



**DELIVERING WORLD-CLASS
IT SOLUTIONS**



Ajel Limited
(Formerly Ajel Infotech Limited)

**17th Annual Report
2010 - 2011**

ajel.in



17th Annual Report

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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. Mr.Darshan D Majmudar	--	Director
6. Mr.Jadda Amara Reddy	--	Director
7. Mr. Mahender R. Musuku	--	Director
Mr. Chandrakanth Gorak	--	Company Secretary
Mr. Pavan Kumar Susarla	--	Vice President - Professional Services
Mr. Joseph Sampath	--	Vice President - Business Development
Mr. Venu Madhav Moola	--	Delivery Head - IT Solution

Registered Office:

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

Branch Office:

Hyderabad

Plot No.1182, 3rd Floor,
Opp. Ayyappa Society Office,
Ayyappa Society, Madhapur,
Hyderabad - 500 081
Andhra Pradesh

Bangalore

420, 1st Floor
9th Main Rd
Banashankari 2nd
Stage
Bengaluru - 560 070
Karnataka

USA

45 Brunswick Avenue
Suite# 222
Edison
NJ - 08817

Auditors:

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

Bankers:

- 1) Syndicate Bank
- 2) Axis Bank
- 3) Dena Bank
- 4) Laxmi Vilas Bank

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 17th Annual Report of the company on the business and operations of the company together with the Audited Accounts for the year ended 31st March 2011

FINANCIAL RESULTS

For the year ended 31 March	Consolidated		Standalone	
	2011	2010	2011	2010
Income	70,51,12,142	48,11,06,807	4,18,81,586	1,28,02,458
Total Expenditure	65,58,19,321	45,27,30,486	2,88,10,693	1,72,07,748
Finance Cost	44,42,364	26,70,252	14,47,494	2,47,493
Depreciation	11,99,847	10,87,847	2,35,163	2,05,368
Expenditure W/off	1,50,901	1,50,901	1,40,400	1,40,400
Profit / (Loss) before tax	4,34,99,710	2,44,67,321	1,12,47,836	(49,98,551)
Less: Taxes	1,58,25,761	1,41,17,977	11,95,792	-
Profit / (Loss) after tax	2,76,73,949	1,03,49,344	1,00,52,044	(49,98,551)
EPS (equity shares, par value Rs.10 each)	2.73	1.02	0.99	(0.49)

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, 2011 amounted to Rs. 70,51,12,142/- as against Rs. 48,11,06,807/- 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. 2,76,73,949/- 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.

Harnessing the pooled computing resources delivered over the Internet, Ajel Cloud Computing Services provides an agile cloud infrastructure designed to provide rapid access to security-rich, enterprise-class virtual server environments, well suited for development and test activities and other dynamic workloads. Depending on the platform, an application can scale dynamically and increase its share of resources on-the-fly to meet increasing traffic demands or huge traffic spikes. And on other hand Technology Services, Enterprise Solutions, Mobility Solutions etc

Ajel has partnered with Futura Retail Solution AG, a leading retail merchandise management solution provider for the fashion and lifestyle industry in Germany and Europe to market, deploy, and support the solution for the Indian market. It offers FuturERS, an integrated retail management system that serves various areas of a company through which an item passes, such as order planning, moves on, goods received, checking of supplier invoices, allocating the goods to the branches, PC POS or touch POS, customer order, replenishment, inter branch transfer, integrated financial accounting, statistical analyses, and automated data exchange with the branches.

Futura Retail Solution AG was founded in 1975 and is based in Stelle, Germany with an additional office in Horgen, Switzerland. Futura is specifically developed for multi site specialty retailers, in over 30 countries worldwide. Futura was launched in 1992 as one of the first fully integrated retail management systems. There are currently more than 35,000 FuturERS installations worldwide running our enterprise retail software.

Today, FuturERS is one of the most affordable, proven and reliable solutions available. Despite being so simple to use, it can analyze profits and fine tune promotional activity, yet be rapidly deployed to meet the most demanding timescales.

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:

As per Section 255 of Companies Act , 1956 and in terms of Article 104 of the Articles of Association of the Company Mr. Jadda Amara Reddy and Mr. Venkateswarlu Arikatla 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.

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, 2011 of the subsidiary companies have been attached to this report.

ISO 9001: 2008

Your Company continues to maintain its Certification as per International Standards ISO 9001:2008 Quality Management System and your Company is fully committed to continually improve upon the implemented QMS

CHANGE OF NAME OF THE COMPANY

During the year the Name of the company has been changed to Ajel Limited. The Members of the Company accorded their consent in the 16th Annual General Meeting.

BRANCH OFFICES

During the year your company has opened a branch in Bangalore, India and NJ, USA.

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 2011-12. 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 deleting 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 : Rs. 2,27,43,600/-

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) and Ahmedabad Stock Exchange Limited. 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.

ACKNOWLEDGEMENT:

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
Date: 11-08-2011

For and on Behalf of Directors

Sd/-
VIJAY S CHOKSHI
Whole Time Director

Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

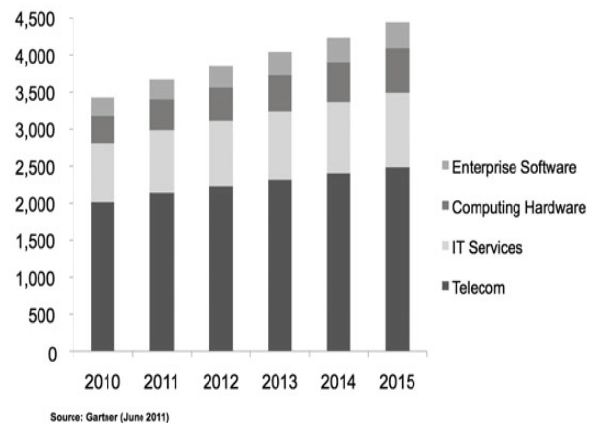
(Forming part of Directors' Report)

Forward -Looking Statements

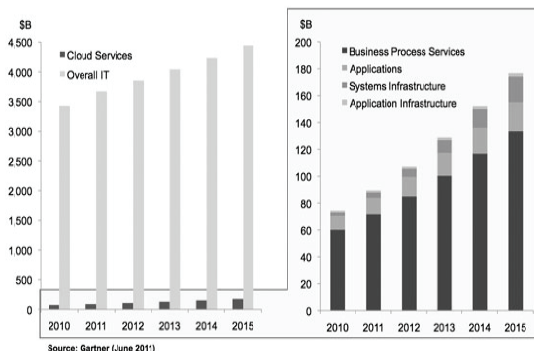
Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectation may be forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. 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, Outlook and Overall IT Spending Forecast, Worldwide, 2011

Gartner's forecast for dollar-valued global IT spending growth has been revised up to 7.1% from 5.6% for 2011 and to 5.0% from 4.5% for 2012. However, the underlying growth forecast, which strips out the effect of exchange rate fluctuations, has been reduced slightly for 2011 across all four high-level technology sectors of computing hardware, enterprise software, IT services and telecommunications, reflecting the impact of a more challenging short-term global economic growth outlook. Through 2015, we forecast that overall IT spending will grow at an annual average rate of 5.3% as the global economy continues to recover.



The migration to public cloud services is one of the hottest topics in IT, and forecast spending in this area, at an annual average growth rate of 19%, is growing almost four times faster than spending on overall IT. However, to put this growth in context, by 2015, the level of spending on public cloud services will be less than 5% of the total spent on IT overall.



Over the past decade, the Indian IT-BPO sector has become the country's premier growth engine, crossing significant milestones in terms of revenue growth, employment generation and value creation, in addition to becoming the global brand ambassador for India.

The Indian IT-BPO sector including the domestic and exports segments continue to gain strength, experiencing high levels of activity both onshore as well as offshore. The companies continue to move up the value-chain to offer higher end research and analytics services to their clients. The Indian IT-BPO industry has grown by 6.1 percent in 2010, and is expected to grow by 19 percent in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage.

India's fundamental advantages—abundant talent and cost—are sustainable over the long term. With a young demographic profile and over 3.5 million graduates and postgraduates that are added annually to the talent base, no other country offers a similar mix and scale of human resources.

Realizing the wealth of potential in the IT-ITeS sector, the central and state governments are also working towards creating a sound infrastructure for the IT-ITeS sector. CII aims to make the Indian IT and ITeS industry world class by continuously providing a platform for understanding and adoption of the new developments & best practices worldwide in this sector, taking up issues and concerns of the Indian industry with the relevant ministries at National and State level, coming up with studies, reports and surveys to help understand the potential of Indian IT and ITeS market and the issues faced.

As one of the key growth engines of the economy, the Indian IT/ITeS industry has been contributing notably to the economic growth accounting for around 5.6% of the country's GDP and providing direct employment to about 2.3 million people and indirect employment to many more. The sector witnessed an interesting 2010 which saw the industry move beyond the economic slowdown and shift its focus on building revenues, creating innovative service models, broadening geographical reach and optimizing cost. Amidst the growth story, however, the falling margins and subdued growth of many small and mid-tier companies served as a wakeup call for that segment. Going forward, we expect to see a consolidation wave in the years to come, where small and medium players would merge to compete for large scale deals and keep up with the changing industry dynamics. Emerging trends in service delivery like Cloud Computing and Platform BPO are likely to remodel the industry by creating new business opportunities for the IT/ITeS vendors and driving changes in the traditional service offerings. Today, margin pressures are pushing companies to proactively look for ways to contain costs while enhancing output. For long, Tier-2 cities have played around the fringes of mainstream IT/ITeS delivery. Today, we are seeing more and more companies moving into Tier-2 cities to set up delivery centres.

