</b>         |  |
| <b>Details of dues to Micro and Small Enterprises under the MSMED Act, 2006</b>  |                         |                         |  |
| As per information available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act 2006, to whom the Company owes dues on account of principle or interest.                |                         |                         |  |
| The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been defined on the basis of information available with the Company. This has been relied upon by the auditors.                        |                         |                         |  |
| <b>Note 5 - Short-term borrowings</b>  |                         |                         |  |
| <b>Secured Loans</b>   |                         |                         |  |
| From Banks   | 28,933.82               | -                       |  |
| From Others  |                         |                         |  |
| Inter Corporate Deposits (Loans payable on demand)   | 10,174.02               | -                       |  |
|  | <b>39,107.84</b>        | <b>-</b>                |  |
| (a) Loans taken from banks is overdraft for working capital requirement secured against mortgage of residential bungalow and pledge of shares held by directors. The interest rate is 14% (base rate + 4.75%) and the tenure is for a period of twelve months. |                         |                         |  |
| (b) Secured loan from others is secured against pledge of shares held by directors for a period of 180 days which can be renewed and is payable on demand. The loan is @18% interest per annum.  |                         |                         |  |
| <b>Note 6 - Other current liabilities</b>  |                         |                         |  |
| (a) Unpaid dividends   | 177.13                  | 177.96                  |  |
| (b) Application money received for allotment of securities and due for refund and interest accrued thereon.  | 5.36                    | 12.16                   |  |
| (c) Other payables   |                         |                         |  |
| Creditors For Expenses   | 2,419.67                | 3023.87                 |  |
| TDS Payable  | 1,145.66                | 140.72                  |  |
| Provision for expenses   | 290.44                  | -                       |  |
|  | <b>4,038.26</b>         | <b>3,354.71</b>         |  |
| <b>Note 7 - Short-term provisions</b>  |                         |                         |  |
| Provision for tax  | 7,544.14                | 4,401.18                |  |
| <b>Total</b>   | <b>7,544.14</b>         | <b>4,401.18</b>         |  |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2013****Note 8 – Fixed assets**

₹ ('000)

| Tangible assets            | Gross block                  |               |           | Accumulated depreciation and impairment |                              |  |                                  | Net block                    |                              |                              |
|----------------------------|------------------------------|---------------|-----------|---|------------------------------|--|----------------------------------|------------------------------|------------------------------|------------------------------|
|                            | Balance as at April 01, 2012 | Additions     | Disposals | Balance as at March 31, 2013            | Balance as at April 01, 2012 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at March 31, 2013 | Balance as at March 31, 2013 | Balance as at March 31, 2012 |
| (a) Land                   | -                            | -             | -         | -                                       | -                            | -  | -                                | -                            | -                            | -                            |
| (b) Buildings              |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Own use                    | 50,161.04                    | -             | -         | 50,161.04                               | 3,179.79                     | 817.62   | -                                | 3,997.41                     | 46,163.63                    | 46,981.25                    |
| (c) Plant and Equipment    |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Owned                      | 3,895.76                     | -             | -         | 3,895.76                                | 2,344.73                     | 402.82   | -                                | 2,747.55                     | 1,148.21                     | 1,551.04                     |
| (d) Furniture and Fixtures |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Owned                      | 49,242.34                    | -             | -         | 49,242.34                               | 15,350.96                    | 3,117.04   | -                                | 18,468.00                    | 30,774.34                    | 33,891.39                    |
| (e) Vehicles               |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Owned                      | 4,166.68                     | -             | -         | 4,166.68                                | 1,494.90                     | 395.83   | -                                | 1,890.73                     | 2,275.95                     | 2,671.78                     |
| (f) Office equipment       |                              |               |           |   |                              |  |                                  |                              |                              |                              |
| Owned                      | 25,837.47                    | 309.03        | -         | 26,146.50                               | 25,363.29                    | 213.83   | -                                | 25,577.12                    | 569.38                       | 474.17                       |
| <b>Total</b>               | <b>133,303.29</b>            | <b>309.03</b> | <b>-</b>  | <b>133,612.32</b>                       | <b>47,733.67</b>             | <b>4,947.14</b>                                  | <b>-</b>                         | <b>52,680.81</b>             | <b>80,931.51</b>             | <b>85,569.62</b>             |
| Previous year              | 134,142.98                   | 295.00        | 1,134.69  | 133,303.29                              | 39,336.60                    | 8,915.08   | 518.01                           | 47,733.67                    | 85,569.62                    | 94,806.39                    |

