



AJEL INFOTECH LIMITED
(formerly Choksh Infotech Limited)

16th Annual Report

2009 - 2010

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CORPORATE INFORMATION

Board of Directors:

1. Mr. Bharat C Sutaria	--	Chairman
2. Mr. Arikatla Srinivasa Reddy	--	Vice Chairman & Managing Director
3. Mr. Vijay S Chokshi	--	Whole Time Director
4. Mr. Venkateswarlu Arikatla	--	Director
5. Mrs. Malathy Bhimavarapu	--	Director
6. Mr. Darshan D Majmudar	--	Director
7. Mr. Jadda Amara Reddy	--	Director
8. Mr. Mahender R. Musuku	--	Director

Registered Office:

106, 2nd Floor, Mahadashopping Complex,
New Link Road, Jogeshwari, Mumbai - 400102

Branch Office:

Hyderabad

2nd Floor, 189, Road No. 72
Prashasan Nagar, Jubilee
Hills, Hyderabad - 500 033
Andhra Pradesh

Auditors:

KN Murthy & Co.,
Chartered Accountants,
A 418, Majestic Mansion,
Shyamlal Buildings, Begumpet,
Hyderabad -500 016

Audit Committee:

- 1) Mr. Vijay S Chokshi
- 2) Mr. Darshan Majmudar
- 3) Mr. Jadda Amara Reddy

Investor Grievance Committee:

- 1) Mr. Arikatla Srinivasa Reddy
- 2) Mrs. Malathy Bhimavarapu
- 3) Mr. Jadda Amara Reddy

Bankers:

- 1) Syndicate Bank
- 2) Axis Bank
- 3) Laxmi Vilas Bank
- 4) Central Bank of India.

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Shareholders of **AJEL INFOTECH LIMITED** will be held on Monday the 30st day of September 2010 at 10.00 AM at Indian Medical Association Hall, 1st Floor, Lupin Auditorium, Near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai - 400 049 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the period ended as on that date and the report of the Board of Directors and Auditor's thereon:

“RESOLVED THAT the Audited Balance Sheet as at 31-03-2010 and the Profit and Loss Account for the period ended 31-03-2010 together with the Directors' Report and Auditor's Report thereon be and are hereby received and adopted.”

2. To appoint a Director in place of Mrs. Malathy Bhimavarapu, Who retires by rotation and being eligible, offers her self for reappointment:

“RESOLVED THAT Mrs. Malathy Bhimavarapu, Director of the Company, retiring by rotation at this Annual General Meeting be and is hereby re-appointed as Director of the Company.”

3. To appoint a Director in place of Mr. Darshan D Majmudar who retires by rotation and being eligible, offers himself for reappointment:

“RESOLVED THAT Mr. Darshan D Majmudar, Director of the Company, retiring by rotation at this Annual General Meeting be and is hereby re-appointed as Director of the Company.”

4. To appoint statutory auditors and to fix their remuneration:

“RESOLVED THAT Mr. K N Murthy, Chartered Accountants, Hyderabad be and is hereby re-appointed as Statutory Auditor of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors.”

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Mahender R. Musuku, who was co-opted as an Additional Director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956, by the Board of Directors and who holds the office up-to the commencement of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 proposing him as candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office is liable to be determined by retirement of directors by rotation.”

“RESOLVED FURTHER THAT Mr. Arikatla Srinivasa Reddy, Managing Director of the company be and are hereby authorized severally to file the necessary forms and returns with the Registrar of Companies and other statutory authorities and to do all other things, acts and deeds as may be required.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

Increase of Authorized Share Capital:

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 12,00,00,000/- (Rupees Twelve Crore only) divided into 1,20,00,000 (One Crore Twenty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 70,00,00,000/- (Rupees Seventy Crore only) divided into 7,00,00,000 (Seven Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:

- V. The Authorized Share Capital of the Company is Rs. 70,00,00,000/- (Rupees Seventy Crore only) divided into 7,00,00,000 (Seven Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each, with the rights, privileges and conditions attaching thereto as are provided by the regulation of the Company for the time being with power from time to time to increase or reduce its capital and to divide the shares in the original or increased capital for the time into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being."

8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof for the time being in force), the existing Clause 4 of the Article of Association of the Company be and is hereby substituted by the following:

Clause 4 Share Capital:

"The Authorised Share Capital of the Company is Rs. 70,00,00,000/- (Rupees Seventy Crore only) divided into 7,00,00,000 (Seven Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each with the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with power from time to time to increase or reduce its capital and to divide the shares in the original or increased capital for the time into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

Sub-division of the Face Value of Equity Shares:

“RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956 [including any statutory modification or enactment thereof for the time being in force] and in accordance with the Articles of Association of the Company, and subject to such other conditions as may be provided while granting such approvals, 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 also include any committee thereof), the consent of the members be and is hereby accorded for sub-dividing the Equity Shares of the Company, including the paid up shares, such that Equity Shares of the Company of the face value of Rs. 10/- (Rupees Ten) each be sub-divided into Ten Equity Shares of the Company of the face value of Re.1/- (Rupee One) each and consequently the Authorised Share Capital of the Company of Rs. 70,00,00,000/- (Rupees Seventy Crore only) would comprise of 70,00,00,000 Equity Shares of Re.1/- each aggregating to Rs.70,00,00,000/- (Rupees Seventy Crore only) with effect from the “Record Date” to be determined by Board/Committee of Directors for this purpose.

“RESOLVED FURTHER THAT pursuant to the sub-division of the Equity Shares of the Company, the paid up Equity Shares of the Company of the face value of Rs.10/- (Rupees Ten) each, as existing on the Record Date, shall stand sub-divided into 10 Equity Shares of the face value of Rs.1/- (Rupee One) each fully paid up, with effect from the Record Date.”

“RESOLVED FURTHER THAT in the event there are any pending share transfers, whether lodged or outstanding, of any shareholder of the Company, the board be and is hereby empowered in appropriate cases, even subsequent to the Record Date (as may be fixed by the Board), as the case may be, at its sole discretion, to effectuate such transfer in the Register of Members of the Company as if such changes were operative as on the Record Date.”

“RESOLVED FURTHER THAT the existing physical share certificate in relation to the issue Equity Shares of the Company be cancelled and the Board be and is hereby authorized to call back from the shareholders, if necessary, and to issue new share certificates in lieu thereof, with regard to the sub-divided Equity Shares in accordance with the provisions of the Companies (Issue of Share Certificate) Rules, 1960 and in case of Members who hold the Equity Shares/opt to receive the sub-divided Equity Shares, in dematerialized form, the sub-divided Equity Shares shall be credited to the respective beneficiary account of the Members, with their respective Depository Participants.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient including but not limited to fixing record date or closing register of members and share transfer books, issue fresh equity share certificates representing the sub divided equity shares with new distinctive numbers, consequent upon sub-division of shares as aforesaid of appropriate numbers to shareholders holding equity shares in physical form and to give appropriate and automatic dematerialization effect in respect of equity shares held in electronic form and listing thereof with the stock exchange (s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed sub-division of the share capital of the Company and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members 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.”

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:

- V. The Authorized Share Capital of the Company is Rs. 70,00,00,000/- (Rupees Seventy Crore only) divided into 70,00,00,000 (Seventy Crore) Equity Shares of Rs. 1/- (Rupee One only) each, with the rights, privileges and conditions attaching thereto as are provided by the regulation of the Company for the time being with power from time to time to increase or reduce its capital and to divide the shares in the original or increased capital for the time into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof for the time being in force), the existing Clause 4 of the Article of Association of the Company be and is hereby further substituted by the following:

Clause 4 Share Capital:

“The Authorised Share Capital of the Company is Rs. 70,00,00,000/- (Rupees Seventy Crore only) divided into 70,00,00,000 (Seventy Crore) Equity Shares of Re. 1/- (Rupee One only) each with the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with power from time to time to increase or reduce its capital and to divide the shares in the original or increased capital for the time into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being.”

12. To consider and if though fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) [including any statutory modification or re-enactment thereof for the time being in force], and in partial modification of the Resolutions passed earlier in respect of payment of remuneration to Mr. Arikatla Srinivasa Reddy, Managing Director of the Company, and subject to any approvals, consents, permissions or sanction of the Central Government, as may be required and subject to such conditions or modifications as may be prescribed or imposed by the Central Government, the consent of members hereby accorded to pay remuneration to Mr. Arikatla Srinivasa Reddy, Managing Director of the company with effect from 01st October, 2010, at remuneration of Rs.1,00,000/- (Rupees One Lakh only) per Month upon the terms and conditions including perquisites and benefits as are set out in the letter is hereby approved by the Board of Directors (which includes its committee constituted for the purpose) to grant increments in salary and to alter, increase and vary from time to time the amount and type of perquisites and allowance to be provided to Mr. Arikatla Srinivasa Reddy, within the applicable limits as specified in Schedule XIII of the Act or any amendments thereto.”

"RESOLVED FURTHER THAT if in any financial year the company has no profits or its profits are inadequate, Mr. Arikatla Srinivasa Reddy shall be entitled to receive the same remuneration, perquisites and benefits as above, subject to compliance with the applicable provisions of Schedule XIII to the Act, if and to the extent necessary with the approval of the Central Government.”

13. To consider and if though fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

Change of Name of the Company:

“RESOLVED THAT pursuant to provisions of Section 21 and all other applicable provisions of the Companies Act, 1956(including any statutory modifications or reenactment thereof, for the time being in force) and subject to the approval of the Central Government and such other approvals, consents, sanctions and permissions of appropriate authorities, department and bodies as may be necessary, consent of the Company be and is hereby accorded for change of name of the company from **“AJEL INFOTECH LIMITED” to “AJEL LIMITED”**

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, authority of the Company be and is hereby given to the Board of Directors to do all such acts, deeds and things, deal with such matters, take necessary steps and consider such delegations in the matter as the Board may in its absolute discretion deem necessary and to settle any queries that may arise in this regard, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

“RESOLVED FUTHER THAT upon the fresh Certificate of Incorporation consequent upon the change of name of the Company being issued by the Registrar of Companies, Maharashtra, Mumbai the name **“AJEL LIMITED”** be inserted in place of the present name of the Company wherever appearing in the Memorandum and Articles of Association of the Company, letter heads etc. and any one of the Directors be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

14. To consider and if though fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

To Raise Monies on Preferential Basis:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) and the provisions of the Foreign Exchange Management Act, 2000 (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 as amended, the Securities and Exchange Board of India (SEBI) Regulations and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (GOI), the Reserve Bank of India (RBI), SEBI and / or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Bombay Stock Exchange Limited on which the Company’s shares are listed and subject to necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and 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 thereof) **CONSENT** of the Members be and is hereby accorded to the Board to offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted) either in India or in the course of international offering(s) in one or more foreign markets, such number of Equity Shares with or without a green shoe option, Global Depository Receipts (GDRs), in registered or bearer form, Foreign Currency Convertible Bonds (FCCBs), Qualified Institutional Placement (as defined by the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009) pursuant to a Qualified Institutions Placements, as provided under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and/or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares

(all of which are hereinafter collectively referred to as “Securities”) or any combination of Securities, in one or more tranches, whether rupee denominated or denominated in foreign currency, to any eligible person, including foreign/resident invertors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Foreign Institutional Investors, Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, stabilizing agents, and/or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the “Investors”) through public issue(s) of prospectus in India or outside India, a qualified institutional placement, a rights offering, private placements(s) in India or outside India, or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with Lead Managers, up to an amount not exceeding Rs.100 Crores (Rupees One Hundred Crores Only) either in foreign currency or Indian Rupees inclusive of such premium as may be determined by the Board, in any convertible foreign currency, as the Board at its absolute discretion may deem fit and appropriate.”

“FURTHER RESOLVED THAT in case Board opts for QIP issue(s), the relevant date for the determination of minimum applicable price for the issue of the Securities allotted pursuant to a qualified institutions placement, as provided under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 would be the date(s) of the meeting in which the Board decides to open the proposed QIP Issue.”

“FURTHER RESOLVED THAT the Board be and is hereby authorized to appoint the Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Stabilizing Agent, Trustees, Bankers, Advisors and all such Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents etc. with such agencies and to seek the listing of such Securities on one or more National and/or International Stock Exchange(s).”

