



AJEL INFOTECH LIMITED
(formerly Choksh Infotech Limited)

Fifteenth Annual Report
2008-2009

Board of Directors

| | |
|------------------------------|-----------------------------------|
| Mr. Bharat C Sutaria | Chairman |
| Mr. Arikatla Srinivasa Reddy | Vice Chairman & Managing Director |
| Mr. Vijay S Chokshi | Whole Time Director |
| Mr. Venkateswarlu Arikatla | Director |
| Mrs. D Malathy | Director |
| Mr. Darshan Majmudar | Director |
| Mr. Jadda Amara Reddy | Director |

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

Registered office 101173, 106, Oshiwara link Plaza Commercial Complex,
New link Road, Oshiwara,
Next to Oshiwara Police Station,
Mumbai 400102

**Offshore Development
Centre** Ajel Infotech Ltd
Road No 72, Plot No 189,
Prashasan Nagar, Jubilee Hills
Hyderabad

Website <http://www.ajel.in>

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Directors' Report

To
The Members,
Ajel Infotech Limited
Mumbai.

Your Directors have pleasure in presenting the Annual Report of your Company together with the Balance sheet as at 31st March, 2009 and the profit and loss account for the year ended as on that date and the report of the Auditor's thereon. As members are aware, during the year, your company has acquired Ajel Technologies. India Pvt Ltd along with its US subsidiary Ajel Technologies Inc., and hence are reporting consolidated financials for the first time to give a correct picture on the performance of the company. However, previous comparable figures obviously are on standalone in view of presentation of consolidated financials for the first time.

FINANCIAL RESULTS: (Consolidated)

| <i>Particulars</i> | <i>Year ended 31st March 2009(Rs.) Consolidated</i> | <i>Year ended 31st March 2008(Rs.) Stand Alone</i> |
|--|--|---|
| Income | 42,67,43,156 | 15,49,200 |
| Total expenditure | 40,53,13,433 | 11,53,179 |
| Profit/(-)Loss before tax | 2,13,13,922 | (13,651) |
| Provisions for tax | 50,296 | 6,000 |
| Profit/(-)Loss after tax | 2,12,63,626 | (19,651) |
| Profit/Loss brought forward from previous year | (14,931,835) | (19,651) |
| Surplus/(Deficit) carried to Balance Sheet | 1,72,70,817 | (14,931,835) |

Business Performance Review:

The Company has achieved a turnover of Rs.42,67,43,156 on a consolidated basis, as against Rs.15,49,200 on stand alone basis in the previous year. During the year the company revenues have grown significantly in view of acquisition of Software Business from Ajel Technologies. 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.

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.

Ajel is looking to increase revenue through strengthened customer relationship, the answer is Ajel. Our experts address the key technological, process and operational components of marketing, sale and service functions to positively impact both the bottom and top lines.

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.

Dividend

During the year under review your Board of Directors has not recommended any dividends to preserve the cash for much needed growth opportunities.

Material changes and commitments post Balance Sheet Date

During the month of June 2009, the company has entered in to an agreement to acquire US Based consulting business of GSS America Inc., The said business has a revenues of US\$10 Million and the company proposes to issue 17 Lac shares for the said acquisition on Stock Swap basis, subject to prior approvals of statutory authorities and Shareholders in the AGM.

Subsidiaries

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, 2009 of the subsidiary companies have been attached to this report.

Tabular presentation of stand alone, subsidiaries and consolidate financials.

| Particulars | Ajel Infotech Ltd | Ajel Technologies India Pvt Ltd | Ajel Technoogies INC | Consolidated |
|--|--------------------------|--|-----------------------------|---------------------|
| Income | 36,51,157 | 1,32,79,995 | 41,38,92,019 | 42,67,43,156 |
| Total expenditure | 16,50,598 | 2,02,30,439 | 38,73,07,022 | 40,53,13,433 |
| Profit/(-)Loss before tax | 16,89,891 | (69,60,945) | 2,65,84,997 | 2,13,13,922 |
| Provisions for tax | 6,200 | 44,094 | 0 | 50,296 |
| Deferred Tax | - | - | 0 | 0 |
| Profit/(-)Loss after tax | 16,83,691 | (70,05,039) | 2,65,84,997 | 2,12,63,626 |
| Profit/Loss brought forward from previous year | (1,49,31,835) | 64,49,761 | 44,89,255 | (1,49,31,835) |
| Surplus carried to Balance Sheet | (13,248,144) | (555,278) | 3,10,74,252 | 1,72,70,817 |

*Consolidated accounts prepared as per accounting standard 21

Directors

During the year under review, the Company has inducted two additional Directors and members have been requested to confirm their appointment in the AGM.

During the year Mr. Jadda Amara Reddy and Mr. Venkateswarlu Arikatla, were appointed as additional directors of the company and Board recommends appointment of them in the AGM.

Fixed Deposits

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

Capital Expenditure

The Company has made Capital Expenditure of Rs 6, 52, 40,544/ during the year.

Corporate Governance

Pursuant to the Clause 49 of the Listing Agreement entered with the stock exchanges, the Company has complied with all the provisions of Corporate Governance and a detailed note in this regard is provided along with a Certificate of Compliance from Auditors of the Company is annexed herewith and forms part of this report.

Statutory Disclosures

The particulars as prescribed under sub-section [1] [e] of Section 217 of the Companies Act, 1956 read with the Companies [Disclosure of particulars in report of Board of Directors] Rules, 1988, are set out hereunder:

Conservation of energy and technology absorption and foreign exchange earnings and outgo:

Information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo forming part of Directors' Report in terms of section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is as follows:

A. Conservation of energy:

The Operations of your company are not Energy intensive. The company makes every effort to conserve energy as far as possible in its facilities. The Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient.

B. Technology Absorption :

Your company continues to use state-of-the-art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your company continues to invest in the latest hardware and software.

C. Foreign Exchange Earning and outgo:

The Details of Foreign Exchange earnings and outgo are given below:

| Particulars | 2008-09 | 2007-08 |
|-------------------------------|-----------|---------|
| (a) Foreign Exchange Earnings | 12,82,009 | NIL |
| (b) Foreign Exchange Outgo | NIL | NIL |

Particulars of Employees

No employee of your company is drawing salary, the particulars of which need to be disclosed under the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and no other provisions of the aforesaid section are applicable to the company for the financial year under review.

Stock Exchange Listing

The Equity shares of the company are listed on the Bombay Stock Exchange Limited.

Director's Responsibility Statement

The Directors of your Company submit that adequate systems and practices in accordance with modern Corporate Governance Policies are being developed and implemented in your company. Further, in accordance with Section 217 (2AA) of the Companies Act, your Directors hereby report as follows to the extent they are applicable:

- i) In the preparation of Annual Accounts of the year ended 31st March, 2009 the applicable accounting standards have been followed along with proper explanation if any, there from;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of 31st March, 2009 and the profit or loss of the company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions for this Act for safeguarding the assets of the Company and for detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts for the year ended 31st March, 2009 on a going concern basis.

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 Infotech Limited 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 recognised the value of the committed workers and efforts are being made to enhance the bonding between the Company and the committed employees.

Auditors

The Statutory Auditors of your Company M/s.KN Murthy & Co., Chartered Accountant retire at the conclusion of this Annual General Meeting and being eligible offers themselves for re-appointment as statutory auditors of the company till the conclusion of the next Annual General Meeting. The Board recommends their re-appointment.

Fund Raising

The Board has proposed to raise the funds of about US\$ 15 Million through ADR/GDR/FCCB or QIP for meeting the needs of in-organic growth opportunities and companies expansion plans and hence proposed the enabling resolution in the AGM,

Acknowledgements

Your directors extend their gratitude to the valuable customers, investors, Bankers, Central and State Government officers, agencies and the confidence, which they have reposed in the Management.

We place on record our appreciation of the contribution made by employees at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the board

Place: Mumbai
Date: August 31, 2009

| | |
|------------------------|-----------------------------------|
| Vijay S Chokshi | Srinivasa Reddy Arikatla |
| Director | Vice Chairman & Managing Director |

Report On Corporate Governance

Pursuant to clause 49 of listing agreement with Bombay Stock Exchange Limited, compliance with the requirements of corporate governance is set out below:

A) Company Philosophy on Code of Governance:

Your company believes that sound governance practices and responsible corporate behavior contribute to superior long-term performance of the company. Corporate governance practice embodies the dual goals of protecting the interests of all stakeholders while respecting the duty of the board and senior management to oversee the affairs of a company, ensure accountability, inculcate integrity and promote long-term growth and profitability. Your company is committed to adhere to good corporate governance principles as embodied in its governance policy.

B) Composition of the Board

The present board consists of 7 directors and the composition and category of directors on the board of the company are as under:

| Name of the director | Category | No. of board meetings held during the last financial year | No. of meetings attended | No. of other director-ships | Attendance at the last AGM |
|------------------------------|----------------------------------|---|--------------------------|-----------------------------|----------------------------|
| Mr. Bharat C Sutaria | Independent Director | 9 | 9 | NIL | YES |
| Mr. Arikatla Srinivasa Reddy | Managing Director | 9 | 6 | 3 | YES |
| Mr. Vijay S Chokshi | Executive Director | 9 | 9 | NIL | YES |
| Mr. Venkateswarlu Arikatla | Independent Director (Addl.Dir) | 9 | 1 | 1 | NO |
| Mrs. D Malathy | Promoter Director | 9 | 4 | 2 | NO |
| Mr. Darshan Majmudar | Independent Director | 9 | 9 | NIL | YES |
| Mr. Jadda Amara Reddy | Independent Director (Addl. Dir) | 9 | 1 | NIL | NO |

During the financial year 2008-09 the board has met 9 times. The maximum time gap between any two meetings was not more than four months.

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

The following are the details of the directors retiring by rotation at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement:

Mr. Vijay S Chokshi

Mr. Chokshi, 44 years, is a Commerce graduate from Bombay University and a Chartered Accountant having more than 20 years of experience in R&T (Registrar and Transfer Agent) activity, data processing and system development. He is whole time Director of the Company and he offers himself for re-appointment.

Mr. Bharat C Sutaria

Mr. Bharat C Sutaria, 76 years, is a qualified Chartered Accountant and Company Secretary. He has 50 Years of experience as a practicing Chartered Accountant. He is mainly dealing in Audit, Taxation and Corporate Law Matters.

Following two directors have been appointed as additional directors by the Board during the year and Members need confirm their appointment in the AGM.

Mr.Jadda Amarareddy

Mr.Jadda Amarareddy is a Graduate in commerce and he has more than 10 years experienced in infrastructure industry and was part of many Infrastructure projects.

Mr.Venkateswarlu Arikatla

Mr. Arikatla holds a BE Degree in Computer Engineering from NIE Collage, Mysore, India. Mr. Venkat Arikatla has been rendering his skills as a Database Manager in reputed company such as IBM Global Services, HUSCO International, PIPER Aircraft, BWD Automotive, Solar Turbines Iron Moutain. Technically Mr. Venkat Arikatla has expertise in total Software Development Life Cycle including Project Planning, Web Developement, Business Analysis, Need Analysis, Design, Development, Implementation and Testing of complex applications in Telecommunication, Semiconductor, Automotive, Aircraft and Financial Industries. His industry experience and his ability to conceptualize implementation of technology ensure the appropriate technical solution.

Shares held by Directors:

The shares held by directors as on 31st March 2009:

| Name of the director | No. of shares |
|------------------------------|---------------|
| Mr. Bharat C Sutaria | 2,400 |
| Mr. Arikatla Srinivasa Reddy | 60,77,900 |
| Mr. Vijay S Chokshi | 4,46,707 |
| Mr. Venkateswarlu Arikatla | Nil |
| Mrs. D Malathy | 1,43,000 |
| Mr. Darshan Majmudar | 600 |
| Mr. Jadda Amara Reddy | Nil |

Directors sitting fee

The company pays a sitting fee of Rs. 2500/- for attending each Board or Committee meetings to the Directors.

