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Eighteenth Annual Report

2008 - 2009

BOARD OF DIRECTORS

Dr. Santhosh Babu, IAS, Chairman
Tmt.Unnamalai Thiagarajan, Managing Director
Thiru C. Ramachandran
Thiru J. Ravi
Thiru P.S. Kumar
Thiru R. Ganapathi
Thiru H. Karthik Seshadri
Thiru S Paulraj
Thiru N.Mohan (up to 22.04.2009)
Thiru K.Padmanaban
Dr. V Dharmalingam
Thiru G Senrayaperumal

SECRETARY

Thiru R S Gowdhaman

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,
Rajiv Gandhi Salai, Taramani,
Chennai – 600 113.
Phone – 22541337/1098 Fax – 22541955
E-mail: elnet@md4.vsnl.net.in

**REGISTRARS 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

EIGHTEENTH ANNUAL REPORT 2008 - 2009

NOTICE

NOTICE is hereby given that the **EIGHTEENTH** Annual General Meeting of **ELNET TECHNOLOGIES LIMITED** will be held on 7th the July 2009 at 11.00 am at New Woodlands Hotel Pvt Ltd., No.72-75, Dr.Radhakrishanan Salai, Mylapore, Chennai - 600004 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2009 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. 2,85,000/- plus service tax as applicable".
4. To appoint a Director in place of Thiru J.Ravi who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Dr.V.Dharmalingam who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Thiru G.Senrayaperumal who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS

APPOINTMENT OF DIRECTORS U/S 257 OF THE COMPANIES ACT,1956.

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.
"RESOLVED THAT Dr. SANTHOSH BABU, IAS who was appointed as Director on 29.09.2008 in the casual vacancy caused by the resignation of Thiru .C.Umashankar IAS and who vacates office at this Annual General Meeting under Sec 262 of the Companies Act,1956, but who is eligible for re-appointment and in respect of whom 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, be and is hereby appointed as a Director of the Company".
"RESOLVED FURTHER THAT Dr. SANTHOSH BABU, IAS who is nominated by Electronics Corporation of Tamilnadu Ltd, as Chairman – Director shall not subject to retirement by rotation in pursuance of the Article 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 K.PADMANABAN who was appointed as Director on 23.04.2009 in the casual vacancy caused by the resignation of Thiru N.MOHAN, who vacates office at this Annual General Meeting and 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 along with deposit 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”.

RE-APPOINTMENT OF MANAGING DIRECTOR

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

“RESOLVED THAT, pursuant to Sec 269 of the Companies Act, 1956 read with Schedule XIII Sections 309,311 and other applicable provisions of the Companies Act, 1956 Tmt.Unnamalai Thiagarajan, Managing Director be and is hereby reappointed as Managing Director of the Company for further period of 5 years with effect from 29.09.2008 and thereby superseding the earlier referred resolution passed in so far her period of office is concerned.”

“RESOLVED FURTHER THAT, Tmt.Unnamalai Thiagarajan, Managing Director be paid a remuneration of Rs. 14,00,000 per annum with effect from the 29.09.2008 onwards till her tenure of her office”

“RESOLVED FURTHER THAT, the action of the Board of Director in re-appointing Tmt Unnamalai Thiagarajan as Managing Director with effect from 29.09.2008 till the date of this meeting as approved at the Board meeting held on 29.09.2008 be and is hereby ratified and that the remuneration for her services as Managing Director for the period from 29.09.2008 till the conclusion of this meeting (both days inclusive) be and is hereby approved.”

By Order of the Board of Directors

Place : Chennai

Date : 23.04.2009

R.S.GOWDHAMAN

DGM(F&A) & COMPANY SECRETARY

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 01.07.2009 to 07.07.2009 (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.

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5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their Bank details, 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.

