



ISO 27001:2005  
(Formerly known as BS 7799-2:2002)

# 8th Annual Report 2009 - 2010

Excel Infoways Ltd

## BOARD OF DIRECTORS

<b>Shri. Lakhmendra Khurana</b>	Chairman & Managing Director
<b>Mrs. Ranjana Khurana</b>	Executive Director
<b>Ms. Bela Ash</b>	Executive Director
<b>Shri. Binoy Gupta</b>	Independent & Non Executive Director
<b>Shri. Ramesh Joshi</b>	Independent & Non Executive Director
<b>Shri. Ravi Prakash Sinha</b>	Independent & Non Executive Director
<b>Ms. Bhavana Shah</b>	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.  
The Bank of Rajasthan Limited  
The Federal Bank Limited

## REGISTERED OFFICE

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

## REGISTRARS & SHARE TRANSFER AGENT

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

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## **NOTICE**

**NOTICE** is hereby given that the **Eighth Annual General Meeting** of the Members of **EXCEL INFOWAYS LIMITED** will be held on Thursday, the 9<sup>th</sup> September, 2010 at the Registered Office of the company at 31A , Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400053 at 2: 00 P. M. to transact the following businesses:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Directors' Report & Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Ms. Bela Ash, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. Ravi Sinha, who retires by rotation and being eligible offers himself for re-appointment.
5. 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**

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

“RESOLVED THAT subject to the provisions of Section 163 and all other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves that register of members, index of members, and copies of all annual returns prepared under Sections 159 and 160, together with the copies of certificates and documents required to be annexed there to under section 160 and 161 and other related books be kept at the premises of the company's Registrar and Share Transfer Agents viz. Link Intime India Private Ltd., C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup(W), Mumbai - 400 078.

RESOLVED FURTHER THAT the Registers, indexes, Returns etc as aforesaid be kept open for inspection between the hours of 2.00 P.M. and 4.00 P.M. on any working day of the Registrars except when the Registers and books are closed.”
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as special resolution:
 

“ RESOLVED THAT pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the shareholders of the company be and is hereby accorded to the company for commencement of businesses as specified in the sub clauses (6), (35), of Clause (B), and sub clauses (40), (53) and (83) of Clause (C) of the Memorandum of Association of the company and as mentioned below-
- (6). To purchase, take on lease or tenancy or in exchange, hire, take options over or otherwise acquire any estate or interest whatsoever and to hold, develop, construct, work, cultivate, deal with and turn to account concessions, grants, decrees, licences, privileges, claims, options, leases, property, real or personal or rights or powers of any kind which may appear to be necessary or convenient for any business of the company.
- (35). To undertake, either individually or in association in any manner with any other persons of Government, authority, programme of Rural Development in India including any programme for promoting the social and economic welfare of or the uplift of the public in any rural area and without prejudice to the generality of the foregoing to subscribe, donate, establish, provide, maintain, conduct, subsidise, undertake, associate with carry on and promote studies, research, experimental work and application of technology in any field of human endeavour, by establishing, endowing or assisting workshops, laboratories, schools, hospitals, first-aid centre and other technical, scientific, agricultural or any other institutions and bodies for the development of education, medicine, human welfare agriculture, horticulture, animal husbandary, dairy products, cottage, small scale and other industry and in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value as the directors may think fit and divest to or in favour of any property of the company to or in favour of any public or local body or central or State Government or any public institution or Trusts or Funds recognized or approved by the central or State Government of established under any law for the time being in forces.
- (40). To carry on the business of electrical engineers, electricians, engineers, contractors, manufacturers, suppliers and dealers in electrical and other appliances, cable wirelines, dry-cells, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity for the purpose of light, heat motive power and for all other such purposes for which electrical energy can be employed and to manufacture and deal in all apparatuses and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity, including in the term electricity all power that may be directly or indirectly derived therefrom or may be incidentally hereinafter discovered in dealing with electrical.

(53). To carry on business of hotel, restaurant, cafe, tavern, beer house, restaurant, room, boarding and lodging, house keepers, licensed virtualliers, wine beer and spirit merchants, maltsters, manufacturers of arerated minerals and artifical waters and such other drinks, purveyors, caterers for public amusements, generally coach cab, carriage and motorcar proprietors, livery stable and garagekeepers, importers and brokers of food, live and dead stock, hairdressers, perfumers, chemists, propristors of clubs, baths, dressing room laundries, reading writing and newspaper rooms libraries, grounds and places of amusements and recreations, sports entertainment and instruction of all kinds tobacco and cigar merchants, agents for railways, road air and shipping companies and carriers, theatrical and opera-box office proprietors and general agents and to provide service and facilities of all kinds on commercial basis that may be required for the tourists and entertainment industry.

(83). To build, contract, establish, own, purchase, sell, take on lease or exchange or otherwise acquire, hold maintain and manage industrial, commercial or residential buildings, apartments houses, hotels motels, hostels, restaurants, factory premises, godowns, galas, warehouses, flats hostels, boarding houses, clubs, pleasure grounds and amusement parks, theatres, cinemas or other show houses, meeting or lecture halls, libraries, dharmashalas and sarals, helath resorts and sanatoriums, gardens, swimming pools and bath, huts Bazar and markets meals and exhibition and to let, sublet, give on lease or otherwise to permit use and occupation of the same for rent on hire charges and to provide for the tenants and occupiers thereof all or any of the conveniences commonly provided in residential, commercial and industrial quarters and to the business of developers, colonizers, builders and contractors.

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

8. 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. 25,00,00,000/- (Rupees Twenty Five Crores only) divided in to 2,50,00,000 ( Two Crores Fifty Lacs only) Equity Shares of Rs. 10/- each to Rs. 50,00,00,000/- (Rupees Fifty Crores only) divided in to 500,00,000 ( Five Crores only) Equity Shares of Rs. 10/- each by creation of additional 2,50,00,000 Equity Shares of Rs. 10/- each making pari-passu in all respect with the existing Equity Shares.”

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 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.50,00,00,000/- (Rupees Fifty Crores only) divided into 500,00,000/ - (Five 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 are hereby severally authorised to take all such steps and do all such acts, deeds, matters and things as may be required to give effect to this resolution.”

10. 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.50,00,00,000/- (Rupees Fifty Crores only) divided into 500,00,000/ - (Five 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 be and are hereby severally authorised 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 applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable Rules, Regulations, Guidelines and Laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all requisite approvals, permissions, sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company and / or a duly authorized committee thereof for the time being exercising the powers conferred by the Board of Directors (herein after referred to as “The Board”), the consent of the Company be and is hereby accorded for raising the ceiling of 24% of the total paid up Equity capital of the company for investments in securities of the Company by Foreign institutional Investors (FIIs), on Foreign Investments in India issued by Reserve Bank of India, both on a repatriation and/or non repatriation basis , to 49% of the paid up Equity share capital of the company for the time being .

**RESOLVED FURTHER THAT** any one of the Directors of the company or the Company Secretary of the company be and are 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.”

12. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a special resolution.:  
**“RESOLVED THAT** in supersession to the resolution passed earlier at the Extra Ordinary General Meeting of members of the company and in accordance with the provisions of Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or reenactments thereof, for the time being in force), enabling provisions of the Memorandum and Articles of Association of the company, the Listing Agreements entered into by the company with the Stock Exchanges where shares of the company are listed and in accordance with the regulations / guidelines issued by the Government of India (GOI), the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and / or any other competent authorities and clarifications thereof, issued from time to time, the applicable provisions of Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (FCCB Scheme), and subject to such approvals, permissions, consents and sanctions as may be necessary from the GOI, RBI, SEBI and/or any other relevant competent authorities in this regard and further subject to such terms and conditions or modification as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as “the Board” which term shall include any committee constituted / to be constituted by the Board and / or any person(s) authorized by the Board for exercising the powers conferred on the Board by this resolution), the consent of the company be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and / or competitive basis, for such part of issue and for such categories of persons including employees of the company as may be permitted), equity shares of Rs.10/- each (hereinafter referred to as “equity shares”) including equity shares through Global Depository Shares (GDSs) / Receipts (GDRs) and / or American Depository Receipts (ADRs) and / or Foreign Currency Convertible Bonds (FCCBs) and / or convertible bonds, convertible debentures, fully or partly and/or preference shares whether cumulative or non cumulative/redeemable/convertible at the option of the company and/or at the option of the holders of the preference shares and / or any other securities, convertible into or exchangeable with equity shares, and / or other securities convertible into equity shares at the option of the company and / or the holder(s) of such securities and / or securities linked to equity shares and / or securities with or without detachable / non-detachable warrants and / or warrants with a right exercisable by the warrant holders to subscribe to equity shares and / or any instruments which would be converted into / exchange with equity shares / GDRs at a later date, whether rupee denominated or denominated in any foreign currency, naked or otherwise, either in registered or bearer forms (hereinafter referred to as ‘securities’ which terms shall include equity shares) or any combination of the equity shares and securities, with or without premium as the Board may, at its sole discretion decide by way of one or more public and / or private offerings in domestic and / or one or more international market(s), with or without green shoe option, and/or private placement or issue through Qualified Institutions Placement in accordance with the Guidelines for Qualified Institutions Placement prescribed under the SEBI (Disclosure and Investor Protection) Guidelines, 2000 or by anyone or more or a combination of the above modes / methods or otherwise and at such time or kinds, with or without an over allotment offer, and in one or more tranches, aggregating to an amount not exceeding US\$400,000,00/- (United State Dollars four crores only) or in equivalent Indian Rupees to Domestic / Foreign Investors / Qualified Institutional Buyers / Institutional Investors / Foreign Institutional Investors / Members / Employees / Non-Resident Indians / Companies / Bodies Corporate / Trusts / Mutual Funds / Banks / Financial Institutions / Insurance Companies / Pension Funds / Individuals or otherwise, whether shareholders of the company or not and on such terms and conditions, as the Board may, at its sole discretion, at any time or times hereinafter decide.”

