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NEXXOFT INFOTEL LIMITED

22nd ANNUAL REPORT

2012-13

CONTENTS

1. Corporate Information
2. Notice of Annual General Meeting
3. Directors' Report
4. Management's Discussion and Analysis
5. Report on Corporate Governance
6. Auditor's Certificate on Corporate Governance
7. Auditor's Report
8. Annexure to Auditor's Report
9. Balance Sheet
10. Profit and Loss Account
11. Cash Flow Statement
12. Notes to Accounts
13. Significant Accounting Policies and Notes to Accounts
14. Proxy Form & Attendance Slip

CORPORATE INFORMATION

Board of Directors:

1. Mr. G. Dhananjaya Reddy	Director
2. Mr. Dinesh Kavoor	Director
3. Mr. Ganesh Rao	Director
4. Mr. Satyanarayana	Director
5. Mrs. Tata Mani Mahalaxmi	Director

Registered Office:

Plot No.29, Sri Srinivasa Puram
Colony, Vanastalipuram,
Hyderabad-500070, Andhra Pradesh.
Email: info@nexsoft.com

Auditors:

Hariharan & Associates
304 B. 3, Floor, #21,
HVS Court, Cunningham Road
Bangalore

Audit Committee:

- 1) Mr. G. Dhananjaya Reddy
- 2) Mr. Dinesh Kavoor
- 3) Mr. Ganesh Rao

Remuneration Committee:

- 1) Mr. G. Dhananjaya Reddy
- 2) Mr. Satyanarayana
- 3) Mrs. Tata Mani Mahalaxmi

Investor Grievance Committee:

- 1) Mr. G. Dhananjaya Reddy
- 2) Mr. Dinesh Kavoor
- 3) Mr. Satyanarayana

Bankers:

Oriental Bank of Commerce,
Richmond Road Branch,
Bangalore

Listing:

- 1) Bombay Stock Exchange Limited

Registrar & Share Transfer Agents:

M/s Venture Capital & Corporate Investments Pvt.
Limited Hyderabad

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Shareholders of M/s NEXXOFT INFOTEL LIMITED will be held on Monday, the 30th September 2013 at 11.00 A.M at registered office Plot No.29, Sri Srinivasa Puram Colony, Vanastalipuram, Hyderabad-500070 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31th March 2013, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon
2. To appoint a director in place of Mr. Ganesh Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors M/s MM Reddy & Co., Hyderabad in place of Hariharan & Associates to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**For and on behalf of the Board of
Nexsoft Infotel Limited**

Sd/-

**G. Dhananjaya Reddy
Managing Director**

Place: Hyderabad

NOTES:

- 1. AN EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RELATION TO THE SPECIAL BUSINESS OF THE MEETING IS ANNEXED HERETO AND FORMS PART OF THIS NOTICE. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will be closed from 25.09.2013 to 28.09.2013 (Both days inclusive).
3. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.
4. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the Company at least 7 working days prior to the meeting, that the required information can be made available at the meeting.
5. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric/Telephone Bill, Driving License or a copy of passport and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.
6. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.

7. It shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company / RTAs for registration of such transfer of shares, for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies.
8. As part of Green Initiative in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

**For and on behalf of the Board of
Nexsoft Infotel Limited**

Place: Hyderabad

**Sd/-
G. Dhananjaya Reddy
Managing Director**

DIRECTORS' REPORT

To
The Members

We have pleasure in presenting the 22nd Annual Report with Audited Statements of Accounts for the year ended 31st March 2013.

FINANCIAL HIGHLIGHTS FOR THE YEAR 2012-13:

Particulars	Rupees in Lakhs	
	2012-13	2011-12
Income		
-Software Development Services	1567.05	2928.10
-Other Income	Nil	Nil
Total Income	1567.05	2928.10
Expenditure	1064.38	2168.32
Depreciation	971.20	1196.23
Profit before the Tax	(551.06)	(915.44)
Less: Provision for tax (including fringe benefit tax and deferred tax)	438.79	(57.72)
Profit! (Loss) after Tax	(112.26)	(973.16)

OPERATIONS:

The Ministry of Corporate Affairs (MCA) vide notification no. S.O. 447(E) dated 28th February, 2011 amended the existing Schedule VI to the Companies Act, 1956. The Revised Schedule VI is applicable from financial year commencing from 1st April, 2011. The financial statements of your Company for the year ended 31st March, 2013 have been prepared in accordance with the Revised Schedule VI and accordingly, the previous year's figures have been reclassified/ regrouped to conform to this year's classification.

