

# Annual Report 2010 - 2011

Excel Infoways Ltd.

## BOARD OF DIRECTORS

**Shri. Lakhmendra Khurana**

Chairman & Managing Director

**Mrs. Ranjana Khurana**

Executive Director

**Shri. Arpit Khurana**  
(Appointed w.e.f 11<sup>th</sup> August, 2011)

Executive Director

**Ms. Bela Ash\***

Executive Director

**Shri. Binoy Gupta**

Independent & Non Executive Director

**Shri. Ramesh Joshi**

Independent & Non Executive Director

**Shri. Ravi Prakash Sinha**

Independent & Non Executive Director

**Ms. Bhavana Shah**  
\*(Resigned as Director w.e.f. 11th August, 2011)

Company Secretary & Compliance Officer

## AUDITORS

M/s. S.G. KABRA & CO.  
Wavel House, 1<sup>st</sup> Floor,  
1<sup>st</sup> Dhobi Talao Lane,  
Mumbai - 400002

## BANKERS

Citibank N.A.

ICICI Bank Limited

The Federal Bank Limited

## REGISTERED OFFICE

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

## REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West),  
Mumbai – 400078.

## **CONTENTS**

### **Page Nos.**

Notice .....	1
Directors Report .....	6
Management Discussion and Analysis Report .....	10
Report on Corporate Governance .....	13
Auditors' Certificate on Corporate Governance .....	19
Auditors Report .....	21
Balance Sheet .....	24
Profit and Loss Account .....	25
Cash Flow Statement .....	26
Schedules Forming Part of Accounts .....	28
Notes Forming Part of Accounts .....	32
Consolidated Balance Sheet/Profit & Loss Account & Schedules .....	38
Statement u/s 212 of Subsidiaries Excel Info FZE and Excel Infra N Realty Ltd. ....	48
Financial Information of Subsidiaries Excel Info FZE and Excel Infra N Realty Ltd. ....	50

**NOTICE**

**NOTICE** is hereby given that the **Ninth Annual General Meeting** of the Members of **EXCEL INFOWAYS LIMITED** will be held on Friday, 30<sup>th</sup> September, 2011 at the Registered Office of the company at 31A, Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400053 at 10.00 A.M. to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Directors' Report & Auditors' Report thereon.
2. To appoint a Director in place of Mr. Binoy Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ramesh Joshi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. S.G. Kabra & Co., Chartered Accountants as an Auditors of the company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Managing Director to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as special resolution.

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 read with Scheduled 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 company be and is hereby accorded to the reappointment of and payment of remuneration to Mrs. Ranjana Khurana as an Executive Director of the company, at remuneration of Rs. 50000/- p.m. , for a period of 3 (Three) years with effect from January 1, 2011, with power to the Board of Directors to alter and vary the terms and conditions and/or the remunerations, subject to the same not exceeding the limit specified in the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof.

**FURTHER RESOLVED THAT** notwithstanding anything herein, where in any financial year, during the currency of tenure of the Executive Director, the company has no profits or its profits are inadequate, the company will pay her remuneration by way of salary and perquisites in accordance with the limits stipulated in Schedule XIII to the Companies Act, 1956.

**FURTHER RESOLVED THAT** Board of Directors be and is hereby authorized to do all such acts as may be necessary, expedient to give effect to this resolution and file the required forms and documents with Registrar of Companies, Mumbai."

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as special resolution.

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 read with Scheduled 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 company be and is hereby accorded to the appointment of and payment of remuneration to Mr. Arpit Khurana as an Executive Director of the company, for a period of 3 ( Three) years with effect from 11<sup>th</sup> August 2011, at remuneration of up to Rs. 100,000 /- p.m. with power to the Board of Directors to alter and vary the terms and conditions and/or the remunerations, subject to the same not exceeding the limit specified in the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof."

**FURTHER RESOLVED THAT** notwithstanding anything herein, where in any financial year, during the currency of tenure of the Executive Director, the company has no profits or its profits are inadequate, the company will pay him remuneration by way of salary and perquisites in accordance with the limits stipulated in the Companies Act, 1956.

**FURTHER RESOLVED THAT** Board of Directors be and is hereby authorised to do all such acts as may be necessary, expedient to give effect to this resolution and file the required forms and documents with Registrar of Companies, Mumbai."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as special resolution.

**"RESOLVED THAT** in accordance with the provisions of Section 314 (1) (B), and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof, and subject to the any other approval if any, and read with Director's Relatives (Office or Place of Profit ) Rules, 2003, consent of the company he and is hereby accorded to the appointment of and payment of remuneration to Mr. Arpit Khurana, as Executive Director of the company, son of Mr. Lakhmendra Khurana and Mrs. Ranjana Khurana, Directors of the company, to hold an office or place of profit as Executive Director of the company for a period of three years with effect from the 11th August. 2011 at a remuneration of up to Rs.100,000 p.m.

**FURTHER RESOLVED THAT** Board of Directors of the company be and is hereby authorized to revise the salary of Mr. Arpit Khurana within the applicable limits, during his tenure of service.

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as ordinary resolution.

**“RESOLVED THAT** pursuant to sub section(1) (d) of Section 293 of the Companies Act, 1956 and Articles of Association of the company and other enabling provisions, if any, the consent of the company be and is hereby accorded to the Board of Directors to their borrowing for and on behalf of the company, monies from time to time and without prejudice to the generality thereof, by way of loans, advances, credits, acceptance of deposits, banking, financial facilities, bonds or otherwise from any bank or banks or any financial institution(s) and whether the same be secured or unsecured and if secured, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever on, over or in respect of all or any of the company’s assets, effects and properties notwithstanding that the monies so borrowed by the company, together with the monies already borrowed by the company, (apart from temporary loans obtained from the company’s Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose provided such excess amount so borrowed by the company and outstanding shall not at any time exceed the limit of Rs.300 Crores (Rupees Three Hundred Crores only).

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as ordinary resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the authorized Share Capital of the company be and is hereby increased from Rs.50,00,00,000/- (Rupees Fifty Crores only) divided in to 5,00,00,000 (Five Crores only) equity shares of Rs.10/- each to Rs. 100,00,00,000/- (Rupees Hundred Crores only) divided in to 10,00,00,000 (Ten Crores only) equity shares of Rs.10/- each by creation of additional 500,00,000 equity shares of Rs.10/- each making pari-passu in all respect with the existing equity shares.”

10. To consider and, if thought fit, to pass, with or without modification, the following resolution as ordinary resolution.

**“RESOLVED THAT** pursuant to the Provisions of Sections 16, 94 and other applicable provisions if any, of the Companies Act, 1956 and Articles of Association of the company and subject to such other approvals/ permissions/ sanctions as may be necessary, the existing Clause V (a) of the Memorandum of Association of the company be and is hereby altered by substituting the following article:-

V(a). The Authorized Share Capital of the company is Rs.100,00,00,000/- (Rupees Hundred Crores only) divided into 10,00,00,000/ -(Ten Crores) equity shares of Rs. 10/- (Rupees Ten Only) each. The company has power from time to time to increase or reduce its capital and to divide the share capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or other special rights privileges, conditions or restrictions, as may be determined by or in accordance with articles of association of the company and to vary, modify or abrogate any right, privileges or conditions or restrictions in such manner as may for the time being be permitted by the articles of association of the company or the legislative provisions for the time being in force in that behalf.

**RESOLVED FURTHER THAT**, any one of the Directors of the company or the Company Secretary of the company be and is hereby severally authorized to take all such steps and do all such acts, deeds, matters and things as may be required to give effect to this resolution.”

11. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 31 of the Companies Act, 1956, the existing Article 3(a) of Articles of Association of the company be and is hereby altered by substituting the following article:-

3 (a). The Authorized Share Capital of the company is Rs. 100,00,00,000/- (Rupees Hundred Crores only) divided into 10,00,00,000/-(Ten Crores) equity shares of Rs.10/- (Rupees Ten Only) each and capable from time to time, to increase, reduce or modify its capital and to divide all or any of its shares in the capital of the company for the time being reclassify such shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or abrogate any such rights, privileges, conditions or restrictions in such manner as may be permitted under the provisions of the Articles of Association of the company or legislative provisions, for the time being in force in that behalf.

**RESOLVED FURTHER THAT**, any one of the Directors of the company or the Company Secretary of the company he and is hereby severally authorized to take all such steps and do all such acts, deeds, matters and things as may be required to give effect to this resolution.

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

Place : Mumbai  
Date : 11<sup>th</sup> August, 2011

**Bhavana D Shah**  
Company Secretary

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item nos. 5,6,7,8,9,10,11 set out in the Notice is annexed hereto.
4. Members are requested to note that the company's equity shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
5. The Register of Members and the Share Transfer Books of the company will remain closed from 26<sup>th</sup> September, 2011 to 30<sup>th</sup> September, 2011 (both days inclusive)
  - (i) to those Members, holding shares in physical form, whose names appear on the Register of Members of the company, at the close of business hours on 30<sup>th</sup> September, 2011 after giving effect to all valid transfers in physical form lodged on or before 26<sup>th</sup> September, 2011 with the company and/or its Registrar and Transfer Agent; and
  - (ii) in respect of shares held in electronic form, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL) at the close of business hours on 26<sup>th</sup> September, 2011.
6. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to their Depository Participant (DP) only and not to the company or its Registrar and Transfer Agent. Any such changes effected by the DPs will automatically reflect in the company's subsequent records.
7. Members may avail of the nomination facility as provided under Section 109A of the Companies Act, 1956
8. Pursuant to the requirements on corporate governance under Clause 49 of listing agreements entered into with stock exchanges, the information about the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.
9. 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)
10. Members desirous of getting any information about the accounts and/or operations of the company are requested to write to the company at least seven days before the date of the Meeting to enable the company to keep the information ready at the Meeting.
11. Members who have not encashed their dividend warrants may approach the company/its registrar, for obtaining payments thereof.
12. Investor Grievance Redressal :  
The company has designated an exclusive e-mail id [bhavana@excel-infoways.com](mailto:bhavana@excel-infoways.com) to enable Investors to register their complaints, if any.
13. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail address of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. Keeping in view the underlying theme and the circular issued by MCA, we propose to send all documents to be sent to Shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors Report, Auditors Report, etc. henceforth to the shareholders in electronic form, to the e-mail address provided by them and made available to us by the Depositories. Please note that these documents will also be available on the company's Website [www.excel-infoways.com](http://www.excel-infoways.com) for download by the shareholders. The physical copies of the Annual Report will also be available at our Registered Office for inspection during office hours. In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to [bhavana@excel-infoways.com](mailto:bhavana@excel-infoways.com). Please note that you will be entitled to be furnished free of cost, with a copy of the Balance Sheet of the company and all other documents required by law to be attached thereto including the Profit & Loss Account and Auditors Report, upon receipt of a requisition from you, any time, as a member of the company.

Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their e-mail addresses with Link Intime India Private Limited, Registrar and Share Transfer Agents of the company.

Details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting.

(Pursuant to Clause 49 of the Listing Agreement)

Particulars	Binoy Gupta	Ramesh Joshi	Arpit Khurana	Ranjana Khurana
Date of Birth	September 12, 1945	December 16, 1942	March, 14, 1990	October, 19, 1957
Date of Appointment	January 24, 2008	January 24, 2008	August 11, 2011	January, 1, 2011
Qualifications	PhD, PG Diploma in Cyber Laws	B.A.L.L.B	H.S.C.	M.A
Expertise in Specific functional area	Experience in the field of Laws, Cyber Law, Income Tax, Finance and other allied matters	Experience in the field of areas related to securities market, foreign trade, foreign currency transactions and regulations thereof	Three years working experience in the company	She holds Masters Degree, has experience of running business, administration etc.
Directorship held in other Public companies (excluding foreign companies)	Nil	1. Vakrangee Software Ltd. 2. AvonCorporation Ltd. 3. IND Fund Management Ltd 4. Vakrangee Technoloies Ltd.	Excel Infra N Realty Ltd	1. Excel Infra N Realty Ltd. 2. Ranjana Construction Ltd
Memberships / Chairmanships of committees of other public Companies (includes only Audit and Shareholders/ Investors Grievance / Committee)*	Nil	3	Nil	Nil
Number of shares held in the company	Nil	Nil	Nil	4614677

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

**Place :** Mumbai  
**Date :** 11<sup>th</sup> August, 2011

**Bhavana D Shah**  
Company Secretary

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

Item No. 5

The Board of Directors in their meeting held on 13<sup>th</sup> November, 2010 has, subject to the Members approval and subject to the provisions of the Articles of Association of the company, reappointed Mrs. Ranjana Khurana as an Executive Director of the company for a period of Three (3) years with effect from 1<sup>st</sup> January, 2011 at a remuneration of Rs. 50000/- p.m.

The Requisite special resolution, seeking approval of the Shareholders, is proposed in the Notice. None of the directors of the company except Mr. Lakhmendra Khurana and Mr. Arpit Khurana is interested in the resolution.

Item No. 6 & 7

The Board of Directors in their meeting held on 11th August, 2011 has, subject to the members approval and subject to other approvals and provisions of the Companies Act, 1956, appointed Mr. Arpit Khurana, a son of Mr. Lakhmendra Khurana and Mrs. Ranjana Khurana, as Executive Director of the company with effect from 11th August, 2011 at remuneration of up to Rs. 100,000 p.m. He is also director of our subsidiary company Excel Infra N Realty Ltd. The Board of directors is authorized to alter and vary the terms and/or the remunerations, subject to the limit as specified under section 314 (1) (B) of the companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, or any statutory modification(s) or re-enactment thereof as determined by the Board of Directors. These Resolutions are put for the approval of the members of the company.

None of the directors except Mr. Lakhmendra Khurana & Mrs. Ranjana Khurana, Directors of the company are interested in the resolution.