**RESOLVED FURTHER THAT** in case of any equity linked issue / offering of securities, the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be Issued and allotted upon conversion, exchange, redemption or cancellation of any such securities.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board, in consultation with the Lead Managers, Underwriters, Advisors, Merchant Bankers, and / or other persons as appointed by the Company be and is hereby authorized to finalise the timing of the issue(s) / offering(s), including the investors to whom equity shares / securities are to be allotted and accept any modification to the terms of the issue as may be required and any other matter in connection with or incidental to the issue.

RESOLVED FURTHER THAT the company and / or any entity, agency or body authorized and / or appointed by the company, may issue depository receipts representing the underlying securities issued by the company in negotiable registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradeability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchanges(s) inside or outside India) and under the forms and practices prevalent in the international market.

RESOLVED FURTHER THAT:

- i. The equity shares issued and allotted directly or upon conversion, exchange, redemption or cancellation of other securities, when fully paid up, shall rank pari-passu with the existing equity shares of the Company.
- ii. The Relevant Date for determining the pricing of the securities (whether on Qualified Institutions Placement to QIBs as per provisions of Chapter XIII-A of the SEBI (disclosure and Investor Protection) Guidelines, 2000 or issue of equity shares underlying the Global Deposit Receipts or securities issued on conversion of FCCBs) is the date of the meeting in which the Board decides to open the proposed issue or such date as may be notified by the SEBI or the RBI from time to time.
- iii. For the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and to settle any question, query, doubt or difficulty that may arise in this regard including the power to allot under subscribed portion, if any, utilization of the issue proceeds in such manner and to such persons(s) as the Board, may deem fit and proper in its absolute discretion to be most beneficial to the Company, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution including but not limited to entering arrangements for appointment of agents such as Merchant Bankers, custodians and/or such other advisors ,to issue any offer document, placement document and to sign all agreements, deeds, documents and writings and to pay any fees , commission, remuneration, expenses relating thereto.

RESOLVED FURTHER THAT such of these securities to be issued, which are not subscribed, may be disposed off by the Board in such manner and on such terms including offering/placing them with Banks / Financial Institutions / Mutual Funds or otherwise as the Board may deem fit and proper in its absolute discretion.

RESOLVED FURTHER THAT the Board do open one or more bank accounts in the name of the company in Indian currency or Foreign currency with bank or banks in India and/or such Foreign countries as may be required in connection with the aforesaid issue/offer, subject requisite approvals from Reserve Bank of India and other overseas regulatory authorities, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution on it, to any Committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution.”

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

**Place** : Mumbai  
**Date** : 4<sup>th</sup> August, 2010

**Bhavana 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. 6,7,8,9,10,11 & 12 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 6<sup>th</sup> September, 2010 to 9<sup>th</sup> September, 2010 (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 9<sup>th</sup> September, 2010 after giving effect to all valid transfers in physical form lodged on or before 6<sup>th</sup> September, 2010 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 Serviced (India) Limited (CDSL) at the close of business hours on 6<sup>th</sup> September, 2010.
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.

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

(Pursuant to Clause 49 of the Listing Agreement)

Particulars	Bela Ash	Ravi Prakash Sinha
Date of Birth	November 8, 1976	October 4, 1947
Date of Appointment	March 29, 2006	January 24, 2008
Qualifications	B.Com, LLB	M.Sc
Expertise in Specific functional area	Experience in the field of Human Resources, Operations process, Development of new process	Experience in expert knowledge on the areas of economic offences
Directorship held in other Public companies (excluding foreign companies)	Nil	Nil
Number of shares held in the Company	12000	Nil

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

Place : Mumbai  
Date : 4<sup>th</sup> August, 2010

**Bhavana Shah**  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6****MAINTENANCE OF THE REGISTER OF MEMBERS & RELATED DOCUMENTS AT A PLACE OTHER THAN THE REGISTERED OFFICE OF THE COMPANY**

Under the provisions of the Companies Act, 1956, certain documents such as register of members, index of members, the register and index of debenture holders and copies of all annual returns prepared under section 159 & 160, and other related books, are required to be kept at the registered office of the company. However these documents can be kept at any other place within the same city with approval of members to be accorded by special resolution. M/S Link Intime India Pvt Ltd is company's registrar and share transfer agent, who have been providing depository related services for the shares held in demat mode and also acting as the share transfer agent for the shares held in physical mode.

As per Section 163 of the Companies Act, 1956, members' approval by way of special resolution is required for purpose, keeping the aforementioned registers and documents at the premises of Link Intime India Private Ltd. as stated in the resolution.

The requisite special 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.

**Item No. 7****COMMENCEMENT OF NEW ACTIVITIES**

The Board of Directors of the company, at its meeting held on 4<sup>th</sup> August, 2010 deliberated on the issue of expansion and diversification of business activities of the company to face and mitigate the global recession prevailing in IT and BPO industry. After detailed discussion, it was decided to diversify into areas of construction, development of property and real estate, power, education, hotels etc. at the appropriate time and depending on the availability of fund.

As per Section 149(2A) of the Companies Act, 1956, members' approval by way of special resolution is required for the commencement of new activities by the company.

The requisite special 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.

**Item No. 8****INCREASE OF AUTHORIZED SHARE CAPITAL**

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 global depository receipts (GDRs)/convertible notes/securities with or without detachable warrants/any security convertible into Equity Shares whether optionally or otherwise/Euro Convertible Bonds (ECBs)/Foreign Currency Convertible Bonds (FCCBs)/American Depository Receipts (ADRs) to be subscribed in any foreign currency/currencies or Indian currencies by foreign investors/Indian Investors (whether individuals and/or bodies corporate and/or institution(s) and whether shareholders of the company or not) through prospectus and/or offer document and/or other letter or circular and/or 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.

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.

The requisite ordinary 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.

**Item No. 9 & 10****ALTERATION IN THE CLAUSE V OF THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY**

As the company is increasing its Authorized Capital in view of the long term funds required for further corporate actions like capital expenditures, long term working capital requirement and general corporate purposes of the Company as per Item No. 8 of this Notice, the Clause V(a) of the Memorandum of Association and clause 3(a) of Articles of Association of the company needs to be altered by passing an Ordinary Resolution and Special Resolution respectively. The requisite resolutions, seeking approval of the shareholders, are proposed in the Notice. Your Directors recommend the passing the resolutions.

None of the Directors is interested in the above resolution.



**Item No. 11****INCREASE IN INVESTMENT LIMIT OF INVESTMENT BY FOREIGN INSTITUTIONAL INVESTORS**

In accordance with the provisions of Foreign Exchange Management Act, 1999 and circulars/guidelines issued by Reserve Bank of India from time to time, investment by Foreign Institutional Investors (FIIs) in the issued equity capital of the company can be upto 24%. The said prescribed limit can be increased with the prior approval of the members by passing of Special Resolution. As the members are aware that the Company will be issuing Foreign currency convertible bonds (FCCBs)/Global depository receipts (GDRs)/American Depository Receipts (ADRs) as and when funds will be required for expansion. Under the terms of these securities can be converted into equity shares, it is anticipated that upon conversion of these securities, the investment of FIIs in the company may cross the prescribed limit of 24%.

In view of the above and also due to increasing interest of FIIs, the Board of Directors at their meeting held on August 4, 2010 thought it prudent to seek members consent for investment by FIIs upto 49% of the issued equity capital of the Company. The Board of Directors believes that the proposed increases in the limit of Foreign Institutional Investors in the company is in the best interest of the company and recommend the resolution for approval.

The requisite resolution, seeking approval of the shareholders is proposed in the Notice. Your Directors recommend the passing the Resolution.

None of the Directors is, in any way, interested or concerned in the passing of this Resolution.

**Item No. 12****ISSUE OF SECURITIES**

The company intends to raise the funds for further corporate actions like capital expenditures for expansion and diversification, Long term working capital requirement, to meet its growth objectives and general corporate purposes of the Company. The management and the Company, in accordance with the policies set up by the Board, will have flexibility in deploying net proceeds received from the Issue.

It is accordingly proposed to issue securities in India and/or International markets as contemplated in the resolution set out above, as may be decided by the Board and found to be expedient and in the interest of the company. The detailed terms and conditions of the issue as and when made shall be determined by the Board . The proposed issue of securities as above may be made in one or more tranches. The securities may be listed on such stock exchanges as may be decided by the Board. The proposed resolution seeks the authorization of the Members to enable the Board of Directors (Board), for raising additional funds through the issue of securities representing either equity shares and/or convertible securities or securities linked to equity shares or fully convertible debentures along with warrants or any securities other than warrants, which are convertible or exchangeable with equity shares at a later date, by way of Qualified Institutions Placement ("QIP") with Qualified Institutional Buyers ("QIBs"), in accordance with the provisions of Chapter VIII of Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, ADR / GDR, FCCBs. The securities may be issued in one or more currencies, tranches, in such form, on such terms, in such manner, at such price and at such time as may be considered appropriate by the Board to the various categories of investors in the domestic / international markets subject to the provisions of the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Relevant Date for the determination of applicable price for the issue of the securities shall, in case of allotment of equity shares will be the date of the meeting in which the Board of the company decides to open the proposed issue and in case of allotment of securities which are convertible into or exchangeable with equity shares at a later date either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares. It is in the above circumstances that an enabling resolution is being proposed to be passed to give adequate flexibility and discretion to the Board to finalize all the terms of the Issue.