“FURTHER RESOLVED THAT 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 of any Securities or as may be necessary in accordance with the terms of the offering, all such shares ranking pari passu with the existing Equity Shares of the Company in all respects, excepting the right as to dividend as may be provided under the terms of the issue and in the offering documents.”

“FURTHER RESOLVED THAT for the purpose of giving effect to any offer, issue and allotment of Equity Shares of Securities, as aforesaid, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary, desirable or expedient including deciding on the issue price, issue opening and closing dates, and to settle any questions, difficulties or doubts that may arise in regard to any such offer, issue and allotment as it may in its absolute discretion deem fit.”

Place: Mumbai
Date: 28-08-2010

BY ORDER OF THE BOARD
For **AJEL INFOTECH LIMITED**
Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director

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/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS TO BE VALID SHALL BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. An Explanatory statement pursuant to the provisions of section 173 Of the Companies Act, 1956 in respect of the Special Business is attached hereto
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 29, 2010 to September 30, 2010 (both days inclusive).
4. Members desirous of obtaining any information concerning the Accounts and Operations of the company are requested to send their queries to the company at least seven days before the date of the meeting, so that the information required by them may be made available at the AGM.
5. Members / Proxies are requested to bring their Attendance slip along with their copy of Annual Report duly filled in for attending the meeting.
6. Members are requested to intimate immediately any change in their correspondence address registered with the Company to the Registrar and Share Transfer Agents of the Company.
7. The Company has designated an exclusive e-mail ID called **investors@ajel.com** for redressal of shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at **investors@ajel.com**
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore. Requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.5

Mahender has over 15 years experience in software development, marketing, operations and management in hi-tech companies. He has expertise in setting strategies, heading administration and overall operations. Mahender has experience in building and strengthen the operations of several business models. He has a Bachelors Degree in Electronics and Communication Engineering and holds Post Graduate Diploma in Computer Applications.

Mahender is on the board of several for profit and non-profit corporations and thrives to serve the community. Mahender is a firm believer of using technology for the upliftment of humanity and society. Prior, Mahender headed the operations of Reptron, India, that was exclusive representative of ERSA, Germany and other Global Electronic product companies.

Hence, the Board recommends the resolution for your approval.

None of the Directors is interested/concerned in the above said resolution

Item No. 6, 7 and 8:

The Board of Directors of your Company pleasure to inform you that the Company is looking for various opportunities in order to diversify its operations and also planning to raise funds through issue of GDRs/FCCBs/FPO/Right Issues/QIPs. In order to enabling this it is necessary to increase the Authorized Share Capital from the existing level of Rs.12 Crores to Rs. 70 Crores.

Accordingly, it is required to amend Clause V of the Memorandum of Association of the Company pursuant to the provisions of Sections 16, and 94 of the Companies Act, 1956, and any amendment in the Memorandum of Association is required to obtain approval of members by passing an Ordinary Resolution.

It is also required to amend Clause 4 of Articles of Association which defines the Capital Clause of the Company pursuant to section 31 of the Companies Act, 1956 if the Articles are to be altered, a Special Resolution is required to be passed by the Members of the Company.

Hence this resolution is commanded for your approval.

A copy of the Memorandum and Articles of Association as amended is kept open for inspection during the business hours on any working day at the Registered Office of the Company.

None of the directors of the Company is in any way concerned or interested in the resolution, except to the extent of the shareholding held by them. The Board recommends the resolution set forth in Item 6, 7 and 8 for approval of shareholders.

Item No.9, 10, & 11:

The Shareholders to note that the equity shares of your Company are listed on Bombay Stock Exchange, Mumbai (BSE). The shares are actively traded on BSE. The Board of Directors of the Company have proposed to sub-divide the Equity Shares of the Company into smaller denomination in order to facilitate easy accessibility to the Company's Equity Shares by investors and enhance the liquidity of the Company's Share on the Stock Exchanges.

The Shareholders may please note that presently the nominal value of the equity shares is Rs.10/- each and consequent to the sub-division it is being divided into 10 (Ten) equity shares of Rs. 1/- each. The date on which this sub-division would become effective, will be decided by the Board after obtaining the shareholders' approval, which will be notified through the Stock Exchanges.

Subject to approval of the members as mentioned in Item No. 7 & 8 of this notice for increase in authorized share capital to Rs. 70,00,00,000 divided into 70,00,00,000 Equity Shares of Rs. 10/- each in view of the foregoing, the Capital Clause V in the Memorandum of Association and Article 4 in the Articles of Association of the Company relating to equity shares also need relevant amendment to give effect to the sub-division.

Accordingly, it is further required to amend Clause V of the Memorandum of Association of the Company pursuant to the provisions of Sections 16, and 94 of the Companies Act, 1956, and any amendment in the Memorandum of Association is required to obtain approval of members by passing an Ordinary Resolution.

It is also further required to amend Clause 4 of Articles of Association which defines the Capital Clause of the Company pursuant to section 31 of the Companies Act, 1956 if the Articles are to be altered a Special Resolution is required to be passed by the Members of the Company.

A copy of the Memorandum of Association as amended is kept open for inspection during the business hours on any working day at the Registered Office of the Company.

None of the directors of the Company is in any way concerned or interested in the resolution, except to the extent of the shareholding held by them. The Board recommends the resolution set forth in Item 9, 10 & 11 for approval of shareholders.

Item No. 12

The Board of Directors has recommended the remuneration of Mr. Arikatla Srinivasa Reddy, Managing Director of the Company with effect from 1st October, 2010 upon the recommendation of the Remuneration Committee of the Directors and subject to the approval of the Members of the Company. The said remuneration is within the stipulations of Section 198, 269, 309 and 310 of the Act and Schedule XIII thereto. Members of the Company are requested to pass the above resolution as a Special Resolution.

The Board recommends the resolution for your approval. None of the Directors of the Company, except Mr. M. Srinivasa Reddy is interested in the resolution.

Item No. 13

The Board of Directors of your Company informs you that it is necessary to change the name of the Company to create brand image and to reflect various business activity in the company.

Accordingly to Section 21 of the Companies Act, 1956 any change of name of the company requires Special Resolution to be passed by the Members of the Company apart from approval of Central Government and hence this resolution commended for your approval.

A Copy of the Memorandum and Articles of Association as altered is kept open for inspection by the shareholders at the registered office of the company during the business hours of the company.

None of the directors of the Company is in any way concerned or interested in the resolution, except to the extent of the shareholding held by them.

Item No. 14

The Board of Directors of your Company pleasure to inform you that the Company is looking for various opportunities in order to diversify it operations into various growth sectors. In order to avail the opportunities it is necessary to raise funds. Therefore, the Board of Directors of your Company decided to raise funds up-to INR 100 Crores by issue of GDRs/FCCBs/FPO/QIPs on preferential basis. This resolution enables the Company to raise equity capital at an appropriate time.

The Information Technology sector is one of the key growth sectors of the Indian economy, which has witnessed a robust growth in the recent past and is expected to sustain reasonable growth momentum on the back of a sustained economic growth.

The Company is one of the leading Information Technology companies in India having presence in IT & Consulting segments either directly or through its subsidiaries/ associates/ joint ventures/ associates and intends to further capitalize on its potential. All these initiatives will require significant outlay of funds over the coming years.

In order to exploit opportunities in existing businesses and/or explore the scope of any new business opportunities including business acquisitions, capital expenditures, financing new business initiatives, meeting additional working capital requirements arising out of growth in operations, investment in/ loans/ advances to subsidiaries/ joint ventures/ associates and for other corporate purposes, it is necessary for the Company to have access to external funds at different point of times in the future. The Company, therefore, proposes to raise further capital from the domestic or international markets in one or more tranches at an appropriate time.

The resolution in accompanying Notice being proposed as a Special Resolution is essentially an enabling one and relates to a proposal to create, issue, offer and allot equity shares/ depository receipts/ foreign currency convertible bonds and/or other appropriate securities upto an amount not exceeding Rs. 100 Crore inclusive of premium in the course of domestic/ international offerings. Such securities are proposed to be issued to any eligible person including but not limited to resident investors and foreign investors (whether individuals, mutual funds, incorporated bodies, institutions or otherwise), Foreign Financial Institutions and Qualified Institutional Buyers, etc.

According to the provisions of Section 81 (1A) of the Companies Act, 1956 it is necessary to obtain prior permission of the Shareholders through passing a Special Resolution.

The form and terms and conditions of the offering will be determined by the Board in consultation with the relevant advisors such as merchant bankers, lead manager's advisors, underwriters and other experts in accordance with the terms of such approvals as may be required.

The proposed issue of Shares as above may be made in one or more tranches and issue price of the Shares to be issued in the proposed offerings will be determined by the Board at the relevant time depending on the then prevailing market conditions.

The special resolution thus seeks to enable the Board to raise equity as proposed and give adequate flexibility and discretion to the Board to finalize the terms of the issue, in consultation with such experts as may need to be consulted in relation to the mode, pricing and other terms of the issue.

It is considered advisable to let the Board decide the exact mode of raising funds within the aforesaid limits and fix the terms of such fund raising as may be in the best interest of the Company.

The Board of Directors have recommended the proposal for approval of shareholders and none of Director is concerned or increased in the above resolution except to the extent of shares held by them in the Company.

Place: Mumbai
Date : 28-08-2010

BY ORDER OF THE BOARD
For **AJEL INFOTECH LIMITED**
Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director

Details of Directors seeking appointment/retiring by rotation and seeking re-appointment of Directors:

(In pursuance of Clause 49 of the Listing Agreement)

1) Mrs. B. Malathy

Mrs.Malathy is a graduate with around 10 + years experience in Finance and she has worked in Travel Industry and is currently is Director in Ajel Technologies guiding the company towards new heights with her experience.

2) Mr. Darshan D Majmudar

Mr. Darshan Majmudar is a Chartered Accountant and Company Secretary and has extensive knowledge in company law matter, Sebi related matters as well as well experienced in the field of finance and taxation.

3) Mr. Mahender R. Musku

Mr.Mahender has over 15 years experience in software development, marketing, operations and management in hi-tech companies. He has expertise in setting strategies, heading administration and overall operations. Mahender has experience in building and strengthen the operations of several business models. He has a Bachelors Degree in Electronics and Communication Engineering and holds Post Graduate Diploma in Computer Applications.

Mahender is on the board of several for profit and non-profit corporations and thrives to serve the community. Mahender is a firm believer of using technology for the upliftment of humanity and society. Prior, Mahender headed the operations of Reptron, India, that was exclusive representative of ERSA, Germany and other Global Electronic product companies.

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 16th Annual Report of the company on the business and operations of the company together with the Audited Accounts for the year ended 31st March 2010

FINANCIAL RESULTS

For the year ended 31 March	Standalone		Consolidated	
	2010	2009	2010	2009
Income	1,28,02,458	36,51,157	48,11,06,807	42,67,43,156
Total Expenditure	1,72,07,748	16,50,598	45,27,30,486	40,11,52,004
Finance Cost	2,47,493	-	26,70,252	32,02,197
Depreciation	2,05,368	2,05,368	10,87,847	9,59,232
Expenditure W/off	1,40,400	1,05,300	1,50,901	1,15,801
Operating Profit /(Loss)	(44,05,290)	20,00,559	2,83,76,321	2,55,91,152
Profit / (Loss) before tax	(49,98,551)	16,89,891	2,44,67,321	2,13,19,922
Less: Taxes	-	6,200	1,41,17,977	50,296
Profit / (Loss) after tax	(49,98,551)	16,83,691	1,03,49,344	2,12,63,626
EPS (equity shares, par value Rs.10 each)	(0.49)	0.17	1.02	2.10

BUSINESS PERFORMANCE:

The performance of your company during the year under report has shown significant improvement over previous year, the total consolidated turnover for the year ended 31st March, 2010 amounted to Rs.48,11,06,807, as against Rs.42,67,43,156 in the previous year. Your Company has been successful in adopting a number of "continuous improvement" initiatives during the year, which has helped in controlling costs and hence resulting good profits for the year wiping out the complete previous years losses and getting into positive Net worth after a long time on a consolidated basis as per Indian GAAP Accounting.

DIVIDEND:

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

RESERVES & SURPLUS

During the year under review the Company has transferred Rs.1,03,49,344/- to Reserves and Surplus.