C) Information supplied to the Board

The Board has unlimited accesses to the information. The Information regularly supplied to the Board includes:

- Quarterly results of the company and its business segment
- Minutes of the meeting of the Audit committee and other committees of the Board.
- Information on recruitment and remuneration of senior officers.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Significant Capital investment proposals.
- Strategic and business plans.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory nature or listing requirements as well as shareholders services such as non payment of dividend and delay in share transfers.
- Quarterly report on compliance of various laws.
- Transaction that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant development in human resource front.

D) Code of Conduct

The Board has laid down a code of conduct for all Board Members and Senior Management of the company. The code of conduct is available on the website of the company. All the board Members and Senior Management have affirmed compliance with the Code of Conduct.

E) Committees of the Board

(i) Audit Committee

The Audit Committee consists of Independent and Executive Directors, provides assistance to the Board of Directors in fulfilling its overall responsibilities.

The Functions of Audit Committee includes: -

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

Composition of Audit Committee.

The Composition of Audit Committee is as follows: -

1. Mr. Darshan Mujamdar
2. Mr. Vijay S Chokshi.
3. Mr. Bharat C Sutaria
4. Mr. Amara Reddy
5. Mr. Venkateswarlu Arikatla

The constitution of audit committee fulfils the requirements of Sec. 292A of the Companies Act, 1956. The meetings of the committee were attended by the Director of the company.

Attendance at the meetings of audit committee:

| Name of the Director | Designation | No. Of meetings held | No. Of meetings attended |
|----------------------|-------------|----------------------|--------------------------|
| Mr. Darshan Majmudar | Member | 4 | 3 |
| Mr. Bharat C Sutaria | Member | 4 | 4 |
| Mr. Vijay S Chokshi | Member | 4 | 4 |

Terms of reference:

- To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend the appointment and removal of external auditors, fixation of audit fee and approval of payment for any other services.
- To review the annual financial statements before submission to the board focusing on any changes in accounting policies and practices, major accounting entries, qualifications in the audit report, significant adjustments arising out of audit, compliance with accounting standards, compliance with stock exchange and legal requirements concerning financial statements and any related party transactions.

Composition of Remuneration Committee.

The Composition of Remuneration Committee is as follows:-

1. Mr. Bharat C Sutaria
2. Mr. Darshan Majmudar
3. Mr. Jadda Amarareddy
4. Mr. Venkateswarlu Arikatla

(ii) Share Transfer and investor Grievance Committee

The Investors' Grievance committee focuses on shareholders' grievance and strengthening of investor relations. The functions of the committee includes the redressal of shareholders / investors complaints/ grievance pertaining to transfers/transmission of share, dividend , and dematerialization of shares, replacement of lost/stolen/mutilated share certificates and other related issues. There are no complaints pending as on the date of this report. The Committee comprised of as follows

| Name of the Director | Designation |
|------------------------------|-------------|
| Mr. Arikatla Srinivasa Reddy | Chairman |
| Mrs. D Malathy | Member |
| Mr. Vijay S Chokshi | Member |

Management Discussion and Analysis

The Management Discussion and Analysis is enclosed to this report.

General Body Meetings:

The details of date, location and time of the last three Annual General Meetings held are as under:

| Financial year | Date , time and venue |
|----------------|---|
| 2005-06 | September 30, 2006 time 10.00 AM At 106, Mhada Commercial Complex, New Link Road, Oshiwara, Jogeshwari (West) Mumbai |
| 2006-07 | September 29, 2007 time 10.00 AM At 106, Mhada Commercial Complex, New Link Road, Oshiwara, Jogeshwari (West) Mumbai |
| 2007-08 | Date Nov, 17th 2008, time: 10.00AM. At Indian medical association hall, 2 nd Floor, Near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai – 400049 |

During the year the board met nine times on

- 1) April 12, 2008
- 2) June 25, 2008
- 3) June 26, 2008
- 4) July 14, 2008
- 5) July 31, 2008
- 6) August 30, 2008
- 7) October 31, 2008
- 8) January 31, 2009
- 9) January 07, 2009

Means of Communication

Quarterly Results

The Company has its own website and all vital information relating to company and its performance are posted on the company's website www.ajel.in

The Quarterly un-audited / audited financial results of the company are generally published in two financial news papers in English and a vernacular newspaper.

The company has a dedicated help desk with email id investors@ajel.com, in the Secretarial Department for providing necessary information to the investors.

General Shareholders Information

1. Annual General Meeting:

Date : 30th September, 2009
 Time : 10.00 A.M.
 Venue : Indian Medical Association Hall, 1st Floor,
 Lupin auditorium near Chandan Cinema, J.V.P.D. Scheme,
 Juhu, Mumbai - 400 049 at 10:00a.m.

2. Profiles of Directors Seeking reappointment / appointment

Brief resume of Director and nature of their expertise in functional areas.

| S.No | Name | Qualification | Nature of Expertise |
|------|---------------------------|--|---|
| 1 | Mr.Vijay S Chokshi | Commerce graduate & Chartered Accountant | R&T (registrar and Transfer Agent) activity, data processing and system development. |
| 2 | Mr.Bharat C Sutaria | Chartered Accountant and Company Secretary | Expert in dealing in audit, Taxation and Corporate Laws matters |
| 3 | Mr.Amarareddy Jadda | Graduate | Graduate in commerce with more than 10 years Experience in infrastructure industry |
| 4 | Mr.Venkateswarlu Arikatla | Graduate Engineer | Mr. Arikatla holds a BE Degree in Computer Engineering from NIE Collage, Mysore, India. Mr. Venkat Arikatla has expertise in total Software Development Life Cycle including Project Planning, Web Development, Business Analysis, Need Analysis, Design, Development, Implementation |

3. Financial Calendar

| | |
|------------------------|----------------------------------|
| Financial year | 1st April 2008 - 31st March 2009 |
| First quarter details | July 2008 |
| Second quarter details | October 2008 |
| Third Quarter details | January 2009 |
| Fourth quarter details | April 2009 |

For the year ending March 31, 2009, results will be announced on:

| | |
|--|------------------------------------|
| Results for the first quarter ended June 30,2008 | : Latest by last week of July 2008 |
| Results for the Second quarter ended Sep 30,2008 | : Latest by last week of Oct, 2008 |
| Results for the first quarter ended Dec 31,2008 | : Latest by last week of Jan 2009 |
| Results for the first quarter ended Mar 30,2009 | : Latest by last week of June 2009 |

4. **Date of Book Closure:** 29th September, 2009 and 30th September, 2009 (both days inclusive)

5. **Listing on Stock Exchange**

Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 023

Listing Fee paid for the stock exchange for the financial year 2008-09

6. **Stock Code**

Bombay Stock Exchange Limited

Scrip Code : 530713

Scrip ID : AJEL

7. **Dematerialization of Shares.**

As on 31st March, 2009 100% of the paid up equity capital of the company has been dematerialized and the trading of Equity share in the stock exchange is under compulsory dematerialization.

ISIN : INE229B01015

8. Stock Market Data

| Month | Bombay Stock Exchange Limited (BSE) | | |
|----------------|---|-------|---------|
| | Low | High | Volume |
| April 2008 | 6.30 | 14.36 | 45,722 |
| May 2008 | 15.07 | 31.20 | 340,356 |
| June 2008 | 24.25 | 37.00 | 347,454 |
| July 2008 | 28.30 | 39.00 | 178,198 |
| August 2008 | 26.15 | 37.35 | 112,181 |
| September 2008 | 28.30 | 46.10 | 407,065 |
| October 2008 | 14.85 | 28.50 | 146,278 |
| November 2008 | 15.59 | 25.18 | 69,180 |
| December 2008 | 20.80 | 31.50 | 29,109 |
| January 2009 | 27.85 | 36.75 | 14,386 |
| February 2009 | 26.65 | 32.50 | 6,550 |
| March 2009 | 27.65 | 32.45 | 1,973 |

9. Distribution Schedule as on 31-3-2009

| No. of Equity Shares | No. of Share Holders | Percentage of Share Holders | No. Of Shares | Percentage of Share Holding |
|----------------------|----------------------|-----------------------------|-------------------|-----------------------------|
| Up to 500 | 1,095 | 75.00 | 234,800 | 2.31 |
| 501 - 1000 | 185 | 12.67 | 143,179 | 1.41 |
| 1001 - 2000 | 67 | 4.59 | 103,389 | 1.02 |
| 2001 - 3000 | 34 | 2.33 | 87,484 | 0.86 |
| 3001 - 4000 | 9 | 0.61 | 32,666 | 0.32 |
| 4001 - 5000 | 13 | 0.89 | 60,935 | 0.60 |
| 5001 - 10000 | 15 | 1.03 | 101,196 | 1.00 |
| 10001 and above | 42 | 2.88 | 9,386,351 | 92.48 |
| Total | 1,460 | 100.00 | 10,150,000 | 100.00 |

10. Registrar and Share Transfer Agent- In-house Share Transfer

11. ADRs / GDRs

As on the date, the company has not issued ADRs, GDRs or any other Convertible Instruments and as such, there is no impact on the Equity Share Capital of the company.

12. Shareholding Pattern as on 31st March, 2009

| Category of Shareholder | No. of Shareholders | Total No. of Shares | Total No. of Shares held in Dematerialized Form | Total Shareholding as a % of total No. of Shares | | Shares pledged or otherwise encumbered | |
|---|---------------------|---------------------|---|--|-------------------|--|-------------------------------|
| | | | | As a % of (A+B) | As a % of (A+B+C) | Number of shares | As a % of Total No. of Shares |
| (A) Shareholding of Promoter and Promoter Group | | | | | | | |
| (1) Indian | | | | | | | |
| Individuals | 4 | 7,150,400 | 7,150,000 | 70.45 | 70.45 | - | - |
| Sub Total | 4 | 7,150,400 | 7,150,000 | 70.45 | 70.45 | - | - |
| (2) Foreign | | | | | | | |
| Total shareholding of Promoter and Promoter Group (A) | 4 | 7,150,400 | 7,150,000 | 70.45 | 70.45 | - | - |
| (B) Public Shareholding | | | | | | | |
| (1) Institutions | | | | | | | |
| (2) Non-Institutions | | | | | | | |
| Bodies Corporate | 46 | 532,657 | 199,757 | 5.25 | 5.25 | - | - |
| Individuals | | | | | | | |
| Individual shareholders holding nominal share capital up to Rs. 1 lakh | 1,383 | 727,312 | 484,607 | 7.17 | 7.17 | - | - |
| Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 21 | 1,172,617 | 1,021,117 | 11.55 | 11.55 | - | - |
| Any Others (Specify) | 6 | 567,014 | 118,014 | 5.59 | 5.59 | - | - |
| Non Resident Indians | 1 | 1 | 1 | - | - | - | - |
| Directors & their Relatives & Friends | 5 | 567,013 | 118,013 | 5.59 | 5.59 | - | - |
| Sub Total | 1,456 | 2,999,600 | 1,823,495 | 29.55 | 29.55 | - | - |
| Total Public shareholding (B) | 1,456 | 2,999,600 | 1,823,495 | 29.55 | 29.55 | - | - |
| Total (A)+(B) | 1,460 | 10,150,000 | 8,973,495 | 100.00 | 100.00 | - | - |
| (C) Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | |
| Total (A)+(B)+(C) | 1,460 | 10,150,000 | 8,973,495 | - | 100.00 | - | - |

13. Registered office

AJEL INFOTECH LIMITED

106, Oshiwara Link Plaza Commercial Complex,
New Link Road, Oshiwara,
Next to Oshiwara Police Station,
Mumbai 400102

Admin and offshore centre details

Ajel Infotech Ltd

Road No 72, Plot No 189,
Prashasan Nagar, Jubilee Hills
Hyderabad

14. Investor Correspondence address to

Compliance Officer

Ajel Infotech Limited,

106, Link Plaza Commercial Complex,
New Link Road, Oshiwara,
Next to Oshiwara Police Station,
Mumbai 400102

Phone: 022 26303342; 022 26303348

Email: investors@ajel.com

Website: www.ajel.in

MANAGEMENT DISCUSSION AND ANALYSIS

The financial year of the company consist of 12 months ended as on 31st March, 2009.