Section 81(1A) of the Companies Act, 1956 and the Listing Agreement entered with the Stock Exchanges provide, inter alia, that where it is proposed to increase the subscribed share capital of the company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares, in proportion to the capital paid-up on those shares as of that date unless the members of the company decide otherwise. The Special Resolution seeks the consent and authorization of the Members to the Board to make the proposed issue of securities, including securities which are convertible into Equity Shares, to the QIBs etc. whether or not they are members of the company.

Your Board of Directors accordingly recommends that the resolution set out in the Notice be approved by the members of the company.

The Directors of the company may be deemed to be concerned or interested in the resolution to the extent of securities that may be subscribed to by the companies / institutions of which they are directors or members.

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

Place : Mumbai  
Date : 4<sup>th</sup> August, 2010

**Bhavana Shah**  
Company Secretary

**DIRECTORS' REPORT**

To The Members,

Your Directors have pleasure in presenting their Eighth Directors' Report along with the Audited Accounts of the company for the year ended 31st March 2010.

**FINANCIAL HIGHLIGHTS**

(Rs. In Thousand)

	<b>For the year ended 31-3-2010</b>	<b>For the year ended 31-3-2009</b>
Income from Operation and other income	206974.27	186292.95
Profit before Depreciation	149565.85	140171.03
Less: Depreciation	8623.78	8335.58
Profit before Tax	140942.08	131835.45
Provision for Tax	26120.68	15830.34
Deferred Tax	(369.40)	663.85
Fringe Benefit Tax	-	206.51
MAT credit Entitlement	(23448.71)	(33373.23)
Profit after Tax	138639.50	148507.97
Less: Prior period adjustments	425.79	1467.88
Add: Balance b/f. From last year	362007.31	214967.21
Amount available for appropriation	500221.02	362007.31
Less: Dividend	21168.78	-
Less: Dividend Tax	3597.63	-
Balance carried to Balance Sheet	475454.61	362007.31

**OPERATIONS**

Your company is one of the fast growing companies in IT enabled services Industry providing effective business solutions to the Global and Indian companies with excellence in the technology and robust processes. Company has continued to win new assignments as well as achieved growth in traditional areas of BPO/IT enabled services which have significant growth potential in the years to come.

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 progress on its planned path of growth. Income from operations was Rs. 2041.61 lakhs for the year ended on 31st March, 2010 .The Profit before tax is Rs. 1409.42 lakhs.

**OUTLOOK**

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

**Growth in our existing client relationships**

Your company believes that there are significant opportunities for additional growth within its existing client base. Company intends to leverage its domain expertise, close relationship with its clients to expand the scope of current services as well as to provide services in new areas and business.

**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.

**DIVIDEND**

The management is pleased to recommend final dividend at the rate of Rs. 1/- per share on 2,11,68,779 shares of Rs. 10 /- each i.e. 10% on each equity share of the company, total outgo on account of dividend shall be Rs. 211,687,79 subject to tax.

**DIRECTORS**

Mr. Ravi Sinha and Ms Bela Ash , Directors retires by rotation and being eligible offer themselves for reappointment.

**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**

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.)

	<b>2009-10</b>	<b>2008-09</b>
Earnings	204,647,216	186,040,738
Outgo	28,66,366	44,19,101

**SUBSIDIARY**

The company formed wholly owned subsidiary company at Dubai viz Excel Info FZE on 16th December, 2009. Consolidated Accounts of the company's subsidiary Excel Info FZE are attached to this annual report.

**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. Most of the employees of your company are well educated and the company provides training on various soft skills, domain knowledge and effective communication skills. Your company is focused on improving the overall experience including health and mental well being of its employees; and to that end it regularly conducts health checks. The company also provides many benefits and incentives to its employees including to help motivate and retain valued employees.

**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

**Bela Ash**

Executive Director

**Place :** Mumbai**Date :** 4<sup>th</sup> August, 2010

**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 :** 4<sup>th</sup> August, 2010

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

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

Information Technology Enabled Services is a growing sector of a country's economy and industrial development. It includes all the fields related to Information Technology such as Business Process Outsourcing, Software Development Industry, Customer Care Centre etc. Besides, the IT industry generates substantial employment and provides a growth impetus to other sectors through backward and forward linkages.

The Information Technology sector in India which accounts for considerable share of the gross domestic product is amongst the largest economic activity and provides direct or indirect employment to millions of people. The sector consumes lesser outflow of the National Plan and contributes considerably to GDP. As per the performance of the Information Technology sector world wide, development in India is amongst leading Countries in the world on the scale of global performances.

### **(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 relation with their consumers and also providing them service by assisting them in managing their work flow and updating their records.

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

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

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

There are no such significant developments that have taken place from the date of the last financial statements that have an adverse material impact on the financials.

### **(d) Factors affecting results of our operations**

Our financial condition 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.

- **Cost of people**

The principal component of our cost is the wages of our employees. The number of people assigned to a programme will vary according to size, complexity, duration and demand of the programme. 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**

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. The Government of India's focus on and sustained increase in budgetary allocation for the information technology sector and the development of software technology parks and comprehensive policy that encourages greater private sector participation as well as increased funding by international and multilateral development financial institutions for projects in this region have resulted in or expected to result in several large software technology parks projects in this region. 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 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. We will ensure that such services do not involve our taking on the long term risk that the client may default on its annuity payment to us. However, there can be no assurance that any such development would not adversely affect our business.

- **Variability of payment terms**

Our revenues are dependent on the payment terms involved in a service agreement. Our contracts typically stipulate payment terms on the basis of achievement of specified milestones and schedules for the project.

- **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.

- **Competitive conditions**

The operations of company do not face significant competition due to excellent existing customer base as well as expanding new clientele base. However, in long run competition from existing players in IT Industry in India could be there.

**(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 dividend and capital gain from mutual fund.

- **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, 2009 & 31<sup>st</sup> March, 2010.***

**Standalone**

*Income*

Income from operations increased from Rs. 1860.41 lacs for the year ended March 31<sup>st</sup>, 2009 to Rs. 2041.61 lacs, for the year ended March 31<sup>st</sup>, 2010.

There was increase in revenue of 9.74% during the financial year 2009-10. The company delivered better financial performance with improvements.

*Employee compensation & other related expenses*

Employee's compensation & related expenses increased from Rs. 164.07 lacs for the year ended March 31<sup>st</sup>, 2009 to Rs. 171.38 lacs for the year ended March 31<sup>st</sup>, 2010.

The increase in staff cost by 4.45% is due to increment given to the employees in financial year 2009-10.

*Operation & other expenses*

There was also increase in operation & other expenses by 35.53% from Rs. 297.15 lacs for financial year 2008-09 to Rs.402.71 lacs for financial year 2009-10. This was mainly due to the fact that our exchange rate fluctuation cost increased from Rs. 58.10 lacs for the year 2008-09 to Rs. 124.57 lacs in year 2009-10. IPO expenses written off was Rs. 73.43 lacs.

*Depreciation*

Depreciation increased from Rs. 83.36 lacs for the year ended March 31<sup>st</sup>, 2009 to Rs.86.24 lacs for the year ended March 31<sup>st</sup>, 2010. This increase of 3.46% in depreciation charge was due to addition to fixed assets.

*Profit after tax*

Profit after tax has been reduced by Rs. 98.68 lacs due to increase in tax rate from 11.33% to 16.995%. Profits of our company are exempt from Income Tax u/s. 10B of the Income Tax Act, 1961, for the period 2009-10. We recognized deferred tax . However, due to applicability of Minimum Alternate Taxes (MAT) u/s. 115JB of Income Tax Act, 1961 to STPI companies w.e.f. fiscal 2008, we have to provide current income tax of Rs. 261.20 lacs for financial year ended 31<sup>st</sup> March 2010, we have taken MAT credit entitlement of Rs. 234.48 lacs.

**Consolidated**

The company formed subsidiary company viz. Excel Info FZE on 16<sup>th</sup> December, 2009. Consolidated accounts of subsidiary company are attached to this annual report.



## 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 ensure 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
Shri. Lakhmendra Khurana	Executive	Chairman Cum Managing Director
Mrs. Ranjana Khurana	Executive	Executive Director
Ms. Bela Ash	Executive	Executive Director
Shri. Binoy Gupta	Independent & Non Executive	Director
Shri. Ramesh Joshi	Independent & Non Executive	Director
Shri. Ravi Prakash Sinha	Independent & Non Executive	Director

#### 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 2009-2010

Date of Meeting	Board Strength	No. of Directors Present
20 <sup>th</sup> April, 2009	6	3
1 <sup>st</sup> June, 2009	6	3
2 <sup>nd</sup> June, 2009	6	3
4 <sup>th</sup> June, 2009	6	3
26 <sup>th</sup> June, 2009	6	3
1 <sup>st</sup> July, 2009	6	5
3 <sup>rd</sup> July, 2009	6	3
21 <sup>st</sup> July, 2009	6	5
28 <sup>th</sup> July, 2009	6	5
7 <sup>th</sup> September, 2009	6	3
19 <sup>th</sup> October, 2009	6	5
23 <sup>rd</sup> December, 2009	6	3
14 <sup>th</sup> January, 2010	6	6
27 <sup>th</sup> January, 2010	6	6

- The time gap between any two meetings did not exceed four months. The last AGM was held on 12<sup>th</sup> June, 2009.

Name	No. of Board Meetings attended during 2009-2010	Whether attended AGM held on 12.6.2009	No. of Directorships in other companies	No. of Chairmanship/ Membership of Board Committees of other Co's
Mr. Lakhmendra Khurana	14	Yes	1	-
Mrs. Ranjana Khurana	14	Yes	1	-
Ms. Bela Ash	14	Yes	-	-
Mr. Binoy Gupta	6	No	-	-
Mr. Ramesh Joshi	6	No	4	Member-3 Companies
Mr. Ravi Prakash Sinha	2	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
04.06.2009	Yes	Yes	Yes
19.10.2009	Yes	Yes	Yes
27.01.2010	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 once during the year on 19<sup>th</sup> October, 2009 . All the members were present at the meeting.