OUTLOOK

AJEL is a premier provider of full range of information technology services for the agile business. We combine strategic consulting, process innovation, custom and package software deployment, and application monitoring to rapidly deliver end-to-end business systems that create immediate bottom-line impact for our clients to achieve their business objectives.

Our Outsourcing Solution enables customers to gain efficiency in operations, minimize Costs, and keep to a strategy of staying lean, flexible and nimble. And best of all, we truly believe in collaborative partnership to provide long-term value to our clients.

We are increasing our focus on key growth areas namely Banking & Financial Services (BFSI), Healthcare, Media & Entertainment, Information Management, Mobility Solutions and Professional Services. We have a strong focus on the domestic market in India for localized software products and eGovernance initiatives at the gram panchayat levels. We believe this diversified approach will allow us to create long-term value for our shareholders. In order to strengthen the Healthcare vertical, Ajel has recently initiated steps to acquire RTEngines Software Private Limited.

Your company is the technology partner and provided necessary software and support for the development of the portal called efreshindia.com and given the linkage to the international portal efresh.com and your company has agreed to give support service to a portal, with which your company generates 6% revenue from the portal.

However, during the current financial year the company will continue to focus on acquisitions to achieve the growth in business in view of global economic slow down and more so in US. US Economy is on recovery path and we do hope to have a marginal organic growth in the current fiscal which we wish to grow significantly in the in-organic growth through acquisitions. The Company proposes to pass an enabling resolution to raise the funds for the said acquisitions.

DIRECTORS:

During the year Mr.Mahender R. Musuku was appointed as Additional Directors of the company on 07th July, 2010. He shall hold office upto the date of the ensuing Annual General Meeting of the company and being eligible, offer himself for appointment. Respective resolutions for the appointment of said person as Directors of the Company are proposed for your approval.

As per Section 256 of Companies Act , 1956 and in terms of Article 104 of the Articles of Association of the Company Mrs. Malathy Bhimavarapu and Mr.Darshan D Majumda retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment in terms of Article 105 of the Articles of Association of the company.

The brief resume of the directors who are to be appointed/re-appointed the nature of their expertise in specific functional areas, names of companies in which they held directorships, committee memberships/chairmanships their shareholding etc., are furnished to the explanatory statement to the notice of the ensuing Annual General Meeting.

Your Directors recommend their appointment / re-appointment at the ensuing Annual General Meeting.

SUBSIDIARY COMPANY

Your company has one wholly owned subsidiary namely Ajel Technologies India Private Limited in Hyderabad, and the subsidiary has its wholly owned subsidiary namely Ajel Technologies Inc, USA. The Director's report including balance sheet and profit & loss account for the year ended 31st march, 2010 of the subsidiary companies have been attached to this report.

AMALGAMATION

Your company's Board of Directors met and approved on July 22, 2010 the scheme of amalgamation of RTEngines Software Private Limited, Mumbai with Ajel Infotech Limited under Section 391-394 of the Companies Act, 1956. The Board of Directors also accepted the valuation report submitted by M/s. Mark Corporate Advisors Private Limited, appointed for the purpose of recommending the share exchange ratio.

The benefits of the proposed Scheme of Amalgamation and Arrangement are:

- Create large balance sheet size to participate in upcoming projects
- Unlock value in operating assets

- Best positioned to make decisions on efficient utilization of resources (i.e. development locations, product location decisions, R&D investments, etc) without any conflict of interests
- Synergies to be derived from dovetailing of operations, sourcing etc

The scheme envisages an exchange ratio of 7 equity share of Ajel Infotech Limited for every 2 (Two) equity shares of RTEngines Software Private Limited. The proposed Scheme is subject to the requisite approval of the shareholders / creditors of the Company, the shareholders / creditors of the transferor Companies, other statutory authorities in the respective jurisdictions and subject to the sanction / confirmation by Honorable High Court of Judicature at Bombay and any other appropriate authority

AUDITORS AND THEIR REPORT

The Statutory Auditors of the company M/s. KN Murthy & Co., Chartered Accountants, Hyderabad, who will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment as statutory auditor for the financial year 2010-11. They have furnished a certificate to the effect that their proposed re-appointment, if made, would be within the limit prescribed under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The observation of the Auditors, together with the Notes to Accounts referred to in the Auditors' Report, are self explanatory and do not call for any further explanation from the Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

PARTICULARS OF EMPLOYEES:

No employee was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 and the rules framed there under, as amended to date.

PUBLIC DEPOSITS:

Your company has not accepted any deposits falling under Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules 1975 during the year.

INFORMATION UNDER SECTION 217 (1) (e) OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:

Conservation of Energy

Your Company consumes electricity mainly for the operation of its computers. Though the consumption of electricity is negligible as compared to the turnover of the company, your company has taken effective steps at every stage to reduce consumption of electricity.

Technology absorption

This is not applicable to your company as it has not purchased or acquired any Technology for development of software from any outside party.

Research & Development

Research & Development (R&D) center set-up in Hyderabad has been concentrating in developing products and production process/ system to improve the quality of the product at minimal cost. R&D enhancements, innovative process and production technology bring additional value to all our customers. R&D continually concentrate to improve products, service and processes using the effective quality management system and testing methodology, by implementing changes required to maintain the quality standard.

Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings: Nil
Foreign Exchange Outgo : Nil

MANAGEMENT DISCUSSION AND ANALYSIS:

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India, is presented in a separate section forming part of the Annual Report

HUMAN RESOURCES

Your Company believes that Competent Human Resources are the driving force for any Organization that enables a company to grow in leaps and bounds. The Company has been able to create a favorable work environment that encourages continuous learning and thereby leading to innovation. With vibrant work atmosphere, your Company provides an opportunity to employees to work with New Technologies. Your Company has put in place a Scalable Recruitment and Human Resources Plan, devised to attract and retain high caliber personnel.

Ajel has been fortunate in having a set of committed employees at all levels and looks forward to nurture them and retain their loyalty. The Company recognized the value of the committed workers and efforts are being made to enhance the bonding between the Company and the committed employees.

CORPORATE GOVERNANCE:

Ajel has always been devoted to adopting and adhering to the best corporate governance practices recognized globally. The company understands and respects its fiduciary role and responsibility towards stakeholders and the society at large, and strives hard to serve their interest, resulting in creation of value and wealth for all stakeholders.

The Compliance Report on Corporate Governance and a Certificate from Auditor of the Company regarding compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of Listing Agreement is annexed separately to this Annual report.

Certificate of the CEO/CFO, inter alia confirming the correctness of the financial statement, compliance with Company's Code of Conduct, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of Clause 49 of the Listing Agreement.

STATEMENT PURSUANT TO LISTING AGREEMENT

The equity shares of the company are listed with the Bombay stock exchange (BSE).Your company has paid the respective Annual Listing Fees up-to-date. The company has provided corporate Governance Report and cash flow statement in this Annual report and other required details.

ACKNOWLEDGMENTS:

Your Directors place on record their gratitude to the Central Government, State Governments and company's Banker for the assistance, co-operation and encouragement they extended to the company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Investors, Dealers, Business Associates and Employees in ensuing an excellent all around operational performance.

Place: Hyderabad
LIMITED
Date: 28-08-2010

**For and on Behalf of
AJEL INFOTECH**

**Sd/-
MALATHY BHIMAVARAPU
Director**

**Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director**

MANAGEMENT DISCUSSION AND ANALYSIS

(Forming part of Directors' Report)

Forward -Looking Statements

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectation may be forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include a downward trend in the domestic industry, rise in input costs, exchange rate fluctuation, and significant change in political and economic environment in India, environment standards, tax laws, litigation and labour relation

Economic Scenario and Outlook

The year 2009 began amid great uncertainty with regard to the likely impact of the global financial crisis, which has initially erupted in the second half of 2008. Governments around the world acted quickly and decisively, and in a coordinated manner, which helped in preventing the situation slipping into a full scale depression. Nevertheless, recession on a global scale was, inevitable to some extent and the only question was, and still is to some extent, how deep the recession would be and how long it would last. Most of the economies are showing sign of improvement but it is still a long way to go. Emerging markets in general and India in particular, are leading the way on the road to recovery, with strong growth rates based on robust economic fundamentals. Despite of inflationary pressures gradually building, a steady monetary policy course has been maintained, with a focus on supporting growth recovery.

Nasscom Strategic Review 2010 states that the year 2009 ushered turbulence, with countries around the world plunging into the recession. The housing bubble burst, followed by the financial crisis creating a domino effect that, but, brought the world to a standstill. While robust fundamentals ensured that the recession impact on India was relatively moderate, in an increasingly globalised environment, it could not escape declining GDP growth, rising unemployment and weakened consumer demand. However, prompt action by governments across the world and stimulus packages helped to contain this downfall and make way for revival by the end of 2009.

The industry is estimated to aggregate revenues of \$73.1 billion in FY2010, with the IT software and services industry accounting for \$ 63.7 billion of revenues. During this period, direct employment is expected to reach nearly 2.3 million, an addition of 90,000 employees, while indirect job creation is estimated at 8.2 million. As a proportion of national GDP, the sector revenues have grown from 1.2% in FY1998 to an estimated 6.1% in FY2010. Its share of total Indian exports (merchandise plus services) increased from less than 4 % in FY1998 to almost 26% in FY2010. Export revenues are estimated to gross \$ 50.1 billion in FY2010, growing by 5.4% over FY2009, and contributing 69% of the total ITBPO revenues. Software and services exports (including BPO) are expected to account for over 99% of total exports, employing around 1.8 million employees.

The industry's vertical market mix is well balanced across several mature and emerging sectors. 2009 saw increased adoption of outsourcing from not only our biggest segment i.e., the Banking, Financial Services and Insurance (BFSI), but also new emerging verticals of retail healthcare and utilities. According to the report, the beginning of the new decade heralds the slow, but steady end of the worst recession in the past 60 years.

Global GDP, after declining by 1.1% in 2009, is expected to increase by 3.1% in 2010, and 4.2% in 2011, with developing economies growing thrice as fast as the developed economies. Improving economic conditions signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward. IT services is expected to grow by 2.4% in 2010, and 4.2% in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage.

Organizations now recognize IT's contribution to economic performance extending beyond managing expenditures. They expect IT to play a role in reducing enterprise costs, not merely with cost cutting but by changing business processes, workforce practices and information use. Movement toward

SaaS and cloud computing, shared services, and more selective outsourcing will take firmer shape as near-term priorities to address constrained IT budgets.

Government IT spending continues to rise across the world, focusing on infrastructure, and security. Other areas of spending include BPM, data management, on demand ERP, virtualization, and efforts to increase and deliver enterprise managed services on IP networks. Business process outsourcing spending in 2010 is expected to be increasingly driven by F&A segment and procurement, followed by HR outsourcing. Providers will increase their focus on developing platform BPO solutions across verticals and services.

Growth in outsourcing is expected to supersede overall IT spend reaffirming its potential to not only support short term ,tactical goals of cost savings, but also long term advantages of increased competitiveness, efficiencies and access to emerging markets. Within outsourcing, off shoring will see increased acceptance as off shore based providers grow and traditional service providers ramp up off shore delivery capabilities. India's technology and business services industry has flourished in the last decade. A bright future lies ahead and the industry has much to look forward to, with the potential to quadruple its revenues over the next decade. Several macroeconomic and social trends will support the rise of the IT-BPO sector in the future, in core and emerging markets.

Healthcare and Utilities

US federal government's stimulus plan calls for all of America's medical information to be digitized within five years. The Health Information Technology for Economic and Clinical Health, or HITECH, Act offers monetary incentives to physicians who use "certified electronic medical records (EMRs) and will be ready to funnel about \$14 billion to \$27 billion in net payments into the purchase and meaningful use of EHRs by hospitals and office-based physicians.

Estimates of the size of the market for EHRs vary widely, depending on what is included in the electronic records process, which ultimately could embrace an extensive range of patient-related data. Healthcare providers currently spend just over US\$13 billion a year on EHRs, according to Kalorama Information. Using much narrower criteria, BCC Research figures 2009 spending on EHRs was almost \$1.4 billion and growing. If we include the recently launched federal program to provide between \$30 billion and \$40 billion in financial assistance to doctors and hospitals for investments in EHRs through 2016, you can figure out the industry outlook.

The changing healthcare industry creates ample opportunity for Healthcare IT vendors like Ajel.