As depreciation is calculated on straight line basis, some office equipment depreciated totally during the year.

**Note 9 – Non-current investments**

₹ ('000)

| Particulars   | As at March 31, 2013 |                   |                   | As at March 31, 2012 |                   |                   |
|---|----------------------|-------------------|-------------------|----------------------|-------------------|-------------------|
|   | Quoted               | Unquoted          | Total             | Quoted               | Unquoted          | Total             |
| <b>A. Trade Investment</b>  |                      |                   |                   |                      |                   |                   |
| <b>Other Investment</b>   |                      |                   |                   |                      |                   |                   |
| 1000 Equity Shares of ₹ 10/- each in Excel Infra N Realty Pvt. Ltd. | -                    | 10.00             | 10.00             | -                    | 10.00             | 10.00             |
| <b>B. Other investments</b>   |                      |                   |                   |                      |                   |                   |
| Investment in Property  | -                    | 998,550.00        | 998,550.00        | -                    | 950,450.00        | 950,450.00        |
| <b>(A+B)</b>  | <b>-</b>             | <b>998,560.00</b> | <b>998,560.00</b> | <b>-</b>             | <b>950,460.00</b> | <b>950,460.00</b> |

**Note 10 – Long-term loans & advances**

₹ ('000)

| Particulars                   | As at March 31, 2013 | As at March 31, 2012 |
|-------------------------------|----------------------|----------------------|
| <b>Other advances</b>         |                      |                      |
| (Unsecured, considered good)  |                      |                      |
| MAT credit entitlement        | 74,137.94            | 79,404.39            |
| Service Tax credit receivable | 11.17                | 64.77                |
| TDS Receivable                | 5,479.04             | 144.23               |
| Advance Recoverable           | 153,116.60           | 338,838.41           |
|                               | <b>232,744.75</b>    | <b>418,151.80</b>    |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**
**₹ ('000)**

| Particulars   | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|---|-------------------------|-------------------------|
| <b>Note 11 - Other non-current assets</b>   |                         |                         |
| Unamortized expenses  |                         |                         |
| (i) Share issue expenses  | 10,602.40               | 10,622.40               |
| (ii) Deferred Revenue   | 22.05                   | -                       |
|   | <b>10,624.45</b>        | <b>10,622.40</b>        |
| <b>Note 12 – Trade receivables</b>  |                         |                         |
| (Unsecured considered good)   |                         |                         |
| Other Trade receivables   | 20,417.02               | 6,249.62                |
|   | <b>20,417.02</b>        | <b>6,249.62</b>         |
| # All trade receivables are less than six months old.   |                         |                         |
| <b>Note 13 – Cash &amp; cash equivalents</b>  |                         |                         |
| (a) Cash on hand  | 958.24                  | 1,196.56                |
| (b) Balances with banks   |                         |                         |
| (i) In current accounts   | 4,262.34                | 7,174.95                |
| (ii) In EEFC accounts   | -                       | 103.83                  |
| (iii) In deposit accounts#  | 2,897.38                | 474.74                  |
| (iv) Balances with foreign banks  | 193.20                  | 410.25                  |
| (iv) In earmarked accounts  |                         |                         |
| - Unpaid dividend accounts  | 177.13                  | 177.96                  |
| - Share application money received for allotment of securities and due for refund   | 5.36                    | 12.16                   |
|   | <b>8,493.64</b>         | <b>9,550.45</b>         |
| #Fixed Deposit with Banks includes deposit (inclusive of accrued interest thereon) of ₹ 2,897.38 thousands (Previous Year ₹ 474.74 thousands) with maturity of more than 12 months. |                         |                         |
| <b>Note 14 - Short-term loans and advance</b>   |                         |                         |
| ( Unsecured, considered good )  |                         |                         |
| Others  | 343,296.10              | 67,900.00               |
|   | <b>343,296.10</b>       | <b>67,900.00</b>        |
| <b>Note 15 - Other current assets</b>   |                         |                         |
| Unamortized expenses  |                         |                         |
| (i) Share issue expenses  | -                       | 8,435.96                |
| (ii) Deferred Revenue expenses  | -                       | 75.26                   |
|   | <b>-</b>                | <b>8,511.22</b>         |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

