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# *Fifteenth Annual Report*

**2005 - 2006**

**BOARD OF DIRECTORS**

Thiru D. Rajendran, IAS, Chairman  
Tmt. Unnamalai Thiagarajan, Managing Director  
Thiru C. Ramachandran, IAS (Retd.)  
Thiru J. Ravi  
Thiru P.S. Kumar  
Thiru R. Ganapathi  
Thiru H. Karthik Seshadri  
Thiru K. Padmanaban  
Thiru N.S. Jayakumar

**SECRETARY**

Thiru S. Gopalakrishnan

**AUDITORS**

M/s. S.H. Bhandari & Co.  
Chartered Accountants  
Bhandari Towers,  
824, EVR Periyar Road,  
Kilpauk, Chennai – 600 010.

**BANKERS**

M/s. State Bank of India  
Industrial Finance Branch,  
Chennai – 600 002

**REGISTERED OFFICE**

Elnet Software City  
TS 140, Block No. 2&9,  
CPT Road, Taramani,  
Chennai – 600 113  
Phone – 22541337/1098 Fax – 22541955  
E-mail : [elnet@md4.vsnl.net.in](mailto:elnet@md4.vsnl.net.in)

**REGISTRAR AND SHARE  
TRANSFER AGENTS**

M/s. Cameo Corporate Services Limited  
"Subramanian Building", Fifth Floor,  
No. 1, Club House Road,  
Chennai – 600 002  
Phone – 28460390 (6 lines)  
Fax - 28460129

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### **NOTICE**

NOTICE is hereby given that the FIFTEENTH Annual General Meeting of ELNET TECHNOLOGIES LIMITED will be held on Saturday the 6<sup>th</sup> May 2006 at 11.00 am at New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004 to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2006 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend
3. To appoint Auditors and to 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 S.H.Bhandari & Co, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs 1,25,000/- plus service tax as applicable".

4. To appoint a Director in place of Thiru C. Ramachandran, IAS (Retd.) who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Thiru P.S. Kumar who retires by rotation and is eligible for re-appointment.

### **SPECIAL BUSINESS**

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

"RESOLVED THAT Thiru K. Padmanaban who was appointed as a Director on 27.07.2005 in the casual vacancy caused by the resignation of Thiru T. Udhayachandran, IAS and who vacates office at this Annual General Meeting under Sec. 262 of the Companies Act 1956 but who is eligible for reappointment and in respect of whom the Company has as required by Sec. 257 of the Companies Act, 1956, received a Notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

"RESOLVED THAT Thiru D. Rajendran, IAS who was appointed as a Director on 27.01.2006 in the casual vacancy caused by the resignation of Dr. C. Chandramouli, IAS and who vacates office at this Annual General Meeting under Sec. 262 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has as required by Sec. 257 of the Companies Act, 1956, received a Notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company.

"RESOLVED FURTHER that Thiru D. Rajendran, IAS who is nominated by Electronics Corporation of Tamil Nadu Ltd. as Chairman-Director shall not be subject to retirement by rotation in pursuance of the Articles 43(b) of Articles of Association of the Company".

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

"RESOLVED THAT Thiru N.S. Jayakumar who was appointed as a Director on 08.04.2006 in the casual vacancy caused by the resignation of Thiru K. Appuswamy and who vacates office at this Annual General Meeting under Sec. 262 of the Companies Act 1956 but who is eligible for reappointment and in respect of whom the Company has as required by Sec. 257 of the Companies Act, 1956, received a Notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

9. To pass with or without modification, the following resolution as a Special Resolution

"RESOLVED THAT pursuant to Sec 31 and all other applicable provisions if any, of the Companies Act 1956, the Articles of the Association of the Company be amended by inserting the following sentence at the end of Article no. 40".

"The Managing Director / Wholetime Director of the Company appointed in pursuance of this article shall not be subject to retirement by rotation".

10. To pass with or without modification, the following resolution as an ordinary resolution

"RESOLVED THAT the annual remuneration payable to Tmt. Unnamalai Thiagarajan, Managing Director of the Company will be Rs. 14,00,000/- (Rupees Fourteen Lakhs only) for the period starting from 01.04.2006 till the completion of her term of office"

By Order of the Board of Directors

Place : Chennai

Date : 8.4.2006

**S. GOPALAKRISHNAN**  
COMPANY SECRETARY

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### **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 commencement of Annual General Meeting.
2. The explanatory Statement as required under Sec. 173(2) of the Companies Act, 1956, in respect of the Special Business set out above is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 28.04.2006 to 06.05.2006 (Both days inclusive).
4. The payment of dividend, upon declaration by the shareholders, at the ensuing Annual General Meeting will be made within one month from the date of Annual General Meeting.