FUTURE OUTLOOK

Ajel's investment in software product development for the Indian market over the last 2 years and the sustained recovery in the Indian economy augmented our ability to capture a larger share of the markets we serve. As we look ahead to the remainder of 2010, we are increasing our focus on key growth areas namely Banking & Financial Services (BFSI), Healthcare, Media & Entertainment, Information Management, Mobility Solutions and Professional Services. We have a strong focus on the domestic market in India for localized software products and eGovernance initiatives at the gram panchayat levels. We believe this diversified approach will allow us to create long-term value for our shareholders.

In order to strengthen the Healthcare vertical, Ajel has recently initiated steps to acquire RTEngines Software Private Limited, a Mumbai based IT consulting company with offices in Boston, Massachusetts and Dubai, UAE supporting leading global Healthcare, Telecom and BFSI companies.

A portal called **eFreshIndia.com** is a joint innovative initiative by **Ajel Infotech Limited, Infrastructure Leasing & Financial Services Limited (IL&FS), Food Cert India Private Limited (FCI)** and Netherlands based international B2B trade platform eFresh.com. eFreshIndia.com was launched on 11th August 2010 by the Union Food Processing Minister Shri Subodh Kant Sahai, the Minister Of State for Rural Development Shri Pradeep Jain, Shri Dr. K.G. Karmakar, Managing Director, National Bank for Agriculture and Rural Development (NABARD) and Shri Dinesh Tyagi, CEO, Infrastructure Leasing & Financial Services Limited (IL&FS).

Ajel plans to integrate the portal with Common Service Centres at the gram panchayat level with a focus on regional language content to bring farmers, suppliers, customers, quality certification bodies and micro-finance institutions in a business model driven eco-system via the eFreshIndia.com portal.

Internal Control

The company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes & corporate policies are duly complied with, the internal audit function has been structured to continuously review the adequacy and efficacy of the internal controls. The audit committee reviews the internal audit reports at regular intervals.

Discussion on Financial Performance with respect to Operational Performance:

During the year under review Ajel has achieved a turnover of Rs 480,674,991/- and Profit after tax of Rs. 10,349,344/-..

The earning per share of the Ajel as on 31-03-2010 is Rs.1.02 (basic).

The paid-up capital of Ajel as on 31-03-2010 is Rs. 101,500,000/- comprising of 10,15,00,00 equity shares of Rs. 10/- each.

Human Resources Development and Industrial Relations:

The Company's HRD policy provides an innovative and responsive employment system for recruitment, hiring and retention of talented employees to Strengthen Employee Capabilities and Reputation of the Organization. Provides a positive and supportive work environment that increases employee satisfaction, rewards excellent performance and promotes multitasking efforts to reinforce commitment to be a employee-centered Organization.

The company's Corporate HRD policy emphasizes on continuous, increased quality and commitment of its employees in order to succeed in the achievement of the corporate goals. The company provides employee development opportunities by conducting training programs to equip the employee with upgraded skills enabling them to adapt to the contemporary technological advancements.

The HRD Team strive for the enhancement of Human Resources Organization , systems, processes and procedures, using the principles of continuous quality improvement that incorporate quality service and excellent performance standards, increased accountability and maximizes cost-effectiveness.

REPORT ON CORPORATE GOVERNANCE

(Forming part of Directors' Report)

Ajel's philosophy on Corporate Governance is based on preserving core values and ethical business conduct. Corporate Governance is integral to the philosophy of the company in its pursuit of excellence, growth, and value creation. The company's philosophy is to achieve business excellence and optimize long-term value for its shareholders on a sustained basis through ethical business conduct. It envisage attainment of the highest level of transparency, accountability and equity in all facets of its operation and all its interaction with shareholders, employee, lender and government.

In line with Ajel's commitment to good Corporate Governance practice, the main role of the company's board of Directors is to oversee how the management is serving the interests of all shareholders. The company has been focusing, and always will focus, on long-term value creation for all its shareholders, employees, creditors, and regulatory bodies. Commitment to maximizing shareholders value on a sustained basis, while looking after the welfare of multiple stakeholders, is a fundamental shared value of Ajel's Board of Directors.

Management and employees are critical to the company's success. This value system translates into institutionalizing structure, procedures and enhances the efficacy of the board and indicates a culture of transparency, accountability and integrity across the company. Ajel's initiatives towards this end includes professionalization of the board, fair and transparent processes and reporting system and going beyond the mandated corporate Governance code requirements of SEBI

I. BOARD OF DIRECTORS:

As on March 31, 2010, Ajel's Board consists of 8 Members. The Board comprises 2 Executive Directors and 5 Non-Executive Independent Directors.

During the year, Mr. Mahender R. Musku` was appointed to the Board as Independent Directors. As regard to conformity with Clause 49 of the listing agreement, which stipulates that a company shall have an optimum combination of Executive and Non Executive Directors.

II. BOARD MEETINGS:

The Board of Directors met 7 times during the year on 20th June,2009, 26th June,2009, 31st July,2009, 31st August ,2009, 31st October ,2009, 07th January,2010, 23rd January, 2010. The company has held at least one Board meeting in every three months. The maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

Directors' attendance record and Directorships held

As mandated by the clause 49, none of the Directors are member of more than 10 Board level committees, nor are they Chairman of more than five committees in which they are members.

Table gives the details of the board as on March 31, 2010.

Composition of the Board of Directors of Ajel Infotech Limited

Name of the Director	Category	No. of meetings held during the Tenure	No. of meetings Attended	Whether Attended Last AGM	No. of other directors hips *
Mr. Bharat C Sutaria	Chairman & Independent Director	07	06	YES	-
Mr. Arikatla Srinivasa Reddy	Vice Chairman & Managing Director	07	07	YES	-
Mr. Vijay S Chokshi	Whole time Director	07	07	YES	-
Mr. Venkateswarlu Arikatla	Independent Director	07	05	YES	-
Mrs. Malathy Bhimavarapu	Non- Executive Director	07	06	YES	-
Mr. Darshan D Majmudar	Independent Director	07	05	YES	-
Mr. Jadda Amara Reddy	Independent Director	07	05	YES	-
Mr. Mahender R. Musuku +	Independent Director	07	-	NO	-

*Excluding private, foreign and companies registered under Section 25 of the Companies Act, 1956.

NOTE:

+ Appointed as Additional Director w.e.f July 07th 2010.

None of the Directors of the Company hold any Chairmanship/membership in any committee of the Board of other Companies.

III. AUDIT COMMITTEE:

The Company constituted a qualified and independent audit committee comprising of 1 Executive and 2 non executive independent directors in accordance with the provisions of Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956. The Committee is empowered with the powers as prescribed under the said Clause 49 and Section 292A. The Committee also acts in terms of the reference and directions of the Board from time to time.

The Functions of Audit Committee includes: -

- Overseeing of the company's financial reporting process and disclosure of its financial to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the adequacy of internal audit functions.
- Reviewing the quarterly and annual financial statements before submission to the board.
- Reviewing the adequacy of internal control and their compliance thereof.
- Reviewing the company's financial and risk management policies.

Powers of Audit Committee

The Audit Committee shall have powers, which include the following:

- To Investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other Professional advise
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the audit committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The present composition of the audit committee and the attendance of each member of the committee at the meetings were as follows:

S No	Name of the Director	Membership	No. of meetings held during the tenure	No. of meetings attended
1	Mr. Vijay S Chokshi	Chairman	4	4
2	Mr. Darshan Majmudar	Member	4	4
3	Mr. Jadda Amara Reddy	Member	4	4

- The Managing Director and the Statutory Auditors are also invited to the meetings.
- The Audit Committee Meetings were held four times during the year under review on the following dates:

20th June, 2009; 31st July, 2009; 31st October, 2009; and 23rd January, 2010 the gap between audit committee meetings is not more than four months.

IV. REMUNERATION COMMITTEE:

To formulate remuneration policy and approved the remuneration or revision in the remuneration payable to executive directors/whole time directors. The Remuneration Committee of the company, inter-alia recommends to the Board the compensation terms of Executive Directors and Senior Management compensation plans, policies and programme of the company.

Composition, Name of Members and Chairman:

S No	Name of the Director	Nature of Directorship	Membership
1	Mr. Bharat C Sutaria	Independent Director	Chairman
2	Mr. Darshan Majmudar	Independent Director	Member
3	Mr. Jadda Amara Reddy	Independent Director	Member

Remuneration Policy:

The remuneration paid to the Directors of the company is approved by the Board of Directors on the recommendations of the Remuneration Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent

The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievement, on a periodical basis.

The Remuneration Committee Meetings were held four times during the year under review on the following dates:

20th June, 2009; 31st July, 2009; 31st October, 2009; and 23rd January, 2010 the gap between Remuneration committee meetings is not more than four months.

V. SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE:

The Committee ensures cordial investor relations and oversees the mechanism for redressal of investors' grievances. The committee specifically looks into redressing shareholders' and investors' complaints/ grievance pertaining to share transfer, non-receipt of annual report, non-receipt of dividend and other allied complaints.

The Investor Grievance Committee comprises of three directors .

S No	Name of the Director	Nature of Directorship	Membership
1	Mr.Arikatla Srinivasa Reddy	Managing Director	Chairman
1	Mrs. Malathy Bhimavarapu	Non Executive Director	Member
3	Mr.Jadda Amara Reddy	Independent Director	Member

The Committee reviews periodically the share transfer/transmissions, process of dematerialization/rematerialization of share, Issue of New and Duplicate Shares and the investor's grievances and the system thereto.

The Company has designated an exclusive e-mail ID called **investors@ajel.com** for redressal of shareholders' complaints/grievances. There were no investor complaints or pending transfer during the year under review and as on 31-03-2010

VI. GENERAL BODY MEETINGS:

The details of General Body Meetings held in the last three years are as under:

AGM/EGM	Location	Date and Time
2006-2007 AGM	106, Mhada Commercial Complex, New Link Road, Oshiwara, Jogeshwari (West) Mumbai	29-09-2007 10.00 AM
2007-08 AGM	Indian medical association hall, 2nd Floor, Near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai – 400049	17-11-2008 10.00 AM
2008-09 AGM	Indian medical association hall, 2nd Floor, Near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai – 400049	30-09-2009 10.00AM

- No Ballots Papers were used for voting at above meetings.
- No Postal Ballot were conducted during the year.

VII. DISCLOSURES:

- There were no related partly transactions having potential conflict with the interest of the Company at large.
- There were no instances of non-compliances, penalty or strictures on any matter related to the capital markets, during the period ended 31st March, 2010.
- The financial statements are prepared on accrual basis of accounting and in accordance with Indian GAAP and as per the provisions of the Companies Act, 1956 (the Act) and comply with material aspects with the accounting standards notified in section 211 (3C) of the Act read with the Companies (Accounting Standard) Rules, 2006.
- All the mandatory requirements specified under Clause 49 have been complied with.
- The Board has laid down a Code of Conduct covering the ethical requirement to be complied with covering all the Board Members of the company. An affirmation of compliance with the code is received from them on an annual basis.

VIII. GENERAL SHAREHOLDERS INFORMATION

a) 16th Annual General Meeting :

Date and Time	Thursday the 30 th September 2010 at 10.00 AM
Venue	Indian medical association hall, 2nd Floor, Near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai – 400049

b) Book Closure Date : September 29, 2010 to September 30, 2010 (inclusive of both days)

c) Financial Calendar (Tentative) 2010-11:

Financial reporting for the quarter ending	30.06.2010	by 4 th week of July 2010
Financial reporting for the quarter ending	30.09.2010	by 4 th week of October 2010
Financial reporting for the quarter ending	31.12.2010	by 4 th week of January 2011
Financial reporting for the year ending	31.03.2011	by 4 th week of May 2011

d) Listing on Stock Exchange : Bombay Stock Exchange Limited

e) Listing Fees : Listing fee for the year 2010-11 has been paid.

f) Stock Code : BSE : 530713

g) Demat ISIN No. for NSDL & CDSL : INE229B01015

h) Stock Price Data : The table gives the details of stock market data traded in Bombay Stock Exchange

Month	High (Rs.)	Low (Rs.)	Volumes (No. of Shares)
April 2009	37.40	27.60	5825
May 2009	48.80	26.50	175231
June 2009	55.25	45.10	69505
July 2009	52.25	40.30	56691
August 2009	47.00	34.00	28808
September 2009	42.90	33.10	97657
October 2009	38.15	26.00	39145
November 2009	39.00	22.25	104615
December 2009	33.00	25.00	148608
January 2010	67.00	30.20	515001
February 2010	62.00	49.00	180444
March 2010	61.00	40.40	182372

i) Registrar & Share Transfer Agents : In-house Share Transfer (for shares held in both physical and demat mode)

j) Share Transfer System

: The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of one month from the date of receipt, subject to the document being valid and complete in all respects.