Business Overview and Future Outlook

Ajel provide a wide range of Technology Consulting, Cloud Computing & SaaS, Mobile Application Development, Enterprise Application Development & Maintenance, and Product Support services. Our expertise with the technologies, applications, standards, regulations and compliances that are relevant in each domain, quality of service & global resource base, enables us to offer a distinctive value proposition to our clients. We believe that we act as an effective enabler to achieving our clients' business, technical, operational, and financial objectives, through proper product engineering techniques and technology skills.

Our Global delivery model combined with our smart asset product range helps organizations to improve their business processes, functions through the effective application of Enterprise solutions that align with organization's business objectives and strategies.

According to Gartner predictions by 2012, India-centric IT services companies will represent 20% of the leading cloud aggregators in the market (through cloud service offering, by 2013, mobile phones will overtake PCs as the most common web access device worldwide and by 2015, context will be as influential to mobile consumer services and relationships as search engines are to the Web.

Ajel has partnered with Futura Retail Solution AG, a leading retail merchandise management solution provider for the fashion and lifestyle industry in Germany and Europe to market, deploy, and support the solution for the Indian market. It offers FuturERS, an integrated retail management system that serves various areas of a company through which an item passes, such as order planning, moves on, goods received, checking of supplier invoices, allocating the goods to the branches, PC POS or touch POS, customer order, replenishment, inter branch transfer, integrated financial accounting, statistical analyses, and automated data exchange with the branches.

Futura Retail Solution AG was founded in 1975 and is based in Stelle, Germany with an additional office in Horgen, Switzerland. Futura is specifically developed for multi site specialty retailers, in over 30 countries worldwide. Futura was launched in 1992 as one of the first fully integrated retail management systems. There are currently more than 35,000 FuturERS installations worldwide running our enterprise retail software.

Today, FuturERS is one of the most affordable, proven and reliable solutions available. Despite being so simple to use, it can analyze profits and fine tune promotional activity, yet be rapidly deployed to meet the most demanding timescales.

Cloud Computing Services

Harnessing the pooled computing resources delivered over the Internet, Ajel Cloud Computing Services provides an agile cloud infrastructure designed to provide rapid access to security-rich, enterprise-class virtual server environments, well suited for development and test activities and other dynamic workloads. Depending on the platform, an application can scale dynamically and increase its share of resources on-the-fly to meet increasing traffic demands or huge traffic spikes.

Different organizations use different applications such as SAP, Oracle Applications, and Microsoft Dynamics, along with a myriad of other off-the-shelf products. Many organizations have a large investment in custom software. Through Cloud platforms, our clients are able to focus on their core business leaving the maintenance of software applications & software systems to people who are best in the class.

Technology Services

Ajel's key strength is our focused specialization in building, integrating and supporting mission-critical business applications and systems to deliver the solutions that achieve your business objectives. Our integrated Global Practices, blended with our best-of-breed tools, standardized processes and skilled resources, enable a consolidated, end-to-end focus for your mission-critical applications and systems.

Enterprise Solutions

Ajel delivers end-to-end enterprise solutions and services to customers across industry verticals. Progressive organizations in all verticals invest in critical business solutions to offer better value to their customers by ensuring they stay ahead of competition by implementing the best practices across all their operations.

Mobility Solutions

Mobility transformation enables companies to offer employees position-independent access to ICT services and information. This approach incorporates solutions for increasing the productivity of mobile employees, as well as concepts to support a new way of working. Ajel can help you increase the productivity and sustainability of your company by deploying adapted mobility transformation solutions. Businesses are applying mobile solutions to drive more timely and accurate information into their enterprise systems. These solutions can include a wide range of wireless networks, mobile computing devices, barcode label printing and scanning for data collection, and integration software that links the mobile data source to business systems.

Infrastructure Solutions

As a full-service Unified Communications solutions provider, Ajel enables the customers to conquer the complexities of voice and data communications services. Ajel assists in defining, developing and executing more efficient, functional and cost-effective communications systems. Ajel, as a Cisco certified partner offers depth of expertise and ability to meet unique needs in the technology marketplace.

Industry Specific Packaged Solutions

Our industry based business solutions are based on an in-depth knowledge of the processes that drive the business. Rapid technological developments have created conditions for extremely fast innovation and rapid, consumer-driven adoption of new technologies and functionalities. Ajel empowers leading companies - across a broad range of industries - to quickly solve these and other critical business challenges by giving them complete control over the internal business processes and allowing collaboration within the entire supply chain & customer relationship.

Internal Control

The company possessed an adequate system of internal controls to safeguard assets. Checks and balances were in place and reviewed at regular intervals to ensure that transactions were properly authorized and reported correctly. An Audit Committee, in consultation with Internal Auditors, reviewed the internal control systems at regular intervals and initiated corrective action(s) wherever deemed necessary. In addition to the above, the company has initiated a corporate management initiative to define best practices in processes, methodologies, systems and metrics with a specific focus on customer interaction and service delivery. The company commissioned a new research and development organization with supporting processes, customer support, managed services processes, management reporting and control systems and automation. Going forward, the company will regularly assess risks and controls for existing and new process flow.

Year under Review

The financial statements complied with the requirements of the Companies Act, 1956, and the Generally Accepted Accounting Principles (GAAP) in India.

Financial performance

Financial Performance with respect to Operational Performance(consolidated):

During the year under review Ajel has achieved a turnover of Rs. 70,51,12,142/- and Profit after tax of Rs.2,76,73,949/-.

The earnings per share of the Ajel as on 31-03-2011 is Rs. 2.73/- (basic).

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)

Company's Philosophy on Corporate Governance

Corporate governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objectives of the organization most effectively. Corporate governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organization and of their own role as trustees on behalf of the shareholders.

By combining ethical values with business acumen, globalization with national interests and core business with emerging business, the Company aims to be amongst the largest and most respected global organizations. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global leader in software services, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to the company.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these codes are available on the Company's website. The Company's corporate governance philosophy has been further strengthened through the Business Excellence Model, the Code of Conduct for Prevention of Insider Trading, as also the Code of Corporate Disclosure Practices.

The Company has in place an Information Security Policy that ensures proper utilization of IT resources.

The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges. With the adoption of a Whistle Blower Policy and the setting up of a Nominations Committee and an Executive Committee of the Directors, the Company has moved ahead in its pursuit of excellence in corporate governance.

I. BOARD OF DIRECTORS:

As on March 31, 2011, the Company has Eight Directors with a Non-Executive Chairman and a Executive Vice Chairman. Of the Six Directors, One is Non-Executive Directors and Four (i.e. 50.00%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2011 have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders/Investors Grievance Committees.

II. BOARD MEETINGS:

The Board of Directors met 10 times during the year on 24th April, 2010, 20th May, 2010, 07th July, 2010, 20th July, 2010, 22nd July, 2010, 12th August, 2010, 28th August, 2010, 3rd November, 2010, 15th November, 2010, 15th February, 2011. 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 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	10	06	YES	-
Mr.Arikatla Srinivasa Reddy	Vice Chairman & Managing Director	10	09	YES	-
Mr. Vijay S Chokshi`	Whole time Director	10	08	YES	-
Mr.Venkateswarlu Arikatla	Independent Director	10	07	YES	-
Mrs. Malathy Bhimavarapu **	Non- Executive Director	10	09	YES	-
Mr.Darshan D Majmudar	Independent Director	10	06	YES	-
Mr.Jadda Amara Reddy	Independent Director	10	10	YES	-
Mr. Mahender R. Musuku	Independent Director	10	06	NO	-

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

NOTE:

** Resigned as Director w.e.f July 27th 2011.

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

III. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee are broadly as under

- Overview of the company's financial reporting process and the disclosures of its financial information to ensure that the financial statement reflects a true and fair position and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information.
- Reviewing with the management the annual financial statement before submission to the board, focusing primarily on:
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgment by management;
 - qualifications in draft audit report;
 - significant adjustments arising out of audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - compliance with stock exchange and legal requirements concerning financial statements;
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 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.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structures, coverage and frequency of internal audit.

The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of the finances function), representatives of the Statutory Auditors and representatives of the Internal Auditors to be present at its meetings. The Company Secretary acts as the Secretary to 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 May, 2010; 12th August, 2010; 15th November, 2010; and 15th February, 2011 the gap between audit committee meetings is not more than four months.

The necessary quorum was present for all the meetings

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 May, 2010; 12th August, 2010; 15th November, 2010; and 15th February, 2011 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
2	Mrs. Malathy Bhimavarapu**	Non Executive Director	Member
3	Mr.Jadda Amara Reddy	Independent Director	Member
4	Mr.Venkateswarlu Arikatla	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 always valued its customer relationships. This philosophy has been extended to investor relationship and an Investor Relations Department (IRD) was set up in July 2008, after the Company was taken over by new management. The IRD focuses on servicing the needs of investors, analysts, brokers and the general public.