The Company has recorded a turnover of Rs. 2928.10 lakhs and loss of Rs. 973.16 Lakhs in the current year against the turnover of Rs 8851.21 lakhs and loss of Rs. 257.08 Lakhs in the previous financial year ending 31.03.2013.

DIVIDEND:

Keeping the Company's expansion and growth plans in mind, your Directors have decided not to recommend dividend for the year.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits falling within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

LISTING:

The equity shares of your company are listed on Bombay Stock Exchange.

CAPITAL OF THE COMPANY:

Authorized capital of the company stands at Rs. 370,000,000 divided into 37000000 equity shares of Rs. 10/- each. Paid up capital of the company stands at Rs.272,260,500 divided into 27,226,050 equity shares of Rs. 10/- each.

INSURANCE:

The company's properties have been adequately insured against major risks. All the insurable interests of your Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

DIRECTORS:

In accordance with the Companies Act, 1956 read with Articles of Association of the company the Director namely Mr. Ganesh Rao retires by rotation and being eligible, offers himself for re-appointment at this ensuing Annual General Meeting. Your Directors recommend his re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000 your directors confirm

- i) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) That the director had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the director had prepared the annual accounts on the going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO:

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

- | | |
|---|-----|
| 1. Research and Development (R&D) | NIL |
| 2. Technology absorption , adoption and innovation | NIL |

C. Foreign Exchange earnings and Out Go:

Foreign Exchange Earnings	NIL
Foreign Exchange Outgo	NIL

PARTICULARS OF EMPLOYEES:

There is no employee who is falling under section 217 (2A). Therefore, the disclosures required to be made under section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

CODE OF CONDUCT:

The Code of conduct has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given in Annexure.

AUDITORS:

Your directors propose reappointment of M/s. MM Reddy & Co, as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

CORPORATE GOVERNANCE:

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors forms part of this Report as Annexure.

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of operations, performance and future outlook of your Company and its businesses is given in if Management Discussion and Analysis, which forms part of this Report.

ACKNOWLEDGEMENTS

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS (Forming part of Directors Report)

PERFORMANCE OF THE COMPANY:

The Company has recorded a turnover of Rs. 1567.05 lakhs and loss of Rs. 112.26 Lakhs in the current year against the turnover of Rs 2928.10 lakhs and loss of Rs. 973.16 Lakhs in the previous financial year ending 31.03.2013.

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The sustainability of entire industry comprising of smaller companies has been very tough in the previous year under review. As the cost of input, manpower is increasing tremendously when compared to revenues and business generation, expansion is imminent in other lines of development related to our sector..

OPPORTUNITIES AND THREATS:

The core members of management has identified some excellent opportunities in expansion our service range in Indian market and abroad with a distinct variation from competitors. This is expected to yield considerable placement in the market in the current year of operations.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

Not applicable

OUTLOOK:

The management is doing its best to forge relations with other companies and take the company forward in the new business lines. However, the outlook of the management is cautious in view of the competitive nature of the market.

RISKS AND CONCERNS:

While venturing into new business lines, the company would need access to funds. The risk of not being able to raise funds at the timer needed is the biggest risk that the management foresees.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The management considers the internal control systems, which has evolved over time and are continuously improved, to be adequate enough.

The internal control system is constantly assessed and strengthened with tighter control procedures. The internal control systems ensure effectively of operations, compliance with internal policies and applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions.

The audit committee periodically reviews the adequacy and efficacy of the said internal control systems. All the issues relating to internal control systems are resolved by the audit committee.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

A full fledged R&D is in progress to consider the same.

REPORT ON CORPORATE GOVERNANCE
(Forming part of Directors Report)

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

All the procedures, policies and practices followed by your Company are based on sound governance principles. Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way business is done. The governance practices followed by your Company are continuously reviewed and the same are benchmarked to the best governed companies.

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement.

II. BOARD OF DIRECTORS

The Board of Directors consists of 5 Members of whom 3 are Non-Executive Independent Directors.