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 March, 31 2010.

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, 55 complaints were received from the investors; all these were dealt with satisfactorily. As on 31<sup>st</sup> March, 2010 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 19<sup>th</sup> October, 2009. All the members were present at the meeting.

## 6. General Body Meetings

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

Date and Time	Location
5th AGM 29 <sup>th</sup> September 2007, 12.00. Noon.	31A Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053
6 <sup>th</sup> AGM 16 <sup>th</sup> June 2008, 12.30. P.M.	31A Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053
7 <sup>th</sup> AGM 12 <sup>th</sup> June 2009, 12.30. P.M.	31A Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053

## 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. During the year under report, no representations were made to the institutional investors or to the analysts.

## 9. General Shareholders Information

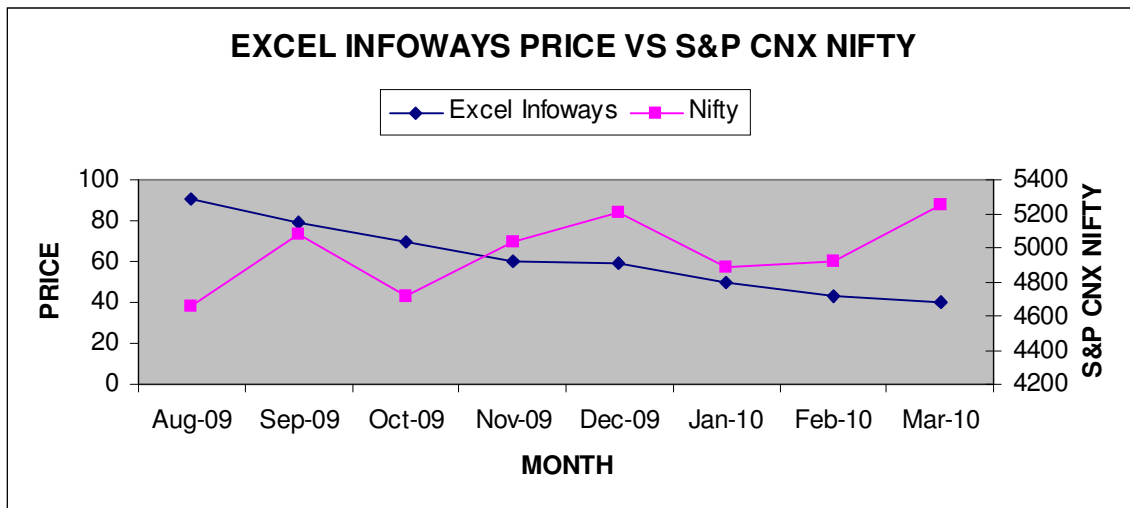
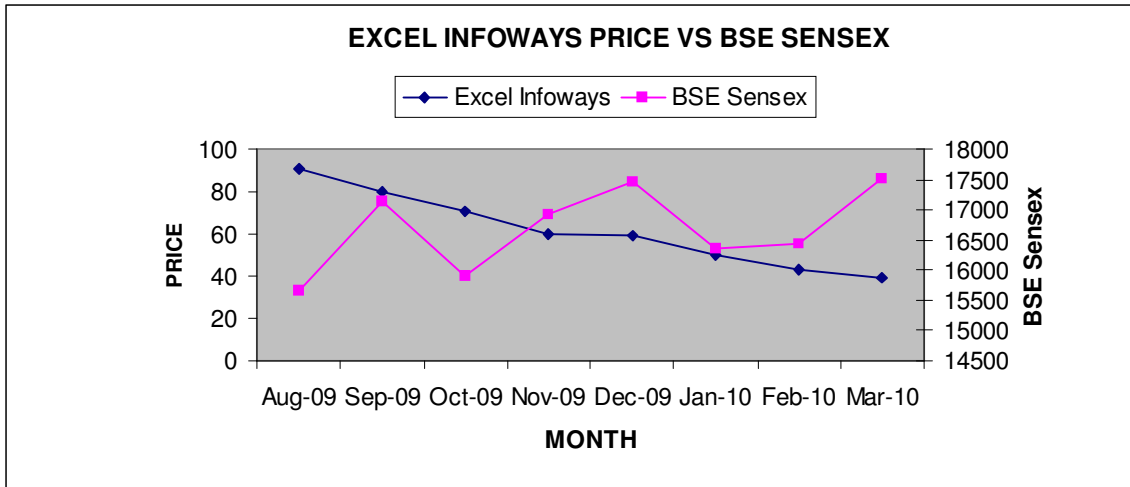
Sr. No.	Salient Items of interest	Particulars
I	AGM date,time,venue	9 <sup>th</sup> September, 2010 at 2.00 p.m. at Registered Office of the company at 31A, Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400053
II	Financial reporting for the quarter ending	Financial calendar for the year 2010-11 (Provisional)
	30 <sup>th</sup> June, 2010 30 <sup>th</sup> September, 2010 31st December, 2010 31st March, 2011	4 <sup>th</sup> August, 2010 2nd week of November, 2010 2nd week of February, 2011 2nd week of May, 2011
III	Book Closure Date	From 6 <sup>th</sup> September, 2010 to 9 <sup>th</sup> September, 2010 (both days inclusive)

Sr. No.	Salient Items of interest	Particulars
IV	Dividend payment date	14 <sup>th</sup> September, 2010
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
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, 2010, 5667076 shares were held in demat mode. Demat ISIN No. for NSDL & CDSL is ISIN INE688J01015
IX	Registrars & 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 2009-10 after listing of shares on National Stock Exchange and Bombay Sock Exchange Limited:

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

Year	Month	BSE			NSE		
		High (Rs.)	Low (Rs.)	Close (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)
2009	August	128.40	87.25	90.75	128.50	86.00	90.80
2009	September	99.80	60.15	79.70	100.00	60.25	79.50
2009	October	84.90	64.20	70.95	80.70	62.00	70.00
2009	November	82.90	57.00	59.85	83.00	57.00	59.55
2009	December	64.00	56.55	59.40	63.90	55.65	59.30
2010	January	65.00	48.20	49.95	64.90	48.20	49.85
2010	February	53.25	39.85	42.80	53.10	39.70	43.20
2010	March	45.85	37.15	39.10	45.85	31.00	39.55



**Distribution of Shareholding as on 31<sup>st</sup> March, 2010**

No. of shares	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1- 500	11208	87.9404	1583658	7.4811
501- 1000	831	6.5202	664530	3.1392
1001- 2000	362	2.8403	547384	2.5858
2001- 3000	118	0.9259	303407	1.4333
3001- 4000	57	0.4472	200177	0.9456
4001- 5000	41	0.3217	186732	0.8821
5001-10000	58	0.4551	416803	1.9690
Over 10000	70	0.5492	17266088	81.5639
Total	12745	100.00	21168779	100.00

**Categories of shareholding as on 31<sup>st</sup> March, 2010**

Category	No. of Shareholders	No. of shares held	% of shareholding
Clearing Member & Other Bodies Corporate	565	1979290	9.3500
NRI's & NRI (Non Repatriable)	54	128211	0.6056
Public	12123	4133278	19.5253
Promoters	3	14928000	70.5189
Total	12745	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

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**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, 2010, 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 P. Mitra**

Partner

M. No. 44105

**Place :** Mumbai

**Dated :** 4<sup>th</sup> August, 2010

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

1. We have audited the attached Balance Sheet of **EXCEL INFOWAYS LIMITED** as at 31st March 2010, 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 31st March 2010 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 31st March 2010,
    - 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 P. Mitra**  
Partner  
M. No. 44105

**Place :** Mumbai  
**Dated :** 4<sup>th</sup> August, 2010

**ANNEXURE TO AUDITORS' REPORT**

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 had taken unsecured loan amounting to Rs. 373.80 Lacs from one party during the year, from companies, firms or other parties covered under the register maintained u/s 301 of the Companies Act, 1956. Out of this loan, a sum of Rs. 5.16 lacs outstanding as at the end of the year. Maximum balance in this account during the year was Rs. 358.80 lacs.  
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 31st March 2010, 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 31st March 2010 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. During the year covered by our Audit, the Company has raised money by public issue for setting up New Facilities and Strategic Investment. The proceeds of the public offer have been applied for the purpose for which the funds were raised.
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 P. Mitra**  
Partner  
M. No. 44105

**Place :** Mumbai  
**Dated :** 4<sup>th</sup> August, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

Amount in Rs.