Name, designation and address of Compliance Officer:

Mr. Chandrakanth Gorak

Company Secretary

Ajel Limited

106, 2nd Floor, Link Plaza Commercial Complex,
New Link Road, Jogeshwari (W), Mumbai - 400102 India.
022 – 26393197, 040 - 64512535

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 31-03-2011

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
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
2009-10 AGM	Indian medical association hall, 2nd Floor, Near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai – 400049	30-09-2010 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, 2011.
- 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) 17th Annual General Meeting:

Date and Time	Monday the 12 th September 2011 at 9.30 AM
Venue	Gardenia Banquets, Gardenia Restaurant, Junction of J P Road, Veera Desai Road, Andheri(W), Mumbai

b) Book Closure Date : September 09, 2010 to September 12, 2010 (inclusive of both days)

c) Financial Calendar (Tentative) 2011-12:

Financial reporting for the quarter ending	30.06.2011	by 4 th week of July 2011
Financial reporting for the quarter ending	30.09.2011	by 4 th week of October 2011
Financial reporting for the quarter ending	31.12.2011	by 4 th week of January 2012
Financial reporting for the year ending	31.03.2012	by 4 th week of May 2012

d) Listing on Stock Exchange : Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

e) Listing Fees : Listing fee for the year 2011-12 has been paid.

f) Stock Code : BSE : 530713
ASE : 11785

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 2010	45.70	33.30	178906
May 2010	37.20	23.35	276316
June 2010	32.50	26.05	299809
July 2010	37.65	25.80	8084931
August 2010	31.10	24.80	2576949
September 2010	27.20	22.60	253513
October 2010	30.00	20.75	591280
November 2010	33.00	24.75	793185
December 2010	28.45	18.30	216745
January 2011	23.40	14.75	236668
February 2011	14.70	10.74	335531
March 2011	12.55	08.15	315181

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, 2011:

Category	No. of Shares held	%
Promoters	5633708	55.50
Mutual Funds & UTI	Nil	Nil
Banks, Financial Institutions, Insurance Companies, & FII	Nil	Nil
Private Corporate Bodies	859881	8.47
Indian Public	3643366	35.90
NRIs / OCBs	13045	0.13
Foreign Nationals	Nil	Nil
Any other (please specify)	Nil	Nil
Total	101500000	100.00

l) Distribution of Shareholding as on 31st March, 2011:

Nominal Value of Shares in Rupees	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
(1)	(2)	(3)	(4)	(5)
Up to 500	1620	69.11	3,56,553	3.51
501 1000	313	13.35	2,57,402	2.54
1001 2000	161	6.87	2,51,521	2.48
2001 3000	65	2.77	1,68,375	1.66
3001 4000	30	1.28	1,08,375	1.07
4001 5000	32	1.37	1,54,789	1.53
5001 10000	54	2.30	3,98,020	3.91
10001 and above	69	2.94	84,54,965	83.30
Total	2344	100.00	101500000	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 (CDSL). 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, 2011 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

1182, Opp. Ayyappa Society Office,
Ayyappa Society, Madhapur,
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:

Mr. Chandrakanth Gorak

Company Secretary

Ajel Limited

106, 2nd Floor, Link Plaza Commercial Complex,
New Link Road, Jogeshwari (W), Mumbai - 400102 India.
022 – 26393197, 040 - 64512535

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 11-08-2011.

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.

For and on behalf of Board of Directors

Place: Hyderabad
Date: 11-08-2011

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 Limited for the year ended March 31, 2011 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't 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: 11-08-2011

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.in. As Managing Director of Ajel 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 2011.

Place: Hyderabad
Date: 11-08-2011

Sd/-
SRINIVASA REDDY ARIKATLA
Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Ajel Limited

We have examined the compliance of conditions of corporate governance by Ajel Limited for the year ended on 31st March 2011 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 nor 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 by 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 : 11-08-2011

For KN Murthy & Co.,
Chartered Accountants,

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

AUDITORS' REPORT

TO
THE MEMBERS OF AJEL LIMITED
(Formerly AJEL INFOTECH LIMITED)

We have audited the attached Consolidated Balance Sheet of AJEL LIMITED (Formerly AJEL INFOTECH LIMITED) and its subsidiaries (collectively referred to as 'the group') as at March 31, 2011 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.2241.34 lakhs and total revenues of Rs. 6841.74 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, 2011;

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 2011.

For and on behalf of
KN Murthy
Chartered Accountants
Firm No. 0068235

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Place: Hyderabad
Date: 11.08.2011

AJEL LIMITED (Formerly AJEL INFOTECH LIMITED)
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(in Rs.)

	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
A SOURCES OF FUNDS			
1.SHAREHOLDER'S FUNDS			
a. Share Capital	1	101,500,000	101,425,000
b. Application money towards shares		11,079,365	37,380
c. Reserves & Surplus	2	55,294,110	27,620,161
2.LOAN FUNDS			
Secured Loans	4	57,677,475	12,013,918
Un Secured Loans		33,234,281	24,858,417
3.Deferred Tax Liability		27,767,584	13,145,500
Total `A`		286,552,814	179,100,376
B APPLICATION OF FUNDS			
1. FIXED ASSETS	3		
a. Gross Block		99,537,500	89,163,622
b. Depreciation		13,876,120	12,401,138
c. Net Block		85,661,380	76,762,484
2. CAPITAL WORK IN PROGRESS		37,520,913	37,879,000
3. CURRENT ASSETS, LOANS AND ADVANCES			
a. Cash and bank balances	5	3,025,082	3,748,913
b. Sundry Debtors		184,857,844	189,404,507
c. Loans & Advances	6	16,981,337	15,121,406
		204,864,263	208,274,826
c. Less: Current Liabilities and Provisions			
i. Liabilities	7	39,504,417	141,991,318
ii. Provisions		2,336,979	2,323,171
Net Current Assets		41,841,396	144,314,489
Net Current Assets		163,022,867	63,960,337
4. MISCELLANEOUS EXPENDITURE (To the extent not written-off or adjusted)	8	347,654	498,555
Total `B`		286,552,814	179,100,376
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
KN Murthy & Co
Chartered Accountants

On Behalf of the Board of Directors

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Srinivasa Reddy Arikatla
Managing Director

Vijay S Chokshi
Whole time Director

Chandrakanth Gorak
Company Secretary

Place: Mumbai
Date: 11-08-2011

AJEL LIMITED (Formerly AJEL INFOTECH LIMITED)
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(in Rs.)

	SCHEDULE	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
A INCOME			
Revenues	9	705,112,142	480,674,991
Other Income	10	-	431,816
		705,112,142	481,106,807
B EXPENDITURE			
Cost to Revenue	11	568,847,559	293,724,714
Administrative Expenses	12	86,814,354	154,360,432
Depreciation		1,199,847	1,087,847
Financial Charges		4,442,364	2,670,252
Foreign Exchange loss		157,408	4,645,340
Provision for Doubtful Debts			-
		661,461,532	456,488,585
Profit/(Loss) after depreciation		43,650,611	24,618,222
<u>Expenses written-off:</u>			
Preliminary Expenses		142,900	142,900
Preoperative Expenses		8,001	8,001
Profit/(Loss) before tax		43,499,710	24,467,321
Provision for tax		15,825,761	14,117,977
Profit/(Loss) after tax		27,673,949	10,349,344
Provision for FBT		-	-
Profit/(Loss) after FBT		27,673,949	10,349,344
Provision for Deferred Taxes		-	-
Profit/(Loss) after Deferred Taxes		27,673,949	10,349,344
Profit/(Loss) brought forward		27,620,161	17,270,817
Balance carried to Balance Sheet		55,294,110	27,620,161
Notes to Accounts	13		

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

For and on behalf of
KN Murthy & Co
Chartered Accountants

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Place: Mumbai
Date: 11-08-2011

On Behalf of the Board of Directors

Srinivasa Reddy Arikatla
Managing Director

Vijay S Chokshi
Whole time Director

Chandrakanth Gorak
Company Secretary

AJEL LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	2010-11 Rs.
A. Cash flow from operating activities:	
Net Profit before tax and extraordinary items	45,125,427
<u>Adjustments for:</u>	
Depreciation	1,199,847
Preliminary Expenses written off	142,900
Preoperative Expenses w.off	8,001
Operating profit before working capital changes	43,774,679
<u>Adjustments for:</u>	
Trade and other receivables	4,546,663
Trade Advances & Deposits	(1,859,931)
Trade Payable & other liabilities	(102,473,093)
Capital work-in-progress	358,087
Cash generated from operations	(55,653,595)
Direct taxes paid	15,825,761
Net Cash from operating activities	(71,479,356)
B. Cash flow from investing activities:	
Purchase of fixed assets	(8,898,896)
Exchange Fluctuation	(157,408)
Net cash used in investing activities	(9,056,304)
C. Cash flow from financing activities:	
Proceeds from issue of share capital	37,620
Proceeds from Loans Funds	65,152,124
Deferred Liability	14,622,084
Net cash used in financing activities	79,811,828
Net increase in cash and cash equivalents	(723,832)
Cash & Cash equivalents as at 01.04.2010	3,748,913
Cash & Cash equivalents as at 31.03.2011	3,025,081

For and on behalf of
KN Murthy & Co
Chartered Accountants

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Place: Mumbai
Date: 11-08-2011

On Behalf of the Board of Directors

Srinivasa Reddy Arikatla
Managing Director

Vijay S Chokshi
Whole time Director

Chandrakanth Gorak
Company Secretary

AUDITORS CERTIFICATE

We have examined the attached Consolidated Cash Flow Statement of Ajel Limited for the period ended 31st March, 2011. 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 11.08.2011 to the members of the Company.