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

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

k) Shareholding Pattern as on 31st March, 2010:

Category	No. of Shares held	%
Promoters	7150400	70.45
Mutual Funds & UTI	Nil	Nil
Banks, Financial Institutions, Insurance Companies, & FII	Nil	Nil
Private Corporate Bodies	641289	6.32
Indian Public	2358209	23.23
NRIs / OCBs	102	0.00
Foreign Nationals	Nil	Nil
Any other (please specify)	Nil	Nil
Total	10150000	100.00

l) Distribution of Shareholding as on 31st March, 2010:

Nominal Value of Shares in Rupees	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
(1)	(2)	(3)	(4)	(5)
Up to 500	1211	76.4	251676	2.48
501 1000	168	10.6	128821	1.27
1001 2000	83	5.24	128592	1.27
2001 3000	30	1.89	77838	0.77
3001 4000	18	1.14	65353	0.64
4001 5000	13	0.82	61933	0.61
5001 10000	16	1.01	116898	1.15
10001 and above	46	2.90	9318889	91.81
Total	1585	100.00	10150000	100.00

m) Dematerialization of Shares:

Trading in equity share of the company in dematerialized form became mandatory from May 31, 1999. To facilitate trading in demat form, in India, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CSDL). Ajel has entered into agreement with both these depositories. Shareholders can open their account with any of the Depository Participant registered with these depositories.

- As on March 31, 2010 94.68 % shares of the company were held in dematerialized form.

- The equity shares of the company are frequently traded at Bombay Stock Exchange Ltd.

n) Offshore Development Centre's:

Hyderabad

2nd Floor, 189, Road No. 72
Prashasan Nagar, Jubilee
Hills, Hyderabad - 500 033
Andhra Pradesh

o) Address for Investors Correspondence:

Shareholders may address their communications/suggestions/grievances/queries pertaining to share transfer/demat including physical transfer requests and demat requisition forms, to the Company at the following address:

Compliance Officer,
Ajel Infotech Limited,
106, 2nd Floor, Mahadashopping Complex,
New Link Road, Jogeshwari, Mumbai – 400102

p) CEO/ MD Certification:

As required by the clause 49 (V) of the Listing Agreement, the certificate from CEO was placed before the Board of Directors at their meeting held on 12-08-2010.

q) Means of Communication

Quarterly, Half-yearly and annual audited financial Results of the Company are intimated to the Stock Exchange(s) immediately as and when they are approved by the Board of Directors. The results are published in Regional Language and English National as per the requirement of Listing Agreement.

Member can also login to the website of the Company i.e., www.ajel.in wherein all the information is being displayed.

r) Code of Conduct:

Pursuant to the requirements of the Clause 49 of the Listing Agreement, the Board has adopted Code of Conduct and Ethics for the executive directors, whole time directors, officers and employees of the Company as well as the separate Code of Business Conduct and Ethics for Non-Executive Directors of the Company. The said Code has been posted on website of the Company.

s) Compliance Certificate of the Auditors:

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

Place: Hyderabad
Date: 28-08-2010

**For and on behalf of Board
AJEL INFOTECH LIMITED**

**Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director**

CHIEF EXECUTIVE OFFICER (CEO) / MD CERTIFICATION

I have reviewed the financial statements, read with the cash flow statement of Ajel Infotech Limited for the year ended March 31, 2010 and that to the best of my knowledge and belief, I state that:

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
(ii)) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) These are, to the best of my knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or in violation of the company's Code of Conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluating the effectiveness of internal control systems of the company and have disclosed to the auditors and audit committee deficiencies in the design or operation of internal control, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- d) I have indicated to the auditors and audit committee:
 - (i) There are no significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies made during the year and that the same haven disclosed suitably in the notes to the financial statements; and
 - (iii) There are no instances of fraud involving the management or an employee.

Place: Hyderabad
Date: 28-08-2010

Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR

This is to confirm that the company has adopted a Code of Conduct for the Board of Directors and senior management of the company. The same is available on website of the company at www.ajel.com. As Managing Director of Ajel Infotech Limited and as required by clause 49(I)(D)(ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the company have affirmed compliance with the Code of Conduct for the financial year 2010.

Place: Hyderabad
Date: 28-08-2010

Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Ajel Infotech Limited

We have examined the compliance of conditions of corporate governance by Ajel Infotech Limited for the year ended on 31st March 2010 as stipulated in clause 49 of the listing agreement of the said company with concerned Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management, our examination has been limited a review of the procedures and implementation thereof adopted by the company for ensuring the compliance the conditions of corporate governance. It is neither an audit not expression of opinion on the financial statements of the company

In our opinion and best of our information and according to the explanation given to us and the representations made the Directors and Management, we certify that the company has complied with the conditions of corporate governance as stipulated in the aforesaid listing agreement.

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.

Place : Hyderabad
Date : 28-08-2010

For **KN Murthy & Co.**,
Chartered Accountants,

Sd/-
KSVL Narasimha Murthy
Proprietor
M.No.203849

AUDITORS' REPORT

We have audited the attached Consolidated Balance Sheet of Ajel Infotech Limited and its subsidiaries (collectively referred to as 'the group') as at March 31, 2010 and the Consolidated Profit and Loss Account of the company for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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.

2. The financial statements of M/s Ajel Technologies, Inc subsidiary of subsidiary is audited in USA by M/s Atul Malhotra & Co., LLC . Hence we have relied on the financial statements as submitted by them. The total assests of the above subsidiary is Rs.2217.03 lakhs and total revenues of Rs. 4671.46 lakhs for the year ended on that date.

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 referred to in sub- section (3C) of section 211 of the Companies Act, 1956 and on the basis of the separate audited financial statements of the company and its subsidiary included in the consolidated financial statements.

4. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, issued by the Department of Company Affairs, in terms of section 227(4A) of the Companies Act, 1956.

5. On the basis of the information and explanations given to us and on consideration of the separate audit report on individual audited financial statements of the Company and its aforesaid subsidiary, in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting policies generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2010;
- b) in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended March 31 2010.

For and on behalf of
KN Murthy & Co.,
Chartered Accountants

Sd/
KSVL Narasimha
Murthy
Proprietor
Membership No.203849

FRN006823S

Place: Hyderabad
Date: 28-08-2010

AJEL INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

(in Rs.)

	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
A SOURCES OF FUNDS			
1.SHAREHOLDER'S FUNDS			
a. Share Capital	1	101,425,000	101,424,000
b. Application money towards shares		37,380	37,380
c. Reserves & Surplus	2	27,620,161	17,270,817
2.LOAN FUNDS			
Secured Loans	4	12,013,918	56,250,791
Un Secured Loans		24,858,417	-
3.Deferred Tax Liability		13,145,500	7,729
Total 'A'		179,100,377	174,990,717
B APPLICATION OF FUNDS			
1. FIXED ASSETS	3		
a. Gross Block		89,163,622	89,220,496
b. Depreciation		12,401,138	11,750,857
c. Net Block		76,762,485	77,469,639
2. CAPITAL WORK IN PROGRESS		37,879,000	41,709,813
3. CURRENT ASSETS, LOANS AND ADVANCES			
a. Cash and bank balances	5	3,748,913	15,982,807
b. Sundry Debtors		189,404,507	148,346,680
c. Loans & Advances	6	15,121,406	18,126,336
		208,274,827	182,455,823
c. Less: Current Liabilities and Provisions			
i. Liabilities	7	141,991,318	125,140,542
ii. Provisions		2,323,171	2,153,172
		144,314,489	127,293,714
Net Current Assets		63,960,337	55,162,109
4. MISCELLANEOUS EXPENDITURE	8	498,555	649,156
(To the extent not written-off or adjusted)			
Total 'B'		179,100,377	174,990,717
Notes to Accounts	13		
Schedules referred to above and notes attached thereto form an integral part of Balance Sheet This is the Balance Sheet referred to in our report of even date		For and on behalf of the Board of Director	
For KN MURTHY & CO Chartered Accountants		Sd/- SRINIVASA REDDY ARIKATLA Managing Director	
Sd/- KSVL NARASIMHA MURTHY Proprietor		Sd/- VIJAY S CHOKSHI Whole Time Director	
Place: Hyderabad Date: 28-08-2010			

AJEL INFOTECH LIMITED

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

(in Rs.)

	SCHEDULE	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
A INCOME			
Revenues	9	480,674,991	424,727,853
Other Income	10	431,816	2,015,303
		481,106,807	426,743,156
B EXPENDITURE			
Cost to Revenue	11	293,724,714	339,656,274
Administrative Expenses	12	154,360,432	59,382,925
Depreciation		1,087,847	959,232
Financial Charges		2,670,252	3,202,197
Foreign Exchange loss		4,645,340	
Provision for Doubtful Debts			2,112,805
		456,488,585	405,313,433
Profit/(Loss) after depreciation		24,618,222	21,429,723
Expenses written-off:			
Preliminary Expenses		142,900	107,800
Preoperative Expenses		8,001	8,001
Profit/(Loss) before tax		24,467,321	21,313,922
Provision for tax		14,117,977	-
Profit/(Loss) after tax		10,349,344	21,313,922
Provision for FBT		-	50,296
Profit/(Loss) after FBT		10,349,344	21,263,626
Provision for Deferred Taxes		-	-
Profit/(Loss) after Deferred Taxes		10,349,344	21,263,626
Profit/(Loss) brought forward		17,270,817	(3,992,809)
Balance carried to Balance Sheet		27,620,161	17,270,817
Notes to Accounts	13		

Schedules referred to above and notes attached thereto form an integral part of Profit & Loss A/c
This is the Profit & Loss A/c referred to in our report of even date

For and on behalf of the Board of Director

For KN MURTHY & CO
Chartered Accountants

Sd/-
KSVL NARASIMHA MURTHY
Proprietor

Place: Hyderabad
Date: 28-08-2010

Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director

Sd/-
VIJAY S CHOKSHI
Whole Time Director

AJEL INFOTECH LIMITED	
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010	
	2009-10
	Rs
A. Cash flow from operating activities:	
Net Profit before tax and extraordinary items	24,467,321
<u>Adjustments for:</u>	
Depreciation	1,087,847
Preliminary Expenses written off	142,900
Preoperative Expenses w.off	8,001
Previous Year Loss	
Operating profit before working capital changes	25,706,069
<u>Adjustments for:</u>	
Trade and other receivables	(41,057,828)
Trade Advances & Deposits	3,004,930
Trade Payable & other liabilities	17,020,775
Capital work-in-progress	3,830,814
Cash generated from operations	8,504,760
Interest paid	-
Direct taxes paid	14,117,977
Net Cash from operating activities	(5,613,217)
B. Cash flow from investing activities:	
Sale of fixed assets	56,874
Exchange Fluctuation	(437,867)
Net cash used in investing activities	(380,993)
C. Cash flow from financing activities:	
Proceeds from issue of share capital	1,000
Proceeds from long term borrowings	(19,378,455)
Dividend paid	-
Deferred Liability	13,137,771
Net cash used in financing activities	(6,239,684)
Net increase in cash and cash equivalents	(12,233,894)
Cash & Cash equivalents as at 01.04.2009	15,982,807
Cash & Cash equivalents as at 31.03.2010	3,748,913
<p>For KN MURTHY & CO Chartered Accountants</p> <p style="text-align: center;">Sd/- KSVL NARASIMHA MURTHY Proprietor</p> <p style="text-align: center;">Sd/- VIJAY S CHOKSHI Whole Time Director</p> <p style="text-align: center;">Sd/- SRINIVASA REDDY ARIKATLA Managing Director</p> <p>Place: Hyderabad Date: 28-08-2010</p> <p style="text-align: center;">AUDITORS CERTIFICATE</p> <p>We have examined the attached Consolidated Cash Flow Statement of Ajel Infotech Limited for the period ended 31st March, 2010. The Statement has been prepared by the Company in accordance with the requirement of listing agreement Clause 32 with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 24.07.2010 to the members of the Company.</p> <p style="text-align: right;">KN MURTHY & CO Chartered Accountants</p> <p>Place: Hyderabad Date : 28.08.2010</p> <p style="text-align: right;">KSVL NARASIMHA MURTHY Proprietor</p>	