Pursuant to the provisions of Sec 205A and 205C of the Companies Act, 1956, dividend declared commencing from the financial year ended 31.03.2002, 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
31.03.2002	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
31.03.2006	06.05.2006	05.05.2013
31.03.2007	27.07.2007	26.07.2014
31.03.2008	30.07.2008	29.07.2015

**** Please note that as per Sec 205 (c) (1) of the Companies Act, 1956, we have to transfer the pending amount lying in the Unpaid Dividend account to Investor Education and Protection Fund. Hence we will be transferring the said amount accordingly.**

Members who have not so far received / encashed dividend for the aforesaid years 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.

6. Members are requested to bring their copies of this report to the meeting.
7. 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.
8. Members may contact the Company at Email: elnet@md4.vsnl.net.in for any query.
9. 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 hold shares in physical form are requested to write their folio no. in the attendance slip while attending the meeting for easy identification of attendance at the meeting.

10. Members are requested to
 - i) write to the Company at least seven days before the date of the Meeting, in case they desire any information as regards the Audited Accounts for the Financial year ended 31.03.2009, 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.
11. 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.
12. 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.
13. 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.

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 31.03.2009 is being proposed to be appointed as Auditors for the financial year ending 31.03.2010.

Directors recommend the passing of the resolution.

No Director is interested or concerned in this item of business

Item No. 7 Appointment of Director

Dr.Santhosh Babu,IAS was appointed by the Board of Directors as a Director on 29.09.2008,in the casual vacancy caused by the resignation of Thiru C.Umashankar,IAS. He hold 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. By virtue of Electronics Corporation of Tamil nadu Ltd., nominating Dr.S.Sathosh Babu, IAS as a Chairman-Director, he shall not be subject to retirement by rotation as per Artifice 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 Dr.Santhosh Babu IAS's knowledge and experience will be of immense benefit and value to the Company and therefore recommends his appointment as a

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Director in your Company.

Apart from Dr S.Santhosh Babu, IAS no other Director is interested or concerned in this item of business.

Item No. 8 Appointment of Director

Thiru K.Padmanaban was appointed by the Board of Directors as a Director on 23.04.2009, in the casual vacancy caused by the resignation of Thiru N.S.Jayakumar and he holds office until the ensuing Annual General Meeting and is eligible for reappointment. In respect of his appointment the Company has, 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. 9 Re-appointment of Managing Director

Tmt. Unnamalai Thiagarajan, Director was appointed as Managing Director of the company with effect from 30.09.2003 for a period of 5 years by the members at the Annual General Meeting held on 30.09.2003. The Board meeting held on 29.09.2008 reappointed her as the Managing Director for a further period of 5 years with effect from that date. The approval of the members is sought for re-appointing Tmt.Unnamalai Thiagarajan as Managing Director for further period of 5 years with effect from 29.09.2008 and also for payment of remuneration to her from that date. Tmt.Unnamalai Thiagarajan is proposed to be paid a consolidated remuneration of Rs. 14,00,000 per annum subject to the approval of this meeting. No Provident Fund, Gratuity and other perquisites are payable to her. The approval of the Members is also sought for ratifying the re-appointment of Tmt.Unnamalai Thiagarajan as the Managing Director by the Board from 29.09.2008 till this date of this meeting and also approval for the remuneration to be paid to her for that period.

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

Your directors recommend passing this resolution.