For and on behalf of
KN Murthy & Co
Chartered Accountant

Place: Mumbai
Date: 11-08-2011

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

AJEL LIMITED

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH'2011

	AS AT 31.03.11	AS AT 31.10.2010
	Rs	Rs
SCHEDULE 1		
SHARE CAPITAL		
<u>Authorised</u>		
12000000 (3000000) Equity shares of Rs. 10/- each	-	-
	120,000,000	120,000,000
<u>Issued, Subscribed and Paid-up</u>		
10150000 (3000000) Equity shares of Rs. 10/- each	-	-
	101,500,000	101,500,000
Less: Cals in arrears	-	75,000
	101,500,000	101,425,000
SCHEDULE 2		
RESERVES AND SURPLUS		
Opening Balance	27,620,161	17,270,817
Less: Capitalization of Reserves		-
	27,620,161	17,270,817
Add: Profit during the year	27,673,949	10,349,344
	55,294,110	27,620,161
SCHEDULE 4		
SECURED LOANS		
Long term Loans	10,458,928	10,995,776
Credit Line	46,575,912	-
Long term Liabilities	642,635	1,018,142
	57,677,475	12,013,918

SCHEDULE 3 FIXED ASSETS												
PARTICULARS	GROSS BLOCK (COST)					DEPRECIATION					NET BLOCK	
	AS ON 01.04.2010	Addition Adjustment	Deduction Adjustment	AS ON 31.3.2011	AS ON 01.04.2010	For the Year	Addition Adjustment	AS ON 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010	AS ON 31.03.2010	
Land & Building (Office Premises)	1,859,328	9,340,000	-	11,199,328	280,342	30,308	-	310,650	10,888,678	1,578,986		
Plant & Machinery (Computers, Computer Printers & Accessories)	5,130,862	174,150	-	5,305,012	4,963,465	27,915		4,991,380	313,632	128,922		
Office Equipments	218,045		-	218,045	130,087	10,916	-	141,003	77,042	88,962		
Furniture & Fixtures	2,608,999	19,800	-	2,628,799	2,051,312	166,024	-	2,217,336	411,463	557,687		
Total	9,817,234	-	-	19,351,184	7,425,206	235,163	-	7,660,369	11,690,815	2,354,557		
Fixed Assets - Ajel Tech. India	3,799,659	-	-	3,799,659	1,137,839	414,963	-	1,552,802	2,246,857	2,661,819		
Fixed Assets - Ajel Tech. USA	6,976,793	1,213,904	-	8,190,697	3,427,345	549,721	685,883	4,662,949	3,527,748	3,549,448		
Consolidated Good Will - Inc.	4,195,960			4,195,960	-	-	-	-	4,195,960	4,196,660		
Consolidated Good Will - AIL	64,000,000			64,000,000					64,000,000	64,000,000		
Total	88,789,646	1,213,904	-	99,537,500	11,990,390	1,199,847	685,883	13,876,120	85,661,380	76,762,484		

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

AJEL LIMITED

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH'2011

	AS AT 31.03.11	AS AT 31.10.2010
	Rs	Rs
SCHEDULE 5		
CASH AND BANK BALANCES		
a. Cash on hand	239,827	69,020
b. Balances with scheduled banks-in current accounts	2,785,255	3,679,893
	3,025,082	3,748,913
SCHEDULE 6		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for the value to be received		
Rent Advance	9,705	-
Other Advances	2,378,793	2,299,025
Deposits	1,231,694	798,985
TDS	2,283,898	2,294,333
Tax Credit (MAT)	28,500	28,500
Loans / Deposits with companies & others	8,419,563	9,700,563
Work in progress (Jobs Uncompleted)	925,500	-
for value to be received	1,703,684	-
	16,981,337	15,121,406
SCHEDULE 7		
CURRENT LIABILITIES AND PROVISIONS		
a. Current Liabilities:		
Audit Fee Payable	2,05,150	95,150
Tax Audit Fees Payable	-	25,000
Outstanding Expenses	22,997,374	233,504
Other Liabilities	4,029,417	49,507,361
Sundry creditors	1,350,950	88,794,329
Advances from customers	500,000	500,000
Advances from directors	2,791,474	2,833,474
Short Term Loan	7,565,880	
Bank Balances (Lakshmi Vilas Bank)	61,672	-
Excess Allotment Money Received	2,500	2,500
	39,504,417	141,991,318
b. Provisions:		
Income tax	241,931	-
FBT	-	-
Others	2,095,048	2,323,171
	2,336,979	2,323,171
Total Current Liabilities & Provisions	41,841,396	144,314,489

AJEL LIMITED

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH'2011

	AS AT 31.03.11	AS AT 31.10.2010
SCHEDULE 8	Rs	Rs
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
a. Preliminary Expenses		
Preliminary & Preoperative Expenses-op bal	466,550	609,450
Less: Written-off during the year	142,900	142,900
	323,650	466,550
b. Pre-operative Expenses		
Less: Written-off during the year	32,005	40,006
	8,001	8,001
	24,004	32,005
	347,654	498,555
SCHEDULE 9		
REVENUES		
Consulting Revenue Service	703,840,238	479,783,491
Income from Operations	676,232	607,500
Other Income	595,672	-
Software Development & Web designing Services	-	284,000
	705,112,142	480,674,991
SCHEDULE 10		
OTHER INCOME		
Profit on Sale of Asset	-	29,251
Interest Income	-	402,565
	-	431,816
SCHEDULE 11		
COST TO REVENUE		
Salaries	568,847,559	293,724,714
	568,847,559	293,724,714

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH'2011

SCHEDULE 12	YEAR ENDED	YEAR ENDED
	31.03.11	31.03.10
ADMINISTRATIVE EXPENSES	Rs	Rs
Salaries	26,872,612	123,903,850
Other Payroll Expenses	27,460,883	9,512,783
Advertisement	447,529	7,390
Postage Expenses	89,603	54,802
Courier Expenses	54,635	-
Telephone Expenses	2,087,157	1,811,652
Printing & Stationery	154,221	-
Directors Remuneration	600,000	-
Conveyance Expenses	114,388	1,290,376
Travel & Entertainment	2,762,456	1,101,256
Auditors Remuneration	130,000	125,000
SEBI fees	185,000	50,612
Bank Charges	59,491	221,754
Books & Periodic	4,044	3,364
Electricity Expenses	432,566	383,410
Directors Sitting Fees	27,500	15,000
ESIC	128,486	56,829
Gratuity	60,000	30,600
Internet Charges	228,612	203,070
Interest Expenses	-	328,455
Listing Fees	104,853	92,110
Hotel Exps	4,400	-
Donations	5,000	-
Office Expenses	673,594	863,771
House Keeping	139,920	-
Security Services	78,277	-
Rent	4,148,631	2,637,198
Computers Rent	181,037	-
General Expenses	268,702	1,083,712
Dues & Subscriptions	1,595,975	1,188,721
Equipment Rental	-	36,927
Office Facilities	221,527	360,616
Utilities	-	112,109
Provident Fund Contribution	112,090	118,463
Professional Charges	6,626,601	2,590,161
Reimbursement of Exp.	455,000	-
Recruitment Charges	525,091	199,563
Statutory Expenses	82,725	-
Lease Line (NSDL) Expenses	106,000	76,000
Lease Line (CDSL) Expenses	88,500	81,638
Licenses and Permits	158,596	108,902
Repairs & Maintenance	1,226,120	611,519
Staff Welfare Expenses	3,384,175	1,372,184
Car Hire Charges	7,209	48,563
Tender Participation Exp.	25,000	20,200
AGM Exps	10,281	-
Loss on Receivable	131,130	(374,111)
Interest on Vehicle Loan	89,163	-
Rates & Taxes	97,218	307,407
Insurance chgs	4,277,070	3,282,668
Early Payment Discount	-	426,016
Service Tax	-	15,392
Contributions	91,286	500
	86,814,354	154,360,432

SCHEDULE 13
NOTES ON ACCOUNTS:

Statement of Significant Accounting Policies:

1. DESCRIPTION OF BUSINESS

Ajel 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.

2. PRINCIPLES OF CONSOLIDATION

- The consolidated financial statements include accounts of:
 - a. Ajel Limited (Ajel), holding company of Ajel Technologies India Private Limited ('Ajel Technologies') directly holding 99.99 % of voting power.
 - b. 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
 - c. 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 :

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

- d. 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.
- e. 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:

- a. 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.
- b. 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 of 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:

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

- b. Unquoted Shares are taken at cost.

9. Taxation:

- a. 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.
- b. 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:

- a. Contingent Liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.
- b. Contingent Liability not provided for: Rs. Nil (Previous year: Rs. Nil).
- c. 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, 2011

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 4) includes a sum of Rs. 9,25,000/- due from a company in which a director is interested. Maximum amount due during the year – Rs. 9,25,000/- .
3. Secured Loans amounting to Rs. 80,00,000/- are secured against the pledging of shares of the promoters of the Company.
4. 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:

	Current Year	Previous Period
Audit Fees	75000	75000
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 realisation 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 2011.

