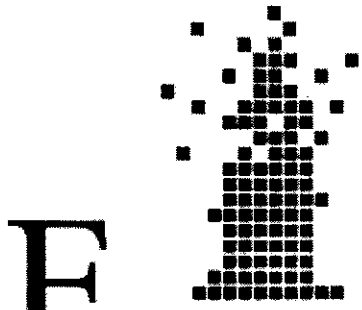
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Elnet Technologies Ltd

NINTH ANNUAL REPORT

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1999 - 2000

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Elnet Technologies Ltd

NINTH ANNUAL REPORT

BOARD OF DIRECTORS

Thiru K. Gnanadesikan, IAS
Chairman & Director

Thiru R. Ganapathi
Director

Thiru K. Padmanaban
Director

AUDITORS

M/s. Suresh and Rajagopalan
Chartered Accountants

REGISTERED OFFICE

Elnet Software City
TS 140, Block No. 2&9
CPT Road, Taramani
Chennai 600 113
PH- 235 3337 Fax – 235 3955

BANKERS

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

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Elnet Technologies Ltd

NOTICE FOR THE NINTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninth Annual General Meeting of Elnet Technologies Limited will be held at Hotel New Woodlands, 72-75, Dr. Radhakrishnan Road, Mylapore, Chennai – 600 004 on Monday the 25th September, 2000 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Profit and Loss account of the Company for the year ended 31st March 2000, the Balance Sheet as on that date and the Report of the Directors and Auditors thereon.

2. To appoint Thiru K. Gnanadesikan, IAS as Chairman/Director who retires by rotation and being eligible offers himself for reappointment.

3. 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.45,000/- p.a. (Rupees Forty Five Thousand Only)"**

SPECIAL BUSINESS

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

   "RESOLVED that Thiru K. Padmanaban, be and is hereby appointed as an Additional Director of the company whose period of office shall be liable to retirement by rotation"

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

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"RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company, be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out herein below, with effect from 25.09.2000, or such other extended date as SEBI may direct in this regard".

A. In Articles of Association the following definitions be added after Article 22

23) "Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub Section (1) of Section 2 of the Depositories Act, 1996

24) "Depositories Act" means the Depositories Act, 1996, including any statutory modification or re-enactment thereof for the time being in force

25) "Depository" shall mean a Depository as defined under clause (e) of sub section (1) of Section 2 of the Depositories Act, 1996

26) "Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and the beneficial owner(s) as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996.

B. Following new article be inserted after article 26

DEPOSITORY SYSTEM :

26A a. The company shall be entitled to dematerialize its existing shares and other securities, rematerialize its shares and other securities held in the depositories and/or offer fresh shares and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

b. The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner hereinbefore mentioned, no shares shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

c. Every person subscribing to shares offered by the Company shall have the option to receive share certificate, or to hold the shares with a Depository. Such a person who is the Beneficial Owner of shares can at any time opt out of a Depository, if permitted by the law, in respect of any shares in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to

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If a person opts to hold his shares with a Depository, the Company shall intimate such Depository the details of allotment of the shares, and on receipt of the information, the depository shall enter in its record the name of allottee as the Beneficial owner of the shares

d. All shares held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the shares held by it on behalf of "The Beneficial Owners".

e. (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of shares or behalf of the Beneficial Owner.

(ii) Every person holding shares of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of shares shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his shares which are held by a Depository

f. Notwithstanding anything in the Act or these Articles to the contrary, where shares are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

g. Nothing contained in Section 108 of the Companies Act, 1956 or these articles shall apply to a transfer of shares effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository

h. Notwithstanding anything in the Act or these Articles, where shares are dealt with by a Depository, the Company shall intimate the details thereof to the Depository, immediately on allotment of such shares.

i. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognize any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.

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j. The Company shall cause to be kept a Register and index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media.

k. The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any shares and debenture held in material form.

l. In the case of transfer or transmission of shares, where the Company has not issued certificates and where such shares are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

m. A depository as a registered owner shall not have any voting rights in respect of shares and securities held by it in dematerialized form. However, the beneficial owner as per the Register of Beneficial Owner maintained by a Depository shall be entitled to such rights in respect of shares held by him in the Depository. Any reference to the member or *joint members in Article 98 to 110 shall include a reference to Beneficial* Owner or Joint Beneficial Owners in respect of "the shares held in a Depository"

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By order of the Board of Directors

Place : Chennai
Date : 29.08.00

K. GNANADESIKAN, IAS
Chairman

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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 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 5 is annexed hereto.

3. The Register of Members and the Share Transfer Books of the company shall remain closed from 20.9.2000 to 25.9.2000 (both days inclusive).

4. Members are requested to kindly bring with them their copies of this report to the meeting.

5. All correspondence with respect to transfer of shares / change of address may be sent to the registered office of the company.

6. As per SEBI circular, the equity shares of the company are to be dematerialized for trading by all investors with effect from 25.09.2000 or such other date as SEBI may direct in this regard. Arrangements are being made for admitting the shares into National Securities Depository Limited and Central Depository Services (India) Limited.

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ANNEXURE TO THE NOTICE

STATEMENT REGARDING ITEM NO. 3

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. 4

Thiru Kumar Jayant, IAS was inducted as Additional Director in the Board meeting held on 29.10.99 in the place of Thiru Neeraj Mittal, IAS who resigned with effect from 27.08.99. Thiru Kumar Jayant, IAS had resigned from the Board and his resignation was accepted by the Board and approved at the Board Meeting held on 18.08.2000. As per letter dated 16.08.200 received from ELCOT Thiru K. Padmanaban has been proposed as an Additional Director in the place of Thiru Kumar Jayant, IAS. Appointment of Thiru K. Padmanaban as an Additional Director was approved by the Board at its Board meeting held on 18.08.2000 wherein it was resolved that Thiru K. Padmanaban would be appointed as an Additional Director in the casual vacancy caused by the relinquishment of office of Director by Thiru Kumar Jayant, IAS and he would hold office until such time Thiru Kumar Jayant, IAS would have held office.

Accordingly, Thiru K. Padmanaban holds office till the date of the Ninth Annual General Meeting as per provisions of Sec. 262 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. Padmanaban for appointment as Additional Director of the Company. Members may kindly approve the resolution proposing Thiru K. Padmanaban as Additional Director of the Company whose period of office shall be liable for retirement by rotation. Directors recommend the passing of this resolution.

Thiru K. Padmanabhan is interested in the resolution.

Item No. 5

Some of the provisions of the Companies Act, 1956 have been amended to facilitate the introduction of Depository System consequent to the passing of the Depositories Act, 1996.

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The new automated system of holding and trading in the shares of the Company, side by side with the paper based system will necessitate certain alterations in the Articles of Association of the company especially in matters such as Register of Members to cover the Beneficial Owners as per the records of the Depository, fungibility of the shares held by Depository, transfer of shares held by Depository etc. Appropriate alterations as set out in the Special Resolution in the notice are, accordingly, proposed for the approval of the shareholders.

It may be clarified that while additional facility as above could be provided within the new legal framework, shareholders would be given an option to join this system. The existing provisions in respect of the shares held in the form of paper scrips will continue without any change.

It is, therefore, proposed to alter the Articles of Association of the company, in certain respects, so that they conform to the amended provisions of the Companies Act, 1956 and the Depositories Act, 1996.

The Board recommends the passing of the Special Resolution.

None of the Directors of the Company are concerned or interested in the resolution.

By order of the Board of Directors

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Place : Chennai
Date : 29.08.00

K. GNANADESIKAN, IAS
Chairman

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