	Schedule	As at 31.03.2010	As at 31.03.2009
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	211,687,790	154,687,000
Reserve & Surplus	2	913,238,532	371,790,305
Share Application Money		-	3,300,000
<b>Loan Fund</b>			
Secured Loan 3		2,223,121	2,861,694
Unsecured Loan	4	516,348	-
<b>Deferred Tax Liability (Net)</b>	5	6,889,411	-
<b>Total</b>		<b>1,134,555,202</b>	<b>532,638,999</b>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>			
Gross Block	6	113,718,167	101,754,557
Less :- Depreciation		30,923,013	22,299,236
Net Block		82,795,154	79,455,321
Capital Work - in - Progress		547,560,000	244,200,000
<b>Investments</b>	7	136,525,546	-
<b>Deferred Tax Assets</b>		-	26,114,420
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	8	6,304,685	89,630,648
Cash and Bank Balances	9	22,469,607	4,007,634
Loans and Advances	10	363,038,186	110,721,268
	A	391,812,478	204,359,550
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	3,380,281	6,676,586
Provisions	12	50,887,095	15,881,848
	B	54,267,376	22,558,434
<b>Net Current Assets (A-B)</b>		<b>337,545,102</b>	<b>181,801,115</b>
<b>Miscellaneous Expenditure</b>	13	30,129,400	1,068,143
(To the extent not written off or adjusted)			
<b>Total</b>		<b>1,134,555,202</b>	<b>532,638,999</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

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place :** Mumbai  
**Date :** 4th August, 2010

**Place :** Mumbai  
**Date :** 4th August, 2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010** Amount in Rs.

	Schedule	As at 31.03.2010	As at 31.03.2009
<b>INCOME:</b>			
Receipts - BPO / IT Enabled Services		204,161,341	186,040,738
Other Income	14	2,812,931	252,213
	A	206,974,272	186,292,951
<b>EXPENDITURE:</b>			
Employee Costs	15	17,137,653	16,407,392
Operating and Other Expenses	16	38,445,380	29,387,306
	B	55,583,033	45,794,698
Profit Before Interest, Depreciation & Tax (A-B)		151,391,239	140,498,253
Interest and Finance Cost		1,825,385	327,224
Depreciation	6	8,623,777	8,335,580
<b>Profit Before Tax</b>		140,942,077	131,835,449
Less : Provision for Taxation for the year			
- Current Tax		26,120,682	15,830,342
- Deferred Tax (Asset)/Liability		(369,395)	663,853
- Fringe Benefit Tax		-	206,506
- MAT Credit Entitlement		(23,448,710)	(33,373,226)
<b>Net Profit after Tax</b>		138,639,500	148,507,974
Less : Prior period adjustments (Net)		425,785	1,467,879
Add : Balance brought forward		362,007,305	214,967,210
<b>Amount Available for Appropriation</b>		500,221,020	362,007,305
<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>		475,454,607	362,007,305
<b>Earnings per share - Basic and Diluted (Rs.)</b>		7.17	9.60
<b>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

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place** : Mumbai  
**Date** : 4th August, 2010

**Place** : Mumbai  
**Date** : 4th August, 2010

**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010**

Amount in Rs.

	<b>As at 31.03.2010</b>	As at 31.03.2009
<b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	140,942,077	131,835,449
<b>Adjustment for:</b>		
<b>Add:</b>		
Depreciation	8,623,777	8,335,580
Interest Paid	1,825,385	327,224
Loss on Investment	-	616,292
	<u>10,449,162</u>	<u>9,279,096</u>
<b>Less:</b>		
Dividend Income	3,670	-
Interest on Bank Deposit	73,671	32,707
Income from Mutual Fund	2,365,566	-
Exchange Rate Fluctuation Loss/ (Profit) on Sale of Investment	-	250,910
Loss/ (Profit) on Sale of Fixed Asstes	-	204,303
	<u>2,442,907</u>	<u>487,920</u>
<b>Operating Profit before Working Capital Changes</b>	<b>148,948,332</b>	<b>140,626,625</b>
<b>Working Capital Changes :</b>		
<b>Add/(Deduct) :</b>		
(Increase)/Decrease in Sundry Debtors	83,325,963	(1,742,644)
(Increase)/Decrease Loans and Advances	(175,494,982)	(98,511,231)
Increase/(Decrease) in Current Liabilities & Provision	(3,296,305)	(5,140,328)
Miscellaneous Expenditure	(29,061,257)	768,392
	<u>(124,526,581)</u>	<u>(104,625,811)</u>
<b>Cash generated from Operations</b>	<b>24,421,750</b>	<b>36,000,814</b>
Prior Year Adjustments	425,785	1,467,879
Taxes paid	35,881,848	16,036,848
<b>Net Cash Flow from Operating Activity (a)</b>	<b>(11,885,883)</b>	<b>18,496,087</b>
<b>2 CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including capital work in progress	(315,323,610)	(115,694,067)
Fixed Assets Sold	-	37070000
Proceed (Investment) from/in Subsidiary	(136,525,546)	1183370
Loss on sale of Investment	-	(616,292)
Exchange Rate Fluctuation Loss/ (Profit) on Sale of Investment	-	250,910
Advances received back from Subsidiary	-	16,381,032
Dividend Income	3,670	-
Interest on Bank Deposit	73,671	-
Income from Mutual Fund	2,365,566	-
<b>Net Cash used in Investing Activity (b)</b>	<b>(449,406,249)</b>	<b>(61,425,047)</b>

**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010**

Amount in Rs.

	<b>As at 31.03.2010</b>	As at 31.03.2009
<b>3 CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Equity Share and Share Premium	<b>485,001,715</b>	3,200,000
Share Application Money Received / (Refunded)	<b>(3,300,000)</b>	3,300,000
Interest on Bank Deposit	-	32,707
Interest & Finance Charges	<b>(1,825,385)</b>	(327,224)
Receipts / (repayment) of Loan	<b>(122,225)</b>	2,278,264
<b>Net Cash used in Financing Activities (c)</b>	<b>479,754,105</b>	8,483,747
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (a+b+c)</b>	<b>18,461,973</b>	(34,445,213)
Cash and Cash Equivalents - Opening Balance	<b>4,007,634</b>	38,452,847
Cash and Cash Equivalents - Closing Balance	<b>22,469,607</b>	4,007,634
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>18,461,973</b>	(34,445,213)

**Notes:**

- The above statement has been prepared following the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and Cash Equivalents represent Cash and Bank (including fixed deposits) only.

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

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place :** Mumbai  
**Date :** 4th August, 2010

**Place :** Mumbai  
**Date :** 4th August, 2010

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

Amount in Rs.

	<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised</b>		
2,50,00,000 Equity Shares of Rs. 10/- each	<b>250,000,000</b>	250,000,000
(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 including allotment of 56,67,079 Equity Share through Initial Public Offer during the year (Previous year 1,54,68,700 Equity Share of Rs. 10/- each including Bonus Shares)	211,687,790	154,687,000
<b>Total</b>	<b>211,687,790</b>	154,687,000
<b>SCHEDULE 2</b>		
<b>RESERVE AND SURPLUS:</b>		
Share Premium	437,783,925	9,783,000
Profit & Loss Account	475,454,607	362,007,305
	<b>913,238,532</b>	371,790,305
<b>SCHEDULE 3</b>		
<b>SECURED LOANS:</b>		
Term Loan from Banks	<b>2,223,121</b>	2,861,694
(Secured against specific Vehicles)		
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS:</b>		
From Directors	<b>516,348</b>	-
<b>SCHEDULE 5</b>		
<b>DEFERRED TAX LIABILITY (Net):</b>		
Deferred Tax Liabilities	<b>6,889,411</b>	(26,114,420)

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS****SCHEDULE 6  
FIXED ASSETS**

Amount in Rs.

Description	Gross Block - At Cost				Depreciation/Amortisation				Net Block	
	As at 31.03.2009	Additions	Deductions	As at 31.03.2010	As at 31.03.2009	For the Period	Withdrawn during the year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Building	18,064,590	10,555,600	-	28,620,190	1,153,906	436,812	-	1,590,718	27,029,472	16,910,684
Furniture Fixture & Office Equipment	48,241,614	1,000,730	-	49,242,344	6,051,377	3,065,500	-	9,116,877	40,125,467	42,190,237
Plant & Machinery	3,895,759	-	-	3,895,759	1,136,261	402,821	-	1,539,082	2,356,677	2,759,498
Computers & Computer Software	25,064,680	407,280	-	25,471,960	12,960,851	4,102,292	-	17,063,143	8,408,817	12,103,829
Vehicles	6,487,914	-	-	6,487,914	996,841	616,352	-	1,613,193	4,874,721	5,491,073
<b>TOTAL</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>
PREVIOUS YEAR	133,591,125	5,044,067	36,880,635	101,754,557	13,978,594	8,335,580	14,938	22,299,236	79,455,321	119,612,531
Capital Work in Progress (including Capital Advance )									547,560,000	244,200,000
<b>Grand Total</b>									<b>880,795,154</b>	<b>323,655,321</b>

**As at  
31.03.2010**      **As at  
31.03.2009**

**SCHEDULE 7****INVESTMENT:**

(Non Quoted, Non-trade, at cost)

Excel Info FZE, Subsidiary at U.A.E.

Investment in Excel Info FZE

	1,263,946	-
	135,261,600	-
	<b>136,525,546</b>	<b>-</b>

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

(Consider good, unless otherwise stated)

Debts outstanding for a period exceeding six months

Other Debts

	-	-
	6,304,685	89,630,648
	<b>6,304,685</b>	<b>89,630,648</b>

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

Cash on hand

Balances with :

Scheduled Banks

Fixed Deposits with Scheduled Bank

(Rs. 421357/-under lien to Custom Authority)

	108,930	109,285
	21,359,320	3,537,318
	1,001,357	361,031
	<b>22,469,607</b>	<b>4,007,634</b>

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

Amount in Rs.

	<b>As at 31.03.2010</b>	As at 31.03.2009
<b>SCHEDULE 10</b>		
<b>LOAN &amp; ADVANCES:</b>		
(Unsecured, Considered good, )		
Advance recoverable in cash or in kind or for value to be received	306,216,250	110,717,879
Refund Receivable	-	3,389
MAT Credit Entitlement	56,821,936	-
	<b>363,038,186</b>	<b>110,721,268</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES:</b>		
Sundry Creditors for Expenses	2,496,362	4,111,244
Other Liabilities	883,919	2,565,342
	<b>3,380,281</b>	<b>6,676,586</b>
<b>SCHEDULE 12</b>		
<b>PROVISIONS:</b>		
Income Tax	26,120,682	15,830,342
Fringe Benefit Tax	-	51,506
Proposed Dividend	21,168,779	-
Tax on Dividend	3,597,634	-
	<b>50,887,095</b>	<b>15,881,848</b>
<b>SCHEDULE 13</b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
Deferred Revenue Expenses	758,431	1,068,143
IPO Expenses	29,370,969	-
	<b>30,129,400</b>	<b>1,068,143</b>
<b>SCHEDULE 14</b>		
<b>OTHER INCOME:</b>		
Interest on Fixed Deposits with Bank (TDS Rs. 7367/- during the year ; Previous Year Rs.6520/- )	73,671	32,707
Profit on sale of fixed assets	-	219,010
Miscellaneous Income	-	496
Dividend Received	3,670	-
Income from Mutual Fund	2,365,566	-
Service Tax Refund	370,024	-
	<b>2,812,931</b>	<b>252,213</b>



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

Amount in Rs.