Item No. 8

The company estimates capital expenditure and Investment outlays for the expansion of the company around Rs.300 Crores in the coming years. Taking into account the current level of borrowing and the borrowal planned for next few years, a need has arisen to approve the borrowing that can be done for the company. Therefore it is proposed to obtain the approval of the shareholders for borrowing up to Rs.300 Crores in excess of the paid up capital and free reserves of the company under Sec 293(1) (d) of the Companies Act, 1956. The requisite Resolution, seeking approval of the Shareholders is proposed in the Notice. Your Directors recommend the passing of the Resolution.

None of the Directors of the company is interested in the resolution.

Item No. 9, 10

The company needs long term capital resources for further corporate actions like Capital Expenditures for expansion and diversification, Long term working capital requirement and General corporate purposes of the company. The company may raise large amounts in the form of Equity Shares through one or more public or private offerings in the domestic and/or one or more international markets, equity shares/preference shares/equity shares through public issue(s), Rights issue(s), private Placement(s), preferential allotment for cash or stock swap, from time to time in one or more tranches, as may be deemed appropriate by the Board. It was proposed to increase Authorised Share Capital of the company from Rs.50,00,00,000 (Rupees Fifty Crores only) to Rs. 100,00,00,000 (Rupees Hundred Crores only).

As per Section 94 of the Companies Act, 1956, members' approval by way of Ordinary Resolution is required to amend the Capital Clause in the Memorandum and Articles of Association of the company accordingly.

The Requisite ordinary resolutions, seeking approval of the Shareholders, are proposed in the Notice. Your Directors recommend the passing of the Resolutions.

None of the Directors is interested in the above resolution.

Item No. 11

As the company is increasing its Authorized Capital of the company, in view of the long term funds required for further corporate actions, clause 3(a) of Articles of Association of the company needs to be altered by passing Special Resolution. The requisite Resolution, seeking approval of the Shareholders is proposed in the Notice. Your Directors recommend the passing of the Resolution.

None of the Directors is interested in the above resolution.

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

**Place :** Mumbai  
**Date :** 11<sup>th</sup> August, 2011

**Bhavana D Shah**  
Company Secretary

**DIRECTORS' REPORT**

To The Members,

Your Directors have pleasure in presenting their Ninth Directors' Report along with the Audited Accounts of the company for the year ended 31st March 2011.

**FINANCIAL HIGHLIGHTS**
**(Rs. In Thousand)**

	For the year ended 31-3-2011	For the year ended 31-3-2010
<b>Income from Operation and other income</b>	204091.83	206974.27
Profit before Depreciation	152827.46	149565.85
Less: Depreciation	9007.46	8623.78
Profit before Tax	143570.82	140942.08
Provision for Tax	31761.01	26120.68
Deferred Tax	(1055.57)	(369.40)
MAT credit Entitlement	(28165.13)	(23448.71)
Profit after Tax	141030.50	138639.50
Less: Prior period adjustments	12.66	425.79
Add: Balance B/f. from last year	475454.61	362007.31
Amount available for appropriation	616472.46	500224.78
Less: Dividend	-	21168.78
Less: Dividend Tax	-	3597.63
Balance carried to Balance Sheet	616472.46	475454.61

**OPERATIONS**

Due to global recession and worsening U.S. and U.K. economic conditions, it would be difficult for IT industry to expand and grow. We, in such critical situation could survive and maintain our performance. Company has continued to gain business in traditional areas of BPO/IT enabled services. In such a scenario, it was considered pragmatic to diversify business activity of the company and accordingly, in last annual general meeting company has obtained shareholders permission to commence new activities in the company including construction, development, real estate etc.

Your company is ISO 27001:2005 (Formerly known as BS 7799-2:2002) certified and is a Customer Contact Center based in India, offering a range of customer care services including telecom fulfillment center, providing technical services, financial services, healthcare, outbound sales and Marketing, voice, email response, real-time chat, knowledge management, eCRM architecture and other value added services, where each component of service delivery is critical.

Your company has the resources, technology and operational expertise in place to help companies expand globally and exceed their customer sales, services and marketing expectations with its reputation for quality, investment in technology and qualified personnel to give the edge to succeed.

During the year, company could sustain its level of profitability as last year and continued to make efforts to make progress on its planned path of growth. Income from operations was Rs. 2035.26 lakhs for the year ended on 31st March, 2011. The Profit before tax is Rs. 1435.71 lakhs.

**OUTLOOK**

Strategic vision of company is to be leader in IT consulting and solutions for small, medium and large businesses. The key elements of our business strategy are as follows:

**Development of new client relationships**

Company continued to develop new client relationship across various industries. Company has appointed highly talented, educated and experienced Business Development Manager for the development of new client base. Management anticipates new business growth to increase with these investments.

The company is planning to commence the business of construction, development and real estate. Out of the IPO proceeds, the company utilized some fund for acquisition of properties for this new business. We may, according to the circumstances and availability of fund expand this business in future.



**DIVIDEND**

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

**DIRECTORS**

Mr. Binoy Gupta and Mr. Ramesh Joshi, Directors retires by rotation and being eligible offer themselves for reappointment.

The Board of Directors of the company at its meeting held on 13<sup>th</sup> November, 2010, subject to approval of the shareholders, reappointed Mrs. Ranjana Khurana, Executive Director and Ms. Bela Ash, Executive Director for a further period of three years, at a remuneration of Rs. 50000/- per month to each of them. Due to preoccupation with other activities, Ms. Bela Ash has resigned from the directorship of the company . She has tendered her resignation to the Board. The Board appreciates and records her contribution to the growth of the company during her tenureship as director of the company. The Board also noted and approved the appointment of Mr. Arpit Khurana, son of Mr. Lakhmendra Khurana, Chairman & Managing Director as Executive Director at remuneration of up to Rs. 100,000/- p.m..

**DEPOSITS**

Your 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.

**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.

**AUDITORS**

M/s. S. G. Kabra & Co., Chartered Accountants retire at the ensuing Annual General Meeting and according to a Certificate received from them u/s 224(1-B) of the Companies Act, 1956 are eligible for re-appointment. The members are recommended to re-appoint them as the Auditors of the company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors' Report:

- that in the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that 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;
- that 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;
- that the Directors have prepared the annual accounts on a going concern basis.

**INTERNAL CONTROL SYSTEMS**

The company has well-defined internal control system, procedure and policies which are adequate and commensurate with the size and nature of its business. Adequate checks and balances and control systems are established to ensure that assets of the company are safeguarded and transactions are executed under proper authorization and are properly recorded in the books of account. There exists a proper definition of roles and responsibilities across the organization to ensure information flow and effective monitoring. The quarterly/annual financial statements relating to all significant audit observations and follow up actions arising from them are reviewed by the Board itself.

**ENERGY CONSERVATION MEASURES, TECHNOLOGY ABSORPTION AND R & D EFFORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The company's business does not entail conservation of energy, technology absorption.

Your company being in the Information Technology Enabled Services (ITES), the provisions relating to conservation of energy and technology absorptions are not applicable. The operation of the company is not energy intensive. However, adequate measures have been taken to conserve and reduce energy consumption. Every effort is taken to reduce the consumption of energy which includes standardization on purchase of energy efficient equipment and accessories, detection and prevention of leak, monitoring load and conducting periodic energy audits Research and Development:

The company uses the latest technologies for improving the productivity and enhances the quality of customer services.

**Foreign Exchange Earnings & Outgo**

(Amount in Rs.)

	2010-11	2009-10
Earnings	202350363	204647216
Outgo	2991906	2866366

**SUBSIDIARIES**

During the last year, the company invested in Excel Infra N Realty Ltd., a group company by way of purchasing 26000 equity shares of Rs. 10/-, there by making it subsidiary of the company. Consolidated Accounts of the company's subsidiary Excel Infra N Realty Pvt. Ltd and Excel Info FZE are attached herewith.

**IPO AND QIP FUND UTILISATION**

The company came out with IPO and equity shares of the company were listed on the Bombay Stock Exchange and National Stock Exchange of India Limited effective August, 2009. In the prospectus, we had provided that we would partially utilized IPO proceeds in setting up new facilities at Borivali and Kandivali. However due to non receipt of possession of these properties, as scheduled, the funds allocated for works related to interior etc. could not be deployed as stated in the prospectus. Hence, consequent upon the delay in setting up new facilities, we utilized IPO proceeds in making part payments towards acquiring properties other than those mentioned in the prospectus.

In June, 2011 the company raised fund by way of further issue of shares for the purpose of expansion, working capital requirements etc. The company came out with Qualified Institutional Placement issue worth Rs. 25,70,45,000, 10180000 equity shares of Rs. 10/- each at the price of Rs. 25.25 per share, i. e. at premium of Rs. 15.25 per share. The company already utilized the fund for the purchase of property at Raipur from for the development.

**CORPORATE GOVERNANCE REPORT**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion Analysis, Corporate Governance Report, Managing Director's and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

**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. 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.

**ACKNOWLEDGEMENT**

The Directors wish to put on record their appreciation of the wholehearted, sincere co-operation and support received by the company from the Bankers, Clientele, Suppliers and Government Authorities.

The Directors also wish to place on record deep appreciation of the contribution made by all the executives and employees for the growth of the company.

For and on behalf of the Board of Directors

**EXCEL INFOWAYS LTD**

**Lakhmendra Khurana**  
Managing Director

**Ranjana Khurana**  
Executive Director

**Place** : Mumbai  
**Date** : 11<sup>th</sup> August, 2011

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT**

To,

The Members of  
Excel Infoways Ltd

This is to confirm that the company has adopted code of conduct for its employees including the Managing Director and Executive Directors.

I, Lakhmendra Khurana, Managing Director of the company declare that all Board Members and Senior Management of the company have affirmed compliance with the codes of conduct.

For **Excel Infoways Ltd.**

**Lakhmendra Khurana**  
Managing Director

**Place** : Mumbai  
**Date** : 11<sup>th</sup> August, 2011

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

### **(a) Information Technology Industry in India**

After witnessing an uncertain movement in IT industry in 2009-10, the IT industry world wide showed little improvement in 2010-2011. The IT companies across the globe continued to spend on technology product and services. The Indian IT industry is estimated to have aggregate revenues of USD 88.1 billion in 2011. The Indian BPO sector grew by 14 percent. The growth of the industry is broad based with more services like healthcare, media. In the developed markets, weak economic conditions are forcing financial service industry think twice to enable them to control expenditure as well as compliance with rules and regulations. Our endeavour is to increase our wealth, to continue adding new values and services to our clients, stakeholders etc.

### **(b) Overview of our company**

The company is engaged in the business of providing customer care services and handling clients business relations on their behalf by maintaining relations 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.

The company has been accredited with "ISO 27001:2005" Information Security Management System certificate for management and awareness of Security System.

Since last year, the company has decided to diversify activities of the company and decided to venture into business of construction, real estate, development etc. Accordingly, the company has invested Rs.3283.00 lacs for the purchase of properties.

### **(c) Significant developments subsequent to the last financial year**

In June, 2011 the company raised fund by way of issue of shares for the purpose of expansion, working capital requirements etc. The company came out with Qualified Institutional Placement issue worth RS. 25,70,45,000, 10180000 equity shares of Rs. 10/- each at the price of Rs. 25.25 per share, at premium of Rs. 15.25 per share. The company already utilized the fund for the purchase of property for development and expansion.

### **(d) 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 the 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 against major IT enabled service providers as well smaller regional IT enabled Service provider companies. Our competition varies depending on the clients and location of the clients.

- **Our capabilities to participate and execute**

The nature of the Government's policy to allow export trade tendering process is such that the pre qualifications obtained in the past play an important role in allowing companies to provide new services. The ability to compete strategically with other competitors will also determine the success in award of some major clients. The client management capability will also determine the profitability.

- **Collection of receivables from our clients**

There are usually no delays associated with the collection of receivables from our clients which are totally foreign based. 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.

- **Any significant dependence on a single or few suppliers or customers**

Revenues of company are dependent on IT enabled customers. However, the company has excellent relations with existing clientele who continue to support to the operation of the company which is evident from rise in income from operations, in past years.

(e) **Outlook**

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

(f) **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.

(g) **Our Results 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.

- **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 form of handling their customers and managing their work flow process in accordance with their requirements as per agreement and up-to their satisfaction.

Our income from other sources comprises of interest income from bank and service tax refund.

- **Expenditure**

Our expenditure mainly comprises of Employees Cost, Operation & Other Expenses and Depreciation. Employee Cost consists 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.

**Comparison of the financials of the year ended 31<sup>st</sup> March, 2010 & 31<sup>st</sup> March, 2011.**

**Standalone**

*Income*

Income from operations was Rs. 2041.61 lacs for the year ended March 31<sup>st</sup>, 2010 and Rs. 2035.26 lacs, for the year ended March 31<sup>st</sup>, 2011.

*Employee compensation & other related expenses*

Employee's compensation & related expenses increased from Rs. 171.38 lacs for the year ended March 31<sup>st</sup>, 2010 to Rs. 182.25 lacs for the year ended March 31<sup>st</sup>, 2011.

The increase in staff cost by 6.35% is due to increment given to the employees in financial year 2010-11.

*Operation & other expenses*

There was decrease in operation & other expenses by 17.34% from Rs. 402.71 lacs for financial year 2009-10 to Rs. 332.88 lacs for financial year 2010-11. This was mainly due to the fact that our exchange rate fluctuation cost decreased from Rs. 124.51 lacs for the year 2009-10 to Rs. 15.75 lacs in year 2010-11.

*Depreciation*

Depreciation increased from Rs. 86.24 lacs for the year ended March 31<sup>st</sup>, 2010 to Rs.90.07 lacs for the year ended March 31<sup>st</sup>, 2011. This increase of 4.45% in depreciation charge was due to addition to fixed assets.

*Profit after tax*

Profit after tax has been increased by Rs. 28.04 lacs due to decrease in operation and other expenses.

**Consolidated**

During the last year, the company invested in Excel Infra N Realty Ltd., a group company by way of purchasing 26000 equity shares of Rs. 10/-, there by making it subsidiary of the company. Consolidated Accounts of the company's subsidiary by the name of Excel Info FZE and Excel Infra N Realty Pvt. Ltd are attached herewith.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement entered in to with Stock Exchange)

### 1. Company's Philosophy:

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 professionalism in all decisions and transactions of the company. The Board of Directors commit themselves to achieve excellence in Corporate Governance by confirming to guidelines on Corporate Governance.