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

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 31.3.2011:

Nature of transaction with Related Party -----	Key Management Personnel / Enterprise over which KMP Exercise significant influence -----	
	<u>2010-2011</u>	<u>2009-2010</u>
Remuneration	6,00,000	NIL
Outstanding at the year end	<u>31.03.2011</u>	<u>31.03.2010</u>
Outstanding balance included in Current Liabilities	33,91,474	28,33,474
Outstanding balance included in Current Assets		

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>	Year ended <u>31.3.2011</u>	Year ended <u>31.3.2010</u>
Profit/(Loss) after taxation and preference dividend as per Profit and Loss Account (A)	276.41	149.72
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)	2.72	1.47

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. 227.43 Lakhs (Previous year: Rs. 11.29 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 of the management, there was no impairment loss on assets during 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. 16,24,244/- as of 31st March 2011, 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 and on behalf of
KN Murthy & Co
Chartered Accountants

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Place: Mumbai
Date: 11-08-2011

On Behalf of the Board of Directors

Srinivasa Reddy Arikatla
Managing Director

Vijay S Chokshi
Whole time Director

Chandrakanth Gorak
Company Secretary

AUDITORS' REPORT

TO
THE MEMBERS OF AJEL LIMITED

1. We have audited the attached Balance Sheet of **Ajel Limited** (Formerly Ajel Infotech Limited) as at March 31, 2011 and also the Profit and Loss Account for the year ended as 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.
2. 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 the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 those books;
 - c) The Balance Sheet and the 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 the Profit and Loss Account dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) On the basis of written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereto and Statement of Significant Accounting Policies give in the prescribed manner the information required by the Companies Act 1956, and also give, a true and fair view in conformity with the accounting principles generally accepted in India;
- a) In case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011
- b) In case of the Profit and Loss Account, the profit for the year ended on that date.

For and on behalf of
KN Murthy
Chartered Accountants
Firm No. 0068235

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Place: Mumbai
Date: 11-08-2011

BALANCE SHEET AS AT 31st MARCH 2011

	Sch No.	AS AT Amount Rs.	31.3.2011 Amount Rs.	AS AT Amount Rs.	31.3.2010 Amount Rs.
SOURCE OF FUNDS:					
SHAREHOLDER'S FUNDS:					
a. Share Capital	1	101,500,000		101,425,000	
b. Share Application Money		11,079,365			
c. Reserve and Surplus		-		-	
Total			112,579,365		101,425,000
SECURED LOAN					
		8,000,000		8,500,000	
UNSECURED LOANS					
	12	3,667,750			
			11,667,750		8,500,000
			124,247,115		109,925,000
APPLICATION OF FUNDS:					
FIXED ASSETS					
Gross Block	2	19,351,184		9,779,035	
Less: Depreciation		7,660,369		7,424,478	
Net Fixed Assets			11,690,815		2,354,557
INVESTMENTS					
INVESTMENTS IN SUBSIDIARY (71,50,000 shares in Ajel Technologies India Pvt. Ltd.)		71,500,000	71,500,000	71,500,000	71,500,000
CURRENT ASSETS, LOANS & ADVANCES					
Sundry Debtors	3	32,643,965		11,902,445	
Work in Progress	4	925,500		925,500	
Cash & Bank Balances	5	889,038		590,787	
Other Current Assets (including non-refundable deposit -Rs.50000)	6	1,788,584		1,369,313	
Loans & Advances	7	10,722,222		11,873,713	
		46,969,309		26,661,759	
Less: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	8	12,328,763		7,272,789	
Provisions		2,095,048		2,021,772	
		14,423,811		9,294,561	
NET CURRENT ASSETS					
			32,545,498		17,367,198
Miscellaneous Exps (Asset)					
			316,150		456,550
PROFIT & LOSS ACCOUNT					
	11		8,194,652		18,246,695
Total			124,247,115		109,925,000

The schedule referred to above form an integral part of the Balance Sheet as per our Report of even date.

For and on behalf of
KN Murthy & Co
Chartered Accountants

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Place: Mumbai
Date: 11-08-2011

On Behalf of the Board of Directors

Srinivasa Reddy Arikatla
Managing Director

Vijay S Chokshi
Whole time Director

Chandrakanth Gorak
Company Secretary

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

	Sch No.	31.03.2011 Amount Rs.	31.03.2010 Amount Rs.
INCOME:			
Income from Operations	9	41,881,586	12,802,458
Total Income		41,881,586	12,802,458
EXPENDITURE:			
Operational & Administration	10	30,258,187	17,455,241
Total Expenditure		30,258,187	17,455,241
GROSS PROFIT BEFORE ADJUSTED		11,623,399	(4,652,783)
Depreciation		235,163	205,368
Miscellaneous Expenditure W/Off		140,400	140,400
PROFIT BEFORE TAX (PBT)		11,247,836	(4,998,551)
Current Year Tax		1,195,792	
PROFIT AFTER TAX (PAT)		10,052,044	(4,998,551)
Profit /(Loss) for the year		10,052,044	(4,998,551)
Profit/(Loss) brought forward from previous year		(18,246,695)	(13,248,144)
Surplus / (Deficit) carried to Balance Sheet		(8,194,652)	(18,246,695)

The schedule referred to above form an integral part of the Balance Sheet
As per our Report of even date.

For and on behalf of
KN Murthy & Co
Chartered Accountants

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Place: Mumbai
Date: 11-08-2011

On Behalf of the Board of Directors

Srinivasa Reddy Arikatla
Managing Director

Vijay S Chokshi
Whole time Director

Chandrakanth Gorak
Company Secretary

SCHEDULES TO THE ACCOUNTS				
PARTICULARS	Amount Rs.	31.03.2011 Amount Rs.	Amount Rs.	31.03.2010 Amount Rs.
SCHEDULE 1.				
SHARE CAPITAL				
Authorised 12000000 Eqty Shrs of Rs.10/- each	120,000,000		120,000,000	
ISSUED SUBSCRIBED AND PAID-UP				
10150000 (10142500)				
Equity shares of Rs. 10/- each fully paid-up	101,500,000		101,500,000	
Less: Calls in arrears	NIL	101,500,000	75,000	
Total		101,500,000		101,425,000
SCHEDULE 11.				
PROFIT & LOSS ACCOUNT				
Profit & Loss Account Balance as per last Balance Sheet				
Add: Profit during the year	10,052,044		(4,998,551)	
Less: Loss incurred during the year shown separate in Balance Sheet	(18,246,695)	(8,194,652)	(13,248,144)	(18,246,695)
Total		(8,194,652)		(18,246,695)

SCHEDULE 2. FIXED ASSETS										
PARTICULARS	GROSS BLOCK (COST)			DEPRECIATION				NET BLOCK		
	AS ON 01.04.2010	Addition Adjustment	Deductio n Adjustm ent	AS ON 31.03.11	AS ON 31.3.10	For the Year	Addition Adjustm ent	AS ON 31.03.11	AS ON 31.3.2011	AS ON 31.3.2010
Land & Building (Office Premises)	1,859,328	9,340,000	-	11,199,328	280,342	30,308	-	310,650	10,888,678	1,578,986
Plant & Machinery (Computers, Computer Printers & Accessories)	5,130,862	174,150	-	5,305,012	4,963,465	27,915	-	4,991,380	313,632	128,922
Office Equipments	218,045	-	-	218,045	130,087	10,916	-	141,003	77,042	88,962
Furniture & Fixtures	2,608,999	19,800	-	2,628,799	2,051,312	166,024	-	2,217,336	411,463	557,687
Total	9,817,234	9,533,950	-	19,351,184	7,425,206	235,163	-	7,660,369	11,690,815	2,354,557
Previous Period	9,779,035	-	-	9,779,035	7,219,110	205,368	-	7,424,478	2,354,557	2,559,925

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

SCHEDULES TO THE ACCOUNT:

PARTICULARS	31.03.11	31.3.2010
	Amount (Rs.)	Amount (Rs.)
SCHEDULE 3.		
SUNDRY DEBTORS		
(Unsecured Considered good)		
Under Six Months	25,891,667	4,627,103
Over Six Months	<u>6,752,298</u>	<u>7,275,342</u>
Total	<u><u>32,643,965</u></u>	<u><u>11,902,445</u></u>
 SCHEDULE 4.		
WORK IN PROGRESS (JOBS UNCOMPLETED)	925,500	925,500
 SCHEDULE 5.		
CASH & BANK BALANCES		
Cash on Hand	157,136	68,572
With Schedule Banks in current account	<u>731,902</u>	<u>522,215</u>
Total	<u><u>889,038</u></u>	<u><u>590,787</u></u>
 SCHEDULE 6.		
OTHER CURRENT ASSETS		
Deposit - others	84,900	84,900
Advance recoverable in cash or in kind- or for value to be received	1,703,684	1,211,552
Other Advances	<u>-</u>	<u>72,861</u>
Total	<u><u>1,788,584</u></u>	<u><u>1,369,313</u></u>
 SCHEDULE 7.		
LOANS & ADVANCES		
(Unsecured)		
Loans / Deposit with companies & others	8,419,563	10,024,813
(Unsecured & Considered Good-- 5075753/-)		
(Unsecured & Considered Doubtful-- 1591250/-)		
Tax Deducted at Source	2,274,159	1,820,400
Tax Credit (MAT)	<u>28,500</u>	<u>28,500</u>
Total	<u><u>10,722,222</u></u>	<u><u>11,873,713</u></u>

SCHEDULE 8.