The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

The Board of Directors met 6 times during the year on, 10.05.2012, 10.08.2012, 08.11.2012, 17.01.2013, 09.02.2013 and 19.03.2013, and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of Composition of Board of Directors, directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

S. No	Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee memberships/chairmanships		
			No. of Board meetings Held during tenure of the director		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
			Held	Attended				
1.	Mr. G Dhananjaya Reddy	Managing Director	6	6	Yes	4	NIL	NIL
2.	Mr. Dinesh Kavour	Executive & Director	6	6	Yes	1	NIL	NIL
3.	Mr. Ganesh Rao	Non-Executive & Independent	2	2	No	0	NIL	NIL

4	Mr. Satyanarayana	Executive & Independen t						
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IV. REMUNERATION COMMITTEE

The details of composition of the Committee are given below:

Name	Designation	Category
<u>Mr. Satyanarayana</u>	Chairman	<u>NED (I)</u>
<u>Mr. Ganesh Rao</u>	Member	<u>NED (I)</u>
<u>Mr. G Dhananjaya Reddy</u>	Member	<u>ED (P)</u>

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director/ other key employees of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

V. SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

A). Composition, meetings and the attendance during the year:

The Shareholders/Investors Grievance Committee was constituted to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non receipt of Annual Reports, and non receipt of Dividend and other allied complaints.

The Details of composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category
<u>Mr. Satyanarayana</u>	Chairman	<u>NED (I)</u>
<u>Mr. Ganesh Rao</u>	Member	<u>NED (I)</u>
<u>Mr. Dinesh Kavoor</u>	Member	<u>ED (P)</u>

B.) Powers:

The committee has been delegated with the following powers:

- To redress shareholders and investor complaints relating to transfer of shares, dematerialization of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- To approve, transfer, transmission, and issue of duplicate/ fresh share certificate(s).
- Consolidate and sub-division of share certificate etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

The Board has designated Mr. G. Dhananjaya Reddy, Director of the Company as the Compliance Officer.

The Company has designated an exclusive e-mail ID info@nexsoft.com for redressal of shareholders' complaints/grievances.

Complaints received and redressed by the Company during the financial year:

During the year no **complaints** were received.

S.No	Particulars	Rema
1.	At the beginning of the year	NIL
2.	Received during the year	NIL
3.	At the end of the year	NIL

VI. GENERAL BODY MEETINGS:

Financial Year	Date	Time	Venue	Special Resolution
21 st AGM	29.09.2012	11.00AM	#301, 3rd Floor, Sahiti Arcade, SR Nagar, Hyderabad — 500038	
20 th AGM 2010- 2011	30.09.2011	4,00 PM	# Plot No 219, 1st Floor, Phase III, Road No 78, Jubilee Hills, Hyderabad 500033.	
19 th AGM 2009-2010	30.09.2010	10.00AM	#301, 3rd Floor, Sahiti Arcade, SR Nagar, Hyderabad — 500038	

VII. OTHER DISCLOSURES

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) The Company has complied with the non-mandatory requirements to relating to remuneration committee and Whistle Blower policy to the extent detailed above.
- (e) Managing Director of the Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

VIII. MEANS OF COMMUNICATION

The un-audited quarterly results and audited results for the year are generally published in one English newspaper and at one vernacular newspaper within the time prescribed shortly after its submission to the Stock Exchanges.

IX. GENERAL SHAREHOLDERS INFORMATION

a) 22nd Annual General Meeting:

Date and Time	30 th September 2013 at 11.00 A.M
Venue	# Plot No.29, Sri Srinivasa Puram Colony, Vanastalipuram, Hyderabad-500070, Andhra Pradesh

b) Book Closure Date : 25.09.2013 to 28.09.2013 (Both days inclusive)

c) Financial Year and Calendar (Tentative) 2013-14:

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as follows:

Financial Calendar

Financial Reporting for 2013-2014 tentative	On or before
The First Quarter results	14.08.2013
The Second Quarter results	14.11.2013
The Third Quarter results	14.02.2014
The Fourth Quarter results	15.04.2014

D) Listing on Stock Exchanges:

1) Bombay Stock Exchange Limited

E) Listing fees: Listing fee for the year 2013-14 has been paid

F) Stock Code: For equity shares:- BSE: 532045

G) ISIN No: For equity shares: - INE249H01010

H) Stock Price Data: The monthly high / low prices of shares of the Company from April, 2012 to March, 2013 at Bombay .Stock Exchange The Company's shares are not traded on Ahmedabad