₹ ('000)

| Particulars   | As at<br>March 31, 2013  | As at<br>March 31, 2012 |
|---|--|-------------------------|
| <b>Note 16 - Revenue from operations</b>  |  |                         |
| Information Technology/ BPO related Service   | 77,290.94  | 79,955.26               |
| Infra Projects  | 229,348.24   | 75,824.08               |
|   | <b>306,639.18</b>  | <b>155,779.34</b>       |
| Less: Service Tax   | 1,192.40   | 858.31                  |
|   | <b>305,446.78</b>  | <b>154,921.03</b>       |
| <b>Note 17 - Other Income</b>   |  |                         |
| (a) Interest income   | 197.86   | 71.44                   |
| (b) Net gain on foreign currency transactions and translation   | 332.20   | 6,536.85                |
| (c) Other non-operating income  | 378.28   | 748.46                  |
|   | <b>908.34</b>  | <b>7,356.75</b>         |
| <b>17.1 Interest income comprises:</b>  |  |                         |
| Interest from Fixed Deposit with Banks  | 190.83   | 58.11                   |
| Interest from other deposits  | 7.03   | 13.33                   |
|   | <b>197.86</b>  | <b>71.44</b>            |
| <b>17.2 Other non-operating income comprises:</b>   |  |                         |
| Profit on sale of fixed assets  | -  | 0.32                    |
| Miscellaneous income.   | 378.28   | 748.15                  |
|   | <b>378.28</b>  | <b>748.46</b>           |
| <b>Note 18 - Purchases</b>  |  |                         |
| Infra Projects  | 219,982.36   | 74,853.06               |
|   | <b>219,982.36</b>  | <b>74,853.06</b>        |
| Purchases of Infra Projects are accounted for as and when a contract is done.   |  |                         |
| <b>Note 19 - Employee benefits expense</b>  |  |                         |
| Salaries and wages  | 17,702.93  | 19,935.85               |
| Contributions to provident and other funds  | 255.82   | 185.72                  |
| Staff welfare expenses  | 210.34   | 391.57                  |
|   | <b>18,169.09</b>   | <b>20,513.14</b>        |
| 19.1 -  | The Company makes Provident Fund Contribution to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. In case of Provident Fund, the contributions specified under the law are paid to the Provident Fund set up to the respective Regional Provident Fund Commissioner. |                         |
| <b>Note 20 - Finance Cost</b>   |  |                         |
| Interest expense on:  |  |                         |
| Borrowings  |  |                         |
| (a) Banks   | 3,542.39   | -                       |
| (b) Others  | 1,399.11   | 166.81                  |
|   | <b>4,941.50</b>  | <b>166.81</b>           |
| (a) Interest paid to bank is for term loan and working capital loan   |  |                         |
| (b) Interest paid to others is interest on inter corporate deposits and interest on loan for purchase of car (previous year interest was paid only for loan for purchase of car). |  |                         |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**
**₹ ('000)**