To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). In this connection a circular letter is enclosed to the Members. The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Share Transfer Agents. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their Bank details, ECS mandates, change in address etc to their Depository participant only and not to the Company's Registrar and Share Transfer Agent. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrars and Share Transfer Agents to provide efficient and better service to the Members. Where dividend payments are made through ECS, information regarding such remittances would be sent separately to the shareholders.

Pursuant to the provisions of Sec 205A and 205C of the Companies Act, 1956 dividend declared commencing from the financial year ended 31.03.2001, which remain unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund as shown here under

Financial Year Ended	Date of Declaration of Dividend	Due date of the proposed transfer to Investor Education and Protection Fund
31.03.2001	27.06.2001	26.06.2008
31.03.2002	17.06.2002	16.06.2009
31.03.2003	30.09.2003	29.09.2010
31.03.2004	29.09.2004	28.09.2011
31.03.2005	07.05.2005	06.05.2012

Members who have not so far received / encashed dividend for the aforesaid year are requested to seek payment of dividend by writing to the Company immediately. Members are also requested to note that no claims shall lie against the said fund or the Company in respect of any amounts which were unclaimed and unpaid for seven years from the date they first became due for payment and no payment shall be made in respect of any such claims.

5. Members are requested to bring their copies of this report to the meeting.
6. Members are requested to intimate to the Registrar and Transfer Agents (R&TA) of the Company immediately about change in their address, where the shares are held in electronic form, such change is to be informed to the Depository Participant (DP) and not to the Company / R&TA.
7. Members may contact the Company at Email : [elnet@md4.vsnl.net.in](mailto:elnet@md4.vsnl.net.in) for any query.
8. Members who are holding shares in more than one folio are requested to intimate to the Registrars the details of all their folio numbers for consolidation into a single folio. Members who hold shares in dematerialized form are requested to write their Client ID and DPID and those who hold shares in physical form are requested to write their folio number in the attendance slip while attending the meeting for easy identification of attendance at the meeting.
9. Members are requested to
  - i) write to the Company atleast seven days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the Financial year ended 31.03.2006 so as to enable the Company to keep the information ready.
  - ii) Quote registered folio number or Client ID in all the correspondence
  - iii) Send all share transfer lodgments (physical mode) / correspondence to the Registrar and Share Transfer Agents of the Company

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10. Members are informed that trading and settlement of Company's shares through Stock Exchanges has been made compulsory in Demat (Electronic) form. In view of this mandatory requirement the members are requested in their own interest to dematerialize their shareholding in the Company.
  11. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of the names will be entitled to vote.
  12. Corporate Members are requested to forward a Certified Copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
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### **ANNEXURE TO THE NOTICE**

#### **EXPLANATORY STATEMENT U/S 173 (2) OF COMPANIES ACT, 1956**

##### **Item No. 3. Appointment of Auditors**

As more than 25% of the paid up capital is held by M/s Electronics Corporation of Tamil Nadu Limited, a Government of Tamil Nadu Undertaking, the appointment or reappointment at each Annual General Meeting of the Auditors of the Company shall be made by a Special Resolution as per Sec. 224 A of the Companies Act, 1956. M/s S.H. Bhandari & Co., Chartered Accountants, who are the Statutory Auditors for the financial year ended 31.03.2006 is being proposed to be appointed as Auditors for the financial year ending 31.03.2007.

Directors recommend the passing of the resolution.

No Director is interested or concerned in this item of business.

##### **Item No. 6 Appointment of Director**

Thiru K. Padmanaban was appointed by the Board of Directors as a Director on 27<sup>th</sup> July 2005 in the causal vacancy caused by the resignation of Thiru T. Udhayachandran, IAS. He holds office upto the date of the Annual General Meeting. As required by Sec. 257 of the Companies Act, 1956, the Company has received a Notice in writing along with deposit from a member signifying his intention to propose him as a candidate for the office of the Director. Details regarding his profile is given in the annexure attached to the Notice.

Keeping in view the experience and expertise of Thiru K. Padmanaban his appointment as a Director of the Company is recommended by the Board for your approval.

Apart from Thiru K. Padmanaban no other Director is interested or concerned in this item of business.