Month	High Rs.	Low (Rs.)
April, 2012	11.45	9.70
May, 2012	13.5	9.4
June, 2012	10.78	8.82
July, 2012	9.75	8.70
August, 2012	9.65	8.5
September, 2012	9.25	7.21
October, 2012	8.36	7.3
November, 2012	N.T	
December, 2012	N.T	
January, 2013	N.T	
February, 2013	N.T	
March, 2013	N.T	

I) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):

M/s Venture Capital & Corporate Investments Pvt. Limited Hyderabad

j) Share Transfer System:

The Physical shares transfers are processed and the share certificates are returned to the

Shareholders within a maximum period of Fifteen Days from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

k) Shareholding Pattern on 31 March, 2013:

Particulars	Category	No. of shares held	Percentage of shareholding
.	Shareholding of Promoter and promoter group Promoters & Persons acting in concert	6628906	24.35
	Sub- Total A	6628906	24.35
	Public Shareholding		
1.	Institutions	----	----
.	Non- Institutions		
	a) Indian public and others	20597144	75.65
	Sub Total B	20597144	75.65
.00	Grand Total (A+B)	2,72,26,050	100.00

l) Distribution of shareholding of the Company by number of shares held as on 31st March, 2013 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Number	%
UPTO – 500	1445	65.55	647980	2.38
501-1000	85	2.52	503682	1.85
1001-2000	210	9.52	830394	3.05
2001-3000	105	4.75	694264	2.55
3001-4000	85	2.53	378442	1.39
4001-5000	65	2.94	449230	1.65
5001-10000	55	2.49	1056371	3.88
10001 & ABOVE	210	9.52	22665687	83.25
Total	2206	100	27226050	100

m) Dematerialization of Shares:

Trading in Company's shares is permitted only in dematerialized form. The ISIN allotted to the Company's scrip is INE249H01010. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Due to preferential allotment done in the said year, majority of shares are in physical form and are due for dematerialization. Shares of the Company are actively traded on Bombay Stock Exchange

'particulars	No. of Share	% of ShareCapi
NSDL	4886255	17.95
CDSL	5695856	20.92
Physical	16643939	61.13
Total	27226050	100.00

n) Address for Investors Correspondence:

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company.

Plot No.29, Sri Srinivasa Puram Colony, Vanastalipuram, Hyderabad-500070, Andhra Pradesh

Email: info@nexsoft.com

a) CEO/MD Certification:

As required by the clause 49 (V) of the Listing Agreement, the certificate is attached below here in the annual report

p) Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

**For and on behalf of the Board of
Nexsoft Infotel Limited**

Place: Hyderabad

**SD/-
G. Dhananjaya Reddy**

DECLARATION

To

The Members of Nexsoft Infotel Limited

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

**For and on behalf of the Board of
Nexsoft Infotel Limited**

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

MANAGING DIRECTOR CERTIFICATE

I, G. Dhananjaya Reddy, Director of M/s Nexsoft Infotel Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
 - (a) Significant changes in internal controls over financial reporting during the year;
 - (b) Significant changes in the accounting policies during the year;
 - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

**For and on behalf of the Board of
Nexsoft Infotel Limited**

**Place: Hyderabad
Date: 25.08.2013**

**Sd/-
G. Dhananjaya Reddy
Director**

AUDITOR'S REPORT

To
The Share Holders,
Nexxoft Infotel Limited,

We have audited the attached Balance Sheet of M/s Nexxoft Infotel Limited as at 31st March 2013 and also the Profit and Loss Account for the Year ended on that date annexed thereto. These financial statements are responsibility of the company's management.. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether those financial statements are free of material misstatement. An audit includes examining on test based evidence supporting the amount 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.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks and verification of the books of account as we considered necessary and to the best of our knowledge and according to the information and explanations given to us during the course audit, we enclose in the annexure a statement on the matters specified in paragraph 4&5 of the said Order.

2, Further to our comments in the Annexure referred to in paragraph (1) above and subject to as mention in the notes on Accounts as per para (E) regarding confirmation of balances from sundry debtors, loans and advances and sundry Creditors.

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 such books.

c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement With the Books of Account

d) In our opinion, the balance sheet and profit and loss account comply with The Accounting Standards referred to in sub section (3c) of Section 211 of the Companies Act 1956.

e) On the basis of written representations received from the directors and taken on record by the Board of Directors, Ne report that none of the Directors is disqualified as on 31st March 2013 from being appointed as directors in terms of Section 274 (1) (g) of the Companies Act 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Accounting Policies and Notes on Accounts (Schedules 14) give the information required by the Companies Act, 1956 in conformity with the accounting principles generally accepted in India:

i) In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March 2013, and

ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date.