### 2. Board of Directors

#### 2.1 Composition :

At present, the Board of Directors comprises of six directors of which three are independent and non executive directors. The composition of the Board is as under:

Name of the Director	Category	Designation
<b>Shri. Lakhmendra Khurana</b>	Executive	Chairman Cum Managing Director
<b>Mrs. Ranjana Khurana</b>	Executive	Executive Director
<b>Mr. Arpit Khurana</b>	Executive	Executive Director
<b>Shri. Binoy Gupta</b>	Independent & Non Executive Director	Director
<b>Shri. Ramesh Joshi</b>	Independent & Non Executive Director	Director
<b>Shri. Ravi Prakash Sinha</b>	Independent & Non Executive Director	Director
<b>Ms. Bela Ash*</b>	Executive	Executive Director

\* Ms bela Ash has resigned as a director of the company w.e.f. 11<sup>th</sup> August, 2011.

#### 2.2 Attendance at Board Meetings and last A.G.M. and details of memberships of Directors in other Boards and Board Committees.

The names of the Directors on the Board, their attendance at Board Meetings during the year and at last A.G.M., as also the number of Directorships held by them in other companies are given below:

Details of Board Meetings held during the year 2010-2011

Date of Meeting	Board Strength	No. of Directors Present
26 <sup>th</sup> April, 2010	6	6
4 <sup>th</sup> August, 2010	6	5
13 <sup>th</sup> November, 2010	6	6
7 <sup>th</sup> February, 2011	6	5

- The time gap between any two meetings did not exceed four months. The last AGM was held on 9<sup>th</sup> September, 2010.

Name	No. of Board Meetings attended during 2010-2011	Whether attended AGM held on 9.9.2010	No. of Directorships in other companies	No. of Chairmanship/ Membership of Board Committees of other Co's
Mr. Lakhmendra Khurana	4	Yes	1	-
Mrs. Ranjana Khurana	4	Yes	1	-
Ms. Bela Ash	3	Yes	-	-
Mr. Binoy Gupta	4	No	-	-
Mr. Ramesh Joshi	4	Yes	4	Member of committee-3 Companies
Mr. Ravi Prakash Sinha	3	No	-	-

The above excludes foreign companies, private companies and alternate directorships. Only Audit Committee, Remuneration Committee and Shareholders Grievance Committee are reckoned for the purpose.

### 3. Audit Committee

#### 3.1 Constitution

During the year under review, the committee consisted of three directors viz. Mr. Binoy Gupta, Chairman, Mr. Ravi Prakash Sinha and Mr. Ramesh Joshi.

#### 3.2 Composition, names of members and chairman-

Members		Category
1.	Shri Binoy Gupta, Chairman	Non Executive Independent Director
2.	Shri Ravi Prakash Sinha	Non Executive Independent Director
3.	Shri Ramesh Joshi	Non Executive Independent Director

#### 3.3 Audit Committee Meetings during the year and attendance -

Date of the meeting	Attendance by Directors		
	Mr. Binoy Gupta	Mr. Ravi Prakash Sinha	Mr. Ramesh Joshi
26.04.2010	Yes	Yes	Yes
04.08.2010	Yes	No	Yes
13.11.2010	Yes	Yes	Yes
07.02.2011	Yes	Yes	Yes

Mrs. Bhavana Shah, Company Secretary is Secretary to the Committee and has attended all the meetings of the Committee. Mr. Lakhmendra Khurana Chairman Cum Managing Director also attended all the meetings of the Committee as invitee.

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial Information to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the Management & the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal audit system, changes in accounting policies & practices and major accounting entries involving estimates, compliances with accounting standards and Listing Agreement entered into with the Stock Exchanges and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's Financial and Risk Management Policies and discuss with the Auditors any significant findings for follow-up thereon, to review the Quarterly, Half yearly and Annual Financial Statements before they are submitted to the Board of Directors.

### 4. Remuneration Committee

4.1 During the year under review, the committee consisted of three directors viz. Mr. Binoy Gupta, Chairman, Mr. Ravi Prakash Sinha and Mr. Ramesh Joshi. The Committee is mandated with following terms of reference:

- Determination and approval of the remuneration, commission and special allowance, if any, payable to the Managing Director.
- Finalisation and approval of the annual increments, if any, to the Managing Director.

4.2 The Committee met twice during the year i.e. on 26<sup>th</sup> April, 2010 and 13<sup>th</sup> November, 2010. All the members were present in both meetings.

4.3 The remuneration policy of the company:

Remuneration to CMD and other Executive Directors.

The appointment of CMD and other Executive Directors is governed by resolutions passed by the Board of Directors and Shareholders of the company, in terms of the Companies Act, 1956.

Details of remuneration to the Executive Directors for the year ended 31<sup>st</sup> March, 2011.

Name of the Directors	Salary	Perquisites	Commission
Lakhmendra Khurana	12.00	Nil	Nil
Ranjana Khurana	6.00	Nil	Nil
Bela Ash	4.32	Nil	Nil



The company does not have any stock option scheme.

#### 5. Shareholders Grievance Committee

5.1 Shareholders Grievance Committee consisted of Mr. Ramesh Joshi, Chairman, Mr. Ravi Prakash Sinha and Mr. Lakhmendra Khurana and Mrs. Bhavana Shah, Company Secretary is the compliance officer for this purpose.

During the year, 2 complaints were received from the investors; all these were dealt with satisfactorily. As on 31<sup>st</sup> March, 2011 there were no requests pending/overdue beyond the due dates.

The Committee reviews the system of dealing with and responding to correspondence from all investors. Every complaint letter received from stock exchanges, SEBI, Dept. of Company Affairs etc. and the responses thereto are reviewed by this committee. The committee also reviews the feedback from the investors and approves initiatives for further improvements in investor servicing. The Committee also ensures the expeditious share transfers.

The Shareholders' Grievance Committee held its meetings on 26<sup>th</sup> April, 2010, 13<sup>th</sup> November, 2010, All the members were present in both meetings.

The company formed Selection Committee consisting of Shri Binoy Gupta, Chairman, Shri Ravi Sinha as member and Shri Pawan Gupta, an experienced Chartered Accountant, out of the company, as member.

#### 6. General Body Meetings

Particulars about the last three Annual General Meetings of the company are:

Date and Time	Location
6 <sup>th</sup> AGM 16 <sup>th</sup> June, 2008 12.30. P.M.	<b>31/A LAXMI INDUSTRIAL ESTATE, NEW LINK ROAD, ANDHERI (W), MUMBAI – 400 053</b>
7 <sup>th</sup> AGM 12 <sup>th</sup> June, 2009 12.30. P.M.	<b>31/A LAXMI INDUSTRIAL ESTATE, NEW LINK ROAD, ANDHERI (W), MUMBAI – 400 053</b>
8 <sup>th</sup> AGM 9 <sup>th</sup> September, 2010 2.00. P.M.	<b>31/A LAXMI INDUSTRIAL ESTATE, NEW LINK ROAD, ANDHERI (W), MUMBAI – 400 053</b>

#### 7. Disclosures

The company complied with regulatory requirements on capital markets. No penalties / strictures have been imposed.

#### 8. Means of Communication

8.1 The quarterly results are being published in Free Press Journal and Nav Shakti in Mumbai Edition. Half yearly results are not sent to individual shareholders. They are displayed on the web site. During the year under report, no representations were made to the institutional investors or to the analysts.

#### 9. General Shareholders Information

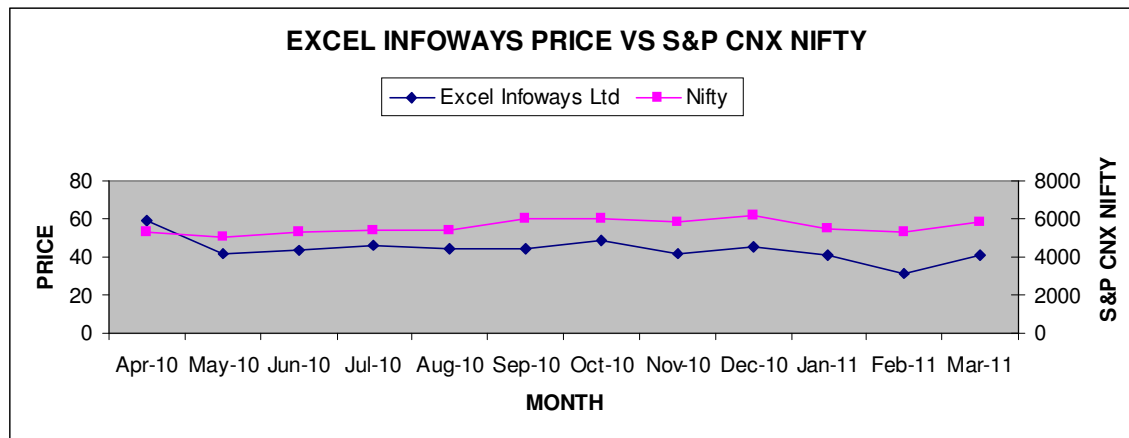
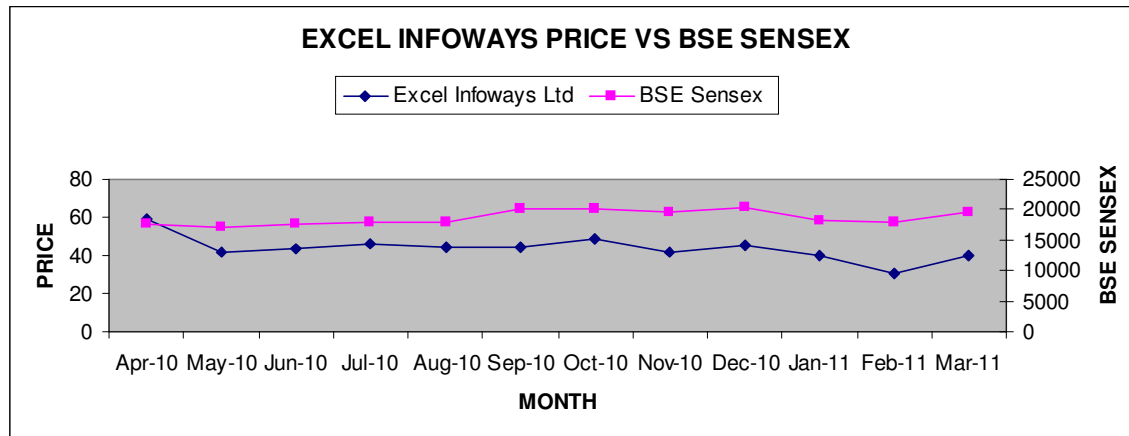
Sr. No.	Salient Items of interest	Particulars
I	AGM date,time,venue	30 <sup>th</sup> September, 2011 at 10.00 a.m. at Registered Office of the company at 31A, Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400053
II	Financial reporting for the quarter ending 30 <sup>th</sup> June, 2011 30 <sup>th</sup> September, 2011 31 <sup>st</sup> December, 2011 31 <sup>st</sup> March, 2012	Financial calendar for the year 2011-12 (Provisional) <b>11<sup>th</sup> August, 2011</b> 2nd week of November, 2011 2nd week of February, 2012 2nd week of May, 2012
III	Book Closure Date	From 26 <sup>th</sup> September, 2011 to 30 <sup>th</sup> September, 2011 (both days inclusive)
IV	Dividend payment date	Not Applicable
V	Listing of equity shares	Bombay Stock Exchange Limited & The National Stock Exchange of India Ltd Listing fees have been paid to stock exchange.
VI	Stock Code	533090

Sr. No.	Salient Items of interest	Particulars
VII	Share Transfer system	Shares lodged in physical form with the company / its Registrars and Transfer Agent are processed and returned, duly transferred within 21 days normally except in cases where litigation is involved. In respect of shares held in demat mode, the transfer takes place instantaneously between the transferor, transferee and the depository participant through electronic debit / credit of the accounts involved.
VIII	Dematerialisation of shares	As at 31 <sup>st</sup> March, 2011, 16846320 shares were held in demat mode. Demat ISIN No. for NSDL & CDSL is ISIN INE688J01015
IX	Registrar & Transfer Agent	Link Intime India Private Limited. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400078.

Market Price Data; High / Low, close during financial year of 2010-11 after listing of share on National Stock exchange and Bombay Sock Exchange Limited:

**BSE and NSE - Monthly High / Low / Close and Volumes Price Data**

Year	Month	BSE				NSE			
		High (Rs.)	Low (Rs.)	Close (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Close (Rs.)	Monthly Volume
2010	April	64.25	39.15	58.75	78,46,203	64.40	39.50	58.85	1,45,12,473
2010	May	59.25	40.00	41.60	12,64,635	59.40	38.60	41.55	24,73,218
2010	June	48.00	40.00	43.65	11,15,477	48.15	40.10	43.65	20,67,033
2010	July	51.35	42.25	46.50	19,23,817	51.40	42.00	46.45	37,79,246
2010	August	57.10	44.05	44.45	40,02,019	56.95	44.15	44.35	55,02,058
2010	September	50.00	43.60	44.65	10,50,958	49.00	43.00	44.50	14,35,631
2010	October	49.15	43.10	48.65	8,32,329	49.45	43.20	48.70	9,83,588
2010	November	53.25	38.00	41.55	5,29,654	53.00	37.00	41.65	7,48,261
2010	December	54.25	36.00	45.45	16,42,392	55.55	35.25	45.40	20,80,829
2011	January	48.75	31.10	40.30	14,55,078	48.50	36.10	40.55	21,10,975
2011	February	42.50	30.15	30.80	6,83,710	42.20	30.10	31.05	8,19,460
2011	March	43.40	28.30	40.25	11,06,954	43.50	28.00	40.55	11,70,299



#### Distribution of Shareholding as on 31<sup>st</sup> March, 2011

No. of shares	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1- 500	11719	88.0466	1651066	7.7995
501- 1000	892	6.7017	726067	3.4299
1001- 2000	368	2.7648	560742	2.6489
2001- 3000	127	0.9542	326445	1.5421
3001- 4000	52	0.3907	184400	0.8711
4001- 5000	35	0.2630	163343	0.7716
5001-10000	60	0.4508	445099	2.1026
Over 10000	57	0.4282	17111617	80.8342
Total	13310	100.00	21168779	100.00

**Categories of shareholding as on 31<sup>st</sup> March, 2011**

Category	No. of Shareholders	No.of shares held	%of shareholding
Clearing Member & Other Bodies Corporate	500	1756551	8.2978
NRI's & NR (Non Repatriable)	61	103022	0.4867
Public	12745	4481206	21.1689
Promoters	3	14816000	69.9899
Relatives of Director	1	12000	0.0567
Total	13310	21168779	100.00

Address for Correspondence- Shareholders are requested to contact:

**Link Intime India Private Limited.**

C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai – 400078.  
Tel No.- 25963838

**CERTIFICATE**

To the Members of Excel Infoways Limited

We have examined the compliance of conditions of corporate governance by Excel Infoways Limited, for the year ended March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

On the basis of the certificate obtained from the Registrar and Share Transfer Agent of the company and as per the records maintained by Shareholders Grievance Committee of the Company, no investor grievance(s) is / are pending for a period exceeding one month against the company.