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH'2010

	AS AT 31.03.10	AS AT 31.03.09
	Rs	Rs
SCHEDULE 1		
SHARE CAPITAL		
Authorized		
12000000 (3000000) Equity shares of Rs. 10/- each	120,000,000	120,000,000
Issued, Subscribed and Paid-up		
10150000 (3000000) Equity shares of Rs. 10/- each	101,500,000	101,500,000
Less: Calls in arrears	75,000	76,000
	<u>101,425,000</u>	<u>101,424,000</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
Opening Balance	17,270,817	(3,992,809)
Less: Capitalization of Reserves		-
	<u>17,270,817</u>	<u>(3,992,809)</u>
Add: Profit during the year	10,349,344	21,263,626
	<u>27,620,161</u>	<u>17,270,817</u>
SCHEDULE 4		
SECURED LOANS		
Long term Loans	10,995,776	2,055,776
Bank OD	-	7,689,460
Credit Line	-	46,505,555
Long term Liabilities	1,018,142	-
	<u>12,013,918</u>	<u>56,250,791</u>

SCHEDULE 3 FIXED ASSETS										
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2009	Addition Adjustment	Deduction Adjustment	AS ON 31.3.2010	AS ON 01.04.2009	For the Year	Addition Adjustment	AS ON 31.03.2010	AS ON 31.03.2010	AS ON 31.03.2009
Land & Building (Office Premises) Plant & Machinery (Computers, Computer Printers & Accessories)	1,859,328	-	-	1,859,328	250,034	30,308	-	280,342	1,578,986	1,609,294
Office Equipments	5,092,387	-	-	5,092,387	4,963,465	-	-	4,963,465	128,922	128,922
Furniture & Fixtures	218,321	-	-	218,321	119,171	9,912	-	129,359	88,962	98,874
Total	2,608,999	-	-	2,608,999	1,886,164	165,148	-	2,051,312	557,687	722,835
Total	9,779,035	-	-	9,779,035	7,218,834	205,368	-	7,424,478	2,354,557	2,559,925
Fixed Assets - Ajel Tech. India	3,399,047	1,490,300	678,213	4,211,134	1,121,080	428,235	-	1,549,315	2,661,819	2,277,967
Fixed Assets - Ajel Tech. USA	6,976,793	-	-	6,976,793	2,973,101	454,244	-	3,427,345	3,549,448	4,003,692
Consolidated Good Will - Inc.				4,196,660					4,196,660	
Consolidated Good Will - AIL				64,000,000					64,000,000	
Total	20,154,875	1,490,300	678,213	89,163,622	11,313,015	1,087,847	-	12,401,138	76,762,484	8,841,584

	AS AT	AS AT
	31.03.10	31.03.09
	Rs	Rs
SCHEDULE 5		
CASH AND BANK BALANCES		
a. Cash on hand	69,020	21,481
b. Balances with scheduled banks-in current accounts	3,679,893	15,961,326
	3,748,913	15,982,807
SCHEDULE 6		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for the value to be received		
Rent Advance	-	252,000
Other Advances	2,299,025	5,674,441
Deposits	798,985	1,797,199
TDS	2,294,333	788,518
Tax Credit (MAT)	28,500	28,500
Loans / Deposits with companies & others	9,700,563	7,323,564
Work in progress (Jobs Uncompleted)	-	925,500
Deposits	-	84,900
Advance recoverable in cash or in kind-or for value to be received	-	1,211,552
Prepaid expenses	-	40,162
	15,121,406	18,126,336
SCHEDULE 7		
CURRENT LIABILITIES AND PROVISIONS		
a. Current Liabilities:		
Audit Fee Payable	95,150	70,150
Tax Audit Fees Payable	25,000	25,000
Outstanding Expenses	233,504	82,333,430
Other Liabilities	49,507,361	39,057,154
Sundry creditors	88,794,329	917,334
Advances from customers	500,000	850,000
Advances from directors	2,833,474	1,887,474
Short term Loans	-	-
Excess Allotment Money Received	2,500	-
	141,991,318	125,140,542
b. Provisions:		
Income tax	-	-
FBT	-	62,466
Others	2,323,171	2,090,706
	2,323,171	2,153,172
Total Current Liabilities & Provisions	144,314,489	127,293,714

	AS AT	AS AT
SCHEDULE 8	31.03.10	31.03.09
MISCELLANEOUS EXPENDITURE	Rs	Rs
(To the extent not written off or adjusted)		
a. Preliminary Expenses		
Preliminary & Preoperataive Expenses-op bal	609,450	611,650
Less: Written-off during the year	142,900	2,500
	466,550	609,150
b. Pre-operative Expenses	40,006	48,007
Less: Written-off during the year	8,001	8,001
	32,005	40,006
	498,555	649,156
SCHEDULE 9		
REVENUES		
Consulting Revenue Service	479,783,491	423,084,949
Income from Operations	607,500	1,184,354
Training	-	458,550
Software Development & Web designing Services	284,000	-
	480,674,991	424,727,853
SCHEDULE 10		
OTHER INCOME		
Profit on Sale of Asset	29,251	-
Interest Income	402,565	-
Others	-	2,015,303
	431,816	2,015,303
SCHEDULE 11		
COST TO REVENUE		
Salaries	293,724,714	339,656,274
	293,724,714	339,656,274

	As It 31.03.10	As It 31.03.09
SCHEDULE 12		
ADMINISTRATIVE EXPENSES		
Salaries	123,903,850	26,332,376
Other Payroll Expenses	9,512,783	-
PF Charges	118,463	114,511
ESI Charges	56,829	66,019
Advertisement	7,390	566,928
Internet charges	203,070	362,886
Rent	2,637,198	5,523,436
Telephone charges	1,810,110	2,547,565
Professional charges	2,590,161	833,567
Printing & Stationery	112,378	334,136
Books & Periodicals	3,364	7,803
Staff welfare	1,372,184	511,474
Computer Maintenance	-	72,316
Conveyance Charges	1,290,376	5,666,474
Communication Expenses	1,542	20,841
Bank Charges	221,754	75,919
Office Maintenance	751,841	1,051,109
Web Hosting expenses	-	2,021
Repairs & Maintenance	611,519	920,839
Rates & Taxes	307,407	177,226
Insurance	3,282,668	4,154,379
Travelling Expenses	1,101,256	3,386,892
Electricity Charges	383,410	400,419
Vehicle Hire Charges	48,563	619,673
Business Promotion	-	3,774
Staff Training Expenses	-	21,773
Audit Fees	125,000	112,650
General Expenses	1,083,712	870,106
Postage & Telegrams	54,802	236,125
Office Facilities	297,801	49,250
Recruitment Charges	199,563	132,717
Security Expenses	62,815	96,897
ISO Certification Charges	-	232,304
Licenses & Permits	108,902	162,084
Equipment Rental	36,927	266,717
Dues&Subscriptions	1,188,721	1,834,153
Commission	-	23,896
Publicity Expenses	-	126,301
Registration fees (SEBI)	50,162	-
Utilities	112,109	295,529
Conferences	-	56,860
Charity	-	71,317
Gratuity	30,600	17,600
ROC expenses	-	5,500
Discounts	-	658,478
Lease line NSDL exp	76,000	60,000
Lease line CDSL exp	81,638	81,638
Listing Fee	92,110	116,742
Director Sitting Fee	15,000	28,600

Bonus	-	31,000
Annual fees-SEBI	-	42,105
Interest Charges	328,455	-
Sundry Balance W/off	(374,111)	-
Early Payment Discount	426,016	-
Service Tax	15,392	-
Contributions	500	-
Tender Participatation Exp.	20,200	-
	154,360,432	59,382,925

SCHEDULE 13

NOTES ON ACCOUNTS:

Statement of Significant Accounting Policies:

DESCRIPTION OF BUSINESS

Ajel Infotech Limited ('Ajel'), its consolidated subsidiary Ajel Technologies India Private Limited (Ajel Technologies) and its consolidated subsidiary of Ajel Technologies, Inc (Ajel, Inc) (hereinafter collectively referred to as Group) are mainly engaged in development of computer software. Ajel is a holding Company with its investment within the group companies.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include accounts of:

- Ajel Infotech Limited (Ajel), holding company of Ajel Technologies India Private Limited ('Ajel Technologies') directly holding 99.99 % of voting power.
- Ajel Technologies India Private Limited (Ajel Technologies) subsidiary of 'Ajel' and holding company of Ajel Technologies, Inc (Ajel, USA) directly holding 100% of voting power.
- Ajel Technologies, Inc ('Ajel, USA'), subsidiary company of Ajel Technologies.

The consolidated financial statements have been prepared in accordance with historical cost convention, with the Generally Accepted Accounting Policies (GAAP) applicable in India and the provisions of the Indian Companies Act, 1956.

All inter company transactions, balances and unrealized surpluses and deficits on the transactions, to the extent identifiable, between group companies are eliminated.

Investment in subsidiary has been accounted in these consolidated statements as per Accounting Standard 21 on 'Consolidated Financial Statements'

3. Basis of Accounting :

These accounts have been prepared under historical cost convention and on the accounting principles of going concern. Accounting Policies not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principles.

4. Income and Expenditure :

Income and Expenditure are accounted for on accrual basis wherever material, except bonus to staff and other retirement benefits, which are accounted on cash basis.

Dividend and Debenture interest income is accounted for on cash basis.
Profit and/ or loss on share trading is accounted for on basis of Broker Notes where available.

Speculative income on Futures and Options at or before the expiry of a series of equity index futures / equity stock futures upon final settlement of the contracts in the series, the profit/loss is calculated on the difference between the final settlement price on that date and the contract prices of each contract in the series.

Fees for development of Web-based portals for customers are recognised as revenue by reference to the stage of completion of the development based on the man-hours spent to achieve that particular completion stage. The revenue from fees of web designing are recognised based on designing completed and billed to the clients as per the terms of specific contract. Revenue from services is recognized based on time and billed to the clients as per the terms of contract.

5. Fixed Assets and Depreciation:

Fixed Assets of Ajel and Ajel technologies are stated at their original cost of acquisition (including installation charges) as reduced by any sale/discard and accumulated depreciation thereon.

Depreciation on fixed assets of Ajel and Ajel technologies has been provided on straight-line basis as per rates prescribed under Schedule XIV of the Companies Act, 1956. In case of additions to fixed assets, depreciation is provided on a pro-rata basis from the date of acquisition on straight-line basis as per rates prescribed under Schedule XIV of the Companies Act, 1956.

6. Asset Impairment:

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and the carrying amount of the asset is reduced to its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Reversal of impairment losses recognized in prior years' is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

7. Investment:

Investments are valued at cost inclusive of all expenses incidental to their acquisition. All the investments are intended to be held for a period of more than one year from the date on which investment is made. Accordingly, all investments are long-term and are carried at cost. Overseas investments are carried at their original rupee cost. However, in consolidated accounts, the amount of investments in rupees in subsidiary is not considered.

8. Determination of Market Value of Investments:

Quoted scripts are taken at the year-end closing market rates prevailing on the Principal Stock Exchange where they are traded.

Unquoted Shares are taken at cost.

9. Taxation:

Provision of current tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year if applicable is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Differed tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

10. Contingent Liability:

Contingent Liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.

Contingent Liability not provided for: Rs. Nil (Previous year: Rs. Nil).

Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. Nil (Previous year: Rs. Nil).