CURRENT LIABILITIES & PROVISIONS

Current Liabilities

Sundry Creditors	1,147,150	674,278
Advances from Customers	500,000	500,000
Excess Allotment Money Received	2,500	2,500
Others	7,825,967	3,262,537
Bank Balance (The Laxmi vilas bank)	61,672	-
Advance from Directors	2,791,474	2,833,474

Total	<u>12,328,763</u>	<u>7,272,789</u>
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Provisions

Others	2,095,048	2,021,772
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Total	<u>2,095,048</u>	<u>2,021,772</u>
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SCHEDULE 9.

OPERATIONAL INCOME

a. Income from operations (Service Charges)	676,264	607,500
b. Consulting Services Revenue	17,957,322	11,508,393
c. Software Development Services	22,743,600	284,000
d. Interest Income	504,400	402,565

Total	<u>41,881,586</u>	<u>12,802,458</u>
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SCHEDULE 10.

OPERATION & ADMINISTRATION EXPENDITURE	31.03.11	31.03.10
	Amount (Rs.)	Amount (Rs.)
Salaries	20,287,658	13,275,267
Advertisement	162,300	1,700
Postage Expenses	1,024	22,533
Courier Expenses	54,635	2,146
Telephone Expenses	592,253	465,154
Printing & Stationery	123,541	111,838
Directors Remuneration	600,000	-
Conveyance Expenses	114,388	372,882
Travel & Entertainment	821,312	
Auditors Remuneration	100,000	100,000
sebi fees	185,000	50,162
Bank Charges	21,392	13,936
Books & Periodics	4,044	3,169
Electricity Expenses	432,566	322,250
Directors Sitting Fees	27,500	15,000
ESIC	130,350	45,171
Gratuity	60,000	30,600
Internet Charges	168,151	189,570
Interest Expenses	1,447,494	247,493
Interest on Service Tax	-	22,710
Listing Fees	104,853	92,110
Hotel Exps	4,400	-
Donations	5,000	-
Contributions	-	500
Misc. Expenses	-	6,567
Office Expenses	389,392	580,566
House Keeping	139,920	-
Security Services	78,277	62,815
Rent	639,140	142,002
Computers Rent	161,512	2,700
Provident Fund Contribution	91,787	105,867
Professional Charges	1,354,635	588,702
Reimbursement of Exp.	455,000	-
Recruitment Charges	525,091	198,625
Statutory Expenses	82,725	-
Lease Line (NSDL) Expenses	106,000	76,000

Lease Line (CDSL) Expenses	88,500	81,638
Licenses and Permits	155,599	2,276
Repairs & Maintenance	141,290	306,547
Staff Welfare Expenses	375,132	258,296
Car Hire Charges	7,209	9,878
Sundry Balance W/off	(18,370)	(374,111)
Tender Participation Exp.	25,000	20,200
AGM Exps	10,281	-
Insurance chgs	2,206	2,483
Total	30,258,187	17,455,241
	31.03.11	31.03.10
SCHEDULE 12	Amount (Rs.)	Amount (Rs.)
UNSECURED LOANS		
Loan from Subsidiaries	3,667,750	-
Total	3,667,750	-

Balance Sheet Abstract and Company's General Business Profile

Registration Details		
Registration Number		76637
State Code		11
Balance Sheet Date	March 31, 2011	
Public Issue		Nil
Right Issue		Nil
Bonus Issue		Nil
Private Issue		
Total Liabilities		328394210
Total Assets		328394210
Source of Funds		
Paid-up Capital		101500000
Reserves & Surplus		55294110
Secured Liability		85445058
Unsecured Loans		44313646
Application of Funds		
Net Fixed Assets		85661380
Capital Work In Progress		37520913
Net Current Assets		163022866
Misc. Expenditure		347654
Accumulated Losses		Nil
Performance of the Company		
Turn Over*		705112142
Total Expenditure		661461532
Profit/Loss before tax		43650610
Profit/Loss after tax		27673949
Earning per Share in Rs.		2.73
Dividend Rate %		Nil

* Including 'Other Income'

Generic Names of Principal Products, Services of the Company:

Item Code : NA

Product Description

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

Subsidiaries Financials

AJEL TECHNOLOGIES INDIA PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2011

(in Rs.)

	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
A SOURCES OF FUNDS			
1.SHAREHOLDER'S FUNDS			
a. Share Capital	1	7,500,000	7,500,000
b. Application money towards shares		-	37,380
2.LOAN FUNDS			
Secured Loans	4	3,101,563	3,513,918
3.Deferred Tax Liability		7,729	7,729
Total `A`		10,609,292	10,609,292
B APPLICATION OF FUNDS			
1. FIXED ASSETS	3		
a. Gross Block		3,799,659	4,211,134
b. Depreciation		1,552,802	1,549,315
c. Net Block		2,246,857	2,661,819
2. INVESTMENTS			
Investment in Subsidiary (100 Shares in Ajel Technologies, Inc, USA)		4,422,360	4,422,360
3. CURRENT ASSETS, LOANS AND ADVANCES			
a. Cash and bank balances	5	15,097	460
b. Sundry Debtors (Less than six months, unsecured, considered good.)		134,036	1,164,467
c. Loans & Advances	6	4,220,128	2,474,638
		4,369,261	3,639,565
d. Less: Current Liabilities and Provisions			
i. Liabilities	7	8,956,349	2,729,904
		8,956,349	2,729,904
Net Current Assets (a+b+c)		41,841,396 (4,587,088)	144,314,489 909,661
4. MISCELLANEOUS EXPENDITURE (To the extent not written-off or adjusted)	8	31,504	42,005
5. Profit /(Loss) for the year	2	(8,495,658)	(3,023,182)
Total `B`		10,609,292	11,059,027
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 and on behalf of
KN Murthy & Co
Chartered Accountants

On Behalf of the Board of Directors

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Srinivasa Reddy Arikatla
Managing Director

Surender Bhimavarapu
Director

Place: Mumbai
Date: 11-08-2011

AJEL TECHNOLOGIES INDIA PRIVATE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	YEAR ENDED 31.03.11	YEAR ENDED 31.03.10
A INCOME			
Software Exports		1,275,843	1,129,250
Consulting Service Revenue		524,372	-
Other Income		-	2,563
Profit on Sale of Asset		-	26,688
		1,800,215	1,158,501
B EXPENDITURE			
Administrative Expenses	9	6,541,608	2,853,896
Depreciation		414,963	428,235
Financial Charges		305,620	333,774
		7,262,191	3,615,904
Profit/(Loss) after depreciation		(5,461,976)	(2,457,403)
<u>Expenses written-off:</u>			
Preliminary Expenses		2,500	2,500
Preoperative Expenses		8,000	8,001
Profit/(Loss) before tax		(5,472,476)	(2,467,904)
Provision for tax		-	-
Profit/(Loss) after tax		(5,472,476)	(2,467,904)
Provision for FBT		-	-
Profit/(Loss) after FBT		(5,472,476)	(2,467,904)
Provision for Deferred Taxes		-	-
Profit/(Loss) after Deferred Taxes		(5,472,476)	(2,467,904)
Profit/(Loss) brought forward		(3,023,182)	(555,278)
Balance carried to Balance Sheet		(8,495,658)	(3,023,182)
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 and on behalf of
KN Murthy & Co
Chartered Accountants

KSVL Narasimha Murthy
Proprietor
Membership No. 203849

Place: Mumbai
Date: 11-08-2011

On Behalf of the Board of Directors

Srinivasa Reddy Arikatla
Managing Director

Surender Bhimavarapu
Director

AJEL TECHNOLOGIES INC , USA
BALANCE SHEET AS ON 31ST MARCH 2011

	In Rs.	In Rs.
	AS AT 31.03.11	AS AT 31.03.10
	Rs	Rs
A SOURCES OF FUNDS		
1.SHAREHOLDER'S FUNDS		
a. Share Capital	226,400	225,700
b. Reserves & Surplus	71,984,433	48,890,051
2.LOAN FUNDS		
Secured Loans	46,575,912	24,858,417
Un Secured Loans	29,566,531	-
3.Deferred Tax Liability	27,759,855	13,137,771
Total `A`	176,113,130	87,111,939
B APPLICATION OF FUNDS		
1. FIXED ASSETS		
a. Gross Block	8,190,697	6,976,793
b. Depreciation	4,662,949	3,427,345
c. Net Block	3,527,748	3,549,448
2. CAPITAL WORK IN PROGRESS	37,520,913	36,953,500
3. CURRENT ASSETS, LOANS AND ADVANCES		
a. Cash and bank balances	2,120,959	3,157,679
b. Sundry Debtors	177,926,509	174,968,283
d. Loans & Advances	3,037,654	3,074,305
	183,085,122	181,200,267
Less: Current Liabilities and Provisions		
i. Liabilities	47,778,722	134,289,876
ii. Provisions	241,931	301,400
	48,020,653	134,591,276
Net Current Assets	135,064,469	46,608,991
Total `B`	176,113,130	87,111,939