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

For **S. G. Kabra & Co.**  
Chartered Accountants

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

Place : Mumbai  
Dated : 11<sup>th</sup> August, 2011

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## CEO AND CFO CERTIFICATION

To,  
The Board of Directors,  
Excel Infoways Ltd.

I have reviewed financial statements and the cash flow statement for the year ended 31st March, 2011 and that to the best of my knowledge and belief:

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

Date : 11th August, 2011  
Place : Mumbai

**Lakhmendra Khurana**  
(Chairman & Managing Director)

**AUDITORS' REPORT****TO THE MEMBERS OF EXCEL INFOWAYS LIMITED**

1. We have audited the attached Balance Sheet of **EXCEL INFOWAYS LIMITED** as at March 31<sup>st</sup> 2011, the Profit and Loss account and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express as opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further, to our comments in the annexure referred to in paragraph 3 above, we report that
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books of the company;
  - c) The Balance Sheet and the Profit and Loss Account and Cash Flow statement referred to in this report are in agreement with the books of account submitted to us;
  - d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211(3C) of the Companies Act 1956; and
  - e) As per the information and explanations given to us and based on representations made by all directors of the company to the board, none of the directors is disqualified as on 31.03.2011 from being appointed as director under clause (g) of the sub section (1) of section 274 of the Companies Act, 1956;
  - f) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies followed and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i) In case of Balance Sheet of the state of affairs of the company as at March 31<sup>st</sup> 2011;
    - ii) In case of Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. G. Kabra & Co.**  
Chartered Accountants

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

Place : Mumbai  
Dated : 11<sup>th</sup> August, 2011

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**ANNEXURE TO AUDITORS' REPORT**

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Referred to in paragraph 3 of our report of even date.

1. a) The company is maintaining 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 (ii) of the aforesaid order is not applicable.
3. a) The company has not granted any loans secured or unsecured, to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.  
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. However the company has repaid the unsecured loan of Rs. 5.16 lacs 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 taken 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 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, there were no transactions made in pursuance of contracts or agreements entered 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.
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 31<sup>st</sup> March 2011, 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 31.03.2011 on account of any pending dispute.
10. The company has neither accumulated losses at the year end nor has incurred any 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 provision 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 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 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

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

Place : Mumbai  
Dated : 11<sup>th</sup> August, 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

Amount in Rs.

	Schedule	As at 31-03-2011	As at 31-03-2010
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	211,687,790	211,687,790
Reserve & Surplus	2	1,054,256,381	913,238,532
<b>Loan Fund</b>			
Secured Loan	3	1,615,057	2,223,121
Unsecured Loan	4	-	516,348
<b>Deferred Tax Liability (Net)</b>	5	5,833,845	6,889,411
<b>Total</b>		<b>1,273,393,073</b>	<b>1,134,555,202</b>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>			
Gross Block	6	134,142,979	113,718,167
Less :- Depreciation		39,336,597	30,923,013
Net Block		94,806,382	82,795,154
Capital Work - in - Progress		461,565,000	547,560,000
<b>Investments</b>	7	329,823,946	136,525,546
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	8	71,187,995	6,304,685
Cash and Bank Balances	9	6,713,284	22,469,607
Loans and Advances	10	321,812,582	363,038,186
	A	399,713,861	391,812,478
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	3,121,807	3,380,281
Provisions	12	31,761,005	50,887,095
	B	34,882,812	54,267,376
<b>Net Current Assets (A-B)</b>		364,831,049	337,545,102
<b>Miscellaneous Expenditure</b>	13	22,366,697	30,129,400
(To the extent not written off or adjusted)			
<b>Total</b>		<b>1,273,393,073</b>	<b>1,134,555,202</b>
<b>Significant accounting policies and Notes forming part of accounts</b>			
	17		

 As per our report attached  
 For, **S. G. KABRA & CO.**  
 Chartered Accountants

For and on behalf of the Board

**Lakhmendra Khurana**  
 Managing Director

**Ranjana Khurana**  
 Executive Director

**Malvika P. Mitra**  
 Partner  
 Membership no. 44105

**Bhavana D Shah**  
 Company Secretary

 Place : Mumbai  
 Date : 11th August 2011

 Place : Mumbai  
 Date : 11th August 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

Amount in Rs.

	Schedule	As at 31-03-2011	As at 31-03-2010
<b>INCOME:</b>			
Receipts - BPO / IT Enabled Services		203,526,394	204,161,341
Other Income	14	565,437	2,812,931
	A	<b>204,091,831</b>	<b>206,974,272</b>
<b>EXPENDITURE:</b>			
Employee Costs	15	18,225,373	17,137,653
Operating and Other Expenses	16	33,038,997	38,445,380
	B	<b>51,264,370</b>	<b>55,583,033</b>
Profit Before Interest, Depreciation & Tax (A-B)		152,827,461	151,391,239
Interest and Finance Cost		249,192	1,825,385
Depreciation	6	9,007,455	8,623,777
<b>Profit/(Loss) Before Tax</b>		<b>143,570,814</b>	<b>140,942,077</b>
Less : Provision for Taxation for the year			
- Current Tax		31,761,005	26,120,682
- Deferred Tax (Asset)/Liability		(1,055,566)	(369,395)
- MAT Credit Entitlement		(28,165,129)	(23,448,710)
<b>Net Profit/(Loss) after Tax</b>		<b>141,030,504</b>	<b>138,639,500</b>
Less : Prior period adjustments (Net)		12,655	425,785
<b>Net Profit/(Loss) after Prior Period Adjustment</b>		<b>141,017,849</b>	<b>138,213,715</b>
Add : Balance brought forward		475,454,607	362,007,305
<b>Amount Available for Appropriation</b>		<b>616,472,456</b>	<b>500,221,020</b>
<b>Appropriation:</b>			
Proposed Dividend on Equity Shares		-	21,168,779
Tax on Proposed Dividend		-	3,597,634
<b>Balance carried to Balance Sheet</b>		<b>616,472,456</b>	<b>475,454,607</b>
<b>Basic and Diluted Earning per Share of face value of Rs. 10 each (in Rupees)</b>		<b>6.66</b>	<b>7.17</b>
<b>Significant accounting policies and Notes forming part of accounts</b>	17		

As per our report attached  
For, **S. G. KABRA & CO.**  
Chartered Accountants

For and on behalf of the Board

**Lakhmendra Khurana**  
Managing Director

**Ranjana Khurana**  
Executive Director

**Malvika P. Mitra**  
Partner  
Membership no. 44105

**Bhavana D Shah**  
Company Secretary

Place : Mumbai  
Date : 11th August 2011

Place : Mumbai  
Date : 11th August 2011

**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011**

Amount in Rs.

	<b>As at 31-03-2011</b>	<b>As at 31-03-2010</b>
<b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	143,570,814	140,942,077
<b>Adjustment for:</b>		
<b>Add:</b>		
Depreciation	9,007,455	8,623,777
Interest Paid	249,192	1,825,385
Loss on sale of Fixed Assets	182,668	
	<u>9,439,315</u>	<u>10,449,162</u>
<b>Less:</b>		
Dividend Income	-	3,670
Interest on Bank Deposit	46,279	73,671
Income from Mutual Fund	-	2,365,566
Commission	24,852	-
Other Income	2,778	-
	<u>73,909</u>	<u>2,442,907</u>
<b>Operating Profit before Working Capital Changes</b>	152,936,220	148,948,332
<b>Working Capital Changes :</b>		
<b>Add/(Deduct) :</b>		
(Increase)/Decrease in Sundry Debtors	(64,883,310)	83,325,963
(Increase)/Decrease Loans and Advances	(84,561,004)	(175,494,982)
Increase/(Decrease) in Current Liabilities	(258,474)	(3,296,305)
Miscellaneous Expenditure	7,762,703	(29,061,257)
	<u>(141,940,085)</u>	<u>(124,526,581)</u>
<b>Cash generated from Operations</b>	10,996,135	24,421,751
Prior Year Adjustments	12,655	425,785
Taxes paid	6,107,345	35,881,848
	<u>4,876,135</u>	<u>(11,885,883)</u>
<b>2 CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including capital work in progress	64,383,650	(315,323,610)
Fixed Assets Sold	410,000	-
Proceed (Investment) from/in Subsidiary	(260,000)	(136,525,546)
Investment in Property	(59,100,000)	-
Dividend Income	-	3,670
Interest on Bank Deposit	46,279	73,671
Income from Mutual Fund	-	2,365,566
Commission	24,852	-
Other Income	2,778	-
	<u>5,507,559</u>	<u>(449,406,249)</u>

**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011**

Amount in Rs.

	<b>As at 31-03-2011</b>	<b>As at 31-03-2010</b>
<b>3 CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Equity Share and Share Premium	-	485,001,715
Share Application Money Received / (Refunded)	-	(3,300,000)
Dividend Paid	(21,168,779)	-
Dividend Tax Paid	(3,597,634)	-
Interest & Finance Charges	(249,192)	(1,825,385)
Receipts / (repayment) of Loan	(1,124,412)	(122,225)
<b>Net Cash used in Financing Activities (c)</b>	<b>(26,140,017)</b>	<b>479,754,105</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (a+b+c)</b>	<b>(15,756,323)</b>	<b>18,461,973</b>
Cash and Cash Equivalents - Opening Balance	22,469,607	4,007,634
Cash and Cash Equivalents - Closing Balance	6,713,284	22,469,607
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(15,756,323)</b>	<b>18,461,973</b>

As per our report attached  
For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**Lakhmendra Khurana**  
*Managing Director*

**Ranjana Khurana**  
*Executive Director*

**Malvika P. Mitra**  
*Partner*  
Membership no. 44105

**Bhavana D Shah**  
*Company Secretary*

Place : Mumbai  
Date : 11th August 2011

Place : Mumbai  
Date : 11th August 2011

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised</b>		
5,00,00,000 Equity Shares of Rs. 10/- each	<u>500,000,000</u>	<u>250,000,000</u>
(Previous year 2,50,00,000 Equity Shares of Rs.10/- each)		
<b>Issued, Subscribed &amp; Paid-Up</b>		
21,16,87,79 Equity Shares of Rs. 10/- each fully paid up		
(Previous year 21,16,87,79 Equity Shares of		
Rs. 10/- each fully paid up including allotment of 56,67,079		
equity share through Intial Public Offer during the financial year 2009-2010)	<u>211,687,790</u>	<u>211,687,790</u>
<b>Total</b>	<u><b>211,687,790</b></u>	<u><b>211,687,790</b></u>
<b>SCHEDULE 2</b>		
<b>RESERVE AND SURPLUS:</b>		
Share Premium	437,783,925	437,783,925
Profit & Loss Account	<u>616,472,456</u>	<u>475,454,607</u>
	<u><b>1,054,256,381</b></u>	<u><b>913,238,532</b></u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS:</b>		
Term Loan from Banks*	<u>1,615,057</u>	<u>2,223,121</u>
*Term loan is taken for vehicle and secured by way of hypothecation on that specific vehicle.		
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS:</b>		
From Directors	<u>-</u>	<u>516,348</u>
<b>SCHEDULE 5</b>		
<b>DEFERRED TAX LIABILITY (Net):</b>		
<b>Deferred Tax Liabilities</b>		
Balance Brought Forward	6,889,411	(26,114,420)
Add: Provision for the Current Year	<u>(1,055,566)</u>	<u>33,003,831</u>
	<u><b>5,833,845</b></u>	<u><b>6,889,411</b></u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS****SCHEDULE 6**

Amount in Rs.