Industry Structure, Development and Outlook

Changing economic and business conditions, rapid technological innovation, proliferation of the internet, and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. The Indian IT-ITES industry (including domestic market) continued its robust growth in 2007-08 too. The total software and service revenue is estimated to be USD 52.0 billion as compared to USD 39.5 billion in the corresponding previous year. Exports alone were USD 40.3 billion as compared to USD 31.3 billion in the corresponding previous year (Strategic Review Report Feb, 2008, NASSCOM). Outsourcing continues to be the primary growth driver, sustained by gradual shift in regional spending patterns – with increasing traction in Europe and Asia Pacific offsetting a marginal decline in share of the America. Increasing emphasis on innovation led growth added to the secular trend in technology related spending, with IT – enablement.

Industry Structure: The industry is dominated by large integrated players consisting of both Indian and International service providers. During the year, the share of Indian providers went up to 65-70 per cent due to the emerging trend of monetisation of captives. MNCs however, continued to make deeper inroads into the industry and strengthened their Indian delivery centers during 2008.

Domestic market: The domestic market presents a significant opportunity as IT spending in India is growing at a pace faster than any other country in the Asia Pacific region. The demand for off shoring is driven by specialized skill sets and not just labor arbitrage. Domestic IT-BPO revenues are expected to grow at almost 20 per cent to reach INR 1,113 billion in FY2009, driven by increased IT-BPO adoption. While growth in the hardware spend (the largest segment) has moderated, the domestic BPO segment remained the stellar performer, with a growth of 40 per cent during FY2008, and revenues of INR 88.7 million. Domestic IT services are expected to grow by 20 per cent in FY2009, driven by increased acceptance of IT as a growth enabler, and a competitive tool for Indian corporations looking to compete in an increasingly globalised environment. Increased IT adoption in not only the large/mid-sized companies, but also the 35 million strong small and medium business (SMB) segment is expected to drive growth in the future

Future outlook

Key global sourcing drivers will continue to be cost, access to talent, business improvements, increasing speed-to-market and access to emerging markets. The future outlook for all these drivers is positive, leading to increased momentum for global sourcing. The focus on cost reduction is expected to increase, keeping in mind the current recessionary environment. Environmental considerations such as climate change, global warming, social responsibilities, and compliance issues are all adding up to increase pressure on margins, which can be offset by increasing global sourcing to keep tabs on spiraling costs. Access to talent is likely to become more decisive as workforce demographics indicate a shortfall in the long term, in all major developed countries such as USA, UK, France and Germany, Japan and some developing countries as well.

Egovernance

Ajel has identified opportunities in eGovernance domain. The Government of India has initiated National eGovernance Plan to Make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure efficiency, transparency & reliability of such services at affordable costs to realise the basic needs of the common man. As part of this Initiative there are various projects to be taken up in Central and state government departments.

Central Projects

Banking, Central Excise & Customs, Income Tax (IT), Insurance, MCA21
National Citizen Database (NCD/MNIC)/ UNIQUE ID (UID), Passport,
Immigration & Visa, Pension, e-OFFICE

State Projects

Agriculture, Commercial Taxes, e-District, Employment Exchange, Land Records
Municipalities, Panchayats, Police, Property Registration, Road Transport
Treasuries

While the 2009 outlook for global technology related spending is affected by the recessionary environment, a rebound is expected from 2010 onwards. Worldwide adoption of outsourcing is also expected to rise significantly in the coming years.

Sustained demand, robust fundamentals and a supportive business environment will help realize the significant potential the IT-BPO industry offers, both for exports and the domestic market. The industry can achieve an export target of USD 60-62 billion by FY 2011, employing 2.5-3 million professionals directly and contributing substantially to the socio-economic development of the country.

Opportunities and Threats

India is recognized as the premier destination for offshore technology services. Your Company is ready to harness the good business potential apart from the existing Software Development and Technical Support Services.

Digitalization / Restoration is required for every movie. Sometime even a brand new movie also. There are hundreds of films are there to be restored all over the world. India being the primary hub films is a big a market. The growth of TV, Satellites Channels, IPTV, VOD, DVD, H-DVD, Blue-Ray etc. has created a huge demand for content, not just content the cleanest possible content.

IPTV services have very good business potential targeting the NRIs and other non residents in various countries.

Fluctuation in the rupee-dollar exchange rate continues to be a threat. IPTV services too may face competition from major service providers in India and globally. Scarcity of talent, procurement of quality content and attrition continues to be the major challenges.

Financial Performance

Capital Structure

1. The Company's Authorized Capital is Rs 120,000,000.00 dividend into 1,20,00,000. Equity Shares of Rs.10/- each.
2. The Company's paid up Capital is Rs10,14,24,000 dividend into 1,01,50,000 Equity Shares of Rs.10/- each.

Reserves and Surplus

The Reserves and surplus has been contributed by Rs. 1,72,70,817 by profits for the year 2008-09.

Fixed Assets

They were increased in the fixed Assets of Rs.6,52,40,544 during the year. Rs.1,17,50,857 were written off during the year.

Investment

The Company has invested in its wholly owned subsidiary.

Your Company has entered in to an agreement to acquire onsite consulting business of revenues of US \$ 10 Million , which is a division of US Based GSS America Inc., engaged in reliable technologies, proven methodologies, top-tier partnerships and quality and process best practices. The company will be using stock to fund the acquisition. The board of Directors in their meeting considered to allotted 17,00,000 Equity shares of the company as consideration to the promoters of GSS America Infotech Limited for the purpose of acquisition.

Sundry Debtors

Sundry Debtors Balance as on 31st March, 2009 is increased Rs 14,10,77,465/- compared to that of 31st March, 2008.

Cash and Bank Balances

The Cash and Bank Balance were increased by Rs.1,57,60,834/- when compare to the previous year. Efforts were made to maintain Cash and Bank Balances at minimum level.

Loans and Advances

Loans and Advance increased by Rs. 85,87,237 as compared to the previous year. The increase was due to expansion plans undertaken by the company which lead to advances to suppliers and deposits.

Current Liabilities and Provisions

The Balance of current Liabilities has increased by Rs.12,21,19,199 compared to the previous year. The increased was mainly due on sub-contracts for software projects

OPERATIONAL REVENUE

Revenue

Revenue has increased by Rs.42,51,93,956 in comparison with previous year.

EXPENDITURE

Operating and Admin Expenses.

There is an increase of Rs. 40,37,50,582 in comparison with previous year. The increase was mainly due to expenditure incurred on new division of the company.

Depreciation

An amount of Rs 1,17,50,857 was provided as Depreciation for the year.

Earning per Shares

The earning per share of the company for the year is Rs.2.10 per share of face value of Rs.10/- each as against Rs. -0.07 of the previous year.

Internal Control & Systems

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

The company has an audit committee constituted as per Section 292(a) of the Companies Act, 1956 and as per the requirements of Corporate Governance specified under Clause 49 of the Listing Agreement.

Human Resource 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 an 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.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations may be forward looking statements within the meaning of application Securities laws and regulations. Actual results would differ materially from those expressed or implied. Important factors that could make a difference to the company's operation include economic conditions affecting demand, supply and price conditions in the domestic / overseas market in which the company operates, changes in the government regulations, tax laws and statues and other incidental factors.

Declaration by CEO/MD of the company on Code of Conduct

I hereby declare that:

1. Code of conduct for the Board members and senior management of the company was approved by the Board of Directors in the Board Meeting and the same was adopted by the company.
2. Code of Conduct adopted by the Company was circulated to the members of the board and senior management of the company and also posted in the website of the company.
3. All the members of the Board and senior management of the company have complied with all the provisions of the code of conduct.

Place : Mumbai

for **AJEL INFOTECH LIMITED**

Date : 31st August 2009

Srinivasa Reddy Arikatla
Vice Chairman and Managing Director

Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Ajel Infotech Limited ("the Company"), for the year ended 31st March, 2009 , as stipulated in Clause 49 of the listing Agreement of the said company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the company.

In our opinion and to the best of our knowledge and according to the explanation given to us. We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned 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 : 31st August 2009

for KN Murthy & Co.,
Chartered Accountants,
KSVL Narasimha Murthy
Proprietor
Membership No.203849

Auditors' Report to the members of Ajel Infotech Limited and its subsidiaries

We have audited the attached Consolidated Balance Sheet of Ajel Infotech Limited and its subsidiaries (collectively referred to as 'the group') as at March 31, 2009 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 We did not audit the financial statements of M/s Ajel Technologies, Inc subsidiary of subsidiary whose financial statements reflect total assets of Rs.2042.16 lakhs and total revenues of Rs. 4138.92 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' and Accounting Standard 23, 'accounting for investments in associated in 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, 2009;

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 2009.

KSVL Narasimha Murthy

Proprietor

Membership No.203849

For and on behalf of KN Murthy & Co.,

Chartered Accountants

Place: Hyderabad

Date: 30th June 2009

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

| | SCHEDULE | AS AT 31.03.09 | AS AT 31.03.08 Rs |
|--|----------|--------------------|-------------------------|
| A SOURCES OF FUNDS | | | |
| 1.SHAREHOLDER'S FUNDS | | | |
| a. Share Capital | 1 | 101,424,000 | 29,521,000 |
| b. Application money towards shares | | 37,380 | - |
| c. Reserves & Surplus | 2 | 17,270,817 | - |
| 2.LOAN FUNDS | | | |
| Secured Loans | 4 | 56,250,791 | - |
| 3.Deferred Tax Liability | | 7,729 | - |
| Total 'A' | | 174,990,717 | 29,521,000 |
| B APPLICATION OF FUNDS | | | |
| 1. FIXED ASSETS | | | |
| a. Gross Block | 3 | 89,220,496 | 9,747,135 |
| b. Depreciation | | 11,750,857 | 7,013,742 |
| c. Net Block | | 77,469,639 | 2,733,393 |
| 2. CAPITAL WORK IN PROGRESS | | | |
| | | 41,709,813 | - |
| 3. INVESTMENTS | | | |
| 4. CURRENT ASSETS, LOANS AND ADVANCES | | | |
| a. Cash and bank balances | 5 | 15,982,807 | 221,973 |
| b. Sundry Debtors | | 148,346,680 | 7,269,215 |
| c. Loans & Advances | 6 | 18,126,336 | 9,539,099 |
| | | 182,455,823 | 17,030,287 |
| c. Less: Current Liabilities and Provisions | | | |
| i. Liabilities | 7 | 125,140,542 | 2,998,168 |
| ii. Provisions | | 2,153,172 | 2,176,347 |
| | | 127,293,714 | 5,174,515 |
| Net Current Assets | | 55,162,109 | 11,855,772 |
| 5. MISCELLANEOUS EXPENDITURE | 8 | 649,156 | - |
| (To the extent not written-off or adjusted) | | | |
| 6.Profit/(Loss) for the year | | - | (14,931,835) |
| Total 'B' | | 174,990,717 | 29,521,000 |
| Notes to Accounts | 11 | | |

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

For and on behalf of the Board of

For KN MURTHY & CO
Chartered Accountants

Sd/-
KSVL NARASIMHA MURTHY
Proprietor
Place : Hyderabad
Dated : June 30, 2009

Sd/-
VIJAY CHOKSHI
Director

Sd/-
A.SRINIVASA REDDY
Managing Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31st MARCH, 2009**

| | SCHEDULE | YEAR ENDED 31.03.09 | YEAR ENDED 31.03.08 |
|------------------------------------|----------|------------------------|------------------------|
| | | | Rs |
| A | | | |
| <u>INCOME</u> | | | |
| Revenues | 9 | 424,727,853 | 1,549,200 |
| Other Income | | 2,015,303 | - |
| | | <hr/> 426,743,156 | <hr/> 1,549,200 |
| B | | | |
| <u>EXPENDITURE</u> | | | |
| Cost to Revenue | 10 | 339,656,274 | |
| Administrative Expenses | 11 | 59,382,925 | 1,153,179 |
| Depreciation | | 959,232 | 409,672 |
| Financial Charges | | 3,202,197 | - |
| Provision for Doubtful Debts | | 2,112,805 | - |
| | | <hr/> 405,313,433 | <hr/> 1,562,851 |
| Profit/(Loss) after depreciation | | 21,429,723 | (13,651) |
| <u>Expenses written-off:</u> | | | |
| Preliminary Expenses | | 107,800 | |
| Preoperative Expenses | | 8,001 | |
| Profit/(Loss) before tax | | 21,313,922 | (13,651) |
| Provision for tax | | - | - |
| Profit/(Loss) after tax | | 21,313,922 | (13,651) |
| Provision for FBT | | 50,296 | 6,000 |
| Profit/(Loss) after FBT | | 21,263,626 | (19,651) |
| Provision for Deferred Taxes | | - | - |
| Profit/(Loss) after Deferred Taxes | | 21,263,626 | (19,651) |
| Profit/(Loss) brought forward | | (3,992,809) | (14,912,184) |
| Balance carried to Balance Sheet | | <hr/> 17,270,817 | <hr/> (14,931,835) |

Notes to Accounts 11

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

For and on behalf of the Board of

For KN MURTHY & CO
Chartered Accountants

Sd/-
KSVL NARASIMHA MURTHY
Proprietor

Sd/-
VIJAY CHOKSHI
Director

Sd/-
A.SRINIVASA REDDY
Managing Director

Place : Hyderabad
Dated : June 30, 2009

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH, 2009**

| Particulars | 2008-09 (Rs.) |
|--|---------------|
| A. Cash flow from operating activities: | |
| Net Profit before tax and extraordinary items | 20,407,509 |
| <u>Adjustments for:</u> | |
| Depreciation | 4,737,115 |
| Preliminary Expenses written off | 107,800 |
| Preoperative Expenses w.off | 8,001 |
| Previous Year Loss | 14,282,679 |
| Operating profit before working capital changes | 39,543,104 |
| <u>Adjustments for:</u> | |
| Trade and other receivables | (141,077,465) |
| Trade Advances & Deposits | (8,587,237) |
| Trade Payable & other liabilities | 122,119,199 |
| Cash generated from operations | 11,997,601 |
| Interest paid | 3,202,197 |
| Direct taxes paid | 50,296 |
| Net Cash from operating activities | 8,745,108 |
| B. Cash flow from investing activities: | |
| Purchase of fixed assets | (121,183,174) |
| Net cash used in investing activities | (121,183,174) |
| C. Cash flow from financing activities: | |
| Proceeds from issue of share capital | 71,940,380 |
| Proceeds from long term borrowings | 56,250,791 |
| Dividend paid | |
| Deferred Liability | 7,729 |
| Net cash used in financing activities | 128,198,900 |
| Net increase in cash and cash equivalents | 15,760,834 |
| Cash & Cash equivalents as at 01.04.2008 | 221,973 |
| Cash & Cash equivalents as at 31.03.2009 | 15,982,807 |

For KN MURTHY & CO
Chartered Accountants

Sd/-
KSVL NARASIMHA MURTHY
Proprietor

For and on behalf of the Board of

Sd/-
VIJAY CHOKSHI
Director

Sd/-
A.SRINIVASA REDDY
Managing Director

Place : Hyderabad
Dated : June 30, 2009

AUDITORS CERTIFICATE

We have examined the attached Consolidated Cash Flow Statement of Ajel Infotech Limited for the period ended 31st March, 2009. 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 30.06.2009 to the members of the Company

KN MURTHY & CO
Chartered Accountants

KSVL NARASIMHA MURTHY
Proprietor

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH'2009

| | AS AT 31.03.09 Rs | AS AT 31.03.08 Rs |
|---|-------------------------|-------------------------|
| SCHEDULE 1 | | |
| SHARE CAPITAL | | |
| <u>Authorized</u> | | |
| 12000000 (3000000) Equity shares of Rs. 10/- each | 120,000,000 | 30,000,000 |
| <u>Issued, Subscribed and Paid-up</u> | | |
| 10150000 (3000000) Equity shares of Rs. 10/- each | 101,500,000 | 30,000,000 |
| Less: Calls in arrears | 76,000 | 479,000 |
| | <u>101,424,000</u> | <u>29,521,000</u> |
| SCHEDULE 2 | | |
| RESERVES AND SURPLUS | | |
| Opening Balance | (3,992,809) | (14,912,184) |
| Less: Capitalization of Reserves | - | - |
| | <u>(3,992,809)</u> | <u>(14,912,184)</u> |
| Add: Profit during the year | 21,263,626 | (19,651) |
| | <u>17,270,817</u> | <u>(14,931,835)</u> |

| Schedule 3 PARTICULARS | GROSS BLOCK (COST) | | | DEPRECIATION | | | | NET BLOCK | | |
|--|--------------------|-------------------|------------|-------------------|-------------------|----------------|------------|-------------------|-------------------|-------------------|
| | AS ON | Addition | Deduction | AS ON | AS ON | For the | Addition | AS ON | AS ON | AS ON |
| | 31.3.2008 | Adjustment | Adjustment | 31.3.2009 | 31.3.2008 | Year | Adjustment | 31.3.2009 | 31.3.2009 | 31.3.2008 |
| Land & Building (Office Premises) | 1,859,328 | - | - | 1,859,328 | 219,726 | 30,308 | - | 250,034 | 1,609,294 | 1,639,602 |
| Plant & Machinery (Computers, Computer Printers & Accessories) | 5,067,387 | 25,000 | - | 5,092,387 | 4,963,465 | - | - | 4,963,465 | 128,922 | 103,922 |
| Office Equipments | 211,421 | 6,900 | - | 218,321 | 109,535 | 9,636 | 276 | 119,447 | 98,874 | 101,886 |
| Furniture & Fixtures | 2,608,999 | - | - | 2,608,999 | 1,721,016 | 165,148 | - | 1,886,164 | 722,835 | 887,983 |
| Total | 9,747,135 | 31,900 | - | 9,779,035 | 7,013,742 | 205,092 | 276 | 7,219,110 | 2,559,925 | 2,733,393 |
| Add: Fixed Assets of Ajel Inc. | 6,635,528 | 1,184,526 | - | 7,820,054 | 3,040,400 | 370,266 | - | 3,410,666 | 4,409,388 | 3,595,128 |
| Goodwill on Acquisition | 4,222,360 | - | - | 4,222,360 | - | - | - | - | 4,222,360 | 4,222,360 |
| Total | 10,857,888 | 1,184,526 | - | 12,042,414 | 3,040,400 | 370,266 | - | 3,410,666 | 8,631,748 | 7,817,488 |
| Add: Fixed Assets of Ajel Tech. | 3,374,929 | 24,118 | - | 3,399,047 | 737,483 | 383,598 | - | 1,121,081 | 2,277,966 | 2,637,446 |
| Goodwill on Acquisition | - | 64,000,000 | - | 64,000,000 | - | - | - | - | 64,000,000 | - |
| Total | 3,374,929 | 64,024,118 | - | 67,399,047 | 737,483 | 383,598 | - | 1,121,081 | 66,277,966 | 2,637,446 |
| Consolidated | 23,979,952 | 65,240,544 | - | 89,220,496 | 10,791,625 | 958,956 | 276 | 11,750,857 | 77,469,639 | 13,188,327 |
| Previous Period | 9,747,135 | - | - | 9,747,135 | 6,604,070 | 409,545 | - | 7,013,742 | 3,143,065 | 3,543,810 |

SCHEDULE 4

SECURED LOANS

| | | |
|-----------------|-------------------|---|
| Long term Loans | 2,055,776 | - |
| Bank OD | 7,689,460 | - |
| Credit Line | 46,505,555 | - |
| | <u>56,250,791</u> | - |

SCHEDULE 5

CASH AND BANK BALANCES

| | | |
|--|-------------------|----------------|
| a. Cash on hand | 21,481 | 96,500 |
| b. Balances with scheduled banks-in current accounts | 15,961,326 | 125,473 |
| | <u>15,982,807</u> | <u>221,973</u> |

SCHEDULE 6

LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or for the value to be received

| | | |
|--|-------------------|------------------|
| Rent Advance | 252,000 | - |
| Other Advances | 5,674,441 | 1,363,118 |
| Deposits | 1,797,199 | - |
| TDS | 788,518 | 290,914 |
| Tax Credit (MAT) | 28,500 | 28,500 |
| Loans / Deposits with companies & others | 7,323,564 | 6,931,067 |
| Work in progress (Jobs Uncompleted) | 925,500 | 925,500 |
| Deposits | 84,900 | - |
| Advance recoverable in cash or in kind-or for value to be received | 1,211,552 | - |
| Prepaid expenses | 40,162 | - |
| | <u>18,126,336</u> | <u>9,539,099</u> |

SCHEDULE 7

CURRENT LIABILITIES AND PROVISIONS

a. Current Liabilities:

| | | |
|-------------------------|--------------------|------------------|
| Audit Fee Payable | 70,150 | - |
| Tax Audit Fees Payable | 25,000 | - |
| Outstanding Expenses | 82,333,430 | - |
| Other Liabilities | 39,057,154 | - |
| Sundry creditors | 917,334 | 841,194 |
| Advances from customers | 850,000 | 950,000 |
| Advances from directors | 1,887,474 | 1,204,474 |
| | <u>125,140,542</u> | <u>2,995,668</u> |

b. Provisions:

| | | |
|------------|------------------|------------------|
| Income tax | - | - |
| FBT | 62,466 | 6,000 |
| Others | 2,090,706 | 2,170,347 |
| | <u>2,153,172</u> | <u>2,176,347</u> |

Total Current Liabilities & Provisions

| | | |
|--|--------------------|------------------|
| | <u>127,293,714</u> | <u>5,172,015</u> |
|--|--------------------|------------------|

SCHEDULE 8
MISCELLANEOUS EXPENDITURE
 (To the extent not written off or adjusted)

| | | |
|--|----------------|---|
| a. Preliminary Expenses | | |
| Preliminary & Preoperative Expenses-op bal | 611,650 | - |
| Less: Written-off during the year | 2,500 | - |
| | 609,150 | - |
| b. Pre-operative Expenses | | |
| | 48,007 | - |
| Less: Written-off during the year | 8,001 | - |
| | 40,006 | - |
| | <hr/> | |
| | 649,156 | - |
| | <hr/> | |

SCHEDULE 9
REVENUES

| | | |
|----------------------------|--------------------|------------------|
| Consulting Revenue Service | 423,084,949 | |
| Income from Operations | 1,184,354 | 1,549,200 |
| Training | 458,550 | |
| | <hr/> | |
| | 424,727,853 | 1,549,200 |
| | <hr/> | |

SCHEDULE 10
COST TO REVENUE

| | | |
|----------|--------------------|--|
| Salaries | 339,656,274 | |
| | <hr/> | |
| | 339,656,274 | |
| | <hr/> | |

| | YEAR ENDED 31.03.09 Rs | YEAR ENDED 31.03.08 Rs |
|--------------------------------|------------------------------|------------------------------|
| SCHEDULE 11 | | |
| ADMINISTRATIVE EXPENSES | | |
| Salaries | 26,332,376 | 368,685 |
| Service Charges | 0 | 19,400 |
| PF Charges | 114,511 | 20,664 |
| ESI Charges | 66,019 | 8,876 |
| Advertisement | 566,928 | 0 |
| Internet charges | 362,886 | 843 |
| Rent | 5,523,436 | 0 |
| Telephone charges | 2,547,565 | 39,217 |
| Professional charges | 833,567 | 2,250 |
| Printing & Stationery | 334,136 | 2,297 |
| Directors remuneration | 0 | 180,000 |
| Books & Periodicals | 7,803 | 0 |
| Staff welfare | 511,474 | 165 |
| Computer Maintenance | 72,316 | 0 |
| Conveyance Charges | 5,666,474 | 5,323 |
| Communication Expenses | 20,841 | 0 |
| Bank Charges | 75,919 | 3,818 |
| Office Maintenance | 1,051,109 | 15,526 |
| Web Hosting expenses | 2,021 | 0 |
| Repairs & Maintenance | 920,839 | 2,316 |
| Rates & Taxes | 177,226 | 0 |
| Insurance | 4,154,379 | 0 |
| Travelling Expenses | 3,386,892 | 0 |
| Loss on Foreign Exchange | 0 | 0 |
| Electricity Charges | 400,419 | 51,535 |
| Vehicle Hire Charges | 619,673 | 0 |
| Business Promotion | 3,774 | 0 |
| Staff Training Expenses | 21,773 | 0 |
| Audit Fees | 112,650 | 30,000 |
| General Expenses | 870,106 | 7,211 |
| Postage & Telegrams | 236,125 | 12,387 |
| Lease rent Society | 0 | 1,200 |
| Office Facilities | 49,250 | 0 |
| Recruitment Charges | 132,717 | 0 |
| Security Expenses | 96,897 | 0 |
| ISO Certification Charges | 232,304 | 0 |
| Licenses & Permits | 162,084 | 0 |
| Equipment Rental | 266,717 | 0 |
| Dues&Subscriptions | 1,834,153 | 0 |
| Commission | 23,896 | 0 |
| Publicity Expenses | 126,301 | 0 |
| Registration fees (SEBI) | 0 | 10,000 |
| Society charges | 0 | 68,868 |
| Utilities | 295,529 | 0 |
| Conferences | 56,860 | 0 |
| Charity | 71,317 | 0 |
| Gratuity | 17,600 | 0 |
| ROC expenses | 5,500 | 1,500 |
| Discounts | 658,478 | 0 |

| | | |
|----------------------|-------------------|------------------|
| Sinking Fund | 0 | 2,400 |
| Lease line NSDL exp | 60,000 | 82,085 |
| Lease line CDSL exp | 81,638 | 97,580 |
| Listing Fee | 116,742 | 10,200 |
| Director Sitting Fee | 28,600 | 4,200 |
| Bonus | 31,000 | 21,300 |
| Annual fees-SEBI | 42,105 | 83,333 |
| | 59,382,925 | 1,153,179 |

SCHEDULE 12

NOTES ON ACCOUNTS:

Statement of Significant Accounting Policies:

1. DESCRIPTION OF BUSINESS

Ajel Infotech Limited ('Ajel'), its consolidated subsidiary Ajel Technologies India Private Limited (Ajel Technologies) and 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 Infotech 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 23 on 'Accounting for Investments in Associate in Consolidated Financial Statements'. Investment in subsidiary is not made of temporary purposes.

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

8. Determination of Market Value of Investments:

- 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.
- c. Fringe Benefit Tax (FBT) in case of Ajel and Ajel Technologies is accounted for on the estimated value of fringe benefits for the period as per related provisions of the Income tax Act, 1961

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:

Transactions in foreign currency are recorded at the original rate of exchange in force at the time of the transactions are effected. Exchange differences arising on receipt of amount are recognized in the Profit and Loss Account. For the purpose of consolidation, the USD amounts of the subsidiary are converted at the prevailing rate of exchange as at the end of the financial year.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

1. The figures for the previous period have been regrouped and reclassified wherever considered necessary. However previous years figures are not comparable with current year figures, as the consolidated figures are presented for the first time during the year. Paise have been rounded off to the nearest rupee.
2. The company has covered itself under the Service tax Act from October 2004 but later on it was found to be Applicable from 1st April 2006 as a result client has asked for reversing the service tax for the earlier period and therefore company has reversed the service tax payable amounting to Rs 46804/- for earlier years and the company has not claimed refund for Service tax already paid.
3. Other Current Assets (Schedule 6) includes a sum of Rs. 8,00,000/- due from a company in which a director is interested. Maximum amount due during the year – Rs. 8,00,000/- (Previous year Rs. 8,00,000/-).
4. Balances of Sundry Debtors, Sundry Creditors, Other Current Assets, Current Liabilities and Loans and Advances are subject to confirmation and reconciliation, if any.
6. There are no employees covered under section 217 (2A) if the Companies Act, 1956.
7. Remuneration Paid to Managing Director Rs. Nil (Previous Year Rs.1,80,000/-).

8. Auditor's Remuneration:

| | Current Year | Previous Period |
|-------------------------------------|-----------------|--------------------|
| Audit Fees | 65000 | 20000 |
| Tax Audit Fees | 25000 | Nil |
| Consultancy / Certification charges | | 5000 |
| Other Services | 10000 | 5000 |

9. 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.

10. In the opinion of the Board, the value on realization of the current assets, loans and advances in the ordinary course of business, would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate.

11. There is no creditor with dues exceeding Rs. 1.00 lac & outstanding for more than 30 days which is registered as a small scale industrial undertaking as on 31st March 2009.

12. Related Party Disclosures:

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

Key Management Personnel:

Mr.Srinivasa Reddy Arikatla
VC & Managing Director

Mrs.D.Malathy,
Director

Mr. Vijay Chokshi, Whole time Director

Enterprises owned by/over which Key Management Personnel is able to exercise significant influence:

Keynote Exim Private Limited
Rajyog Real Estate Private Limited

- b. The following transactions were carried out with the related parties during the year ended 31.3.2009:

| Nature of transaction with Related Party ----- | Key Management Personnel / Enterprise over which KMP Exercise significant influence ----- | |
|---|--|-------------------|
| | <u>2008-2009</u> | <u>2007-2008</u> |
| Remuneration | NIL | 1,80,000 |
| Outstanding at the year end | <u>31.03.2009</u> | <u>31.03.2008</u> |
| Outstanding balance included in Current Liabilities | 18,87,474 | 12,04,474 |
| Outstanding balance included in Current Assets | 800,000 | 800,000 |

13. 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.

| 14. <u>Earnings per Share:</u> | <u>Year ended</u> <u>31.3.2009</u> | <u>Year ended</u> <u>31.3.2008</u> |
|--|---------------------------------------|---------------------------------------|
| Profit/ (Loss) after taxation and preference dividend as per Profit and Loss Account (A) | 212.64 | (19,651) |
| Weighted average no. of shares outstanding at the end of the year and used in computing Earnings per share (B) | 10150000 | 3000000 |
| Earnings per share (Basic/Diluted) (A/B) | 2.09 | (0.067) |

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

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

17. Earnings in Foreign Exchange --- Rs. 12.82 lakhs (Previous year: Rs. NIL)

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

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

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

21. Total Amount payable to Society is Rs. 10,51,927/- as of 31st March 2009, 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.

22. Expenditure incurred on raising Capital Rs. 7,01,950/- has been capitalized and amortized over a period of 5 years, accordingly an amount of Rs. 1,05,300/- has been debited Profit & Loss Account.

23. Billing to subsidiary M/s. Ajel Technologies India (Pvt.) Ltd. for Rs. 3,24,000/- for expenditure incurred on their behalf.

24. During the year, the company has increased the Authorized Capital from Rs. 30,000,000 to Rs. 120,000,000 and allotted 101,50,000 shares at par to the existing and new shareholders.

As per our report of even date

For KN MURTHY & CO
Chartered Accountants

Sd/-
KSVL NARASIMHA MURTHY
Proprietor

Place : Hyderabad
Dated : June 30, 2009

for and on behalf of the board
Sd/-
VIJAY CHOKSHI
Director

Sd/-
A SRINIVASA REDDY
Managing Director

AUDITORS' REPORT OF AJEL INFOTECH LIMITED

To the members
Ajel Infotech Limited

We have audited the attached Balance Sheet of Ajel Infotech Limited as at March 31, 2009 and the Profit and Loss Account of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1 We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2 This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, issued by the Department of Company Affairs, in terms of section 227(4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the company.

3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b) In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of these books;
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account;
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable;

- e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are prima facie, disqualified under section 274(1)(g) of the Companies Act, 1956 as on 31.03.2009 from being appointed as director of the Company.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
- b. in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date;

KSVL Narasimha Murthy
Proprietor
Membership No.203849

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

Place : Hyderabad
Date : June 30, 2009

Annexure to the Auditors' Report to the Members of
Ajel Infotech Limited

(Annexure referred to in Paragraph 3 of the Report of the Auditors to the Members of
Ajel Technologies India Private Limited for the year ended March 31, 2009)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
2. The fixed assets of the company have been physically verified during the year by the management and it was reported that no discrepancies have been revealed on such verification.
3. None of the fixed assets of the company have been disposed off during the year.
4. The Company has not held any stocks of raw materials, finished goods, stores and spare parts at any time during the year and provisions relating to inventory are not applicable to the company.
5. The Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 except as noted in paragraph (6) of 'Notes to Accounts'.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of equipment.
7. In our opinion and according to the information and explanations given to us, the company has not made any transactions with parties for purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or managements entered in the Register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs 5,00,000 or more in respect of each party.
8. The Company has not accepted any deposits from the public.
9. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
10. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the products of the Company.

11. The Company has generally been regular in depositing, during the year, Provident Fund and Employees State Insurance dues with the appropriate authorities in India.
12. Based on the information and explanations given to us, as at 31st March,2008 no amounts were outstanding in respect of undisputed Income Tax, Wealth Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.
13. The company has no accumulated losses and not incurred any cash losses during the financial year covered by audit or in the immediately preceding financial year
14. The company has not taken any loans in the nature of short-term and /or long – term from the banks and financial institutions
15. In our opinion and according the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
16. Based on our examination of records and evaluation of related internal controls, we report that company has held the investments in its own name.
17. The company has not made any preferential allotment of shares to the parties and the companies covered in the register maintained under section 301 of the Companies Act,1956 during the year. Please refer paragraph (2) of 'Notes to Accounts'.
18. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of audit.
19. Other Clauses of the Order are not applicable to the company.

for and on behalf of
KN Murthy & Co
Chartered Accountants

KSVL Narasimha Murthy
Proprietor
Membership No 203849

BALANCE SHEET AS AT 31st MARCH 2009 OF AJEL INFOTECH LIMITED

| | Sch No. | AS AT Amount Rs. | 31.3.2009 Amount Rs. | AS AT Amount Rs. | 31.03.2008 Amount Rs. |
|---|------------|---------------------|-------------------------|---------------------|--------------------------|
| SOURCE OF FUNDS: | | | | | |
| SHAREHOLDER'S FUNDS: | | | | | |
| Share Capital | 1 | 101,424,000 | | 29,521,000 | |
| Reserve and Surplus | | | | | 29,521,000 |
| Total | | | <u>101,424,000</u> | | <u>29,521,000</u> |
| APPLICATION OF FUNDS: | | | | | |
| FIXED ASSETS | | | | | |
| Gross Block | 2 | 9,779,035 | | 9,747,135 | |
| Less: Depreciation | | <u>7,219,110</u> | | <u>7,013,742</u> | |
| Net Fixed Assets | | | 2,559,925 | | 2,733,393 |
| INVESTMENTS | | | | | |
| INVESTMENTS IN SUBSIDIARY | | 71,500,000 | 71,500,000 | | |
| CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| Sundry Debtors | 3 | 9,112,359 | | 7,269,215 | |
| Work in Progress | 4 | 925,500 | | 925,500 | |
| Cash & Bank Balances | 5 | 154,306 | | 221,973 | |
| Other Current Assets | 6 | 1,336,614 | | 1,363,118 | |
| (including non-refundable deposit -Rs.50000) | | | | | |
| Loans & Advances | 7 | <u>7,756,885</u> | | <u>7,250,481</u> | |
| | | 19,285,664 | | 17,030,287 | |
| Less: CURRENT LIABILITIES & PROVISIONS | | | | | |
| Current Liabilities | 8 | 3,657,308 | | 2,998,168 | |
| Provisions | | <u>2,109,076</u> | | <u>2,176,347</u> | |
| | | 5,766,383 | | 5,174,515 | |
| NET CURRENT ASSETS | | | 13,519,281 | | 11,855,772 |
| Miscellaneous Exps (Asset) | | | 596,650 | | |
| PROFIT & LOSS ACCOUNT | 11 | | <u>13,248,144</u> | | <u>14,931,835</u> |
| Total | | | <u>101,424,000</u> | | <u>29,521,000</u> |

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

For and on behalf of the Board of

For KN MURTHY & CO

Chartered Accountants

Sd/

KSVL NARASIMHA MURTHY

Proprietor

Place : Hyderabad

Dated : June 30, 2009

Sd/-

VIJAY CHOKSHI

Director

Sd/--

A.SRINIVASA REDDY

Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

| | Sch No. | 31.03.2009 Amount Rs. | 31.03.2008 Amount Rs. |
|--|------------|--------------------------|--------------------------|
| INCOME: | | | |
| Income from Operations | 9 | 36,51,157 | 15,49,200 |
| Total Income | | 36,51,157 | 15,49,200 |
| EXPENDITURE: | | | |
| Operational & Administration | 10 | 16,50,598 | 11,53,179 |
| Total Expenditure | | 16,50,598 | 11,53,179 |
| GROSS PROFIT BEFORE ADJUSTED | | 20,00,558 | 3,96,021 |
| Depreciation | | 2,05,368 | 4,09,672 |
| Miscellaneous Expenditure W/Off | | 1,05,300 | 0 |
| PROFIT BEFORE TAX (PBT) | | 16,89,891 | (13651) |
| Provision for Taxation | | | |
| (a) Current Tax | | | 0 |
| (b) Fringe Benefit Tax | | 6,200 | 6,000 |
| PROFIT AFTER TAX (PAT) | | 16,83,691 | (19651) |
| Profit / (Loss) for the year | | 16,83,691 | (19651) |
| Profit / (Loss) brought forward from previous year | | (1,49,31,835) | (1,49,12,184) |
| Surplus / (Deficit) carried to Balance Sheet | | (1,32,48,144) | (1,49,31,835) |

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

For KN MURTHY & CO
Chartered Accountants

Sd/-
KSVL NARASIMHA MURTHY
Proprietor

For and on behalf of the Board of

Sd/-
VIJAY CHOKSHI
Director

Sd/-
A.SRINIVASA REDDY
Managing Director

Place : Hyderabad
Dated : June 30, 2009

SCHEDULES TO THE ACCOUNTS OF AJEL INFOTECH LIMITED

| PARTICULARS | 31.03.2009 | 31.03.2008 |
|--|------------------|---|
| Amount Rs. | Amount Rs. | Amount Rs. |
| SCHEDULE 1. | | |
| SHARE CAPITAL | | |
| Authorised 12000000 Eqty Shrs of Rs.10/- each | <u>12000000</u> | <u>30000000</u> |
| ISSUED SUBSCRIBED AND PAID-UP | | |
| 10150000(Previous year 3000000) | | |
| Equity shares of Rs. 10/- each fully paid-up | 10150000 | 3,00,00,000 |
| Less: Calls in arrears | <u>76000</u> | <u>1,01,42,4000</u> 4,79,000 |
| Total | | <u><u>1,01,42,4000</u></u> <u><u>2,95,21,000</u></u> |
| SCHEDULE 11. | | |
| PROFIT & LOSS ACCOUNT | | |
| Profit & Loss Account Balance as per last | | |
| Balance Sheet | (1,49,31,835) | (1,49,12,184) |
| <i>Add:</i> Profit during the year | | |
| <i>Less:</i> Loss incurred during the year shown | <u>16,83,691</u> | <u>(1,32,48,144)</u> (19,651) |
| separate in Balance Sheet | | |
| Total | | <u><u>(1,32,48,144)</u></u> <u><u>(1,49,31,835)</u></u> |

| Schedule 2 PARTICULARS | GROSS BLOCK (COST) | | | | DEPRECIATION | | | NET | | |
|---|-----------------------|------------------------|-------------------------|--------------------|--------------------|-----------------|------------------------|--------------------|--------------------|--------------------|
| | AS ON 31.3.2008 | Addition Adjustment | Deduction Adjustment | AS ON 31.3.2009 | AS ON 31.3.2008 | For the Year | Addition Adjustment | AS ON 31.3.2009 | AS ON 31.3.2009 | AS ON 31.3.2008 |
| Land & Building (Office Premises) | 1,859,328 | - | - | 1,859,328 | 219,726 | 30,308 | - | 250,034 | 1,609,294 | 1,639,602 |
| Plant & Machinery (Computers, Computer Printers & Accessories) | 5,067,387 | 25,000 | - | 5,092,387 | 4,963,465 | - | - | 4,963,465 | 128,922 | 103,922 |
| Office Equipments | 211,421 | 6,900 | - | 218,321 | 109,535 | 9,636 | 276 | 119,447 | 98,874 | 101,886 |
| Furniture & Fixtures | 2,608,999 | - | - | 2,608,999 | 1,721,016 | 165,148 | - | 1,886,164 | 722,835 | 887,983 |
| Total | 9,747,135 | 31,900 | - | 9,779,035 | 7,013,742 | 205,092 | 276 | 7,219,110 | 2,559,925 | 2,733,393 |
| Previous Period | 9,747,135 | - | - | 9,747,135 | 6,604,070 | 409,545 | - | 7,013,742 | 3,143,065 | 3,543,810 |

| PARTICULARS | 31.3.2009 | 31.3.2008 |
|---|------------------|------------------|
| | Amount (Rs.) | Amount (Rs.) |
| SCHEDULE 3. | | |
| SUNDRY DEBTORS | | |
| (Unsecured Considered good) | | |
| Under Six Months | 1,691,055 | 150,500 |
| Over Six Months | 7,421,304 | 7,118,715 |
| Total | 9,112,359 | 7,269,215 |
| SCHEDULE 4. | | |
| WORK IN PROGRESS (JOBS UNCOMPLETED) | | |
| a. Opening Work in Progress | 925,500 | 925,500 |
| b. Closing Work in Progress | 925,500 | 925,500 |
| SCHEDULE 5. | | |
| CASH & BANK BALANCES | | |
| Cash on Hand | 5,621 | 96,500 |
| With Schedule Banks in current account | 148,685 | 125,473 |
| Total | 154,306 | 221,973 |
| SCHEDULE 6. | | |
| OTHER CURRENT ASSETS | | |
| Deposit - others | 84,900 | 84,900 |
| Advance recoverable in cash or in kind- or for value to be received | 1,211,552 | 1,278,218 |
| Prepaid Expenses | 40,162 | NIL |
| Total | 1,336,614 | 1,363,118 |
| SCHEDULE 7. | | |
| LOANS & ADVANCES | | |
| (Unsecured) | | |
| Loans / Deposit with companies & others (Considered Good-- 5075753/-) Considered Doubtful-- 1591250/-) | 7,323,564 | 6,931,067 |
| Tax Deducted at Source | 404,822 | 290,914 |
| Tax Credit (MAT) | 28,500 | 28,500 |
| Total | 7,756,885 | 7,250,481 |

SCHEDULES TO THE ACCOUNT:

PARTICULARS

| | 31.3.2009 | 31.3.2008 |
|---|------------------|------------------|
| | Amount (Rs.) | Amount (Rs.) |
| SCHEDULE 8. | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| <u>Current Liabilities</u> | | |
| Sundry Creditors | 917,334 | 841,194 |
| Advances from Customers | 850,000 | 950,000 |
| Excess Allotment Money Received | 2,500 | 2,500 |
| Others | | |
| Advance from Directors | 1,887,474 | 1,204,474 |
| Total | 3,657,308 | 2,998,168 |
| <u>Provisions</u> | | |
| Provision for Taxation | | |
| Provision for FBT | 18,370 | 6,000 |
| Others | 2,090,706 | 2,170,347 |
| Total | 2,109,076 | 2,176,347 |

SCHEDULE 9.

OPERATIONAL INCOME

| | | |
|---|------------------|------------------|
| a. Income from operations (Service Charges) | 1,184,354 | 979,408 |
| b. Share Trading Income | | |
| c. Interest Income | 733,294 | 369,792 |
| d. Other Income | - | 200,000 |
| e. Consulting Services Revenue | 1,726,009 | - |
| f. Web designing services revenue | 7,500 | |
| Total | 3,651,157 | 1,549,200 |

SCHEDULES TO THE ACCOUNT:

SCHEDULE 10

OPERATION & ADMINISTRATION EXPENDITURE

| | 31.3.2009 | 31.3.2008 |
|------------------|--------------|--------------|
| | Amount (Rs.) | Amount (Rs.) |
| Salaries | 578,250 | 368,685 |
| Service Charges | - | 19,400 |
| Postage Expenses | 9,815 | 414 |
| Courier Expenses | 5,364 | 11,973 |

| | | |
|-----------------------------|------------------|------------------|
| Telephone Expenses | 49,868 | 39,217 |
| Printing & Stationery | 71,555 | 2,297 |
| Directors Remuneration | - | 180,000 |
| Conveyance Expenses | 105,453 | 5,323 |
| Auditors Remuneration | - | 30,000 |
| sebi yearly fees | 42,105 | 83,333 |
| Bank Charges | 3,774 | 3,818 |
| Bonus | 31,000 | 21,300 |
| Society Charges | - | 68,868 |
| Electricity Expenses | 95,430 | 51,535 |
| Directors Sitting Fees | 28,600 | 4,200 |
| ESIC | 18,185 | 8,876 |
| Gratuity | 17,600 | - |
| Internet Charges | 562 | 843 |
| Listing Fees | 116,742 | 10,200 |
| Books & Periodicals | 1,580 | |
| Misc. Expenses | 1,773 | 7,211 |
| Sinking Fund | - | 2,400 |
| Office Expenses | 29,100 | 15,526 |
| Provident Fund Contribution | 37,986 | 20,664 |
| Professional Charges | 34,346 | 2,250 |
| ROC Expenses | 5,500 | 1,500 |
| Registration (SEBI) Fees | - | 10,000 |
| Lease Line (NSDL) Expenses | 60,000 | 82,085 |
| Lease Line (CDSL) Expenses | 81,638 | 97,580 |
| Repairs & Maintenance | 58,709 | 2,316 |
| Staff Welfare Expenses | 18,595 | 165 |
| Car Hire Charges | 12,808 | - |
| Publicity Exps | 6,006 | |
| Rent | 8,989 | - |
| Rates & Taxes | 41,322 | |
| Recruitment Charges | 77,943 | |
| Lease Rent Society | | 1,200 |
| Total | <u>1,650,598</u> | <u>1,153,179</u> |

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration Number : 76637 State Code : 11
Balance Sheet Date : Mar 31, 2009