11. Foreign Exchange:

For the purpose of Consolidation, Ajel Technologies, Inc was treated as Non Integral foreign operation in accordance with the Accounting Standard 11-“Effects of Changes in Foreign Exchange Rates” and transactions in foreign currency for the items of income and expenses are recorded at the Average rate of exchange for the period . All the Assets and Liabilities were recorded at the Closing rate of exchange. Exchange differences arising there from is transferred to Foreign Currency Loss and transferred to Profit and Loss Account.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

1. The figures for the previous period have been regrouped and reclassified wherever considered necessary. Paise have been rounded off to the nearest rupee.
2. Other Current Assets (Schedule 6) includes a sum of Rs. 9,46,000/- due from a company in which a director is interested. Maximum amount due during the year – Rs. 9,46,000/-
3. Balances of Sundry Debtors, Sundry Creditors, Other Current Assets, Current Liabilities and Loans and Advances are subject to confirmation and reconciliation, if any.
4. There are no employees covered under section 217 (2A) of the Companies Act, 1956.
5. Remuneration Paid to Managing Director Rs. Nil.
6. Auditor’s Remuneration:

	<u>Current Year</u>	<u>Previous Period</u>
Audit Fees	75000	65000
Tax Audit Fees	25000	25000
Consultancy / Certification charges		
Other Services		10000

7. No provision has been made in respect of present liability towards future payment of gratuity to all employees, which have not yet been ascertained. However, management is of the view that Gratuity will be accounted on actual payment basis.
8. In the opinion of the Board, the value on realization of the current assets, loans and advances in the ordinary course of business, would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate.
9. There is no creditor with dues exceeding Rs. 1.00 lack & outstanding for more than 30 days which is registered as a small scale industrial undertaking as on 31st March 2010.
10. Related Party Disclosures:

a. The list of related parties as identified by the management are as under:

Key Management Personnel:

Mr.Srinivasa Reddy Arikatla
VC & Managing Director

Mrs. D. Malathy
Director

Mr. Vijay Chokshi
Whole Time Director

Enterprises owned by/over which
Key Management Personnel is able

to exercise significant influence: Rajyog Real Estate Private Limited

b. The following transactions were carried out with the related parties during the year ended 31.3.2010:

Nature of transaction with Related Party Key Management Personnel / Enterprise over which KMP Exercise significant influence

	<u>2009-2010</u>	<u>2008-2009</u>
Remuneration	NIL	NIL
Outstanding at the year end	<u>31.03.2010</u>	<u>31.03.2009</u>
Outstanding balance included in Current Liabilities	28,33,474	18, 87,474
Outstanding balance included in Current Assets		8, 00,000

11. The Company has unabsorbed depreciation and carried forward losses under the tax laws. In absence of virtual certainty of sufficient taxable income, deferred tax assets has not been recognised by way of prudence in accordance with Accounting Standard 22--"Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Similarly, in view of inadequate reserves and losses of the company, deferred tax liability also has not been recognized.

12. <u>Earnings per Share:</u>	<u>Year ended 31.3.2010</u>	<u>Year ended 31.3.2009</u>
Profit/(Loss) after taxation and preference dividend as per Profit and Loss Account (A)	149.72	212.64
Weighted average no. of shares outstanding at the end of the year and used in computing Earnings per share (B)	10150000	10150000
Earnings per share (Basic/Diluted) (A/B)	1.47	2.09

13. Value of Imports on CIF basis ---Rs. Nil (Previous year: Rs. Nil)

14. Expenditure incurred in foreign currency --- Rs. Nil

15. Earnings in Foreign Exchange --- Rs. 11.29 Lakhs (Previous year: Rs. 12.82 Lakhs)

16. Amounts remitted during the year in foreign currency on account of dividends --- Rs. Nil (Previous year: Rs. Nil).

17. In terms of Accounting Standard 28 (AS-28) in view if the management, there was no impairment loss on assets during the year the year under report.

18. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956: NIL

19. Total Amount payable to Society is Rs. 14,60,927/- as of 31st March 2010, out of which Company has provided only 4,63,345/-. The Company disputing the amount payable since last 8 years no service has been provided by the Society.

As per our report of even date

For **KN MURTHY & CO**
Chartered Accountants
FRN 006823S

Sd/-
KSVL NARASIMHA MURTHY
Proprietor
Member Ship No. 203849

Place: Hyderabad
Date : 28-08-2010

FOR AND ON BEHALF OF THE BOARD

Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director

Sd/-
D.MALATHY
Director

Sd/-
VIJAY S CHOKSHI
Whole Time Director

AUDITORS' REPORT OF AJEL INFOTECH LIMITED

We have audited the attached Balance Sheet of **Ajel Infotech Limited** as at March 31, 2010 and the Profit and Loss Account 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 an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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.
2. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, issued by the Department of Company Affairs, in terms of section 227(4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the company.
3. Further to our comments in the Annexure referred to in paragraph 2 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 purposes of our audit;
 - b) In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of these books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable;
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are prima facie, disqualified under section 274(1)(g) of the Companies Act, 1956 as on 31.03.2010 from being appointed as director of the Company.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - ii. in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date;

**For and on behalf of
KN Murthy & Co.,
Chartered Accountants**

Sd/-
**KSVL Narasimha Murthy
Proprietor
Membership No.203849
FRN 006823S**

Place : Hyderabad
Date : 28-08-2010

Balance Sheet as at 31st March, 2010 of Ajel Infotech Limited.

	Sch No.	AS AT Amount Rs.	31.03.2010 Amount Rs.	AS AT Amount Rs.	31.3.2009 Amount Rs.
SOURCE OF FUNDS:					
SHAREHOLDER'S FUNDS:					
Share Capital	1	101,425,000		101,424,000	
Reserve and Surplus				-	
Total			<u>101,425,000</u>	<u>101,424,000</u>	<u>101,424,000</u>
SECURED LOANS					
		8,500,000	8,500,000		
TOTAL			<u>109,925,000</u>		101,424,000
APPLICATION OF FUNDS:					
FIXED ASSETS					
Gross Block	2	9,779,035		9,779,035	
Less: Depreciation		<u>7,424,478</u>		<u>7,219,110</u>	
Net Fixed Assets			2,354,557		2,559,925
INVESTMENTS					
INVESTMENTS IN SUBSIDIARY		71,500,000	71,500,000	71,500,000	71,500,000
CURRENT ASSETS, LOANS & ADVANCES					
Sundry Debtors	3	11,902,445		9,112,359	
Work in Progress	4	925,500		925,500	
Cash & Bank Balances	5	590,787		154,306	
Other Current Assets (including non-refundable deposit -Rs.50000)	6	1,369,313		1,336,614	
Loans & Advances	7	<u>11,873,713</u>		<u>7,756,885</u>	
		26,661,759		19,285,664	
Less: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	8	7,272,789		3,657,308	
Provisions		<u>2,021,772</u>		<u>2,109,076</u>	
		9,294,561		5,766,383	
NET CURRENT ASSETS			17,367,198		13,519,281
Miscellaneous Exps (Asset) To the extent not written off.			456,550		596,650
PROFIT & LOSS ACCOUNT	11		<u>18,246,695</u>		<u>13,248,144</u>
Total			<u>109,925,000</u>	<u>101,424,000</u>	

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For KN MURTHY & CO
Chartered Accountants

SRINIVASA REDDY ARIKATLA
VC & Managing Director

KSVL NARASIMHA MURTHY
Proprietor
Hyderabad
Place: Hyderabad
Date : 28-08-2010

Vijay
Chokshi
Director

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

	Sch No.	31.03.2010 Amount Rs.	31.03.2009 Amount Rs.
INCOME:			
Income from Operations	9	12,802,458	3,651,157
Total Income		<u>12,802,458</u>	<u>3,651,157</u>
EXPENDITURE:			
Operational & Administration	10	17,455,241	1,650,598
Total Expenditure		<u>17,455,241</u>	<u>1,650,598</u>
GROSS PROFIT BEFORE ADJUSTED		(4,652,783)	2,000,559
Depreciation		205,368	205,368
Miscellaneous Expenditure W/Off		140,400	105,300
PROFIT BEFORE TAX (PBT)		<u>(4,998,551)</u>	<u>1,689,891</u>
Provision for Taxation			
(a) Current Tax			
(b) Fringe Benefit Tax			6,200
PROFIT AFTER TAX (PAT)		<u>(4,998,551)</u>	<u>1,683,691</u>
Profit /(Loss) for the year		(4,998,551)	1,683,691
Profit/(Loss) brought forward from previous year		(13,248,144)	(14,931,835)
Surplus / (Deficit) carried to Balance Sheet		<u>(18,246,695)</u>	<u>(13,248,144)</u>

Schedules referred to above and notes attached thereto form an integral part of the Profit & Loss Account. This is the Profit & Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

For KN MURTHY & CO
Chartered Accountants

SRINIVASA REDDY ARIKATLA
VC & Managing Director

KSVL NARASIMHA MURTHY
Proprietor

Vijay Chokshi
Director

Hyderabad:
Place: Hyderabad
Date : 28-08-2010

SCHEDULES TO THE ACCOUNTS OF AJEL INFOTECH LIMITED

SCHEDULES TO THE ACCOUNTS

PARTICULARS	31.03.2010		31.03.2009	
	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.
SCHEDULE 1.				
SHARE CAPITAL				
Authorised 12000000 Eqty Shrs of Rs.10/-each	<u>120,000,000</u>		<u>120,000,000</u>	
ISSUED,SUBSCRIBED AND PAID-UP				
10150000(Previous year 30000000)				
Equity shares of Rs. 10/- each fully paid-up	<u>101,500,000</u>		<u>101,500,000</u>	
Less: Calls in arrears	<u>75,000</u>	101,425,000	<u>76,000</u>	101,424,000
Total		<u><u>101,425,000</u></u>		<u><u>101,424,000</u></u>
SCHEDULE 11.				
PROFIT & LOSS ACCOUNT				
Profit & Loss Account Balance as per last Balance Sheet	(13,248,144)		(14,931,835)	
Add: Profit during the year				
Less: Loss incurred during the year shown separate in Balance Sheet	<u>(4,998,551)</u>	<u>(18,246,695)</u>	<u>1,683,691</u>	<u>(13,248,144)</u>
Total		<u><u>(18,246,695)</u></u>		<u><u>(13,248,144)</u></u>

SCHEDULE 2.										
FIXED ASSETS										
PARTICULARS	GROSS BLOCK (COST)				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2009	Addition Adjustment	Deduction Adjustment	AS ON 31.3.2010	AS ON 01.04.2009	For the Year	Addition Adjustment	AS ON 31.3.2010	AS ON 31.3.2010	AS ON 31.3.2009
Land & Building (Office Premises)	1,859,328	-	-	1,859,328	250,034	30,308	-	280,342	1,578,986	1,609,294
Plant & Machinery (Computers, Computer Printers & Accessories)	5,092,387	-	-	5,092,387	4,963,465	-	-	4,963,465	128,922	128,922
Office Equipments	218,321	-	-	218,321	119,447	9,912	-	129,359	88,962	98,874
Furniture & Fixtures	2,608,999	-	-	2,608,999	1,886,164	165,148	-	2,051,312	557,687	722,835
Total	9,779,035	-	-	9,779,035	7,219,110	205,368	-	7,424,478	2,354,557	2,559,925
Previous Period	9,747,135	31,900	-	9,779,035	7,013,742	205,092	276	7,219,110	2,559,925	3,143,065

Note : Since the WDO of Plant & Machinery less than 5% Depreciation not provided

PARTICULARS	31.03.2010 Amount (Rs.)	31.3.2009 Amount (Rs.)
SCHEDULE 3.		
SUNDRY DEBTORS		
(Unsecured Considered good)		
Less than Six Months	4,627,103	1,691,055
Six Months and above	7,275,342	7,421,304
Total	11,902,445	9,112,359
SCHEDULE 4.		
WORK IN PROGRESS (JOBS UNCOMPLETED)		
a. Opening Work in Progress	925,500	925,500
b. Closing Work in Progress	925,500	925,500
SCHEDULE 5.		
CASH & BANK BALANCES		
Cash on Hand	68,572	5,621
With Schedule Banks in current account		148,685
Syndicate Bank	213,480	
Axis Bank	14,731	
Central Bank of India	499	
Lakshmi Vilas Bank	293,504	
Total	590,787	154,306
SCHEDULE 6.		
OTHER CURRENT ASSETS		
Deposit - others	84,900	84,900
Advance recoverable in cash or in kind- or for value to be received	1,211,552	1,211,552
Other Advances	72,861	
Prepaid Expenses		40,162
Total	1,369,313	1,336,614
SCHEDULE 7.		
LOANS & ADVANCES		
(Unsecured)		
Loans / Deposit with companies & others (Considered Good-- 5075753/-) Considered Doubtful-- 1591250/-)	10,024,813	7,323,564
Tax Deducted at Source	1,820,400	404,822
Tax Credit (MAT)	28,500	28,500
Total	11,873,713	7,756,885