For Hariharan Associates
Chartered Accountants

Place: Bangalore
Date: 20.06.2013

S/d
(M. Hariharan)

Proprietor

NEXXOFT INFOTEL LIMITED

Provisional Balance Sheet as on 31.03.2013

(All amounts in Indian Rupees except for share data or otherwise stated)

	NoteNo's	As at Mar' 31, 2013	As at Mar' 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	272,260,500	121,418,500
Reserves and Surplus	2	89,177,569	70,211,571
Preference Share Warrant (pending allotment)		9,000,000	-
	A	370,438,069	191,630,071
Non - current liabilities			
Long - term borrowings	3	270,470,229	237,254,587
Deferred tax liabilities (Net)	4	46,834,214	90,714,093
Long term provisions		-	-
	B	317,304,443	327,968,680
Current liabilities			
Short - term borrowings		-	-
Trade Payables	5	55,847,205	66,742,328
Short - term provisions	6	30,404,350	30,875,446
	C	86,251,555	97,617,774
Total	(A+B+C)	773,994,068	617,216,525
ASSETS			
Non-current assets			
Fixed assets			
Gross Block	7	637,258,639	637,258,639
Less : Accumulated depreciation / amortization		447,819,633	350,699,166
Net block		189,439,006	286,559,473
Capital work- in- progress		-	-
Investments		160,000,000	40,000,000
	A	349,439,006	326,559,473
Deferred tax assets (Net)		-	-
Long - term loans and advances	8	18,734,050	21,548,742
Non-current investments		-	-
Other Non- Current Assets		-	-
	B	18,734,050	21,548,742
Current assets			
Inventories		-	-
Trade receivables	9	382,324,470	263,363,722
Cash and cash equivalents	10	27,340	44,587
Short - term loans and advances	11	7,000,000	5,700,000
Other current assets		16,469,202	-
	C	405,821,012	269,108,309
Total	(A+B+C)	773,994,068	617,216,524

For Hariharan and Associates
Chartered Accountants

For and on behalf of the Board of Directors of

sd/-
M Hariharan
Proprietor

sd/-
G.Dhanunjaya Reddy
Managing Director

Place : Bangalore
Date : 20.06.2013

sd/-
Dinesh Kavoor
Director

NEXXOFT INFOTEL LIMITED

Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

	As at Mar' 31, 2013	As at Mar' 31, 2012
Note 1 : Share Capital		
Authorised:		
37,00,00,000 Equity Shares of Rs.10/- each	370,000,000	370,000,000
Issues, Subscribed and Paid up		
2,72,26,050 Equity shares of Rs.10 each (Fully Paid Up)	272,260,500	121,298,000
(12,129,800 Equity shares of Rs.10 each)		120,500
48,200 shares @ 2.50/- paid up	-	
	272,260,500	121,418,500
Note 2 : Reserves and Surplus		
General Reserve		
Balance as per last account	-	-
Capital Reserve		
Capital Reserve	792,500	792,500
Share Premium: Op. balance	56,900,000	56,900,000
Add: during the year	30,192,500	-
	87,092,500	56,900,000
Profit & Loss A/c Surplus		
Balance in the statement of profit & loss	1,292,569	12,519,071
	89,177,569	70,211,571
Note 3 : Long - term borrowings		
Loans and advances from banks		
Term loans		
From banks	-	-
United Bank Of India	136,000,000	136,000,000
OBC Bank CC A/c	101,254,587	101,254,587
Interest accrued on loans	33,215,642	-
	270,470,229	237,254,587
Note 4 : Deferred tax liabilities (Net)		
Opening Balance	90714093	84941378
Add/Less: Current year Provision	-43879878.85	5772715
	46834214.15	90714093
Note 5 : Trade Payables		
Sundry Creditors	47383400	54587454
Expenses payable	8463805	12154874

	55847205	66742328
Note 6 : Short - term provisions		
Provision for Income tax	29,830,446	29,830,446
Others Provisions	573,904	1,045,000
	30,404,350	30,875,446
Note 8 : Long - term loans and advances		
Unsecured Loans & Advances to Others	-	-
Security deposits	-	-
Others	18,734,050	21,548,742
	18,734,050	21,548,742
Note 9 : Trade receivables (Unsecured, considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	263,949,520	119,765,397
Considered doubtful	-	-
Other debts		
Considered good	118,374,950	143,598,325
	382,324,470	263,363,722
Less: Provision for doubtful debts	-	-
	382,324,470	263,363,722
Note 10 : Cash and cash equivalents		
Cash on hand	27,340	44,587
Balances with scheduled banks		
On current accounts	-	-
On deposit accounts	-	-
	27,340	44,587
Note 11 : Short - term loans and advances		
Other receivables	-	-
Advance tax	7,000,000	5,700,000
	7,000,000	5,700,000