	<b>As at 31.03.2010</b>	As at 31.03.2009
<b>SCHEDULE 15</b>		
<b>EMPLOYEE COST:</b>		
Salaries and Incentives	16,579,051	15,820,532
Contribution to Provident Fund	47,798	55,681
Staff Welfare Expenses	510,804	531,179
	<b>17,137,653</b>	<b>16,407,392</b>
<b>SCHEDULE 16</b>		
<b>OPERATION AND OTHER EXPENSES:</b>		
Advertisement expenses	354,220	315,249
Audit Fees	275,750	275,750
Bank Charges	1,243,619	316,164
Business Promotion Expenses	1,299,693	694,456
Communication expenses	806,154	6,630,408
Directors Remuneration	2,232,000	2,232,000
Directors Sitting Fees	175,000	-
Donation	1,881,100	-
Electricity expenses	1,772,793	2,132,400
Exchange Rate Fluctuation (net)	12,457,115	5,810,156
General Exps	2,273,865	2,121,086
Insurances	116,390	129,377
ISO Certification Charges	50,000	-
Legal and professional fees	394,689	419,044
Loss on Disposal of Investment	-	616,292
Loss on sale of asset (net)	-	14,707
Misc. Exps. Written Off	7,762,704	924,192
Overseas business / Travelling Expenses	717,508	1,624,092
Telephone Expenses	579,710	688,145
Printing and Stationery	169,451	256,822
Rent, Rates and Taxes	3,568,674	3,264,322
Repairs and maintenance	93,683	71,144
ROC charges	21,262	12,618
Software Tech. Park of India fees	200,000	200,000
Software, hardware and material costs	-	106,645
Transportation Exps	-	532,236
	<b>38,445,380</b>	<b>29,387,306</b>

**SCHEDULE 17:****NOTES TO THE ACCOUNTS****Significant Accounting Policies and Notes on Accounts****1 Significant Accounting Policies:****a) 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.

**b) 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.

**c) 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.

**d) 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.

**e) 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.

**f) 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.

As at 31st March 2010, the Company had an aggregate investment of Rs 13,65,25,546/- in its subsidiary which include Excel Info FZE, UAE. Management believes that these investments are long term in nature and the subsidiary is expected to do profitable business in future. Accordingly, management does not consider that provision for diminution in the value of its investments in the said subsidiary.

**g) 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.

**h) 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.

**i) 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.

**j) 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.

**k) 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.

**l) 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.

**m) Prior Period Items**

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

**n) Miscellaneous Expenditure**

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

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

	<b>31.03.2010</b>	<b>31.03.2009</b>
<b>Deferred Tax Liability (Rs.)</b>		
Related to fixed assets	68,89,411	72,58,806
Mat Credit Entitlement	-	(3,33,73,226)
	<u>68,89,411</u>	<u>(2,61,14,420)</u>

3. 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 31.03.2010 (March 31, 2009, Rs. Nil)

4. Earning Per Share

	<b>31.03.2010</b>	<b>31.03.2009</b>
Profit after Tax (Rs.)	138,639,500	148,507,974
Number of Shares outstanding at the end of the year/period	211,687,79	154,687,00
Weighted Number of shares outstanding at the end of the year/period	193,311,67	154,619,49
Weighted Number of shares outstanding at the end of the year/period for diluted EPS	193,311,67	154,619,49
Earning per Share - Basic (Rs.)	7.17	9.60
Diluted (Rs.)	7.17	9.60

5. Prior Period Adjustments

	<b>31.03.2010 Rs.</b>	<b>31.03.2009 Rs.</b>
STPI Charges	--	1,53,750
Short Provision for Expense	--	2,893
Short Provision for MAT FY 2007-08	--	43,089
Short provision for interest on MAT	4,25,785	13,06,842
		15,06574
Less: Prior Period Interest Income	--	38,695
Net Balance	4,25,785	14,67,879

6. 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.

**7. 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**

- 1 Ranjana Construction Ltd.
- 2 Tista Impex Pvt. Ltd.
- 3 Ritz Shopping Mall Pvt. Ltd.
- 4 Paramsatya Construction Pvt. Ltd.
- 5 Raj H.R. Solutation Pvt. Ltd.

- 6 Lakhmendra Khurana & Sons (H.U.F.)
- 7 Excel Info FZE (UAE)
- 8 Omdaya Builders & Developers Pvt. Ltd.

**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	Relation-ship	Nature of Transaction	31.03.2010		31.03.2009	
			Transactions during the period (in Rs.)	Balance at the end of the period	Transacti ons during the year (in Rs.)	Balance at the year end
Excel Infoways Trading FZE, U.A.E.	Subsidiary	Advance remitted for Investment received back and credit/ debit for exchange fluctuation charges.	Nil	Nil	16381032	Nil
		Investment in shares	Nil	Nil	Nil	Nil
		Disposal of Investment in share, loss thereon and credit for exchange rate fluctuation	Nil	Nil	1183370	Nil
Excel Info FZE	Subsidiary	Investment	13,65,25,546	13,65,25,546	Nil	Nil
Lakhmendra Khurana	Managing Director	Unsecured Loan taken	3,73,80,000	5,16,348	Nil	Nil
		Rent paid	1,20,000	Nil	120,000	Nil
		Remuneration	12,00,000	74,800	1,200,000	Nil
		Sitting Fees	27,500	Nil	Nil	Nil
Ranjana Khurana	Executive Director	Sitting Fees	27,500	Nil	Nil	Nil
		Remuneration	6,00,000	45,800	6,00,000	Nil
Bela Ash	Executive Director	Sitting Fees	27,500	Nil	Nil	Nil
		Remuneration	4,32,000	35,800	4,32,000	35,800
Isha Khurana	Relative	Salary	3,75,000	39,800	3,00,000	1,63,891
Pratima Ash	Relative	Salary	3,40,000	35,800	2,40,000	18,200
Arpit Khurana	Relative	Salary	3,25,000	29,800	2,80,000	23,156
Ranjana Construction Ltd.	Associate Concern	Capital work-in-progress	45,00,000	20,00,000	Nil	Nil
Omdaya Builders & Developers Pvt. Ltd.	Common Director	Capital work-in-progress	9300000	9300000	Nil	Nil
Ravi P. Sinha	Director	Sitting Fees	20,000	Nil	Nil	Nil
Binoy Gupta	Director	Sitting Fees	40,000	Nil	Nil	Nil
Ramesh Joshi	Director	Sitting Fees	40,000	Nil	Nil	Nil
Neena Sinha	Relative	Salary	1,80,000	Nil	Nil	Nil
Manish Sinha	Relative	Salary	1,22,400	Nil	Nil	Nil

Notes: 1) Related party relationship is as identified by the company and relied upon by the Auditor.

**8. Managerial Remuneration:****Remuneration to Managing Director/Executive Director**

	<u>31.03.2010</u>	<u>31.03.2009</u>
Salary (Rs.)	22,32,000	22,32,000
Director's Sitting Fees (Rs.)	1,75,000	-

**9. Auditor's Remuneration**

	<u>31.03.2010</u>	<u>31.03.2009</u>
Statutory Audit (Rs.)	2,20,600	2,20,600
Tax Audit (Rs.)	55,150	55,150

**10. Income in Foreign Currency**

	<u>31.03.2010</u>	<u>31.03.2009</u>
Receipts from BPO / ITES (Rs.)	20,41,07,216	18,60,40,738
Advance Received from Debtors (Rs.)	5,40,000	

**11. Expenditure in foreign currency**

	<u>31.03.2010</u>	<u>31.03.2009</u>
Communication Expenses (Rs.)	12,34,044	38,08,161
Business Promotion (Rs.)	16,19,997	5,35,320
Bank Charges (Rs.)	12,325	75,620

**12. 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.

**13. Contingent Liability**

	<u>31.03.2010</u>	<u>31.03.2009</u>
Guarantee to Custom Department (Rs.)	4,21,357	3,61,031
Bank Guarantee to BSE (Rs.)	23,50,000	-

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 /recast 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

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place :** Mumbai  
**Date :** 4th August, 2010

**Place :** Mumbai  
**Date :** 4th August, 2010

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

Registration No.	L72900MH2003PLC138568	State Code	11
Balance Sheet Date	31-03-2010		

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

Public Issue	56671	Rights Issued	Nil
Bonus Issue	Nil	Private Placement	330

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

Total Liabilities	1188822.58	Total Assets	1188822.58
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**Sources of Funds**

Paid up Capital	211687.79	Reserve & Surplus	913238.52
Secured Loans	2223.12	Unsecured Loans	516.35
Deferred Tax Liabilities	6889.41		

**Application of Funds**

Net Fixed Assets	630355.15	Investments	136525.55
Net Current Assets	337545.10	Miscellaneous Expenditure	30129.40

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

Turnover	204161.34	Total Expenditure	66032.20
Profit/Loss Before Tax	140942.08	Profit / Loss After Tax	138639.50
Earnings Per Share (in Rs.)	7.17	Dividend @ %	10

**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

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place :** Mumbai  
**Date :** 4th August, 2010

**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 subsidiary, EXCEL INFO FZE (the Group) as at 31st March 2010, and also 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 Subsidiary.
- 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 31st March 2010;
  - 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 P. Mitra**  
Partner  
M. No. 44105

**Place :** Mumbai  
**Dated :** 4<sup>th</sup> August, 2010

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

Amount in Rs.