SCHEDULES TO THE ACCOUNT:

PARTICULARS	31.03.2010 Amount (Rs.)	31.3.2009 Amount (Rs.)
SCHEDULE 8.		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	674,278	917,334
Advances from Customers	500,000	850,000
Excess Allotment Money Received	2,500	2,500
Other Current Liabilities	3,262,537	-
Advance from Directors	2,833,474	1,887,474
Total	7,272,789	3,657,308

Provisions

Provision for Taxation	-	---
Provision for FBT	-	18,370
Others	2,021,772	2,090,706
Total	2,021,772	2,109,076

SCHEDULE 9.
OPERATIONAL INCOME

a. Income from operations (Service Charges)	607,500	1,184,354
c. Interest Income	402,565	733,294
e. Consulting Services Revenue	11,508,393	1,726,009
f. Web designing services revenue	19,000	7,500
g. Software Development Services	265,000	-
Total	12,802,458	3,651,157

SCHEDULES TO THE ACCOUNT:
PARTICULARS
SCHEDULE 10.
OPERATION & ADMINISTRATION EXPENDITURE

	31.03.2010	31.3.2009
	Amount (Rs.)	Amount (Rs.)
Salaries	13,275,267	578,250
Postage Expenses	22,533	9,815
Courier Expenses	2,146	5,364
Advertisement	1,700	-
Telephone Expenses	465,154	49,868
Printing & Stationery	111,838	71,555
Conveyance Expenses	372,882	105,453
House Keeping & Maintenance	96,040	-
Auditors Remuneration	100,000	-
sebi yearly fees	50,162	42,105
Bank Charges	13,936	3,774
Bonus	-	31,000
Electricity Expenses	322,250	95,430
Directors Sitting Fees	15,000	28,600
ESIC	45,171	18,185
Gratuity	30,600	17,600
Internet Charges	189,570	562
Listing Fees	92,110	116,742
Books & Periodicals	3,169	1,580
Misc. Expenses	6,567	1,773
Office Expenses	484,526	29,100
Provident Fund Contribution	105,867	37,986
Professional Charges	588,702	34,346
Contributions	500	-
ROC Expenses	-	5,500
Lease Line (NSDL) Expenses	76,000	60,000
Lease Line (CDSL) Expenses	81,638	81,638
Interest Expenses	247,493	-
Interest on Service Tax	22,710	-
Repairs & Maintenance	306,547	58,709
Staff Welfare Expenses	258,296	18,595
Car Hire Charges	9,878	12,808
Publicity Exps	-	6,006
Rent	142,002	8,989
Computers Rent	2,700	-
Rates & Taxes	-	41,322
Recruitment Charges	198,625	77,943
Licenses and Permits	2,276	-
Security Services	62,815	-
Tender Participation Exp.	20,200	-
Insurance Charg	2,483	-
Sundry Balance W/off	(374,111)	-
Total	17,455,241	1,650,598

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration Number : 76637 State Code : 11

Balance Sheet Date : Mar 31, 2010

II. Capital raised during the year

Public Issue : Nil Right Issue : Nil
 Bonus Issue : Nil Private Issue : Nil

III. Position of mobilization of funds (Rs.)

Total Liabilities : 323,414,866 Total Assets : 323,414,866

Source of Funds

Paid-up Capital : 101,462,380 Reserves & Surplus : 27,620,161
 Secured Liability : 25,159,419 Unsecured Loans : 24,858,417

Application of Funds

Net Fixed Assets : 76,762,485 Capital Work In Progress :
 37,879,000
 Net Current Assets : 63,960,337 Misc. Expenditure : 498,555
 Accumulated Losses : Nil

IV. Performance of the Company

Turn Over : * 481,106,807 Total Expenditure : 456,488,585
 Profit/Loss before tax : 24,618,222 Profit/Loss after tax : 10,349,344
 Earning per Share : 1 Dividend Rate % : Nil

* Including 'Other Income'

V. Generic Names of Principal Products, Services of the Company:

Item Code: NA

Product Description
 1.Registrar to the issue and share transfer agents, Investments in
 2. Shares & Debentures leasing and financing
 3. Software development and manpower recruitment.

BALANCE SHEET OF SUBSIDIARY COMPANY AS ON 31ST MARCH, 2010.
AJEL TECHNOLOGIES INDIA PRIVATE LIMITED

		SCHEDULE	AS AT 31.03.10	AS AT 31.03.09
			Rs	Rs
A	<u>SOURCES OF FUNDS</u>			
	1.SHAREHOLDER'S FUNDS			
	a. Share Capital	1	7,500,000	7,500,000
	b. Application money towards shares		37,380	37,380
	2.LOAN FUNDS			
	Secured Loans	4	3,513,918	2,055,776
	3.Deferred Tax Liability		7,729	7,729
B	Total 'A'		11,059,027	9,600,885
	<u>APPLICATION OF FUNDS</u>			
	1. FIXED ASSETS	3		
	a. Gross Block		4,211,134	3,399,047
	b. Depreciation		1,549,315	1,121,081
	c. Net Block		2,661,819	2,277,966
	2. INVESTMENTS		4,422,360	4,422,360
	3. CURRENT ASSETS, LOANS AND ADVANCES			
	a. Cash and bank balances	5	460	16,017
	b. Sundry Debtors (Less than six months, unsecured, considered good.)		1,164,467	2,988,940
	c. Loans & Advances	6	2,474,638	787,197
			3,639,565	3,792,154
	d. Less: Current Liabilities and Provisions			
	i. Liabilities	7	2,729,904	1,455,285
	ii. Provisions		-	44,094
			2,729,904	1,499,379
	Net Current Assets (a+b-c)		909,661	2,292,775
	4. MISCELLANEOUS EXPENDITURE (To the extent not written-off or adjusted)	8	42,005	52,506
	5.Profit /(Loss) for the year		(3,023,182)	(555,278)
	Total 'B'		11,059,027	9,600,885
	Notes to Accounts	10		

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For KN MURTHY & CO
Chartered Accountants

KSVL NARASIMHA MURTHY
Proprietor

Hyderabad:

Place: Hyderabad
Date : 28-08-2010

For and on behalf of the Board of
Directors

Sd/-
SRINIVASA REDDY ARIKATLA
Director

Sd/-
MALATHY D
Director

**PROFIT AND LOSS ACCOUNTS OF ITS SUBSIDIARY COMPANY FOR THE YEAR ENDED
31ST MARCH, 2010**

AJEL TECHNOLOGIES INDIA PRIVATE LIMITED

	SCHEDULE	YEAR ENDED	YEAR ENDED
		31.03.10	31.03.09
		Rs	Rs
A INCOME			
Software Exports		1,129,250	8,503,650
Consulting Service Revenue		-	3,494,336
Other Income		2,563	1,282,009
Profit on Sale of Asset		26,688	
		1,158,501	13,279,995
B EXPENDITURE			
Administrative Expenses	9	2,853,896	19,846,841
Depreciation		428,235	383,598
Financial Charges		333,774	
		3,615,904	20,230,439
Profit/(Loss) after depreciation		(2,457,403)	(6,950,444)
<u>Expenses written-off:</u>			
Preliminary Expenses		2,500	2,500
Preoperative Expenses		8,001	8,001
Profit/(Loss) before tax		(2,467,904)	(6,960,945)
Provision for tax		-	-
Profit/(Loss) after tax		(2,467,904)	(6,960,945)
Provision for FBT		-	44,094
Profit/(Loss) after FBT		(2,467,904)	(7,005,039)
Provision for Deferred Taxes			-
Profit/(Loss) after Deferred Taxes		(2,467,904)	(7,005,039)
Profit/(Loss) brought forward		(555,278)	6,449,761
Balance carried to Balance Sheet		(3,023,182)	(555,278)
Notes to Accounts	10		

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet. This is the Profit and Loss Account referred to in our report of even date.

For KN MURTHY & CO
Chartered Accountants

KSVL NARASIMHA MURTHY
Proprietor

Hyderabad:

Place: Hyderabad
Date : 28-08-2010

For and on behalf of the Board of Directors

Sd/-
SRINIVASA REDDY ARIKATLA
Director

Sd/-
MALATHY D
Director

**BALANCE SHEETS OF ITS SUBSIDIARY COMPANY FOR YEAR ENDED
MARCH 31ST, 2010
AJEL TECHNOLOGIES INC, USA**

	In Rs.	In Rs.
	AS AT 31.03.10 Rs	AS AT 31.03.09 Rs
A SOURCES OF FUNDS		
1.SHAREHOLDER'S FUNDS		
a. Share Capital	225,700	254,750
b. Reserves & Surplus	48,890,051	31,074,252
2.LOAN FUNDS		
Secured Loans	-	46,505,530
Un Secured Loans	24,858,417	-
3.Deferred Tax Liability	13,137,771	-
Total `A`	87,111,940	77,834,532
B APPLICATION OF FUNDS		
1. FIXED ASSETS		
a. Gross Block	6,976,793	7,874,804
b. Depreciation	3,427,345	3,410,666
c. Net Block	3,549,448	4,464,138
2. CAPITAL WORK IN PROGRESS	36,953,500	41,709,810
3. CURRENT ASSETS, LOANS AND ADVANCES		
a. Cash and bank balances	3,157,679	8,123,009
b. Sundry Debtors	174,968,283	137,361,149
d. Loans & Advances	3,074,305	7,320,139
	181,200,267	152,804,297
Less: Current Liabilities and Provisions		
i. Liabilities	134,289,875	121,143,713
ii. Provisions	301,400	-
	134,591,275	121,143,713
Net Current Assets	46,608,992	31,660,584
Total `B`	87,111,940	77,834,532

For AJEL TECHNOLOGIES INC.,

Sd/-
Srinivasa Reddy Arikatla
Director

**PROFIT AND LOSS ACCOUNT OF ITS SUBSIDIARY COMPANY FOR THE YEAR ENDED
31ST MARCH, 2010**

AJEL TECHNOLOGIES INC, USA

	In Rs.	In Rs.
	YEAR ENDED 31.03.10 Rs	YEAR ENDED 31.03.09 Rs
A INCOME		
Revenue	467,145,848	413,892,019
	467,145,848	413,892,019
B EXPENDITURE		
Cost to Revenue	427,776,010	381,621,759
Depreciation	454,244	370,266
Financial Charges	2,336,478	3,202,197
Foreign Exchange Loss	4,645,289	
Provision for Doubtful Debts	-	2,112,805
	435,212,021	387,307,027
Profit/(Loss) after depreciation	31,933,827	26,584,992
<u>Expenses written-off:</u>		
Preliminary Expenses	-	-
Preoperative Expenses	-	-
Profit/(Loss) before tax	31,933,827	26,584,992
Provision for tax	14,117,977	-
Profit/(Loss) after tax	17,815,850	26,584,992
Provision for FBT	-	-
Profit/(Loss) after FBT	17,815,850	26,584,992
Provision for Deferred Taxes	-	-
Profit/(Loss) after Deferred Taxes	17,815,850	26,584,992
Profit/(Loss) brought forward	31,074,201	4,489,255
Balance carried to Balance Sheet	48,890,051	31,074,247

For AJEL TECHNOLOGIES INC.,

Sd/-
Srinivasa Reddy Arikatla
Director

AJEL INFOTECH LIMITED

106, 2nd Floor, Mahadashopping Complex, New Link Road, Jogeshwari, Mumbai - 400102

PROXY FORM

I/We _____ of _____ being a Member(s) of above named company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 16th Annual General Meeting of the Company to be held on Thursday the 30th day of September 2010 at 10.00 AM at Indian Medical Association Hall, 1st Floor, Lupin Auditorium, Near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai - 400 049, and at any adjournment(s) thereof.

As Witnessed Signed this _____ day of September 2010

Signature _____

Folio No./Client ID _____

No. of shares held _____

Affix Re.1/- Revenue Stamp.

Note:

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

AJEL INFOTECH LIMITED

106, 2nd Floor, Mahadashopping Complex, New Link Road, Jogeshwari, Mumbai - 400102

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 16th Annual General Meeting of the members of the company on Thursday the 30th day of September 2010 at 10.00 AM at Indian Medical Association Hall, 1st Floor, Lupin Auditorium, Near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai - 400 049,.

Shareholders/Proxy's Signature _____

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

Folio No./ Client ID _____

No. of shares held _____

Note:

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