NEXXOFT INFOTEL LIMITED			
Provisional Profit and Loss Account for the			
Period ended			
(All amounts in Indian Rupees except for			
share data or otherwise stated)			
	Note	Year Ended	Year Ended
	No's	Mar' 31, 2013	Mar' 31, 2012
INCOME			
Turnover (Gross)			
Revenue from operations		156,705,211	292,810,125
Total Revenue		156,705,211	292,810,125
EXPENDITURE			
Operating Expenses	12	65,922,830	177,341,054
Personal Cost	13	8,251,684	23,081,341
Administration expenses	14	40,516,610	64,307,544
Depreciation/amortization	7	97,120,467	119,623,956
Total		211,811,592	384,353,895
Profit/ (Loss) before tax		(55,106,381)	(91,543,770)
Profit before tax			
Provision for taxation			
- Current Year Tax		-	-
- Deferred tax		(43,879,879)	5,772,715
Total tax expense		(43,879,879)	5,772,715
Profit/(Loss) from continuing operations		(11,226,502)	(97,316,485)
Balance brought forward from previous year		12,519,071	109,835,556
Balance carried to Balance Sheet		1,292,569	12,519,071
Earnings per share			
Basic		(0.41)	(8.01)
Weighted Number of Shares		27,226,050	12,141,850
Nominal value		10	10
Notes to accounts	15		

NEXXOFT INFOTEL LIMITED

Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

			Year Ended Mar' 31, 2013	Year Ended Mar' 31, 2012
Note 12: Operating expenses				
Software & Product Development Expenses			65,922,830	177,341,054
			65,922,830	177,341,054
Note 13: Personal cost				
Salaries and incentives			7,394,850	21,548,754
Staff welfare expenses			856,834	1,532,587
			8,251,684	23,081,341
Note 14: Administrative expenses				
Advertisement			84,196	105,245
Postage & Telephones			755,699	1,145,874
Printing & Stationery			53,899	1,254,874
Audit Fee			132,396	165,495
Rent			420,000	6,420,000
Repairs & Maintenance			156,390	195,487
Professional Charges			43,902	54,878
System Rental Charges			172,382	215,478
Consultancy Charges			20,390	25,487
Travelling Expenses			2,508,700	3,135,875
Conveyance			806,101	1,007,626
Listing Fee			70,812	88,515
Office Maintenance			900,390	1,125,487
Consumables			19,662	24,578
E-Connectivity Charges			59,670	74,587
General Expenses			196,710	245,887
Electricity Charges			899,670	1,124,587
Interest & Finance Charges			33,215,642	47,897,584
			40,516,610	64,307,544

Nexsoft Infotel Limited

Plot No.29, Sri Srinivasa Puram Colony, Vanastalipuram, Hyderabad-500070, Andhra Pradesh,

PROXY FORM

I/We _____ of _____ being a Member(s) of above named company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 21 Annual General Meeting of the Company to be held on Monday, the 30th September 2013 at 11.00 AM at # Plot No.29, Sri Srinivasa Puram Colony, Vanastalipuram, Hyderabad-500070, Andhra Pradesh and at any adjourned meeting thereof.

As Witnessed Signed this _____ day of September 2013

Signed by the said _____

Folio No./Client ID _____

No. of shares held _____

Affix
Re.1/-
Revenue
Stamp.

Note:

The proxy in **order** to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

N

Nexsoft Infotel Limited

Plot No.29, Sri Srinivasa Puram Colony, Vanastalipuram, Hyderabad-500070, Andhra Pradesh

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 22nd Annual General Meeting of the members of the company to be held on Monday, the 30th September 2013 at 11.00 AM at # Plot No.29, Sri Srinivasa Puram Colony, Vanastalipuram, Hyderabad-500070, Andhra Pradesh

Shareholders/Proxy's Signature

Shareholders/Proxy's full name _____
(In block letters)

Folio No. / Client ID _____

No of shares held _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall