



TENTH ANNUAL REPORT

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BOARD OF DIRECTORS

Thiru K.Gnanadesikan, IAS
Chairman & Director

Thiru Ramesh Chand Meena, IAS
Additional Director

Thiru K.Appuswamy
Additional Director

Thiru R.Ganapathi
Director

Thiru K.Padmanaban
Director

AUDITORS

M/s.Suresh and Rajagopalan
Chartered Accountants
New No.19, 5th Main Road,
R.A.Puram, Chennai - 600 028

REGISTERED OFFICE

Elnet Software City
TS 140, Block No. 2 & 9
CPT Road, Taramani
Chennai - 600 113
Phone - 254 1337/1098 Fax - 254 1955

BANKERS

M/s.Canara Bank
Kasturba Nagar
Adyar, Chennai - 600 020

M/s.ICICI Bank Ltd.
1, Cenotaph Road
Chennai - 600 018



NOTICE FOR THE TENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Tenth Annual General Meeting of Elnet Technologies Ltd. will be held at Hotel President, No.16, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004 on Wednesday, the 27th June, 2001 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2001, the Balance Sheet as on that date and the Report of the Directors and Auditors thereon.
2. To appoint Thiru R.Ganapathi as Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.
3. To declare dividend.
4. To appoint Auditors and fix their remuneration.

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

"RESOLVED that M/s.Suresh & Rajagopalan, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company on a remuneration of **Rs.52,000/- p.a. (Rupees fifty two thousand only)**, including tax audit".

SPECIAL BUSINESS

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

"RESOLVED that Thiru Ramesh Chand Meena, IAS, be and is hereby appointed as Additional Director of the Company whose period of office shall be liable for retirement by rotation".

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

"RESOLVED that Thiru K.Appuswamy, be and is hereby appointed as Additional Director of the Company whose period of office shall be liable for retirement by rotation".

By order of the Board of Directors

Place : Chennai
Date : 31.05.2001

K.GNANADESIKAN, IAS
Chairman

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out against Item Nos. 4 to 6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 22.06.2001 to 27.06.2001 (both days inclusive).
4. The dividend, as recommended by the Board, if approved at the Meeting, will be payable to those members whose names appear on the Company's Register of Members as on 27th June, 2001, being the record date.
5. Members are requested to kindly bring with them their copies of this report to the meeting.
6. All correspondence with respect to transfer of shares/change of address, request for conversion into D'MAT form may be sent to the Registered Office of the Company.
7. Members who are holding shares in more than one folio are requested to intimate to the Company the details of all their folio numbers for consolidation into a single folio.





ANNEXURE TO THE NOTICE

STATEMENT REGARDING ITEM NO. 4

As more than 25% of the paid-up share capital is held by Electronics Corporation of Tamilnadu Ltd., a Government of Tamilnadu undertaking, the Auditors of the Company have to be appointed by a Special Resolution as per the provisions of the Companies Act, 1956.

No Director is interested in this resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Thiru Ramesh Chand Meena, IAS, was inducted as Additional Director in the Board meeting held on 30.03.2001.

Accordingly, Thiru Ramesh Chand Meena, IAS holds office till the date of the Tenth Annual General Meeting as per provisions of Sec. 260 of the Companies Act, 1956 and being eligible, offers himself for reappointment. Notice has been received from a member together with a fee of Rs.500/- proposing the candidature of Thiru Ramesh Chand Meena, IAS, for appointment as Additional Director of the Company. Members may kindly approve the resolution proposing Thiru Ramesh Chand Meena, IAS, as Additional Director of the Company whose period of office shall be liable for retirement by rotation. The Directors recommend the passing of this resolution.

Thiru Ramesh Chand Meena, IAS, is interested in the resolution.

Item No. 6

Thiru K.Appuswamy was inducted as Additional Director & CEO in the Board meeting held on 15.11.2000.

Accordingly, Thiru K.Appuswamy holds office till the date of the Tenth Annual General Meeting as per provisions of Sec. 260 of the Companies Act, 1956 and being eligible, offers himself for reappointment. Notice has been received from a member together with a fee of Rs.500/- proposing the candidature of Thiru K.Appuswamy for appointment as Additional Director of the Company. Members may kindly approve the resolution proposing Thiru K.Appuswamy as Additional Director of the Company whose period of office shall be liable for retirement by rotation. The Directors recommend the passing of this resolution.