| <b>Particulars</b>                             | <b>As at<br/>March 31, 2013</b> | <b>As at<br/>March 31, 2012</b> |
|--|---------------------------------|---------------------------------|
| <b>Note 21 - Other Expenses</b>                |                                 |                                 |
| Power & Fuel Charges                           | 1,584.92                        | 1,388.43                        |
| Rent   | 1,551.15                        | 8,328.95                        |
| Repairs and maintenance - Buildings            | 99.03                           | 107.96                          |
| Repairs and maintenance - Machinery            | 161.66                          | 71.76                           |
| Insurance                                      | 36.57                           | 58.65                           |
| Rates and taxes                                | 24.50                           | 21.96                           |
| Communication                                  | 1,675.59                        | 1,484.40                        |
| Traveling and conveyance                       | 339.87                          | 154.09                          |
| Printing and stationery                        | 347.68                          | 398.69                          |
| Business promotion                             | 130.32                          | 971.62                          |
| Donations and contributions                    | 896.00                          | 536.10                          |
| Legal and professional                         | 1,196.23                        | 1609.93                         |
| Payment to auditors (Refer Note 21.1 below)    | 271.54                          | 280.90                          |
| Director sitting fee                           | 140.00                          | 230.00                          |
| Bank Charges (Refer Note 21. 2 below)          | 1,787.14                        | -                               |
| Prior period items (Refer Note 21.3 below)     | 644.70                          | 875.23                          |
| Miscellaneous expenses (Refer Note 21.4 below) | 9,652.03                        | 10,567.53                       |
|  | <b>20,538.93</b>                | <b>27,806.20</b>                |

21.1 - Payment to auditors for current year is exclusive of service tax.

21.2 - Bank Charges were included in Miscellaneous expenses for previous year.

21.3 - Prior Period Items comprises short provision of Income tax of earlier years ₹ 644.70 thousand (Previous year ₹ 875.23 thousand).

21.4 - Miscellaneous Expenses includes Misc. Expenditure W/off ₹ 8,509.17 thousand (Previous Year ₹ 8,700.00 thousand).

**Note 22 - The subsidiary considered in the consolidated financial statement is:**

| <b>Name of the company</b> | <b>Country of Incorporation</b> | <b>Percentage of<br/>Voting Power as at<br/>31.03.2013</b> | <b>Percentage of<br/>Voting Power as at<br/>31.03.2012</b> |
|----------------------------|---------------------------------|--|--|
| Excel Info FZE             | RAS AL KHAIMAH- UAE             | 100  | 100  |

**23 - Earning Per Share**

| <b>Particulars</b>                                   | <b>2012-13</b> | <b>2011-12</b> |
|--|----------------|----------------|
| Net Profit after Tax as per statement of Profit &    | 24,632.27      | 19,910.78      |
| Loss attributable to Equity Shareholders (₹ in '000) |                |                |
| Weighted Average number of equity shares used        | 31,348,779     | 29,313,779     |
| as denominator for calculating EPS                   |                |                |
| Basic & Diluted Earning per share                    | 0.79/0.79      | 0.68/0.64      |
| Face Value per equity share                          | 10.00          | 10.00          |



**24. Other significant accounting policies and notes to accounts**

Theses are set out under "Significant Accounting Policies" as given in the Company's separate financial statements. However the Company has disclosed such notes and details which represent the needed disclosure to serve as a guide for the better understanding of the Group's position.

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As per our Report of even date

**For S. G. KABRA & CO.**

Chartered Accountants  
(Registration No. 104507W)