	Schedule	As at 31.03.2010
<b>SOURCES OF FUNDS:</b>		
<b>Shareholders' Fund</b>		
Share Capital	1	211,687,790
Reserve & Surplus	2	910,897,560
<b>Loan Fund</b>		
Secured Loan	3	2,223,121
Unsecured Loan	4	516,348
<b>Deferred Tax Liability (Net)</b>	5	6,889,411
	<b>Total</b>	<b>1,132,214,230</b>
<b>APPLICATION OF FUNDS:</b>		
<b>Fixed Assets</b>		
Gross Block	6	113,718,167
Less :- Depreciation		30,923,013
Net Block		82,795,154
Capital Work - in - Progress		547,560,000
<b>Current Assets, Loans &amp; Advances</b>		
Sundry Debtors	7	6,304,685
Cash and Bank Balances	8	23,616,375
Loans and Advances	9	496,075,992
	A	525,997,052
<b>Less: Current Liabilities &amp; Provisions</b>		
Current Liabilities	10	3,380,281
Provisions	11	50,887,095
	B	54,267,376
<b>Net Current Assets (A-B)</b>		471,729,676
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	12	30,129,400
	<b>Total</b>	<b>1,132,214,230</b>
<b>Significant accounting policies and Notes forming part of accounts</b>		
	16	

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

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place** : Mumbai  
**Date** : 4th August, 2010

**Place** : Mumbai  
**Date** : 4th August, 2010



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST  
MARCH, 2010**

Amount in Rs.

	Schedule	As at 31.03.2010
<b>INCOME:</b>		
Receipts - BPO / IT Enabled Services		204,161,341
Other Income	13	2,812,931
	A	<b>206,974,272</b>
<b>EXPENDITURE:</b>		
Employee Costs	14	17,198,902
Operating and Other Expenses	15	38,495,773
	B	<b>55,694,675</b>
Profit Before Interest, Depreciation & Tax (A-B)		151,279,597
Interest and Finance Cost		1,825,385
Depreciation	5	8,623,777
<b>Profit Before Tax</b>		<b>140,830,435</b>
Less: Provision for Taxation for the year		
- Current Tax		26,120,682
- Deferred Tax (Asset)/Liability		(369,395)
- MAT Credit Entitlement		(23,448,710)
<b>Net Profit after Tax</b>		<b>138,527,858</b>
Less : Prior period adjustments (Net)		425,785
Add : Balance brought forward		362,007,305
<b>Amount Available for Appropriation</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>475,342,965</b>
<b>Earnings per share - Basic and Diluted (Rs.)</b>		<b>7.17</b>
<b>Notes forming part of accounts</b>	16	

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

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place** : Mumbai  
**Date** : 4th August, 2010

**Place** : Mumbai  
**Date** : 4th August, 2010

**CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010** Amount in Rs.

	<b>As at 31.03.2010</b>
<b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit Before Tax	140,830,435
<b>Adjustment for:</b>	
<b>Add:</b>	
Depreciation	8,623,777
Interest Paid	1,825,385
	<u>10,449,162</u>
<b>Less:</b>	
Dividend Income	3,670
Interest on Bank Deposit	73,671
Income from Mutual Fund	2,365,566
	<u>2,442,907</u>
<b>Operating Profit before Working Capital Changes</b>	<b>148,836,690</b>
<b>Working Capital Changes :</b>	
<b>Add/(Deduct) :</b>	
(Increase)/Decrease in Sundry Debtors	83,325,963
(Increase)/Decrease Loans and Advances	(308,532,788)
Increase/(Decrease) in Current Liabilities & Provision	(3,296,305)
Miscellaneous Expenditure	(29,061,257)
	<u>(257,564,387)</u>
<b>Cash generated from Operations</b>	<b>(108,727,697)</b>
Prior Year Adjustments	425,785
Taxes paid	35,881,848
<b>Cash Flow before extraordinary items</b>	<b>(145,035,330)</b>
Extraordinary Items	(2,229,330)
	<u>(147,264,661)</u>
<b>2 CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets including capital work in progress	(315,323,610)
Dividend Income	3,670
Interest on Bank Deposit	73,671
Income from Mutual Fund	2,365,566
	<u>(312,880,703)</u>
<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)
Interest & Finance Charges	(1,825,385)
Receipts / (repayment) of Loan	(122,225)
	<u>479,754,105</u>
<b>Net Cash used in Financing Activities (c)</b>	<b>479,754,105</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (a+b+c)</b>	<b>19,608,741</b>
Cash and Cash Equivalents - Opening Balance	4,007,634
Cash and Cash Equivalents - Closing Balance	23,616,375
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>19,608,741</b>

**Notes:**

- The above statement has been prepared following the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and Cash Equivalents represent Cash and Bank (including fixed deposits) only.

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

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place :** Mumbai  
**Date :** 4th August, 2010

**Place :** Mumbai  
**Date :** 4th August, 2010

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

Amount in Rs.

**As at  
31.03.2010****SCHEDULE 1****SHARE CAPITAL :****Authorised**

2,50,00,000 Equity Shares of Rs. 10/- each

250,000,000

(Previous year 2,50,00,000 Equity Shares of Rs.10/- each)

**Issued, Subscribed & Paid-Up**

21,16,87,79 Equity Shares of Rs. 10/- each fully paid up including allotment of 56,67,079 Equity Share through Initial Public Offer during the year (Previous year 1,54,68,700 Equity Share of Rs. 10/- each including Bonus Shares)

211,687,790**Total**211,687,790**SCHEDULE 2****RESERVE AND SURPLUS:**

Share Premium

437,783,925

Profit &amp; Loss Account

475,342,965

Foreign Currency Translation Reserve

(2,229,330)

910,897,560**SCHEDULE 3****SECURED LOANS:**

Term Loan from Banks

2,223,121

(Secured against specific Vehicles)

**SCHEDULE 4****UNSECURED LOANS:**

From Directors

516,348**SCHEDULE 5****DEFERRED TAX LIABILITY (Net):**

Deferred Tax Liabilities

6,889,411

**CONSOLIDATED SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS**
**SCHEDULE 6  
FIXED ASSETS**

Amount in Rs.

Description	Gross Block - At Cost				Depreciation/Amortisation				Net Block
	As at 31.03.2009	Additions	Deductions	As at 31.03.2010	As at 31.03.2009	For the Period	Withdrawn during the year	As at 31.03.2010	As at 31.03.2010
Building	18,064,590	10,555,600	-	28,620,190	1,153,906	436,812	-	1,590,718	27,029,472
Furniture Fixture & Office Equipment	48,241,614	1,000,730	-	49,242,344	6,051,377	3,065,500	-	9,116,877	40,125,467
Plant & Machinery	3,895,759	-	-	3,895,759	1,136,261	402,821	-	1,539,082	2,356,677
Computers & Computer Software	25,064,680	407,280	-	25,471,960	12,960,851	4,102,292	-	17,063,143	8,408,817
Vehicles	6,487,914	-	-	6,487,914	996,841	616,352	-	1,613,193	4,874,721
<b>TOTAL</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>
Capital Work in Progress (including Capital Advance )									547,560,000
<b>Grand Total</b>									<b>880,795,154</b>

**As at  
31.03.2010**
**SCHEDULE 7**
**SUNDRY DEBTORS:**

(Consider good, unless otherwise stated)

Debts outstanding for a period exceeding six months

Other Debts

-

6,304,685

**6,304,685**

**SCHEDULE 8**
**CASH & BANK BALANCES:**

Cash on hand (Including foreign currency)

Balances with :

Scheduled Banks

Foreign Bank

Fixed Deposits with Scheduled Bank

(Rs. 421357/-under lien to Custom Authority)

1,137,905

21,359,320

117,793

1,001,357

**23,616,375**

**SCHEDULE 9**
**LOAN & ADVANCES:**

(Unsecured, Considered good, )

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

MAT Credit Entitlement

439,254,056

56,821,936

**496,075,992**

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

Amount in Rs.

	<b>As at 31.03.2010</b>
<b>SCHEDULE 10</b>	
<b>CURRENT LIABILITIES:</b>	
Sundry Creditors for Expenses	2,496,362
Other Liabilities	883,919
	<b>3,380,281</b>
<b>SCHEDULE 11</b>	
<b>PROVISIONS:</b>	
Income Tax	26,120,682
Proposed Dividend	21,168,779
Tax on Dividend	3,597,634
	<b>50,887,095</b>
<b>SCHEDULE 12</b>	
<b>MISCELLANEOUS EXPENDITURE:</b>	
Deferred Revenue Expenses	758,431
IPO Expenses	29,370,969
	<b>30,129,400</b>
<b>SCHEDULE 13</b>	
<b>OTHER INCOME:</b>	
Interest on Fixed Deposits with Bank (TDS Rs. 7367/- during the year ; Previous Year Rs.6520/- )	73,671
Dividend Received	3,670
Income from Mutual Fund	2,365,566
Service Tax Refund	370,024
	<b>2,812,931</b>
<b>SCHEDULE 14</b>	
<b>EMPLOYEE COST:</b>	
Salaries and Incentives	16,640,300
Contribution to Provident Fund	47,798
Staff Welfare Expenses	510,804
	<b>17,198,902</b>

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


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Amount in Rs.