II. Capital raised during the year

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

III. Position of mobilization of funds (Rs.)

Total Liabilities : 302,284,431 Total Assets : 302,284,431

Source of Funds

Paid-up Capital : 101,461,380 Reserves & Surplus : 17,270,817
Secured Liability : 56,258,520 Unsecured Loans : Nil

Application of Funds

Net Fixed Assets : 77,469,639 Capital Work In Progress : 41,709,813
Net Current Assets : 55,162,109 Misc. Expenditure : 649,156
Accumulated Losses : Nil

IV. Performance of the Company

Turn Over : *426743156 Total Expenditure : 405,313,433
Profit/Loss before tax: 21313922 Profit/Loss after tax : 21,263,626
Earning per Share 2.1 Dividend Rate % : Nil

* Including 'Other Income'

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

Item Code: NA

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

BALANCE SHEET OF SUBSIDIARY COMPANY AS ON 31ST MARCH, 2009

AJEL TECHNOLOGIES INDIA PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2009

| | | Rs | Rs |
|--|----------|------------------|-------------------|
| | SCHEDULE | AS AT | AS AT |
| | | 31.03.09 | 31.03.08 |
| 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 | 37,380 |
| c. Reserves & Surplus | 2 | - | 6,449,761 |
| 2.LOAN FUNDS | | | |
| Secured Loans | 4 | 2,055,776 | |
| 3.Deferred Tax Liability | | | |
| | | 7,729 | 7,729 |
| Total 'A' | | 9,600,885 | 13,994,870 |
| B APPLICATION OF FUNDS | | | |
| 1. FIXED ASSETS | | | |
| a. Gross Block | 3 | 3,399,047 | 3,374,929 |
| b. Depreciation | | 1,121,081 | 737,482 |
| c. Net Block | | 2,277,966 | 2,637,447 |
| 2. INVESTMENTS | | | |
| | | 4,422,360 | 4,422,360 |
| 3. CURRENT ASSETS, LOANS AND ADVANCES | | | |
| a. Cash and bank balances | 5 | 16,017 | 732,243 |
| b. Sundry Debtors | | 2,988,940 | 6,676,246 |
| (Less than six months, unsecured, considered good.) | | | |
| c. Loans & Advances | 6 | 787,197 | 1,053,411 |
| | | 3,792,154 | 8,461,900 |
| c. Less: Current Liabilities and Provisions | | | |
| i. Liabilities | 7 | 1,455,285 | 1,402,320 |
| ii. Provisions | | 44,094 | 187,524 |
| | | 1,499,379 | 1,589,844 |
| Net Current Assets (a+b-c) | | 2,292,775 | 6,872,056 |
| 3. MISCELLANEOUS EXPENDITURE | | | |
| (To the extent not written-off or adjusted) | 8 | 52,506 | 63,007 |
| 4.Profit/(Loss) for the year | | | |
| | | 555,278 | |
| Total 'B' | | 9,600,885 | 13,994,870 |

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

For and on behalf of the Board of

KSVL NARASIMHA MURTHY

Sd/-
MALATHY
Director

Sd/-
A.SRINIVASA REDDY
Managing Director

Place : Hyderabad
Dated : June 30, 2009

**PROFIT AND LOSS ACCOUNT OF ITS SUBSIDIARY COMPANY FOR THE YEAR ENDED
31st MARCH, 2009**

AJEL TECHNOLOGIES INDIA PRIVATE LIMITED

| | | (Rs.) | |
|----------|------------------------------------|------------------------|-------------------|
| | SCHEDULE | YEAR ENDED | YEAR ENDED |
| | | 31.03.09 | 31.03.08 |
| A | <u>INCOME</u> | | |
| | Software Exports | 8503650 | 21,055,000 |
| | Consulting Service Revenue | 3494336 | 1,408,311 |
| | Other Income | 1282009 | |
| | | 13,279,995 | 22,463,311 |
| B | <u>EXPENDITURE</u> | | |
| | Administrative Expenses | 9 19,846,841 | 15,371,252 |
| | Depreciation | 383,598 | 441,359 |
| | | 20,230,439 | 15,812,611 |
| | Profit/(Loss) after depreciation | (6,950,444) | 6,650,700 |
| | <u>Expenses written-off:</u> | | |
| | Preliminary Expenses | 2,500 | 2,500 |
| | Preoperative Expenses | 8,001 | 8,001 |
| | Profit/(Loss) before tax | (6,960,945) | 6,640,199 |
| | Provision for tax | - | 154,195 |
| | Profit/(Loss) after tax | (6,960,945) | 6,486,004 |
| | Provision for FBT | 44,094 | 33,329 |
| | Profit/(Loss) after FBT | (7,005,039) | 6,452,675 |
| | Provision for Deferred Taxes | - | 7,729 |
| | Profit/(Loss) after Deferred Taxes | (7,005,039) | 6,444,946 |
| | Profit/(Loss) brought forward | 6,449,761 ¹ | 4,815 |
| | Balance carried to Balance Sheet | (555,278) | 6,449,761 |
| | 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.

KSVL NARASIMHA MURTHY

Sd/-
Malathy
Director

For and on behalf of the Board of
Sd/-
A.SRINIVASA REDDY
Managing Director

Date: June 30, 2009
Place: Hyderabad

**BALANCE SHEETS OF ITS SUBSIDIARY COMPANY FOR YEAR ENDED
MARCH 31, 2009**

AJEL TECHNOLOGIES INC.

| | | In Rs. | In Dollars |
|----------|---|-------------------|------------------|
| | | AS AT | AS AT |
| | | 31.03.09 | 31.03.08 |
| A | <u>SOURCES OF FUNDS</u> | | |
| | 1.SHAREHOLDER'S FUNDS | | |
| | a. Share Capital | 1 254,750 | 5,000 |
| | b. Reserves & Surplus | 2 31,074,252 | 609,897 |
| | 2.LOAN FUNDS | | |
| | Secured Loans | 4 46,505,530 | 912,768 |
| | Total 'A' | 77,834,532 | 1,527,665 |
| B | <u>APPLICATION OF FUNDS</u> | | |
| | 1. FIXED ASSETS | 3 | |
| | a. Gross Block | 7,874,804 | 154,559 |
| | b. Depreciation | 3,410,666 | 66,941 |
| | c. Net Block | 4,464,138 | 87,618 |
| | 2. CAPITAL WORKIN PROGRESS | 7 41,709,810 | 818,642 |
| | 3. CURRENT ASSETS, LOANS AND ADVANCES | | |
| | a. Cash and bank balances | 5 8,123,009 | 159,431 |
| | b. Sundry Debtors | 137,361,149 | 2,695,999 |
| | c. Loans & Advances | 6 7,320,139 | 143,673 |
| | | 152,804,297 | 2,999,103 |
| | Less: Current Liabilities and Provisions | | |
| | i. Liabilities | 8 121,143,713 | 2,377,698 |
| | ii. Provisions | | |
| | | 121,143,713 | 2,377,698 |
| | Net Current Assets | 31,660,584 | 621,405 |
| | Total 'B' | 77,834,532 | 1,527,665 |

For AJEL TECHNOLOGIES INC.,

Srinivasa Reddy Arikatla
Director

PROFIT AND LOSS ACCOUNT OF ITS SUBSIDIARY COMPANY FOR THE YEAR
ENDED 31st MARCH, 2009

AJEL TECHNOLOGIES INC

| | | In Rs. | In Dollars |
|----------|------------------------------------|--------------------|-------------------|
| | | AS AT 31.03.09 | AS AT 31.03.09 |
| A | <u>INCOME</u> | | |
| | Revenue | 413,892,019 | 8,123,494 |
| | | <u>413,892,019</u> | <u>8,123,494</u> |
| B | <u>EXPENDITURE</u> | | |
| | Cost to Revenue | 9 | |
| | Administrative Expenses | 10 | |
| | Depreciation | | |
| | Financial Charges | | |
| | Provision for Doubtful Debts | | |
| | | 343,736,264 | 6,746,541 |
| | | 37,885,495 | 743,582 |
| | | 370,266 | 7,267 |
| | | 3,202,197 | 62,850 |
| | | <u>2,112,805</u> | <u>41,468</u> |
| | | <u>387,307,027</u> | <u>7,601,708</u> |
| | Profit/(Loss) after depreciation | 26,584,997 | 521,786 |
| | <u>Expenses written-off:</u> | | |
| | Preliminary Expenses | | |
| | Preoperative Expenses | | |
| | Profit/(Loss) before tax | 26,584,997 | 521,786 |
| | Provision for tax | - | - |
| | Profit/(Loss) after tax | 26,584,997 | 521,786 |
| | Provision for FBT | - | - |
| | Profit/(Loss) after FBT | 26,584,997 | 521,786 |
| | Provision for Deferred Taxes | - | - |
| | Profit/(Loss) after Deferred Taxes | 26,584,997 | 521,786 |
| | Profit/(Loss) brought forward | 4,489,255 | 88,111 |
| | Balance carried to Balance Sheet | <u>31,074,252</u> | <u>609,897</u> |

For AJEL TECHNOLOGIES INC.,

Srinivasa Reddy Arikatla
Director

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 15TH ANNUAL GENERAL MEETING OF THE MEMBERS OF AJEL INFOTECH LIMITED WILL BE HELD ON WEDNESDAY , THE 30TH DAY OF SEPTEMBER , 2009 AT 10.00 AM AT ITS REGISTERED OFFICE SITUATED AT INDIAN MEDICAL ASSOCIATION HALL,1ST FLOOR, LUPIN AUDITORIUM NEAR CHANDAN CINEMA, J.V.P.D. SCHEME, JUHU, MUMBAI - 400 049.

ORDINARY BUSINESS:

- 1.To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2009 Balance Sheet at that date and report of the Director and Auditors thereon.
- 2.To appoint a Director in place of Mr. Vijay S Chokshi who retires by rotation and being eligible, offers himself for re-appointment.
- 3.To appoint a Director in place of Mr. Bharat C. Sutaria who retires by rotation and being eligible, offers himself for re-appointment.
4. To Appoint as Statutory Auditors and fix their remuneration. The retiring Auditors
M/s K N Murthy, Chartered Accountants, are eligible for re-appointment.

SPECIAL BUSINESS:

5. TO APPOINT MR. VENKATESWARLU ARIKATLA AS DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass with or with out modification(s), the following resolution as Ordinary Resolution:

RESOLVED THAT Pursuant to the provisions of Section 257 and all other applicable provision, if any of the companies act,1956 Mr.Venkateswarlu Arikatla , who was co-opted as an Additional Director by the Board of Director meeting held on 26th June , 2009 and who holds office as such up to the date of this annual general meeting and in respect of whom a notice under section 257 of the companies act,1956 has been received in writing proposing his candidature for the office of director, be and is hereby appointed as director of the company liable to retire by rotation.”

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

6. TO APPOINT MR.JADDA AMARA REDDY AS DIRECTOR OF THE COMPANY:

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

RESOLVED THAT Pursuant to the provisions of Section 257 and all other applicable provision, if any of the companies act,1956 Mr.Jadda Amara Reddy who was co-opted as an Additional Director by the Board of Director meeting held on 26th June , 2009 and who holds office as such up to the date of this annual general meeting and in respect of whom a notice under section 257 of the companies act,1956 has been received in writing proposing his candidature for the office of director, be and is hereby appointed as director of the company liable to retire by rotation.”