sd/-  
**Malvika Mitra**

Partner  
Membership No. 44105

Place : Mumbai

Date : May 27, 2013

**For and on behalf of the Board of Directors**

sd/-  
**Lakhmendra Khurana**  
Chairman and Managing Director

sd/-  
**Ranjana Khurana**  
Executive Director

sd/-  
**Kumud Waradkar**  
Company Secretary

Place : Mumbai

Date : May 27, 2013

**FINANCIAL INFORMATION OF SUBSIDIARY COMPANY**
**Name of the subsidiary company - Excel Info FZE**

| Reporting Currency     | AED                  | ₹ In (000) |
|------------------------|----------------------|------------|
| Capital                | 1,000.00             | 1,479.45   |
| Reserves               | (84.51)              | (1,250.31) |
| Total Assets           | 17,575.27            | 260,017.25 |
| Total Liabilities      | 17,575.27            | 260,017.25 |
| Investment             | 0.00                 | 0.00       |
| Tormover/Total Income  | 25.40                | 364.82     |
| Profit Before Taxation | 1.40                 | 19.46      |
| Provision for Taxation | 0.00                 | 0.00       |
| Profit After Taxation  | 1.40                 | 19.46      |
| Proposed Dividend      | 0.00                 | 0.00       |
| Country                | United Arab Emirates |            |

Exchange Rate used for translation as on 31.03.2013 is 1 AED = 14.79INR

Average Exchange Rate used for transactions is 1 AED = 13.93INR

\*\*\*\*\*

[illegible]

[illegible]

## EXCEL INFOWAYS LIMITED

Registered Office: 31-A, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400053.

### ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholder may obtain additional slip on request.

|             |  |
|-------------|--|
| DP ID *     |  |
| Client ID * |  |

|                  |  |
|------------------|--|
| Master Folio No. |  |
| No. of Shares    |  |

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **11<sup>th</sup> Annual General Meeting** of the Company held on **Wednesday, July 31, 2013** at 10.00 a.m. at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400053.

Signature of the shareholder or proxy \_\_\_\_\_

\* Applicable for investors holding shares in electronic form.

TEAR HERE

## EXCEL INFOWAYS LIMITED

Registered Office: 31-A, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400053.

### PROXY FORM

|             |  |
|-------------|--|
| DP ID *     |  |
| Client ID * |  |

|                  |  |
|------------------|--|
| Master Folio No. |  |
|------------------|--|

I/We \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of **EXCEL INFOWAYS LIMITED** hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_

or failing him to vote \_\_\_\_\_ of \_\_\_\_\_

as my/ our proxy to vote for me / us and on my / our behalf at the **11<sup>th</sup> Annual General Meeting** of the Company held on **Wednesday, July 31, 2013** at 10.00 a.m. and at any adjournments thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Place : \_\_\_\_\_

Signature

Affix  
15 Paise  
Revenue  
Stamp

\* Applicable for investors holding shares in electronic form.

- NOTE:** (1) The proxy, to be valid, should be deposited at the Registered Office of the Company at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai - 400053 not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
- (2) A proxy need not be a member of the Company.
- (3) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (4) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



## **BOOK POST**

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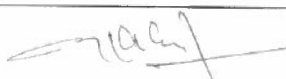

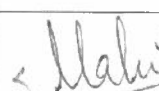
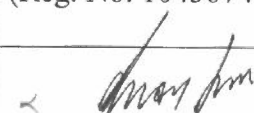
Registrars & Share Transfer Agents  
Link Intime India Private Limited.  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West),  
Mumbai – 400 078.

Unit : **EXCEL INFOWAYS LIMITED**



## FORM A

## Format of covering letter of the annual audit report to be filed with the Stock Exchange

|   |  |   |
|---|--|---|
| 1 | Name of the company                            | M/s. Excel Infoways Limited   |
| 2 | Annual financial statements for the year ended | March 31, 2013  |
| 3 | Type of Audit Observation                      | Un-qualified  |
| 4 | Frequency of observation                       | There are no qualifications in the Audit Report   |
| 5 | To be signed by-<br>• CEO / Managing Director  | <br>Lakhmendra Khurana  |
|   | • CFO  | <br>Kamal Thaker   |
|   | • Auditor of the Company                       | <br>Malvika Mitra<br>Partner (Membership No. 44105)<br>M/s. S. G. Kabra & Co. Chartered Accountants<br>(Reg. No. 104507W) |
|   | • Audit Committee Chairman                     | <br>Binoy Gupta   |