#### **Item No. 7 Appointment of Director**

Thiru D. Rajendran, IAS was appointed by the Board of Directors as a Director on 27.01.2006 in the casual vacancy caused by the resignation of Dr. C. Chandramouli, IAS and he holds office until the ensuing Annual General Meeting under Sec. 262 of the Companies Act, 1956, and is eligible for reappointment. In respect of his appointment the Company has, as required by Sec 257 of the Companies Act, 1956, received a Notice in writing along with deposit from a member signifying his intention to propose him as a candidate for the office of the Director. By virtue of Electronics Corporation of Tamil Nadu Ltd. nominating Thiru D. Rajendran, IAS as a Chairman-Director, he shall not be subject to retirement by rotation as per Article 43(b) of Articles of Association of the Company. Details regarding his profile is given in the annexure attached to the Notice.

The Board is of the view that Thiru D. Rajendran's knowledge and experience will be of immense benefit and value to the Company and therefore recommends his appointment as a Director of your Company.

Apart from Thiru D. Rajendran, IAS no other Director is interested or concerned in this item of business.

#### **Item No. 8 Appointment of Director**

Thiru N.S. Jayakumar was appointed by the Board of Directors as a Director on 8<sup>th</sup> April 2006 in the causal vacancy caused by the resignation of Thiru K. Appuswamy. He holds office upto the date of the Annual General Meeting. As required by Sec. 257 of the Companies Act 1956, the Company has received a Notice in writing along with deposit from a member signifying his intention to propose him as a candidate for the office of the Director. Details regarding his profile is given in the annexure attached to the Notice.

Keeping in view the experience and expertise of Thiru N.S. Jayakumar his appointment as a Director of the Company is recommended by the Board for your approval.

Apart from Thiru N.S. Jayakumar no other Director is interested or concerned in this item of business.

#### **Item No. 9 Amendment of the Articles of Association of the Company**

Articles of Association of most Companies contain an express provision excluding Managing Director from the rule of retirement by rotation and provide that a person shall not be liable to retire by rotation so long as he/she continues to hold the office of the Managing Director. Since the Articles of Association of the Company do not have any such provision with respect to Managing Director's appointment, it is necessary to alter the Articles of Association of the Company as set out in the draft Resolution in the Notice.



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Pursuant to the provisions of Sec 31 of the Companies Act, 1956, Special Resolution is required to be passed to alter the Articles of Association of the Company.

The Directors recommend the resolution for approval of the Shareholders.

None of the Directors of the Company is concerned or interested in this item of business.

### **Item No. 10. Remuneration payable to Managing Director**

Tmt. Unnamalai Thiagarajan, Director was appointed as Managing Director of the Company with effect from 30.09.2003 for a period of five years by the members at the Annual General Meeting held on 30.09.2003. The members further approved an increase in the remuneration to Rs. 14,00,000/- (Rupees Fourteen Lakhs only) per annum with effect from 01.04.2005 at the Annual General Meeting held on 07.05.2005. In this connection to give effect to the approved remuneration for the remaining period left in the term of office of the Managing Director, the resolution set out in the notice is recommended for your approval.

Apart from Tmt. Unnamalai Thiagarajan no other Director is interested or concerned in this item of business.

By Order of the Board of Directors

Place : Chennai

Date : 8.4.2006

**S. GOPALAKRISHNAN**  
COMPANY SECRETARY

**INFORMATION ON DIRECTORS RETIRING BY ROTATION SEEKING REAPPOINTMENT AND DIRECTORS PROPOSED TO BE APPOINTED AT THE ANNUAL GENERAL MEETING**

Name	Thiru C. Ramachandran, IAS (Retd)	Thiru P.S. Kumar	Thiru K. Padmanaban	Thiru D. Rajendran, IAS	Thiru N.S. Jayakumar
Date of Birth and age	15.05.1938 67 years	07.04.1944 61 years	06.02.1960 45 years	29.11.1949 56 years	14.08.1950 55 years
Appointed on	08.08.2003	06.09.2002	27.07.2005	27.01.2006	08.04.2006
Qualification	B.Sc (Hons) MA	B.Com, FCA FCA (England & Wales)	BA BCL, ACS, AICWA	BSc, BL	B.E. Electronics and Communication
Experience in specific functional areas	Served in Government in various capacities worked in public sector companies and retired as Principal Secretary, Industries Dept.. Has specialised in the area of Corporate Management	An eminent Chartered Accountant in practice for over 30 years. Has specialised in the areas of Corporate Audit and International Taxation	An officer with more than 20 years of experience in Executive position in ELCOT and holding the post of Company Secretary in ELCOT for six years.	An Administrative Service Officer with more than two decades of experience. Held posts in various Departments of Tamil Nadu Govt. Currently serving as Secretary, Industries Dept.	An officer with more than 30 years of experience in the field of design and production. Initially worked in HAL, Hyderabad for 10 years in the Design and Production Department. Later joined in ELCOT and presently working as GM Projects Implementation Division