For **AJEL TECHNOLOGIES INC.,**

Srinivasa Reddy Arikatla
Director

AJEL TECHNOLOGIES INC
PROFIT & LOSS ACCOUNT AS ON 31ST MARCH 2011

	In Rs.	In Rs.
	YEAR ENDED 31.03.11	YEAR ENDED 31.03.10
	Rs	Rs
A		
<u>INCOME</u>		
Revenue	684,173,941	467,145,848
	684,173,941	467,145,848
B		
<u>EXPENDITURE</u>		
Cost to Revenue	643,053,212	427,776,010
Depreciation	549,721	454,244
Financial Charges	2,689,250	2,336,478
Foreign Exchange Loss	157,408	4,645,289
Provision for Doubtful Debts	-	-
	646,449,590	435,212,021
Profit/(Loss) after depreciation	37,724,351	31,933,827
<u>Expenses written-off:</u>		
Preliminary Expenses	-	-
Preoperative Expenses	-	-
Profit/(Loss) before tax	37,724,351	31,933,827
Provision for tax	14,629,969	14,117,977
Profit/(Loss) after tax	23,094,382	17,815,850
Provision for Deferred Taxes	-	-
Profit/(Loss) after Deferred Taxes	23,094,382	17,815,850
Profit/(Loss) brought forward	48,890,051	31,074,201
Balance carried to Balance Sheet	71,984,433	48,890,051

For **AJEL TECHNOLOGIES INC.,**

Srinivasa Reddy Arikatla
Director

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Shareholders of **AJEL LIMITED** will be held on Monday the 12st day of September 2011 at 9.30 AM at Gardenia Banquets, Gardenia Restaurant, Junction of J P Road, Veera Desai Road, Andheri(W), Mumbai to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 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.
2. To appoint a Director in place of Mr.Jadda Amara Reddy, Who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Venkateswarlu Arikatla, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Mr. K N Murthy, Chartered Accountants, as the Statutory Auditors of the Company and including branch office(s) of the company to hold the office from the conclusion of this 17th Annual General Meeting until the conclusion of the 18th Annual General Meeting of the Company and to authorize the Board of Directors to fix the remuneration of Auditors

SPECIAL BUSINESS

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

"**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) to or re-enactment thereof) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and in terms of the provisions of the SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2009 (the "SEBI (ICDR) Regulations") (including any amendment(s) to or re-enactment thereof) and subject to the approvals, consents, permissions and / or sanctions, as may be required from any appropriate authority, institution or body (hereinafter collectively referred to as the "the appropriate authorities") and subject to such terms, conditions, alterations, corrections, changes, variations and / or modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions (hereinafter referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee duly constituted by the Board or any Committee which the Board may have constituted or hereafter constitute, to exercise one or more of its powers including the powers conferred on

the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot such number of equity shares of the face value of Rs.10/- each, ranking in all respects pari-passu with the existing equity shares of the Company, to non promoter group at such price (including premium) being not less than the price determined in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009, on preferential allotment basis, so however that the value of the total number of shares so issued, at a price determined in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009 (including premium), aggregates to not more than Rs.2,00,00,000/- (Rupees Two Crores Only).

RESOLVED FURTHER THAT the price of the equity shares so issued shall be determined as per the Regulations issued by SEBI in this respect, i.e.

a) The average of the Weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchange (Bombay Stock Exchange Limited) during the six months preceding the 'relevant date'.

OR

b) The average of the Weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchange (Bombay Stock Exchange Limited) during the two weeks preceding the 'relevant date', whichever is higher.

FURTHER RESOLVED THAT the relevant date for the purpose of calculating the exercise price under Chapter VII of the SEBI (ICDR) Regulations, 2009 is August 12, 2011, being the date 30 days prior to the date of passing of this resolution

RESOLVED FURTHER THAT the said shares shall be ranked in all respects, pari passu with the existing equity shares of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 the fresh equity shares to be allotted shall be locked in for a period of one year from the date of allotment and that the equity Shares shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in except to the extent and in the manner permitted there under.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, Mr. Srinivasa Reddy Arikatla, Vice Chairman & Managing Director, Mr. Amara Reddy Jadda , Director and Chandrakanth Gorak, Company Secretary be and are hereby severally authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, at its discretion deem necessary, desirable or expedient to effect the issue or allotment of aforesaid securities 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 issue and allotment of any of the said securities and to do all acts, deeds and things in connection therewith and incidental thereto as the they may in its absolute discretion deem fit, without being required to seek any further consent or approval of the Board 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."

6. 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 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, (“the Act”) (including any statutory amendments thereto or modifications or re-enactments thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Associations of the Company and the Regulations / Guidelines / Clarifications, if any, prescribed by the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”), the Foreign Exchange Management Act, 1999 (“FEMA”) and the Listing Agreement entered into by the Company with the Stock Exchanges and all other applicable Laws and Regulations and subject to all other statutory and regulatory approvals, consents, permissions and/or sanctions of Government of India, Reserve Bank of India (RBI) as may be required from any Government and/or all Governmental or Regulatory Authorities/SEBI/RBI/Stock Exchanges and/or all other Institutions and bodies including banks and subject to such terms, conditions and modifications as may be prescribed by any of the approving authorities while granting any such approval, permission and/or sanctions, which the Board of Directors of the Company (hereinafter referred to as “Board”, which term shall be deemed to include any Committee of Directors constituted by the Board) be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the consent and approval of the Company be and is hereby accorded to the Board for issuance and allotment of not exceeding 23,25,000 warrants, each having an optional right of conversion into one equity share (hereinafter referred as “Warrant”) of face value of Rs. 10.00 each at a price of Rs.12/- (Rupees Twelve only) which includes a premium of Rs. 2.00 (Rupees Two Only) per share on preferential basis to persons other than Promoters as detailed below, on such terms and conditions and in such manner as the Board may think fit, without offering the same to any persons / Shareholders / Members who at the date of offer are holders of equity shares of the Company”.

S.NO	NAME OF THE PROPOSED ALLOTEE	NO OF EQUITY WARRANT PROPOSED TO BE ALLOTTED	RELATION TO EACH OTHER PROPOSED ALLOTEE WITH THE PROMOTERS
1	SRIDHAR REDDY GIREDDY	325000	NO
2	MADASU RAMA RAO	1000000	NO
3	NAKKA RAMAMURTHY	500000	NO
4	NARAYANA REDDY PALLERLA	250000	NO
5	RAMANAIAH PODHILA	250000	NO
	TOTAL	2325000	NO

“RESOLVED FURTHER THAT -

- a. The 23,25,000 Warrants of the Company shall be issued in the manner and at the conversion price computed in accordance with Chapter VII of SEBI (Issue of Capital & Disclosures Requirement) Regulations, 2009, as amended from time to time.
- b. The warrants shall be convertible (at the option of the warrant holder) at any time within a period of 18 months from the date of allotment of warrants.

c. The said Warrants be allotted & issued under terms of the provisions of Chapter VII of SEBI (Issue of Capital & Disclosures Requirement) Regulations, 2009, and that the effective date i.e. 12th August, 2009 be the "Relevant Date" on the basis of which the minimum price for issue of the Warrants will be calculated for the purpose of Chapter VII of the SEBI (Issue of Capital & Disclosures Requirement) Regulations, 2009.

d. Consent, authority and approval of the Company be and is hereby accorded to the Board, and the Board is authorised to, offer, issue and allot not exceeding 23,25,000 warrants, each having an optional right of conversion into one equity share (hereinafter referred as "Warrant") of face value of Rs. 10.00 each at a premium of Rs. 2.00 each to the persons other than promoters.

e. The offer, issue and allotment of the warrants shall be made at such time or times as the Board may in its absolute discretion decide, subject however to applicable Guidelines, Notifications, Rules and Regulations and the terms of the agreement.

f. The equity shares to be issued upon conversion of warrants by the Company as stated aforesaid shall rank pari-passu with all existing equity shares of the Company.

g. The Board be and is hereby authorised to decide and approve other terms and conditions of the issue of the above mentioned warrants and also will be entitled to vary, modify or alter any of the terms and conditions, including size of the issue, as it may be deemed expedient.

h. The Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Director or any other officer or officers of the Company to give effect to the aforesaid resolutions including the power to execute any documents on behalf of the Company and to represent the Company before any Government/Regulatory Authorities and to engage any professional advisors/consultants/advocates as may be required, in order to give effect to the aforesaid Resolutions".

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolutions, the Board be and is hereby authorised, on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable, , including but without limitations to enter into arrangements / agreement and also to settle all questions, difficulties or doubts that may arise in regard to such issue as the Board, in its absolute discretion deem fit and take all such steps which are incidental or ancillary in this connection"

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

"RESOLVED THAT pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, and other applicable provisions if any, the Company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money from time to time, from any one or more of the Company's bankers/other banks and/or from any one or more other persons, firms, bodies corporate or financial institutions, foreign bodies corporate, FIs, venture capital firms, either domestic or overseas or from any other persons, whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured mortgage by way of charge and/or by mortgage, hypothecation or lien or pledge of the Company's assets and

properties, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immoveable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company, whether movable or stock in trade and work in progress and all or any of the undertakings of the Company for securing the borrowings availed/to be availed by the Company and/or any of the Company's holding /subsidiary/affiliate/ associate Company, notwithstanding that the money to be borrowed together with money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, but so however that the total amount up to which the money may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of 50 Crores (Rupees Fifty Crores) only exclusive of interest."