**As at  
31.03.2010**
**SCHEDULE 15**
**OPERATION AND OTHER EXPENSES:**

Advertisement expenses	354,220
Audit Fees	275,750
Bank Charges	1,243,619
Business Promotion Expenses	1,299,693
Communication expenses	806,154
Directors Remuneration	2,232,000
Directors Sitting Fees	175,000
Donation	1,881,100
Electricity expenses	1,772,793
Exchange Rate Fluctuation (net)	12,457,115
General Exps	2,310,756
Insurances	116,390
ISO Certification Charges	50,000
Legal and professional fees	408,191
Misc. Exps. Written Off	7,762,704
Overseas business / Travelling Expenses	717,508
Telephone Expenses	579,710
Printing and Stationery	169,451
Rent, Rates and Taxes	3,568,674
Repairs and maintenance	93,683
ROC charges	21,262
Software Tech. Park of India fees	200,000
	<b>38,495,773</b>

**SCHEDULE 16:****NOTES TO THE ACCOUNTS****1 Significant Accounting Policies to the consolidated Balance-sheet & Profit and Loss Account:****(A) 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.

**(B) Basis of Consolidation**

The Consolidated Financial Statements (CFS) relate to EXCEL INFOWAYS LIMITED, (the Parent) and its wholly owned subsidiary, Excel Info FZE, incorporated on dated 16th December, 2009 at U.A.E. where in Company has invested one share of AED 100,000/- (i.e. 100% Subsidiary Company's Capital)

1. The financial statement of the parent company and its subsidiary has been consolidated on line by line basis by adding together the book value of items like assets, liabilities, income and expenses.
2. As far as possible the consolidated financial statements are prepared using uniform accounting policies for like transaction and other event in similar circumstances and are presented in the same manner as the company's separate financial statement.
3. The operation of the foreign subsidiary viz Excel Info FZE is classified into non-integral foreign operation using the criteria specified in AS-11 "The effect of changes in Foreign Exchange Rates" issued by The Institute of Chartered Accountant of India.
4. In case of non-integral foreign operations, the financial statements are converted as under.
  - (a) All monetary assets and liabilities using closing exchange rate.
  - (b) All non monetary items using historical exchange rate.
  - (c) All revenues and expenses using actual exchange rate on the date of transaction.
  - (d) Exchange differences arising on conversion/consolidation are recognized in the Foreign Currency Translation Reserve.
5. The CFS are prepared after fully eliminating intra group balance, intra group transaction and unrealized profit and loss from the intra group transaction.

**(C) Accounting policies and notes on accounts of the financial statements of the parent company and its subsidiary are setout in their respective 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.****2. As the Company floated subsidiary company on 16<sup>th</sup> December, 2009, there are no previous year's figures prior to that date for the purpose of Consolidation.****3. Earning Per Share**

	<b>31.03.2010</b>
Profit after Tax (Rs.)	138,527,858
Number of Shares outstanding at the end of the year/period	211,687,79
Weighted Number of shares outstanding at the end of the year/period	193,311,67
Weighted Number of shares outstanding at the end of the year/period for diluted EPS	193,311,67
Earning per Share - Basic (Rs.)	7.17
Diluted (Rs.)	7.17

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

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place :** Mumbai  
**Date :** 4th August, 2010

**Place :** Mumbai  
**Date :** 4th August, 2010

**EXCEL INFOWAYS LIMITED**

**STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES**

<b>NAME OF THE SUBSIDIARY COMPANY</b>	<b>EXCEL INFO FZE</b>
1. Financial year ended on	31 <sup>st</sup> March 2010
2. Holding Company Interest	
(a) Number of Shares fully paid	1 (One)
(b) % Share held by Excel Infoways Limited	100%
3. Net Aggregate amount of Profit /(loss) of the Subsidiary, so far as the concern members of Excel Infoways Limited for the Financial Year of the company.	
(a) Dealt within the accounts of the Holding Company	Rs. (1,11,642)
(b) Not Dealt within the accounts of the Holding Company	Nil
4. As the investment in Subsidiary Company has been disposed, Section 212 (5) of the Companies Act, 1956, is not applicable.	Not Applicable

Note : (i) Converted into Indian Rupees at the exchange rate INR.

**Lakhmendra Khurana**  
Managing Director

**Ranjana Khurana**  
Executive Director

**Bela Ash**  
Executive Director

**Bhavana Shah**  
Company Secretary

**Place :** Mumbai

**Date :** 4th August,2010



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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 31st March 2010, and statements of income, statement of changes in Shareholder's equity and statement of cash flows for the period 16th December 2009 (inception) to 31st March 2010, 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**

Capital adequacy as required under the Ras Al Khaimah Free Zone was not maintained during the year. However, the management has represented that the same shall be maintained by introduction of further capital, subsequent to the balance sheet date.

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 31st March 2010, and of its financial performance and its cash flows for the period 16th December 2009 (inception) to 31st March 2010, 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.

**K. Ramu**

Managing Partner

**Al Kttbi & Associates**

Chartered Accountants

**RAS AL KHAIMAH – UNITED ARAB EMIRATES**

**Date** : 20th July, 2010

**EXCEL INFO FZE**
**RAS AL KHAIMAH - UNITED ARAB EMIRATES**
**BALANCE SHEET AS ON 31ST MARCH, 2010**

(In United Arab Emirates Dirhams)

	<b>Notes</b>	<b>31.03.2010</b>
<b>Assets</b>		
Current assets:		
Cash on hand and at Banks	<b>4</b>	93,616
Other receivables and prepayments	<b>5</b>	10,860,495
		<hr/>
Total Assets		<b>10,954,111</b>
		<hr/> <hr/>
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Amount due to related parties	<b>6</b>	10,863,200
		<hr/>
Total Liabilities		<b>10,863,200</b>
		<hr/>
Shareholder's Equity:		
Shareholder's capital	<b>2</b>	100,000
Retained earnings	<b>7</b>	(9,089)
		<hr/>
Total Shareholder's Equity		<b>90,911</b>
		<hr/>
Total Liabilities and Shareholder's Equity		<b>10,954,111</b>
		<hr/> <hr/>

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

**The Report of the Auditors is set out on pages 1 and 2.**

The financial statements on pages 3 to 14 were approved by the Shareholder on July 20th, 2010 and signed on its behalf by:

**Shareholder**

**Excel Info FZE**

**EXCEL INFO FZE****RAS AL KHAIMAH - UNITED ARAB EMIRATES****PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 16TH DECEMBER 2009, (INCEPTION) TO 31ST MARCH 2010**

(In United Arab Emirates Dirhams)

	<b>Notes</b>	<b>31.03.2010</b>
Administrative Expenses	<b>8</b>	(9,089)
Net (loss) for the period	<b>7</b>	<b>(9,089)</b>

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

**The Report of the Auditors is set out on pages 1 and 2.**

The financial statements on pages 3 to 14 were approved by the Shareholder on 20th July 2010, and signed on its behalf by:

**Shareholder**

**Excel Info FZE**

**31.03.2010**

**Cash flows from operating activities:**

Net (loss) for the period (9,089)

**Operating profit before changes in operating assets and liabilities** (9,089)

(Increase) in sundry receivables (10,860,495)

Increase in sundry payables 10,863,200

**Net Cash used in operating activities (6,384)**

**Cash flows from financing activities:**

Net movement in Shareholder's capital account 100,000

*Net cash (used in) financing activities 100,000*

**Net decrease in cash and cash equivalents** 93,616

Cash and cash equivalents, beginning of the year -

**Cash and cash equivalents, end of the year 93,616**

**Represented by:**

Cash in hand 84,000

Cash at bank 9,616

**93,616**

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

**The Report of the Auditors is set out on pages 1 and 2.**

**EXCEL INFO FZE****RAS AL KHAIMAH - UNITED ARAB EMIRATES****STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD FROM 16TH DECEMBER 2009, (INCEPTION) TO 31ST MARCH 2010**

(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)
	<u>100,000</u>	<u>(9,089)</u>	<u>90,911</u>
<b>As at 31st March 2010</b>	<b><u>100,000</u></b>	<b><u>(9,089)</u></b>	<b><u>90,911</u></b>

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

The Report of the Auditors is set out on pages 1 and 2.

**EXCEL INFO FZE**

**RAS AL KHAIMAH - UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 16TH DECEMBER 2009, (INCEPTION) TO 31ST MARCH 2010**

**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.

**f) 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.

**h) 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>31-03-2010</b>
	<b>AED</b>
Cash in Hand	84,000
Bank balances:	9,616
	<b>93,616</b>

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

**5 Other receivables and prepayments**

	<b>31-03-2010</b>
	<b>AED</b>
Other receivables	10,860,495
	<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.

**6 Related parties transactions (continued)**

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

**Amount due to related parties**

	<u>31-03-2010</u>
	<b>AED</b>
Excel Infoways Ltd	10,863,200
	<u><b>10,863,200</b></u>

**7 Retained earnings**

	<u>31-03-2010</u>
	<b>AED</b>
Opening balance	-
Net (loss) for the period	(9,089)
Closing balance	<u><b>(9,089)</b></u>

**8 Administrative Expenses**

**For the period ended  
31-03-2010**

	<u><b>AED</b></u>
Salary	5,000
Legal, visa and taxes	1,100
Miscellaneous	2,989
	<u><b>9,089</b></u>

**9 Staff strength**

	<u>31-03-2010</u>
Number of employees (at the end of the period)	<u><b>1</b></u>

**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**

This being the first period of audit from inception, no comparative figures are included in the above financial statements.



## 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 Eighth Annual General Meeting of the Company held on Thursday, 9th September, 2010 at 31A , Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400 053 at 2: 00 P. 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 Eighth Annual General Meeting to be held on Thursday, 9th September, 2010 at 31A , Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400 053 at 2: 00 P. M. or any adjournments thereof.

Singed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

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**