Description	Gross Block - At Cost			Depreciation/Amortisation					Net Block	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 01.04.2010	For the Period	Withdrawn during the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Building	28,620,190	21,540,850	-	50,161,040	1,590,718	771,451	-	2,362,169	47,798,871	27,029,472
Furniture Fixture & Office Equipment	49,242,344	-	-	49,242,344	9,116,877	3,117,040	-	12,233,917	37,008,427	40,125,467
Plant & Machinery	3,895,759	-	-	3,895,759	1,539,082	402,821	-	1,941,904	1,953,855	2,356,677
Computers & Computer Software	25,471,960	70,500	-	25,542,460	17,063,143	4,133,451	-	21,196,594	4,345,866	8,408,817
Vehicles	6,487,914	-	1,186,538	5,301,376	1,613,193	582,690	593,870	1,602,013	3,699,363	4,874,721
<b>TOTAL</b>	<b>113,718,167</b>	<b>21,611,350</b>	<b>1,186,538</b>	<b>134,142,979</b>	<b>30,923,013</b>	<b>9,007,454</b>	<b>593,870</b>	<b>39,336,597</b>	<b>94,806,382</b>	<b>82,795,154</b>
<b>PREVIOUS YEAR</b>	<b>101,754,557</b>	<b>11,963,610</b>	<b>-</b>	<b>113,718,167</b>	<b>22,299,236</b>	<b>8,623,777</b>	<b>-</b>	<b>30,923,013</b>	<b>82,795,154</b>	<b>79,455,321</b>
<b>Capital Work in Progress (including Capital Advance)</b>									461,565,000	547,560,000
<b>Grand Total</b>									<b>556,371,382</b>	<b>630,355,154</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>SCHEDULE 7</b>		
<b>INVESTMENT:</b>		
<b>Long Term Investment (Unquoted, Non-trade, at cost)</b>		
In Subsidiaries -		
1. Excel Info FZE, U.A.E.	1,263,946	1,263,946
2. Excel Infra N Realty Pvt. Ltd (26000 Equity Shares of Rs. 10/- each)	260,000	-
Investment in Excel Info FZE	-	135,261,600
Investment in Property	328,300,000	-
	<b>329,823,946</b>	<b>136,525,546</b>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS:</b>		
(Unsecured and Considered good )		
Outstanding for a period exceeding six months	-	-
Other debts	71,187,995	6,304,685
	<b>71,187,995</b>	<b>6,304,685</b>
<b>SCHEDULE 9</b>		
<b>CASH &amp; BANK BALANCES:</b>		
Cash on hand	217,290	108,930
<u>Bank Balances :</u>		
With Scheduled Banks :		
In Current Accounts	6,075,577	21,359,320
In Fixed Deposit Accounts (Rs. 313000/-under lien to Custom Authority)	420,417	1,001,357
	<b>6,713,284</b>	<b>22,469,607</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>SCHEDULE 10</b>		
<b>LOAN &amp; ADVANCES:</b>		
(Unsecured and Considered good )		
Advance recoverable in cash or in kind or for value to be received	15,265,075	306,216,250
Advance to Wholly Owned Subsidiary	221,560,442	-
MAT Credit Entitlement	84,987,065	56,821,936
	<b>321,812,582</b>	<b>363,038,186</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES:</b>		
Sundry Creditors for Expenses	2,784,243	2,496,362
Equity Share Application Money Refundable	12,155	-
Unclaimed Dividend	180,322	-
Other Liabilities	145,087	883,919
	<b>3,121,807</b>	<b>3,380,281</b>
<b>SCHEDULE 12</b>		
<b>PROVISIONS:</b>		
Income Tax	31,761,005	26,120,682
Proposed Dividend	-	21,168,779
Tax on Dividend	-	3,597,634
	<b>31,761,005</b>	<b>50,887,095</b>
<b>SCHEDULE 13</b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
Deferred Revenue Expenses	338,470	758,431
IPO Expenses	22,028,227	29,370,969
	<b>22,366,697</b>	<b>30,129,400</b>
<b>SCHEDULE 14</b>		
<b>OTHER INCOME:</b>		
Interest on Fixed Deposits with Bank (TDS Rs.3413/- during the year ; Previous Year Rs.7367/- )	46,279	73,671
Commission Received (TDS Rs.1769/- during the year ; Previous Year Rs.Nil)	24,852	-
Other Income (TDS Rs.278/- during the year ; Previous Year Rs.Nil )	2,778	-
Dividend Received	-	3,670
Income from Mutual Fund	-	2,365,566
Service Tax Refund	491,528	370,024
	<b>565,437</b>	<b>2,812,931</b>



**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>SCHEDULE 15</b>		
<b>EMPLOYEE COST:</b>		
Salaries and Incentives	17,636,106	16,579,051
Contribution to Provident Fund	59,957	47,798
Staff Welfare Expenses	529,310	510,804
	<b>18,225,373</b>	<b>17,137,653</b>
<b>SCHEDULE 16</b>		
<b>OPERATION AND OTHER EXPENSES:</b>		
Advertisement expenses	490,518	354,220
Audit Fees	275,750	275,750
Bank Charges	429,519	1,243,619
Business Promotion Expenses	3,390,563	1,299,693
Communication expenses	1,281,804	806,154
Directors Remuneration	2,232,000	2,232,000
Directors Sitting Fees	110,000	175,000
Donation	2,317,100	1,881,100
Electricity expenses	1,304,946	1,772,793
Exchange Rate Fluctuation (net)	1,575,206	12,457,115
General Expenses	2,643,563	2,273,865
Insurances	93,094	116,390
ISO Certification Charges	-	50,000
Legal and professional fees	655,895	394,689
Loss on Sale of Fixed Assets	182,668	-
Misc. Exps. Written Off	7,762,703	7,762,704
Overseas business / Travelling Expenses	1,136,136	717,508
Telephone Expenses	862,813	579,710
Printing and Stationery	535,234	169,451
Rent	3,733,380	3,568,674
Repairs and maintenance	43,315	93,683
ROC charges	1,757,792	21,262
Software Tech. Park of India fees	225,000	200,000
	<b>33,038,997</b>	<b>38,445,380</b>

**SCHEDULE 17:****NOTES TO THE ACCOUNTS****Significant Accounting Policies and Notes to Financial Statements****A. Significant Accounting Policies:****1) Basis of Preparation of Financial Statement**

The financial statements are prepared under the historical cost convention and the requirements of the Companies Act, 1956. Company generally follows the mercantile system of accounting and recognizes income & expenditure on accrual basis unless otherwise stated.

**2) Use of estimates**

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of the income and expenses during the year. Difference between the actual result and estimates are recognized in the period in which the results are known.

**3) Fixed Assets**

Fixed Assets are stated at cost, less accumulated depreciation and impairment, if any. Costs include all expenses incurred to bring the assets to its present location and condition. Direct costs are capitalized till the fixed assets are ready to use.

**4) Depreciation**

Depreciation is provided on straight line basis at the rates specified in schedule XIV to the Companies Act, 1956. Depreciation on additions to Fixed Assets is provided on pro-rata basis for the number of days the asset has been put to use.

**5) Impairment**

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.

**6) Investments**

Investments in subsidiaries are classified as long-term investments and are stated at cost.

Adjustments are made for diminution if any, in value of the investments that is other than temporary in nature in the opinion of the management.

**7) 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.

**8) Revenue Recognition**

Revenues from Business Process Outsourcing (BPO) / Information Technology Enabled Services are recognized as the related services are rendered and recorded at relevant exchange rate prevailing on the date of transaction.

**9) Taxes on Income**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**10) Foreign Currency Transactions**

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.

**11) Borrowing Cost**

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

**12) Earning Per Share**

Basic Earning per Share is calculated by dividing the net profit for the year attributable to the equity shareholders by the weighted average of the number of equity shares outstanding during the year.

**13) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and fixed deposits with banks.

**14) Prior Period Items**

All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Prior Period Adjustment Account."

**15) Miscellaneous Expenditure**

One-fifth of preliminary expenses, pre operative expenses deferred revenue expenses and initial public offer expenses are charged to Profit & Loss Account

**B. Notes to Financial Statements**

- 1) Deferred tax (liability)/asset at the year end comprise timing difference on account of:

	<b>31.03.2011</b>	<b>31.03.2010</b>
<b>Deferred Tax Liability (Rs.)</b>		
Related to fixed assets	58,33,845	68,69,411
	<b>58,33,845</b>	<b>68,89,411</b>

- 2) The identification of Micro, Small & Medium Suppliers is based on Management's knowledge of their status. There are no dues to Micro, Small & Medium Enterprise Supplier as on 31.03.2011 (March 31, 2010 Rs. Nil)

**3) Earning Per Share**

	<b>31.03.2011</b>	<b>31.03.2010</b>
Profit after Tax (Rs.)	141017849	138639500
Number of Shares outstanding at the end of the year/period	21168779	21168779
Weighted Number of shares outstanding at the end of the year/period	21168779	19331167
Weighted Number of shares outstanding at the end of the year/period for diluted EPS	21168779	19331167
Earning per Share - Basic (Rs.)	6.66	7.17
Diluted (Rs.)	6.66	7.17

**4) Prior Period Adjustments**

	<b>31.03.2011 Rs.</b>	<b>31.03.2010 Rs.</b>
Short provision for taxes	12655	—
Short provision for interest on MAT	—	425785
Net Balance	12655	425785

- 5) As per the information given by the management the company has only one reportable business segment as defined under AS 17 – "Segmenting Reporting" issued by Institute of Chartered Accountants of India, hence segment wise information is not relevant.

**6) Related Party Disclosure**

As per Accounting Standard – 18, issued by the ICAI, the Company's related parties and transactions with them are as under.

**a) Associates/Subsidiaries**

1. Ranjana Construction 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 H.R. Solutation Pvt. Ltd.
6. Lakhmendra Khurana & Sons (H.U.F.)
7. Excel Info FZE (UAE)

**b) Key Management Personnel**

1. Lakhmendra Khurana (Managing Director)
2. Ranjana Khurana (Executive Director)
3. Bela Ash (Executive Director)
4. Ravi P. Sinha (Independent Director)
5. Binoy Gupta (Independent Director)
6. Ramesh Joshi (Independent Director)

**c) Relatives of Key Management Personnel**

Director	Name of Relative	Relationship
1. Lakhmendra Khurana	Isha Khurana	Daughter
2. Lakhmendra Khurana	Arpit Khurana	Son
3. Bela Ash	Pratima Ash	Mother

**d) Transactions with related Parties**

Name of Party	Relationship	Nature of Transaction	31.03.2011		31.03.2010	
			Transactions during the period (in Rs.)	Balance at the end of the period	Transactions during the year (in Rs.)	Balance at the year end
Excel Info FZE	Wholly Owned Subsidiary	Advance	8,62,98,842	22,28,24,388	13,65,25,546	13,65,25,546
Lakhmendra Khurana	Managing Director	Unsecured Loan taken Rent paid Remuneration Sitting Fees	5,16,348 1,20,000 12,00,000 Nil	Nil Nil 99,800 Nil	3,73,80,000 1,20,000 12,00,000 27,500	5,16,348 Nil 74,800 Nil
Ranjana Khurana	Executive Director	Sitting Fees Remuneration	Nil 6,00,000	Nil 49,800	27,500 6,00,000	Nil 45,800
Bela Ash	Executive Director	Sitting Fees Remuneration	Nil 4,32,000	Nil 33,400	27,500 4,32,000	Nil 35,800
Isha Khurana	Relative	Salary	40,000	Nil	3,75,000	39,800
Pratima Ash	Relative	Salary	3,85,000	Nil	3,40,000	35,800
Arpit Khurana	Relative	Salary	3,30,000	Nil	3,25,000	29,800
Ranjana Construction	Associate Concern	Capital work-in-progress	1,29,75,000	1,49,75,000	45,00,000	20,00,000
Omdaya Builders & Developers Pvt. Ltd.	Common Director	Capital work-in-progress	93,00,000	Nil	93,00,000	93,00,000
Ravi P. Sinha	Director	Sitting Fees	30,000	Nil	20,000	Nil
Binoy Gupta	Director	Sitting Fees	40,000	Nil	40,000	Nil
Ramesh Joshi	Director	Sitting Fees	40,000	Nil	40,000	Nil
Neena Sinha	Relative	Salary	1,67,200	Nil	1,80,000	Nil
Manish Sinha	Relative	Salary	1,62,200	Nil	1,22,400	Nil

Notes: Related party relationship is as identified by the company and relied upon by the Auditor.

- e) The Company has given loan to its wholly owned subsidiary viz. Excel Info FZE of Rs. 22,28,24,388 without repayment schedule and interest. Maximum amount outstanding during the year was Rs. 22,28,24,388.

**7) Managerial Remuneration:****Remuneration to Managing Director/Executive Director**

	<u>31.03.2011</u>	<u>31.03.2010</u>
Salary (Rs.)	22,32,000	22,32,000

**8) Auditor's Remuneration**

	<u>31.03.2011</u>	<u>31.03.2010</u>
Statutory Audit (Rs.)	2,20,600	2,20,600
Tax Audit (Rs.)	55,150	55,150

**9) Income in Foreign Currency**

	<u>31.03.2011</u>	<u>31.03.2010</u>
Receipts from BPO / ITES (Rs.)	20,23,50,363	20,41,07,216
Advance Received from Debtors	Nil	5,40,000

**10) Expenditure in foreign currency**

	<u>31.03.2011</u>	<u>31.03.2010</u>
Communication Expenses (Rs.)	6,91,906	12,34,044
Business Promotion Expenses	23,00,000	16,19,997
Bank Charges	—	12,325

**11) Quantitative Information**

Company is engaged in business of Business Process Outsourcing/IT enabled Services. Hence it is not possible to give quantitative details of turnover and certain information. In Para 3, 4C and 4D of Part II of Schedule VI to Companies Act 1956.

**12) Contingent Liability**

	<u>31.03.2011</u>	<u>31.03.2010</u>
Guarantee to Custom Department (Rs.)	3,13,000	4,21,357
Bank Guarantee to BSE (Rs.)	Nil	23,50,000

13) Remittance in foreign currency on account of dividend to a non-resident shareholder:

Final dividend on 106218 Equity Shares for 2009-2010 (Previous year : Nil) :- Rs 106218

14) Certain balances in Loans and Advances and Debtors account are subject to confirmation/ reconciliation.

15) In the opinion of Board of Directors of the company current assets, loans & advances are of approximately the value stated, if realized in ordinary course of business.

16) The figures have been regrouped /rearranged wherever necessary to make them comparable with those of current period.

As per our report attached  
For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**Lakhmendra Khurana**

*Managing Director*

**Ranjana Khurana**

*Executive Director*

**Malvika P. Mitra**

*Partner*

Membership no. 44105

Place : Mumbai

Date : 11th August 2011

**Bhavana D Shah**

*Company Secretary*

Place : Mumbai

Date : 11th August 2011

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**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**I Registration Details**

Registration No.	U72900MH2003PLC138568	State Code	11
Balance Sheet Date	31-03-2011		

**II Capital Raised during the year (Amount in Rs. Thousand)**

Public Issue	Nil	Rights Issued	Nil
Bonus Issue	Nil	Private Placement	Nil

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Total Liabilities	1308275.89	Total Assets	1308275.89
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**Sources of Funds**

Paid up Capital	211687.79	Reserve & Surplus	1054256.38
Secured Loans	1615.06	Unsecured Loans	Nil
Deferred Tax Liabilities	5833.85		

**Application of Funds**

Net Fixed Assets	556371.38	Investments	329823.95
Net Current Assets	364831.05	Miscellaneous Expenditure	22366.70

**IV Performance of Company (Amount in Rs. Thousand)**

Turnover	203526.39	Total Expenditure	60521.07
Profit/Loss Before Tax	143570.81	Profit / Loss After Tax	141017.85
Earnings Per Share (in Rs.)	6.66	Dividend	Nil

**V Generic Names of Three Principal Products/Services of Company**
**(as per monetary terms)**

Item Code No. (ITC Code )	0302067931
Product Description :	Information Technology Enabled Services (ITS/BPO Services)

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For and on behalf of the Board

**Lakhmendra Khurana**  
Managing Director

**Ranjana Khurana**  
Executive Director

**Bhavana D Shah**  
Company Secretary

Place : Mumbai  
Date : 11th August 2011

**AUDITORS' REPORT****TO THE BOARD OF DIRECTORS OF EXCEL INFOWAYS LIMITED**

- 1) We have audited the attached Consolidated Balance Sheet of EXCEL INFOWAYS LIMITED and its subsidiaries (collectively referred as to "the Group") as at March 31, 2011, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, as notified under the Companies Act, 1956 and on the basis of separate audited financial information of the Subsidiaries.
- 4) In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
  - i) The Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - ii) The Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - iii) The Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. G. Kabra & Co.**  
Chartered Accountants

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

Place : Mumbai  
Dated : 11<sup>th</sup> August, 2011

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

Amount in Rs.

	Schedule	As at 31-03-2011	As at 31-03-2010
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	211,687,790	211,687,790
Reserve & Surplus	2	1,052,896,223	910,897,560
		1,264,584,013	1,122,585,350
Minority Interest		243,020	-
<b>Loan Fund</b>			
Secured Loan	3	1,615,057	2,223,121
Unsecured Loan	4	-	516,348
<b>Deferred Tax Liability (Net)</b>	5	5,833,845	6,889,411
<b>Total</b>		<b>1,272,275,935</b>	<b>1,132,214,230</b>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>			
Gross Block	6	134,142,979	113,718,167
Less :- Depreciation		39,336,597	30,923,013
Net Block		94,806,382	82,795,154
Capital Work - in - Progress		461,565,000	547,560,000
<b>Investment</b>	7	328,300,000	-
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	8	71,187,995	6,304,685
Cash and Bank Balances	9	8,477,156	23,616,375
Loans and Advances	10	320,467,277	496,075,992
	A	400,132,428	525,997,052
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	3,133,043	3,380,281
Provisions	12	31,761,529	50,887,095
	B	34,894,572	54,267,376
<b>Net Current Assets (A-B)</b>		365,237,856	471,729,676
<b>Miscellaneous Expenditure</b>	13	22,366,697	30,129,400
(To the extent not written off or adjusted)			
<b>Total</b>		<b>1,272,275,935</b>	<b>1,132,214,230</b>
<b>Significant accounting policies and Notes forming part of accounts</b>			
	17		

 As per our report attached  
 For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**Lakhmendra Khurana**  
*Managing Director*
**Ranjana Khurana**  
*Executive Director*
**Malvika P. Mitra**  
*Partner*  
 Membership no. 44105

**Bhavana D Shah**  
*Company Secretary*

 Place : Mumbai  
 Date : 11th August 2011

 Place : Mumbai  
 Date : 11th August 2011



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED****31ST MARCH, 2011**

Amount in Rs.

	Schedule	As at 31-03-2011	As at 31-03-2010
<b>INCOME:</b>			
Receipts - BPO / IT Enabled Services		203,526,394	204,161,341
Other Income	14	582,147	2,812,931
	A	<b>204,108,541</b>	<b>206,974,272</b>
<b>EXPENDITURE:</b>			
Employee Costs	15	18,523,269	17,198,902
Operating and Other Expenses	16	33,101,506	38,495,773
	B	<b>51,624,775</b>	<b>55,694,675</b>
Profit Before Interest, Depreciation & Tax (A-B)		152,483,766	151,279,597
Interest and Finance Cost		249,192	1,825,385
Depreciation	6	9,007,454	8,623,777
<b>Profit/(Loss) Before Tax</b>		<b>143,227,120</b>	<b>140,830,435</b>
Less : Provision for Taxation for the year			
- Current Tax		31,761,529	26,120,682
- Deferred Tax (Asset)/Liability		(1,055,566)	(369,395)
- MAT Credit Entitlement		(28,165,129)	(23,448,710)
<b>Net Profit/(Loss) after Tax</b>		<b>140,686,286</b>	<b>138,527,858</b>
Less : Prior period adjustments (Net)		12,655	425,785
Less : Minority Interest		562	-
<b>Net Profit/(Loss) after Minority Interest</b>		<b>140,673,069</b>	<b>138,102,073</b>
Add : Balance brought forward		475,342,965	362,007,305
<b>Amount Available for Appropriation</b>		<b>616,016,034</b>	<b>500,109,378</b>
<b>Appropriation:</b>			
Proposed Dividend on Equity Shares		-	21,168,779
Tax on Proposed Dividend		-	3,597,634
<b>Balance carried to Balance Sheet</b>		<b>616,016,034</b>	<b>475,342,965</b>
<b>Basic and Diluted Earning per Share of face value of Rs. 10 each (in Rupees)</b>			
		<b>6.65</b>	<b>7.17</b>
<b>Significant accounting policies and Notes forming part of accounts</b>	17		

As per our report attached  
For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**Lakhmendra Khurana**  
*Managing Director*

**Ranjana Khurana**  
*Executive Director*

**Malvika P. Mitra**  
*Partner*  
Membership no. 44105

**Bhavana D Shah**  
*Company Secretary*

Place : Mumbai  
Date : 11th August 2011

Place : Mumbai  
Date : 11th August 2011

**CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	143,227,120	140,830,435
<b>Adjustment for:</b>		
<b>Add:</b>		
Depreciation	9,007,455	8,623,777
Interest Paid	249,192	1,825,385
Loss on Sale of Fixed Assets	182,668	
	<u>9,439,315</u>	<u>10,449,162</u>
<b>Less:</b>		
Dividend Income	-	3,670
Interest on Bank Deposit	46,279	73,671
Income from Mutual Fund	-	2,365,566
Commission	24,852	-
Other Income	19,488	-
	<u>90,619</u>	<u>2,442,907</u>
<b>Operating Profit before Working Capital Changes</b>	152,575,816	148,836,690
<b>Working Capital Changes :</b>		
<b>Add/(Deduct) :</b>		
(Increase)/Decrease in Sundry Debtors	(64,883,310)	83,325,963
(Increase)/Decrease Loans and Advances	(85,438,149)	(308,532,788)
Increase/(Decrease) in Current Liabilities & Provision	(258,474)	(3,296,305)
Miscellaneous Expenditure	7,762,703	(29,061,257)
	<u>(142,817,230)</u>	<u>(257,564,387)</u>
<b>Cash generated from Operations</b>	<b>9,758,586</b>	<b>(108,727,697)</b>
Prior Year Adjustments	12,655	425,785
Taxes paid	6,107,345	35,881,848
<b>Cash Flow before extraordinary items</b>	<b>3,638,586</b>	<b>(145,035,330)</b>
Extraordinary Items	(1,322,932)	(2,229,330)
	<u>4,961,518</u>	<u>(147,264,661)</u>
<b>Net Cash Flow from Operating Activity (a)</b>	<b>4,961,518</b>	<b>(147,264,661)</b>
<b>2 CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including capital work in progress	64,383,650	(315,323,610)
Fixed Assets Sold	410,000	
Dividend Income	-	3,670
Investment in Property	(59,100,000)	-
Interest on Bank Deposit	46,279	73,671
Income from Mutual Fund	-	2,365,566
Commission	24,852	-
Other Income	19,488	-
	<u>5,784,269</u>	<u>(312,880,703)</u>
<b>Net Cash used in Investing Activity (b)</b>	<b>5,784,269</b>	<b>(312,880,703)</b>

**CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>3 CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Equity Share and Share Premium	140,000	485,001,715
Share Application Money Received / (Refunded)	-	(3,300,000)
Dividend Paid	(21,168,779)	-
Dividend Tax Paid	(3,597,634)	
Interest & Finance Charges	(249,192)	(1,825,385)
Receipts / (repayment) of Loan	(1,124,412)	(122,225)
<b>Net Cash used in Financing Activities (c)</b>	<b>(26,000,017)</b>	<b>479,754,105</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (a+b+c)</b>	<b>(15,254,230)</b>	<b>19,608,741</b>
Cash and Cash Equivalents - Opening Balance	23,731,386	4,007,634
Cash and Cash Equivalents - Closing Balance	8,477,156	23,616,375
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(15,254,230)</b>	<b>19,608,741</b>

As per our report attached  
For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**Lakhmendra Khurana**  
*Managing Director*

**Ranjana Khurana**  
*Executive Director*

**Malvika P. Mitra**  
*Partner*  
Membership no. 44105

**Bhavana D Shah**  
*Company Secretary*

Place : Mumbai  
Date : 11th August 2011

Place : Mumbai  
Date : 11th August 2011

**CONSOLIDATED SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised</b>		
5,00,00,000 Equity Shares of Rs. 10/- each	<u>500,000,000</u>	<u>250,000,000</u>
(Previous year 2,50,00,000 Equity Shares of Rs.10/- each)		
<b>Issued, Subscribed &amp; Paid-Up</b>		
2,11,68,779 Equity Shares of Rs. 10/- each fully paid up		
(Previous year 2,11,68,779 equity Shares of Rs. 10/- each fully paid up including allotment of 56,67,079 equity shares through Intial Public Offer during the financial year 2009-10)	<u>211,687,790</u>	<u>211,687,790</u>
<b>Total</b>	<u><b>211,687,790</b></u>	<u><b>211,687,790</b></u>
<b>SCHEDULE 2</b>		
<b>RESERVE AND SURPLUS:</b>		
Share Premium	437,783,925	437,783,925
Profit & Loss Account	619,535,896	475,342,965
Capital Reserve	2,662	-
Foreign currency Translation Reserve	(906,398)	(2,229,330)
	<u><b>1,056,416,085</b></u>	<u><b>910,897,560</b></u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS:</b>		
Term Loan from Banks*	<u>1,615,057</u>	<u>2,223,121</u>
*Term loan is taken for vehicle and secured by way of hypothecation of that specific vehicle.		
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS:</b>		
From Directors	<u>-</u>	<u>516,348</u>
<b>SCHEDULE 5</b>		
<b>DEFERRED TAX LIABILITY (Net):</b>		
<b>Deferred Tax Liabilities</b>		
Balance Brought Forward	6,889,411	(26,114,420)
Add: Provision for the Current Year	(1,055,566)	33,003,831
	<u><b>5,833,845</b></u>	<u><b>6,889,411</b></u>
<b>SCHEDULE 6</b>		
<b>INVESTMENT:</b>		
Investment in Property	<u>328,300,000</u>	<u>-</u>

**SCHEDULE 6**

Amount in Rs.

Description	Gross Block - At Cost			Depreciation/Amortisation					Net Block	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 01.04.2010	For the Period	Withdrawn during the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Building	28,620,190	21,540,850	-	50,161,040	1,590,718	771,451	-	2,362,169	47,798,871	27,029,472
Furniture Fixture & Office Equipment	49,242,344	-	-	49,242,344	9,116,877	3,117,040	-	12,233,917	37,008,427	40,125,467
Plant & Machinery	3,895,759	-	-	3,895,759	1,539,082	402,821	-	1,941,904	1,953,855	2,356,677
Computers & Computer Software	25,471,960	70,500	-	25,542,460	17,063,143	4,133,451	-	21,196,594	4,345,866	8,408,817
Vehicles	6,487,914	-	1,186,538	5,301,376	1,613,193	582,690	593,870	1,602,013	3,699,363	4,874,721
<b>TOTAL</b>	<b>113,718,167</b>	<b>21,611,350</b>	<b>1,186,538</b>	<b>134,142,979</b>	<b>30,923,013</b>	<b>9,007,454</b>	<b>593,870</b>	<b>39,336,597</b>	<b>94,806,382</b>	<b>82,795,154</b>
<b>PREVIOUS YEAR</b>	<b>101,754,557</b>	<b>11,963,610</b>	<b>-</b>	<b>113,718,167</b>	<b>22,299,236</b>	<b>8,623,777</b>	<b>-</b>	<b>30,923,013</b>	<b>82,795,154</b>	<b>79,455,321</b>
<b>Capital Work in Progress (including Capital Advance )</b>									461,565,000	547,560,000
<b>Grand Total</b>									<b>556,371,382</b>	<b>630,355,154</b>

**SCHEDULE 8****SUNDRY DEBTORS:**

(Unsecured and Considered good))

Outstanding for a period exceeding six months

Other Debts

-	-
71,187,995	6,304,685
<b>71,187,995</b>	<b>6,304,685</b>

**SCHEDULE 9****CASH & BANK BALANCES:**

Cash on hand (including foreign currency)

1,014,888 1,137,905

Bank Balances :

With Scheduled Banks :

In Current Accounts

6,499,834 21,359,320

In Fixed Deposit Accounts

420,417 1,001,357

(Rs. 313000/-under lien to Custom Authority)

Balance with Foreign Bank

542,017 117,793

<b>8,477,156</b>	<b>23,616,375</b>
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**SCHEDULE 10****LOAN & ADVANCES:**

(Unsecured, Considered good, )

Advance recoverable in cash or in kind or for value to be received

235,480,212 439,254,056

MAT Credit Entitlement

84,987,065 56,821,936

<b>320,467,277</b>	<b>496,075,992</b>
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**CONSOLIDATED SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES:</b>		
Sundry Creditors for Expenses	2,795,479	2,496,362
Equity Share Application Money Refundable	12,155	-
Unclaimed Dividend	180,322	-
Other Liabilities	145,087	883,919
	<b>3,133,043</b>	<b>3,380,281</b>
<b>SCHEDULE 12</b>		
<b>PROVISIONS:</b>		
Income Tax	31,761,529	26,120,682
Proposed Dividend	-	21,168,779
Tax on Dividend	-	3,597,634
	<b>31,761,529</b>	<b>50,887,095</b>
<b>SCHEDULE 13</b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
Deferred Revenue Expenses	338,470	758,431
IPO Expenses	22,028,227	29,370,969
	<b>22,366,697</b>	<b>30,129,400</b>
<b>SCHEDULE 13</b>		
<b>OTHER INCOME:</b>		
Interest on Fixed Deposits with Bank (TDS Rs.3413/- during the year ; Previous Year Rs.7367/- )	46,279	73,671
Commission Received (TDS Rs.1769/- during the year ; Previous Year Rs.Nil)	24,852	-
Other Income (TDS Rs.278/- during the year ; Previous Year Rs.Nil )	19,488	-
Dividend Received	-	3,670
Income from Mutual Fund	-	2,365,566
Service Tax Refund	491,528	370,024
	<b>582,147</b>	<b>2,812,931</b>

**CONSOLIDATED SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>SCHEDULE 14</b>		
<b>EMPLOYEE COST:</b>		
Salaries and Incentives	17,934,002	16,640,300
Contribution to Provident Fund	59,957	47,798
Staff Welfare Expenses	529,310	510,804
	<u>18,523,269</u>	<u>17,198,902</u>
<b>SCHEDULE 15</b>		
<b>OPERATION AND OTHER EXPENSES:</b>		
Advertisement expenses	490,518	354,220
Audit Fees	281,265	275,750
Bank Charges	429,519	1,243,619
Business Promotion Expenses	3,390,563	1,299,693
Communication expenses	1,281,804	806,154
Directors Remuneration	2,232,000	2,232,000
Directors Sitting Fees	110,000	175,000
Donation	2,317,100	1,881,100
Electricity Expenses	1,304,946	1,772,793
Exchange Rate Fluctuation (net)	1,575,206	12,457,115
General Expenses	2,678,727	2,310,756
Insurances	93,094	116,390
ISO Certification Charges	-	50,000
Legal and professional fees	668,223	408,191
Loss on sale of Fixed Assets	182,668	
Misc. Exps. Written Off	7,762,703	7,762,704
Overseas business / Travelling Expenses	1,136,136	717,508
Telephone Expenses	862,813	579,710
Printing and Stationery	539,434	169,451
Rent	3,733,380	3,568,674
Repairs and maintenance	43,315	93,683
ROC charges	1,763,092	21,262
Software Tech. Park of India fees	225,000	200,000
	<u>33,101,506</u>	<u>38,495,773</u>

**SCHEDULE 17**
**NOTES TO THE ACCOUNTS**
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:**
**1. Basis of Preparation of Financial Statement**

The financial statements are prepared under the historical cost convention and the requirements of the Companies Act, 1956. Company generally follows the mercantile system of accounting and recognizes income & expenditure on accrual basis unless otherwise stated.

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

**2. Principles of Consolidation**

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

- a) The financial statements of the Company and its subsidiaries 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 exchange fluctuation reserve.
- c) Minority Interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- d) Minority Interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- e) 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. Goodwill/Capital Reserve**

The difference between the cost of investment in the subsidiaries and the net assets at the time of acquisition of shares in the subsidiaries is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be. Goodwill/Capital Reserve represents the difference between the Company's share in the net worth of subsidiaries and the cost of acquisition at each point of time of making the investment in the subsidiaries. For this purpose, the Company's share of net worth is determined on the basis of the latest financial statements of such subsidiaries, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital Reserve on consolidation is adjusted against Goodwill on consolidation, if any.

**4. Minority Interest**

Share of Minority interest in consolidated subsidiaries is arrived at and identified:

- a) in case of profit and loss account for the year ended, net profit attributable to them.
- b) in case of balance sheet, net assets attributable to them.

Minority Interest include as at March 31, 2011 26,000 (Previous Year Nil) Equity Shares of Rs. 10/- each fully paid up issued by a subsidiary company, Excel Infra N Realty Private Limited.

**5. The Subsidiaries considered in the consolidated financial statements are:**

<b>Name of Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Proportion of Ownership</b>	<b>Year/period ended included in Consolidation</b>
Excel Info FZE	U.A.E.	100%	April 01, 2010 to March 31,2011
Excel Infra N Realty Private Limited	India	52%	April 01, 2010 to March 31,2011



## 6. Earning Per Share

<b>Particulars</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Profit after Tax (Rs.)	140673069	138527858
Number of Shares outstanding at the end of the year/period	21168779	21168779
Weighted Number of shares outstanding at the end of the year/period	21168779	19331167
Weighted Number of shares outstanding at the end of the year/period for diluted EPS	21168779	19331167
Earning per Share - Basic (Rs.)	6.65	7.17
Diluted (Rs.)	6.65	7.17

## 7. Other significant accounting policies and notes to accounts

These 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.

As per our report attached  
For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**Lakhmendra Khurana**  
*Managing Director*

**Ranjana Khurana**  
*Executive Director*

**Malvika P. Mitra**  
*Partner*  
Membership no. 44105

**Bhavana D Shah**  
*Company Secretary*

Place : Mumbai  
Date : 11th August 2011

Place : Mumbai  
Date : 11th August 2011

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**STATEMENT REGARDING SUBSIDIARIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

1. Name of the Subsidiaries	Excel Info FZE	Excel Infra N Realty Pvt. Limited
2. Financial Year of the Subsidiaries ended on	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2011
3. Holding Company's Interest	Holders of One Share out of the One Share of AED 100000 each (100%)	Holders of 26,000 Equity Shares out of the Subscribed and Paid up Capital of the 50,000 Equity Shares of Rs. 10/- each. (52%)
4. Net Aggregate amount of Profit Less Losses of the subsidiaries so far as it concerns the Members of Excel Infoways Limited		
a) Not dealt with in the Accounts of Excel Infoways Limited.		
i) For the subsidiary's financial year above referred	Rs. (3,45,388)*	Rs. 1,171
ii) For previous financial years of subsidiary since it became subsidiary of Excel Infoways Limited	Rs. (1,11,642)*	N.A.
b) Dealt with the accounts of Excel Infoways Limited		
i) For the subsidiary's financial year above referred	Nil	Nil
ii) For previous financial years of subsidiary since it became subsidiary of Excel Infoways Limited	Nil	Nil

\* Converted into Indian Rupees at the exchange rate INR

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**INDEPENDENT AUDITORS' REPORT**

To

The Shareholder

Excel Info FZE

RAK Free Trade Zone

P.O. Box 16111

Ras Al Khaimah – United Arab Emirates.

We have audited the accompanying financial statements of **Excel Info FZE, Ras Al Khaimah**, which comprise the balance sheet as at 31<sup>st</sup> March 2011 and statements of income, statement of changes in Shareholder's equity and statement of cash flows for the year ended 31<sup>st</sup> March 2011 and a summary of significant accounting policies and other explanatory notes.

**Management Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

Subject to above, in our opinion, the financial statements present fairly, in all material respects, the financial position of **Excel Info FZE, Ras Al Khaimah – United Arab Emirates** as of 31<sup>st</sup> March 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Also, in our opinion, there were no contraventions during the year Ras Al Khaimah Free Zone Law which might have materially affected the financial position of the Establishment or the result of its operations for the period.

Ali Almuhairi Auditing

Date: May 29, 2011

**EXCEL INFO FZE**
**RAS AL KHAIMAH - UNITED ARAB EMIRATES**
**BALANCE SHEETS AS OF MARCH 31, 2011**

(In United Arab Emirates Dirhams)

	Notes	31-Mar-2011	31-Mar-2010
<b>Assets</b>			
<i>Current assets:</i>			
Cash on hand and at Banks	4	101,167	93,616
Other receivables and prepayments	5	17,863,187	10,860,495
Total Assets		<u>17,964,354</u>	<u>10,954,111</u>
<b>Liabilities and Shareholder's Equity</b>			
<i>Current liabilities:</i>			
Amount due to related parties	6	17,901,269	10,863,200
Total Liabilities		<u>17,901,269</u>	<u>10,863,200</u>
<i>Shareholder's Equity:</i>			
Shareholder's capital	2	100,000	100,000
Retained Earnings	7	(36,915)	(9,089)
Total Shareholder's Equity		<u>63,085</u>	<u>90,911</u>
Total Liabilities and Shareholder's Equity		<u>17,964,354</u>	<u>10,954,111</u>

**The accompanying notes form an integral part of these financial statements.**

The financial statements were approved by the Shareholder on May 26, 2011 and signed on its behalf by:

Shareholder

Excel Info FZE

**EXCEL INFO FZE**
**RAS AL KHAIMAH - UNITED ARAB EMIRATES**
**PROFIT AND LOSS ACCOUNT AS OF MARCH 31, 2011**

(In United Arab Emirates Dirhams)

	Notes	31-Mar-2011	31-Mar-2010
Administrative Expenses	8	(27,826)	(9,089)
Net (loss) for the period	7	<u>(27,826)</u>	<u>(9,089)</u>

**The accompanying notes form an integral part of these financial statements.**

The financial statements were approved by the Shareholder on May 26, 2011 and signed on its behalf by:

Shareholder

Excel Info FZE

## EXCEL INFO FZE

## RAS AL KHAIMAH - UNITED ARAB EMIRATES

## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AS OF MARCH 31, 2011

(In United Arab Emirates Dirhams)

	31-Mar-2011	31-Mar-2010
<b>Cash flows from operating activities:</b>		
Net (loss) for the period/year	(27,826)	(9,089)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>(27,826)</b>	<b>(9,089)</b>
(Increase) in sundry receivables	(7,002,692)	(10,860,495)
Increase in sundry payables	7,038,069	10,863,200
<b>Net Cash used in operating activities</b>	<b>7,551</b>	<b>(6,384)</b>
<b>Cash flows from financing activities:</b>		
Net movement in Shareholder's capital account	-	100,000
<i>Net cash (used in) financing activities</i>	-	<b>100,000</b>
<b>Net decrease in cash and cash equivalents</b>	<b>7,551</b>	<b>93,616</b>
Cash and cash equivalents, beginning of the year	93,616	-
<b>Cash and cash equivalents, end of the year</b>	<b>101,167</b>	<b>93,616</b>
<b>Represented by:</b>		
Cash in hand	57,200	84,000
Cash at bank	43,967	9,616
	<b>101,167</b>	<b>93,616</b>

The accompanying notes form an integral part of these financial statements.

Shareholder

Excel Info FZE

(In United Arab Emirates Dirhams)

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<i>Changes in Shareholder's equity</i>			
a. Capital introduced	100,000	-	100,000
b. Net (loss) for the period	-	(9,089)	(9,089)
	<hr/>	<hr/>	<hr/>
<b>Balances as at March 31, 2010</b>	<b>100,000</b>	<b>(9,089)</b>	<b>90,911</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Changes in Shareholder's equity</i>			
Balance at April 1, 2010	100,000	(9,089)	90,911
Net (loss) for the year	-	(27,826)	(27,826)
	<hr/>	<hr/>	<hr/>
<b>Balances as at March 31, 2011</b>	<b>100,000</b>	<b>(36,915)</b>	<b>63,085</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these financial statements.

**EXCEL INFO FZE****RAS AL KHAIMAH - UNITED ARAB EMIRATES****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011****1 Legal status and business activity:**

- 1.1 Excel Info FZE, Ras Al Khaimah – United Arab Emirates was incorporated on 16<sup>th</sup> December 2009 as a limited liability Free Zone.
- 1.2 The registered office of the Establishment is situated at RAK Free Zone, P.O.Box 16111, Ras Al Khaimah, United Arab Emirates.
- 1.3 These financial statements incorporate the operating results of the trade license no.5004599.

**2 Share capital:**

The authorized, issued and paid up capital of the establishment is AED-100,000/-

**3 Summary of significant accounting policies:****Basis of Preparation:**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and applicable requirements of the U.A.E. Law. A summary of the significant accounting policies, which have been applied consistently, are set out below:

**a) Accounting convention**

These financial statements have been prepared under historical cost convention basis.

**b) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment loss, if any. The costs comprises of purchase price, levies, duties and any directly attributable costs of bringing the asset to its working condition. The cost of property, plant and equipment is depreciated using the straight-line method.

**c) Impairment of Assets**

Property, plant and equipments are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of income.

**d) Provisions**

Provisions are recognised when the Establishment has a present obligation as a result of a past event, which it is probable, will result in an outflow of economic benefits that can be reasonably estimated.

**e) Revenue recognition**

When the outcome of the transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the conditions are satisfied:

- i. The amount of revenue can be measured reliably;
- ii. It is probable that the economic benefits associated with the transaction will flow to the entity;
- iii. The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- iv. The cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

**f) Provision for staff terminal benefits**

Amounts required to cover end of service indemnity at the balance sheet date are computed pursuant to the United Arab Emirates Federal Labour Law based on the employees' accumulated period of service and current basic remuneration at the balance sheet date.

Employees' terminal benefits are accounted on cash payment basis.

**g) Foreign Currencies**

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated at the rates prevailing

on the balance sheet date. Gains and losses arising are included in the statement of income. Non-monetary items that are measured in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

**h) Financial instruments**

Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the entity's balance sheet when the entity has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

**i) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and balance with bank, within maturity date of three months or less from the date of deposit, free of encumbrances.

**4 Cash on hand and at Banks**

	<b>31-Mar-2011 AED</b>	<b>31-Mar-2010 AED</b>
Cash in Hand	57,200	84,000
Bank balances:	43,967	9,616
	<b>101,167</b>	<b>93,616</b>

Bank balance is not independently confirmed but verified with bank statements only.

**5 Other receivables and prepayments**

	<b>31-Mar-2011 AED</b>	<b>31-Mar-2010 AED</b>
Other receivables	17,863,187	10,860,495
	<b>17,863,187</b>	<b>10,860,495</b>

**6 Related parties transactions**

The Establishment enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24, International Accounting Standards (IAS). Such transactions are in normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise companies and entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/ rendered from/to related parties .

The Establishment provides/receives funds to/from related parties as and when required as working capital facilities.

At the balance sheet date, non trade balances with related parties were as follows:

	<b>31-Mar-2011 AED</b>	<b>31-Mar-2010 AED</b>
Amount due to related parties	17,901,269	10,863,200
	<b>17,901,269</b>	<b>10,863,200</b>



**7 Retained Earnings**

	<b>31-Mar-2011 AED</b>	<b>31-Mar-2010 AED</b>
Opening balance	(9,089)	-
Net (loss) for the period	(27,826)	(9,089)
Closing balance	<b>(36,915)</b>	<b>(9,089)</b>

**8 Administrative Expenses**

	<b>31-Mar-2011 AED</b>	<b>31-Mar-2010 AED</b>
Salary	24,000	5,000
Legal	1,000	1,100
Miscellaneous	2,826	2,989
	<b>27,826</b>	<b>9,089</b>

**9 Staff Strength**

	<b>31-Mar-2011</b>	<b>31-Mar-2010</b>
Number of employees	1	1

**10 Financial instruments**

Financial instruments of the Establishment comprises of cash at bank, due from parties, other assets.

**Credit Risk**

Financial assets which potentially expose the Establishment to concentration of credit risk comprise principally bank accounts and other receivables.

The Establishment's bank accounts are placed with high credit quality financial institutions.

**Currency Risk**

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or US Dollars to which the conversion of Dirhams into US Dollar is fixed.

**Interest Rate Risk**

The Establishment is not exposed to any significant interest rate risk.

**Fair Values**

At the balance sheet date, the fair values of financial assets and liabilities at year-end approximate to their carrying amounts.

**11 Contingent liability**

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on Establishment's account as of balance sheet date.

**12 Comparative Amounts**

The figures have been regrouped/rearrange wherever necessary to make them comparable with those of current period.

**AUDITORS' REPORT**

**TO THE MEMBERS OF EXCEL INFRA N REALTY PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of **EXCEL INFRA N REALTY PRIVATE LIMITED** (Formerly known as Param Satya Construction Pvt. Ltd.) as at March 31<sup>st</sup> 2011, the Profit and Loss account and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express as opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, the statement is not applicable to the company.
4. Further, to our comments in the annexure referred to in paragraph 3 above, we report that
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books of the company;
  - c) The Balance Sheet and the Profit and Loss Account and Cash Flow statement referred to in this report are in agreement with the books of account submitted to us;
  - d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211(3C) of the Companies Act 1956; and
  - e) As per the information and explanations given to us and based on representations made by all directors of the company to the board, none of the directors is disqualified as on 31.03.2011 from being appointed as director under clause (g) of the sub section (1) of section 274 of the Companies Act, 1956;
  - f) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies followed and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i) In case of Balance Sheet of the state of affairs of the company as at March 31<sup>st</sup> 2011;
    - ii) In case of Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. G. Kabra & Co.**  
Chartered Accountants

**S. G. Kabra**  
Partner  
M. No. 38867

Place : Mumbai  
Dated : 11<sup>th</sup> August, 2011

**EXCEL INFRA N REALTY PRIVATE LIMITED**

(Formerly known as Param Satya Construction Pvt. Limited)

**BALANCE SHEET AS AT 31ST MARCH, 2011**

Amount in Rs.

	Schedule	As at 31-03-2011	As at 31-03-2010
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	500,000	100,000
Reserve & Surplus	2	6,291	5,120
<b>Total</b>		<b>506,291</b>	<b>105,120</b>
<b>APPLICATION OF FUNDS:</b>			
<b>Current Assets, Loans &amp; Advances</b>			
Cash and Bank Balances	3	516,706	115,011
Loans and Advances	4	1,345	1,845
	A	518,051	116,856
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	5	11,236	11,236
Provisions	6	524	500
	B	11,760	11,736
<b>Net Current Assets (A-B)</b>		<b>506,291</b>	<b>105,120</b>
<b>Total</b>		<b>506,291</b>	<b>105,120</b>

As per our report attached  
For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**S. G. Kabra**  
*Partner*  
Membership no. 38867

**Lakhmendra Khurana**  
*Managing Director*

**Ranjana Khurana**  
*Executive Director*

Place : Mumbai  
Date : 11th August 2011

Place : Mumbai  
Date : 11th August 2011

**EXCEL INFRA N REALTY PRIVATE LIMITED**

(Formerly known as Param Satya Construction Pvt. Limited)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	As at 31-03-2011	As at 31-03-2010
<b>INCOME:</b>			
Other Income		16,710	12,700
	A	<b>16,710</b>	<b>12,700</b>
<b>EXPENDITURE:</b>			
Operating and Other Expenses	7	15,015	11,085
	B	<b>15,015</b>	<b>11,085</b>
Profit Before Interest, Depreciation & Tax (A-B)		1,695	1,615
<b>Profit Before Tax</b>		<b>1,695</b>	<b>1,615</b>
Less : Provision for Taxation for the year			
- Current Tax		524	500
<b>Net Profit after Tax</b>		<b>1,171</b>	<b>1,115</b>
Add : Balance brought forward		5,120	4,005
<b>Balance carried to Balance Sheet</b>		<b>6,291</b>	<b>5,120</b>
<b>Earnings per share - Basic and Diluted (Rs.)</b>		<b>0.10</b>	<b>0.11</b>

 As per our report attached  
 For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**S. G. Kabra**  
*Partner*  
 Membership no. 38867

**Lakhmendra Khurana**  
*Managing Director*
**Ranjana Khurana**  
*Executive Director*

 Place : Mumbai  
 Date : 11th August 2011

 Place : Mumbai  
 Date : 11th August 2011

**EXCEL INFRA N REALTY PRIVATE LIMITED**

(Formerly known as Param Satya Construction Pvt. Limited)

**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011**

	31-03-2011	31-03-2010
<b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	1,695	1,615
<b>Operating Profit before Working Capital Changes</b>	<b>1,695</b>	<b>1,615</b>
<b>Working Capital Changes :</b>		
<b>Add/(Deduct) :</b>		
(Increase)/Decrease Loans and Advances	-	700
Increase/(Decrease) in Current Liabilities	-	(700)
Miscellaneous Expenditure	-	4,670
	-	4,670
<b>Cash generated from Operations</b>	<b>1,695</b>	<b>6,285</b>
Taxes paid	-	500
<b>Net Cash Flow from Operating Activity (a)</b>	<b>1,695</b>	<b>5,785</b>
<b>2 CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
<b>Net Cash used in Investing Activities (b)</b>	-	-
<b>3 CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Equity Shares	400,000	-
<b>Net Cash used in Financing Activities (c)</b>	<b>400,000</b>	-
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (a+b+c)</b>	<b>401,695</b>	<b>5,785</b>
Cash and Cash Equivalents - Opening Balance	115,011	109,226
Cash and Cash Equivalents - Closing Balance	516,706	115,011
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>401,695</b>	<b>5,785</b>

As per our report attached  
For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**S. G. Kabra**  
*Partner*  
Membership no. 38867

**Lakhmendra Khurana**  
*Managing Director*

**Ranjana Khurana**  
*Executive Director*

Place : Mumbai  
Date : 11th August 2011

Place : Mumbai  
Date : 11th August 2011

**EXCEL INFRA N REALTY PRIVATE LIMITED**

(Formerly known as Param Satya Construction Pvt. Limited)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

Amount in Rs.

	As at 31-03-2011	As at 31-03-2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised</b>		
50,000 Equity Shares of Rs. 10/- each	500,000	500,000
(Previous year 50,000 Equity Shares of Rs.10/- each)		
<b>Issued, Subscribed &amp; Paid-Up</b>		
50,000 Equity Shares of Rs. 10/- each fully paid up	500,000	100,000
(Previous year 10,000 Equity Shares of Rs. 10/- each fully paid up)		
<b>Total</b>	<b>500,000</b>	<b>100,000</b>
Note: Out of above 26000 Equity Shares held by Excel Infoways Limited the Holding Company.		
<b>SCHEDULE 2</b>		
<b>RESERVE AND SURPLUS:</b>		
Profit & Loss Account	6,291	5,120
	<b>6,291</b>	<b>5,120</b>
<b>SCHEDULE 3</b>		
<b>CASH &amp; BANK BALANCES:</b>		
Cash on hand	92,449	81,039
<b>Bank Balances :</b>		
With Scheduled Banks :		
In Current Accounts	424,257	33,972
	<b>516,706</b>	<b>115,011</b>
<b>SCHEDULE 4</b>		
<b>LOAN &amp; ADVANCES:</b>		
(Unsecured and Considered good )		
Advance recoverable in cash or in kind or for value to be received	1,345	1,845
	<b>1,345</b>	<b>1,845</b>
<b>SCHEDULE 5</b>		
<b>CURRENT LIABILITIES:</b>		
Sundry Creditors for Expenses	11,236	11,236
	<b>11,236</b>	<b>11,236</b>
<b>SCHEDULE 6</b>		
<b>PROVISIONS:</b>		
Income Tax	524	500
	<b>524</b>	<b>500</b>
<b>SCHEDULE 7</b>		
<b>OPERATION AND OTHER EXPENSES:</b>		
Audit Fees	5,515	5,515
Printing and Stationery	4,200	-
ROC charges	5,300	900
Preliminary Exps. Written Off	-	4,670
	<b>15,015</b>	<b>11,085</b>

**EXCEL INFRA N REALTY PRIVATE LIMITED****SCHEDULE 8:****NOTES TO THE ACCOUNTS****Significant Accounting Policies and Notes to Financial Statements****1) Basis of Preparation of Financial Statement**

The financial statements are prepared under the historical cost convention and the requirements of the Companies Act, 1956. Company generally follows the mercantile system of accounting and recognizes income & expenditure on accrual basis unless otherwise stated.

**2) Use of estimates**

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of the income and expenses during the year. Difference between the actual result and estimates are recognized in the period in which the results are known.

**3) Fixed Assets**

Fixed Assets are stated at cost, less accumulated depreciation and impairment. As of now there are no fixed assets in the books of the company.

**4) Taxes on Income**

Provision for current tax is made as per the provisions of Income Tax Act, 1961.

**5) Earning Per Share**

Basic Earning per Share is calculated by dividing the net profit for the year attributable to the equity shareholders by the weighted average of the number of equity shares outstanding during the year.

	<b>31-03-2011</b>	<b>31-03-2010</b>
Profit after Tax (Rs.)	1171	1115
Number of Shares outstanding at the end of the year/period	50000	10000
Weighted Number of shares outstanding at the end of the year/period	11644	10000
Weighted Number of shares outstanding at the end of the year/period for diluted EPS	11644	10000
Earning per Share - Basic (Rs.)	0.10	0.11
Diluted (Rs.)	0.10	0.11

**6) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and fixed deposits with banks.

7) In the opinion of the board, the current assets, Loans & Advances are approximately of the value stated if released in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of amount reasonable necessary

8) The figures have been regrouped / rearranged wherever necessary to make them comparable with those of current period.

As per our report attached  
For, **S. G. KABRA & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**S. G. Kabra**  
*Partner*  
Membership no. 38867

**Lakhmendra Khurana**  
*Managing Director*

**Ranjana Khurana**  
*Executive Director*

Place : Mumbai  
Date : 11th August 2011

Place : Mumbai  
Date : 11th August 2011

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**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**I Registration Details**

Registration No.	U45200MH2002PTC136876	State Code	11
Balance Sheet Date	31-03-2011		

**II Capital Raised during the year (Amount in Rs. Thousand)**

Public Issue	Nil	Rights Issued	Nil
Bonus Issue	Nil	Private Placement	Nil

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Total Liabilities	518.05	Total Assets	518.05
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**Sources of Funds**

Paid up Capital	500.00	Reserve & Surplus	6.29
Secured Loans	Nil	Unsecured Loans	Nil
Deferred Tax Liabilities	Nil		

**Application of Funds**

Net Fixed Assets	Nil Nil	Investments	
Net Current Assets	506.29	Miscellaneous Expenditure	Nil

**IV Performance of Company (Amount in Rs. Thousand)**

Turnover	16.71	Total Expenditure	15.02
Profit/Loss Before Tax	1.69	Profit / Loss After Tax	1.17
Earnings Per Share (in Rs.)	0.10	Dividend	Nil

**V Generic Names of Three Principal Products/Services of Company**

**(as per monetary terms)**

Item Code No. (ITC Code):

Product Description :

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For and on behalf of the Board

**Lakhmendra Khurana**  
Managing Director

**Ranjana Khurana**  
Executive Director

Place : Mumbai  
Date : 11th August 2011



## EXCEL INFOWAYS LIMITED

Registered Office: 31A, 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.

Folio No. : \_\_\_\_\_

DP ID No.\* : \_\_\_\_\_

Client ID No.\* : \_\_\_\_\_

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held : \_\_\_\_\_

I hereby record my presence at the Ninth Annual General Meeting of the Company held on Friday, 30th September, 2011 at 31A , Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400 053 at 10:00 A. M.

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

\* Applicable for investors holding shares in electronic form.

TEAR HERE

## EXCEL INFOWAYS LIMITED

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

### PROXY FORM

Folio No. : \_\_\_\_\_

DP ID No.\* : \_\_\_\_\_

Client ID No.\* : \_\_\_\_\_

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

of \_\_\_\_\_

being a Member/Members of EXCEL INFOWAYS LIMITED hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me /us and on my/our behalf at the Ninth Annual General Meeting to be held on Friday, 30th September, 2011 at 31A , Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400 053 at 10: 00 A. M. or any adjournments thereof.

Singed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

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

Affix  
30 Paise  
Revenue  
Stamp

\* Applicable for investors holding shares in electronic form.

**Note:** The Proxy in order to be effective, should be duly completed, stamped, singed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.





## BOOK POST

*If undelivered please return to :*

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**