By Order of the Board of Directors

R.S.GOWDHAMAN

DGM(F&A) & COMPANY SECRETARY

Place : Chennai

Date : 23.04.2009

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

Name	Dr.Santhosh Babu., IAS.,	Tmt.Unnamalai Thiagarajan	Thiru K.Padmanaban	Thiru J.Ravi	Dr.V.Dharmalingam	Thiru G.Senrayaperumal
Date of Birth and age	12.03.1968 & 41 Years	28.12.1959 & 50 Years	06.02.1960 & 49 Years	03.10.1954 & 55 Years	07.05.1956 & 53 Years	03.02.1946 & 63 Years
Appointed on	29.09.2008	08.08.2003	27.07.2005	08.08.2003	10.07.2006	25.10.2006
Qualification	M.B.B.S.	B.A.B.L.,	BA.,BGL., ACS., AICWA.,	B.Tech - Chemical Engineering	B.S.M.(Siddha), D.C.M.(Varma) & D.Sc.,	B.Com.,
Experience in specific functional areas	Served in Government in various capacities for about 14 years.	Law, Plantation Management.	An officer with more than 20 years of experience in Executive position in ELCOT and holding the post of Company Secretary and General Manager (Legal) & (P) in ELCOT	29 years of experience in International Trading	Instrumental in establishing the Varma Department at Aringar Anna Hospital, Chennai. Successful in the treatment of chronic ailments has made him widely known. As an exponent in India Medicine, Practices internationally.	Had 23 Years of Service in CBCID, The State's leading Investigating Agency of Tamilnadu Government. During his tenure in Crime Branch CID he has handled number of important cases. Also has worked as a Liaison Officer in All India Police Duty Meets held in Srinagar, Delhi, Shimla, Ahemedabad, Bangalore, Chennai, etc. Has served in various cadres in Police Departments.
Directorship/ Chairmanship held in other public companies	M/s Electronics Corporation of Tamilnadu Ltd M/s Tidel Park Coimbatore Limited	ETL Infrastructure Services Ltd	M/s Insignia Infotech Pvt Ltd			

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DIRECTORS' REPORT

To The Members

Your Directors have great pleasure in presenting the EIGHTEENTH Annual Report together with the Audited Accounts of your Company for the Financial Year ending 31.03.2009.

Members would be happy to note that your company has had a successful year of operation, which has resulted in an after tax profit of Rs 394.84 Lakhs.

OPERATIONS

The highlights of the Financial Results of your Company are as under:-

Sl. No.	Particulars	For the year ended 31.3.2009 Rs. in Lacs	For the year ended 31.3.2008 Rs. in Lacs
1.	Income from operations	1901.69	1594.77
2.	Non-operating income	36.17	14.73
3.	Total expenditure	877.27	708.48
4.	Interest	166.64	180.85
5.	Gross profit (after interest but before depreciation and taxation) [1+2)-(3+4)]	893.95	720.17
6.	Depreciation	283.95	154.34
7.	Provision for deferred tax	(8.55)	32.37
8.	Provision for current tax	222.00	165.00
9.	Fringe benefit tax	1.71	1.72
10.	Provision for tax for earlier year	-	-
11.	Net Profit	394.84	366.74
12.	Dividend & tax thereon	56.16	93.60
13.	Transfer to General Reserve	200.00	200.00
14.	Balance carried forward to Balance Sheet	138.68	73.14
15.	Paid up Equity Share Capital	400.00	400.00

DIVIDEND

Your Directors are pleased to recommend a dividend of 12% on the Equity Share Capital of the Company for the year ended March 31, 2009. The dividend, if approved by the Shareholders 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 7th July 2009, 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 (I) Limited as on 7th July 2009.

FUTURE PROSPECTS

Your Company currently enjoys almost 100% occupancy level. The proposal to demolish the administrative block and to erect a new tower in its place has been put on hold and alternatively a proposal to renovate this block to house a multi cuisine food court is under consideration.

SUBSIDIARY COMPANY

The statement pursuant to Sec 212 of the Companies Act, 1956, containing the relevant details of the Company's subsidiary is attached.

CORPORATE GOVERNANCE

Your Company follows the principles of effective Corporate Governance Practices. The Company has taken steps to comply with the revised Clause 49 of the Listing Agreement with the Stock Exchanges. A report on Corporate Governance is given under separate section titled "Report on Corporate Governance" and forms part of the Annual Report.

The Management Discussion and Analysis Report also form part of the Annual Report.

LISTING OF SHARES

Your Company's shares are listed presently in Madras Stock Exchange Limited and Bombay Stock Exchange Limited.

DEMATERIALISATION OF EQUITY SHARES

As on 31.03.2009, 2222529 numbers of equity shares are held in Dematerialized Form, which constitutes 55.56% of total shareholding.

FIXED DEPOSITS

The company has not invited and accepted Fixed Deposits from the public.