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

7. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 81(IA) of the Companies Act, 1956 and all other applicable provisions, if any of the Companies Act, 1956 read with Articles of Association of the company and the Listing Agreement entered into by the company with Stock Exchange where the shares of the company are listed, and subject to approvals, consents, permissions and/or sanctions as may be required from SEBI, rules and regulations framed by RBI and from any other appropriate authorities, institutions as may be relevant and subject to such terms and conditions or modifications as may be considered necessary, proper or expedient and subject to the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any committee (s) of the Board for the time being, exercising the powers conferred on the Board) be and is hereby authorized on behalf of the Company to offer, issue and allot in one or more tranches, on preferential/private placement basis 17,00,000 equity shares of Rs.10/- each fully paid up in consideration other than cash for the purpose of acquisition of the Onsite Division of US Based GSS America Inc., with about US\$ 10 Million revenues and about 15% EBIDTA as set out in explanatory statement and on such terms and conditions as specified in Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines 2000 (“SEBI (DIP) Guidelines”) to :

| Sl. No. | Name of the proposed allottee | No. of equity shares to be allotted |
|--------------|-------------------------------|-------------------------------------|
| 1 | GSS America Inc. | 17,00,000 |
| TOTAL | | 17,00,000 |

“RESOLVED FURTHER THAT the Equity Shares to be issued and allotted shall rank pari passu with the existing Equity Shares of the Company in all respects including payment of dividend.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such actions and to give all such directions as may be necessary or desired and to accept any modifications in the above proposal as may be required by the authorities involved and also settle any questions or difficulties that may arise in respect of offer, issue and allotment of Equity Shares.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such writings and instruments in connection with the issue and allotment of Equity Shares as the Board may be deemed necessary or desirable, and make all the necessary filings with the Registrar of Companies, Maharashtra.”

8. TO ISSUE AND ALLOT THROUGH ADR / GDR / QIP / FCCB UPTO US\$ 15 Millions

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

“RESOLVED THAT pursuant to Section 81(IA) of the Companies Act, 1956 and all other applicable provisions (including any Statutory modification (s) , re-enactment thereof , for the time being in force), and pursuant to relevant provisions of the Securities and exchange board of India (Disclosure and Investor Protection) Guidelines , 2000 (“ Guidelines) as in force and subject to all other applicable rules , regulation and Guidelines of the Securities and Exchange Board of India (“SEBI”), the applicable provisions of Foreign Exchange Management Act, 1999 (“FEMA”) , Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulation , 2000 , Issue of Foreign Currency Convertible Bonds and Ordinary shares (Through Depository Receipts Mechanism)Scheme , 1993 and enabling provisions of Memorandum and Article of Association of the company and the listing agreement entered into by the company with the Stock Exchanges where

the shares of the company are listed , and subject to requisite approvals , consents , permissions and / or sanction of SEBI , the stock exchanges , reserve bank of India ("RBI") , and all other authorities as may be required , whether in India or outside India ,(hereafter collectively referred to as "Appropriate Authorities") , and subject to such conditions as may be prescribed by any of them while granting any such approval , consent , permissions , and /or sanction (hereafter referred to as " Requisite Approvals") , which may be agreed to by the board of directors of the company (hereafter referred to as the 'Board' which term shall be deemed to include any committee thereof which the board may have constituted or hereafter constitute to exercise its powers including the power conferred by this resolution) , the consent of the members of the company be and is hereby accorded to the board at their absolute discretion to create , offer, issue and allot in one or more tranches , in the course of Domestic / International offering to Domestic / Foreign Investors/ Institutional investors / Foreign Institutional Investors , trusts, mutual funds , banks, financial institutions, insurance companies , pension funds, retail public or otherwise , whether members of the company or not , such number of Global Depository Receipts (GDR) , Foreign Currency Convertibles Bonds (FCCBs) , with or without green shoe options , Equity shares and/or Equity Shares (through Depository Receipts Mechanism or directly to investors) and/or any financial instruments convertible into equity shares or otherwise , in registered or bearer form and / or any securities convertible into equity shares, securities , linked to equity shares and/ or securities with or without detachable warrants with right exercisable by the warrant holders covert or subscribe to equity shares (all of which are hereafter collectively referred to as " Securities ") or any combination of securities secured or unsecured , whether listed on any stock exchange inside India or any international stock exchange outside India , through public issue(s) of prospectus, private placement(s) or a combination thereof , as the board in its sole discretion may at any time or times hereafter decide , for an amount not exceeding Rs72 crores (Rupees Seventy Two Crores) or equivalent in any other foreign currency , inclusive of such premium as may be decided from time to time."

" RESOLVED FURTHER THAT in case of any equity linked issue / offering , including , without limitation , any equity shares , GDRs/FCCBs, and such other securities convertible into equity shares , consent of the members of the company be and is hereby accorded to the board to issue and allot such equity shares for an amount not exceeding Rs.72 Crores (Rupees Seventy Two Crores) or equivalent in any other foreign currency, as may be required to be issued and allotted upon conversion, redemption or cancellation of any such securities referred to above or as may be in accordance with the terms of issue / offering in respect of such securities and such equity shares shall rank *parri passu* with the existing equity shares of the company in all letter and/ or offering circular and / or listing particulars."

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

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the consent of the members of the company be and is hereby accorded to the board, in consultation with the lead managers, underwriters, Advisor and/or Other persons as appointed for the purpose, to determine the form , term and timing of the issue (s) / offering(s) including the investors to whom the securities are to be allotted, issue price , face value , number of equity shares or other securities upon conversion or redemption or cancellation of the securities , the price , premium or discount on issue / conversion of securities , rate of interest , period of conversion ,listing on one or more stock exchanges in India and/or abroad and fixing of record date or book closure and related or incidental matters , as the board in its absolute discretion deem fit and accept any modifications in the proposal as may be required by the authorities in such issues in India and/or abroad.”

For and on behalf of the Board

Place : Mumbai
Date : August 31, 2009

Srinivasa Reddy Arikatla
Vice Chairman and Managing Director

Notes:

1. A member entitled to attend and vote at the above 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. In order to be effective, the duly filled in proxy form must be received by the company not less than 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person if he or she so wishes.
2. An explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of the special business is hereto.
3. Members / proxies should bring duly filled in attendance slips sent herewith for attending the meeting.
4. The register of members and the share transfer books of the company will remain closed from Tuesday, the 29th of September 2008 and 30th of September 2008 (both days inclusive).
5. Members holding shares in physical form are requested to advise any change of address immediately to the company's registrar and share transfer agents. Members holding shares in electronic form must send the advice about change in address to their respective depository participant. Only and not to the company or the company's registrar and share transfer agent.
6. 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.
7. Members are requested to send all communication relating to shares (Physical and Electronic) Registered Office: Secretarial Department, 106, Madha Shopping Complex, New linkroad, Oshiwara, near Oshiwara Police Station Mumbai.

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

ITEM NO. 5

Mr. VENKATESWARLU ARIKATLA

Mr. Arikatla holds a BE Degree in Computer Engineering from NIE Collage, Mysore, India. Mr. Arikatla has been rendering his skills as a Database Manager in reputed company such as IBM Global Services, HUSCO International, PIPER Aircraft, BWD Automotive, Solar Turbines Iron Moutain. Technically Mr. Venkateswarlu Arikatla has expertise in total Software Development Life Cycle including Project Planning, Web Development, Business Analysis, Need Analysis, Design, Development, Implementation and Testing of complex applications in Telecommunication, Semiconductor, Automotive, Aircraft and Financial Industries. His industry experience and his ability to conceptualize implementation of technology ensure the appropriate technical solution.

ITEM NO. 6

Mr. JADDA AMARA REDDY

Mr. Amarareddy Jadda aged 37 years he is a graduate and having around 15 years of experience in infrastructure industry and he is an energetic entrepreneur in charge of expanding the customer base through aggressive marketing.

Explanatory Statement pursuant to section 173(2) of the companies Act, 1956 are as follows:

ITEM NO. 7

Company has entered into an MoU to acquire the Division of GSS America Inc., which focuses in onsite consulting in US. The said division has currently revenues of about US\$ 10 Million and is expected to make about 15% EBIDTA. As GSS America Inc., is focusing more and more on complete projects and more so in IT Infrastructure outsourcing, it has decided to exit from professional services business and our company has decided to acquire the same on Asset Purchase model. On receipt of the requisite approvals from the regulatory authorities, the company will manage the said US\$ 10 Million business which will help the company to grow about 100% during the current fiscal. Based on the valuation report your company proposes to issue 17,00,000 lac shares of Rs.10 paid up as consideration for the said acquisition. The acquisition is purely cash less acquisition and the company paid up capital will go up by 17% from the existing Rs.10 crores while the company's revenues are expected to double post acquisition giving significant advantage to the shareholders of the company.

Item No. 8

To augment the funding needs of the company for (I). Acquisitions (II) Capital Expenditure (III) New Product development (IV) Setting up of owned facilities (V) Working Capital and general corporate requirement , your company is proposing to issue Equity shares , GDRs, FCCBs and such other securities convertible into equity share or a combination thereof and for the purpose seek your approval to the resolution proposed.

For the above purpose, your company plan to raise upto US \$ 15 Million or its equivalent Indian Rs. 72 crores (US\$ 1 = Rs.48 considered) or its equivalent in any other foreign currency through a combination of equity / quasi instruments and therefore proposes issue of equity shares, GDRs , FCCBs and such other securities convertible into equity share or a combination thereof . the actual composition of various instrument will be decided by the company in consultation with the Merchant bankers / Investment Bankers and as per the requirement of the funds from time to time and such offer shall be made to any person , including Domestic / Foreign Investors / Foreign Institutional Investors , Qualified Institutional Buyer , Trusts , mutual funds , banks , Insurance Companies , Pension Funds , retail public , whether members of the company or not , at a price which shall not be lower than the price as prescribed under applicable guidelines , if any . The relevant date for computation of such minimum price shall be dated I e 30 days prior to the date on which the General Meeting of the company is being held i.e September 30, 2009

Accordingly, the consent of the members is being sought, pursuant to the provisions of section 81 (1A) and other applicable provisions of Companies Act , 1956, and SEBI (Disclosure and Investors Protection) Guidelines , 2000 , and in term of the provisions of the listing agreements, to issue and allot equity shares as stated in the Special Resolution.

AJEL INFOTECH LIMITED

Regd. Office : 106, Mhada Shopping Complex ,New Link Road, Oshiwara Next to Oshiwara Police Station , Jogeshwari (West) , Mumbai , Maharashtra, India.

ATTENDENCE SLIP

(Please present this slip at the entrance of the meeting venue)

Regd. Folio No./:..... Share Held.....

Client ID / DPID :.....

I / We, hereby record my presence at the 15th Annual General Meeting of the Company held on-----, the -----th day of September, 2009 at 10.00 a.m at Indian Medical Association Hall,1st Floor, Lupin auditorium near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai - 400 049 at 10.00a.m.and at any adjournment thereof.

Name of the Shareholder :

Name of the Proxy :

Signature of Member / Proxy :

- Note : 1) To be signed at the time of handing over this slip.
2) Strike out whichever is not applicable

Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.

AJEL INFOTECH LIMITED

Regd. Office : 106, Mhada Shopping Complex ,New Link Road, Oshiwara Next to Oshiwara Police Station , Jogeshwari (West) , Mumbai , Maharashtra, India.

.....

PROXY FORM

I / We.....of..... being a member / members of above named company, hereby appoint Smt / Sri.....of..... as my / us on my / our behalf at the 15th Annual General Meeting of the company to held on Wednesday , the 30th September,2009 at 10.00 am at Indian Medical Association Hall,1st Floor, Lupin auditorium near Chandan Cinema, J.V.P.D. Scheme, Juhu, Mumbai - 400 049 at 10.00a.m.and at any adjournment thereof.

Please
Affix
Revenue
Stamp

Dated this ----- day of -----, 2009

Note:

- b) A Proxy need not be a member.
- c) The Proxy in order the 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 aforesaid meeting.

BOOK - POST

If undelivered, please return to:

Ajel Infotech Ltd

101173, 106, Oshiwara link Plaza Commercial Complex,
New link Road, Oshiwara,
Next to Oshiwara Police Station,
Mumbai 400102