Thiru K.Appuswamy is interested in the resolution.

By order of the Board of Directors

Place : Chennai
Date : 31.05.2001

K.GNANADESIKAN, IAS
Chairman

DIRECTORS' REPORT

To
The Shareholders,

Ladies and Gentlemen,

Your Directors have great pleasure in presenting the Tenth Annual Report together with the Audited Accounts of your Company for the financial year ended 31.03.2001.

Members would be happy to note that your Company has had another successful year of operation which has resulted in a net profit of Rs.177.06 lacs. Your Company has wiped off the accumulated loss carried forward.

OPERATIONS

The financial results of your Company for the year ended 31.03.2001 are as follows:

Sl. No.	Particulars	For the year ended 31.03.2001 (audited) Rs. in lacs	For the year ended 31.03.2000 (audited) Rs. in lacs
1)	Income from operations	681.23	527.95
2)	Other income	9.65	20.97
3)	Total expenditure	330.31	353.48
4)	Interest	109.61	37.94
5)	Gross Profit (after interest but before depreciation and taxation) (1+2-3-4)	250.96	157.50
6)	Depreciation	55.09	53.73
7)	Provision for tax	14.00	8.00
8)	Net Profit/Loss (5-6-7)	181.87	95.77
9)	Preliminary expenses written off	4.51	4.51
10)	Prior period adjustment	0.30	0.21
11)	Dividend & Tax thereon	44.08	—
12)	Transfer to General Reserve	60.00	—
13)	Balance carried forward to Balance Sheet	72.98	91.05
14)	Paid up equity share capital	400.00	400.00



DUES TO FINANCIAL INSTITUTIONS

During the year under review, the Company had open an "Escrow and No-Lien" account with ICICI Bank Ltd. as per the stipulations of the Financial Institutions. Consequent to the opening of this "Escrow and No-Lien" account, the Company has been granted an interest reduction of 1% per annum. Your Company is promptly paying the dues to the Financial Institutions as per the time schedule stipulated in the re-schedulement. Your Company is requesting the institutions for a further reduction in the interest rate.

LAND

We have been advised by M/s.ELCOT that the Company is required to pay a lease deposit of Rs. 14.28 crores for lease of the 3.34 acres of land held by your Company. Since the amount to be paid is quite substantial, your Directors have put up a proposal for deferred payment which is under consideration of ELCOT.

DIVIDEND

Your Directors are pleased to recommend a dividend of 10% on the equity share capital of the Company for the year ended March 31, 2001. Under the Indian Income Tax Act, 1961, the receipt of dividend is tax free in the hands of the shareholders. The dividend, if approved by the members, will be paid out of the profits of the Company for the year to all those equity shareholders whose names appear on the Register of Members of the Company as on 27th June, 2001, being the record date and to those whose names appear as beneficial owners on the records of National Securities Depository Limited and Central Depository Services (India) Limited as on the record date.

DEMATERIALISATION OF EQUITY SHARES

In accordance with SEBI's directives and the decision of the members to have the shares in to dematerialised form, the Company has appointed M/s. MCS Ltd., II Floor, 225, Thambu Chetty Street, Chennai - 600 001 who is a Depository Participant (DP) having connectivity with NSDL and CDSL as the registrar. The members desirous of converting their shares into Dematerialised form may send their requests to the Company through their DP.

FIXED DEPOSITS

The Company has not invited fixed deposits from the public during the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company is not an industrial undertaking, particulars with regard to conservation of energy and technology absorption are not applicable.

EARNINGS IN FOREIGN EXCHANGE : Nil

EXPENSES INCURRED IN FOREIGN CURRENCY DURING THE YEAR : Nil

DIRECTORS

Thiru Ramesh Chand Meena, IAS, has been appointed as Additional Director.

Thiru K.Appuswamy has been appointed as Additional Director.

AUDITORS

M/s.Suresh and Rajagopalan, Chartered Accountants, Chennai, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. Necessary special resolution is proposed for their appointment pursuant to Section 224(A) of the Companies Act, 1956.

COMPANY'S LISTING

The Company's shares are listed presently in Chennai Stock Exchange and Mumbai Stock Exchange.

PARTICULARS OF EMPLOYEES

Statement showing the particulars of employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the period ended 31st March, 2001 is given below.

Sl. No.	Name	Designation	Age	Qualification	Experience	Last employment	Post held	Date of commencement of employment	Gross amount Rs.
NIL									