RESOLVED FURTHER THAT the consent of the company be and is hereby accorded, in terms of section 293(a)(1) and all other applicable provisions of the companies act, 1956/ statutory guidelines, to the board of Directors of the Company to create/provide security for the sums borrowed on such terms and conditions, as the Board in its absolute discretion thinks fit, on the assets of the company, as may be agreed to between the company and the lenders so as to secure the borrowings by the company to the concerned lenders."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors are hereby authorized to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Directors may think fit."

Place: Mumbai
Date: 11-08-2011

BY ORDER OF THE BOARD
For **AJEL 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 09, 2011 to September 12, 2011 (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 & 6

Issue of Equity Share of the Company to Non-promoter group.

The Company proposes to issue Equity Share of the company as per guideline on Preferential Issue basis as prescribed by SEBI. The required information as per the provisions of the SEBI's guidelines is given below:-

a. Object of the Issue:

The object of issue for the further equity capital is to meet the working capital requirement for the existing operation and for the expansion of the company's business operations. Your company is engaged in the Information Technology and Consulting business and which is growing very fast. Mr. Sridhar Reddy Gireddy (Non-Promoter) and Ms. Vasantha Madasu (Non-Promoter) has shown interest to infuse funds in the company and

Company Proposes to Issue 23,25,000 Equity Warrants on Preferential Basis, to the persons other than promoters with each Warrant to convertible into One Equity Share of the Company of nominal value of Rs.10/- (Rupees Ten Only) each at a price of Rs. 12/- (Rupees Twelve Only) which includes a Premium of Rs.2/- (Rupees Two Only) per Share and the proceeds of which will be utilized to expand and improve the infrastructure and working capital requirements of the Company.

b. Intention of the Promoters to subscribe to the offer:

No promoter group intends to subscribe equity shares.

c. Pricing of the issue:

The pricing of the Equity Shares to be allotted to promoters/non promoters on preferential basis shall not be lower than the price determined in accordance with the Chapter VII of SEBI (ICDR) Regulations, 2009. SEBI (ICDR) Regulations, 2009 provides that the issue of shares on a preferential basis can be made at a price not less than the higher of the following:

a) The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the relevant date;

Or

b) The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the Equity Shares shall be 12th August 2011 being the date which is 30 days prior to the date of the Annual General Meeting.

The price shall be determined on the basis of the quotes available on Bombay Stock Exchange Ltd. website being the Stock Exchange having highest trading volume during the preceding six months prior to the relevant date.

d) Auditors' Certificate:

Since the price at which the Equity Shares would be issued to non promoters cannot be exactly determined before issue of this notice to the shareholders since it depends on the average of the market prices prevailing in the preceding 2 weeks or 6 months of the relevant date as per the SEBI formula, the Auditors' certificate as required under Regulation 73(2) SEBI(ICDR) Regulation will be available for inspection at the Registered office of the Company between 11:00 A.M. and 1:00 P.M. on any working day except Saturday and public holidays from the Relevant Date (i.e.12th August, 2011)

e) Lock in Period:

The proposed allotment shall be subject to lock in for a period of one year from the date of allotment.

f) Undertakings:

In terms of SEBI (ICDR) Regulations, 2009 issuer hereby undertakes that:

- 1) It shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.
- 2) If the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked- in till the time such amount is paid by the allottees.

g) Relevant Date:

Relevant Date for the preferential issue, as per the SEBI (ICDR) Regulations, 2009 as amended up to date, for the determination of applicable price for issue of equity shares is 12th August, 2011.

h) Proposed time within which the allotment shall be completed

The Board proposes to allot the equity share within a period of 15 days from the date of passing of the resolution by the shareholders or within 15 days from the date of approval of any regulatory authority, whichever is later.

i) Shareholding Pattern of the Company before and after the issue

Name of the Shareholders	Pre issue shareholding		Preferential Issue	Post Issue Shareholding	
	No. of Shares held	% of Shares	No. of Share	No. of shares held	% of Shares
(A) Promoters' Shareholding					
Promoter & Promoter Group					
(1) Indian					
(a) Individuals / HUF	5633708	55.50	-	5633708	41.27
(b) Central Govt. / State Govt.	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-
(d) Financial Institutions / banks	-	-	-	-	-
Sub Total (A) (1)					
(2) Foreign					
(a) Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-
(c) Institutions	-	-	-	-	-
Sub Total(A)(2)	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group					
(B) Public shareholding					
(1)Institutions					
(a) Mutual Funds/ UTI	-	-	-	-	-
(b) Financial Institutions / Banks	-	-	-	-	-
(c)Central Government/ State Government(s)	-	-	-	-	-
(d) Venture Capital Funds	-	-	-	-	-
(e) Insurance Companies	-	-	-	-	-
(f) Foreign Institutional Investors	-	-	-	-	-
(g) Foreign Venture Capital Investors	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	-
B 2 Non-institutions					
(a) Bodies Corporate	785403	7.74	-	785403	5.75
(b) Individuals					
(i) Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1446104	14.25	-	1446104	10.59
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	2270698	22.37	3500000	5770698	42.28
(c) NRI	14087	0.14	-	14087	0.10
Sub-Total (B)(2)		44.50	-	8016292	58.73
Total Public Shareholding (B)= (B)(1)+(B)(2)			-	8016292	58.73
TOTAL (A)+(B)	10150000	100	-	13650000	100

j) The identity of the proposed allottees and the percentage of the preferential issue that may be held by them.

PREFERENTIAL ALLOTMENT OF EQUITY SHARES

S.NO	Name of the Proposed Allottees	Category	Number of Shares	% of Shares on capital
1	Ms. Vasantha Kumari Madasu	Non Promoters	600000	4.39
2	Mr. Sridhar Reddy Gireddy	Non Promoters	575000	4.21
TOTAL			1175000	

PREFERENTIAL ALLOTMENT OF EQUITY WARRANTS

S.NO	NAME OF THE PROPOSED ALLOTEE	NO OF EQUITY WARRANT PROPOSED TO BE ALLOTTED	RELATION TO EACH OTHER PROPOSED ALLOTEE WITH THE PROMOTERS
1	SRIDHAR REDDY GIREDY	325000	NO
2	MADASU RAMA RAO	1000000	NO
3	NAKKA RAMAMURTHY	500000	NO
4	NARAYANA REDDY PALLERLA	250000	NO
5	RAMANAIAH PODHILA	250000	NO
	TOTAL	2325000	

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.

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.7

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot except with the consent of company obtained in general meeting borrow any monies exceeding its paid up capital and free reserves.

However it is now deemed desirable as a matter of abundant action to increase this borrowing limits to 50 crores (Rupees Fifty Crores) so as to readily have a sufficient borrowing margin at any point of time, in order to meet the growing fund requirements of the company as a result of increased business operations.

Hence sanction of the shareholders is being taken to enable the directors to borrow monies to the extent of up to 50 crores (Rupees Fifty Crores) to meet the growing fund requirements of the company in line with its expanding business / operations.

The resolution as set out in the notice is put forth for approval of the members. None of the directors is interested in the resolution.

Your board of directors recommends the resolution for your approval.

Place: Mumbai
Date : 11-08-2011

BY ORDER OF THE BOARD OF DIRECTORS

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) Mr. Jadda Amara Reddy

Mr. Jadda Amara Reddy is a graduate and serves as an Independent Director of Ajel Ltd. Mr. Reddy has around 15 years of experience in infrastructure industry and he is an energetic entrepreneur in charge of expanding the customer base through aggressive marketing..

2) Mr. Venkateswarlu Arikatla

Mr. Venkateswarlu Arikatla serves as a Independent Director of Ajel Ltd. Mr. Arikatla rendered his services in software companies like Karvy Consultants Pvt Ltd, Hyderabad, BFL Software Ltd, Bangalore, Stratify Inc - California as DBA Analyst and now he serves as President, India Brains Infotech LLC. His industry experience and his ability to conceptualize implementation of technology ensure the appropriate technical solution to a situation.

AJEL LIMITED

Registered Office: 106, 2nd Floor, Link Plaza Commercial Complex, New Link Road, Jogeshwari, Mumbai - 400102 India. Phone :022 – 26393197

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 17th Annual General Meeting of the Company to be held on Monday the 12th day of September 2011 at 9.30 AM at Gardenia Banquets, Gardenia Restaurant, Junction of J P Road, Veera Desai Road, Andheri(W), Mumbai - 400 049, and at any adjournment(s) thereof.

As Witnessed Signed this _____ day of September 2011

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 LIMITED

Registered Office: 106, 2nd Floor, Link Plaza Commercial Complex, New Link Road, Jogeshwari, Mumbai - 400102 India. Phone: 022 – 26393197

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 17th Annual General Meeting of the members of the company on Monday the 12th day of September 2011 at 9.30 AM at Gardenia Banquets, Gardenia Restaurant, Junction of J P Road, Veera Desai Road, Andheri(W), Mumbai,.

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.

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If undelivered please return to:

Ajel Limited

106, Link Plaza Commercial Complex
New Link Road, Oshiwara
Jogeshwari (West)
Mumbai - 400 102,
Maharashtra, India.
Phone : 022 - 26393197
Fax : +91 22 2634 9264
info@ajel.com

www.ajel.in