



ELEVENTH ANNUAL REPORT 2001-2002



ELEVENTH ANNUAL REPORT

BOARD OF DIRECTORS

Thiru Hans Raj Verma, IAS
Chairman & Director

Thiru K.Appuswamy
Director & CEO

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
E-mail: elnet@md4.vsnl.net.in

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 ELEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eleventh Annual General Meeting of Elnet Technologies Limited will be held at Hotel Dee Cee Manor, No. 90 G.N. Chetty Road, T.Nagar, Chennai – 600 017 on Monday the 17th June, 2002 at 3.00 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, 2002, the Balance Sheet as on that date and the Report of the Directors and Auditors thereon.
2. To appoint Thiru. K. Padmanaban 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/- 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 Hans Raj Verma, IAS, be and is hereby appointed as Chairman/ 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 : 13.05.2002

HANS RAJ VERMA, 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 5 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 12.06.2002 to 17.06.2002 (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 17th June, 2002, being the record date.
5. Such of those members who are desirous of getting the dividend without deduction of income tax as applicable may submit Form No.15G as per Income Tax Act, 1961 in duplicate to the Registered Office of the Company on or before 10th June, 2002. In the absence of Form No.15G the Income Tax as applicable would be deducted from the dividend payable.
6. Members are requested to kindly bring with them their copies of this report to the meeting.
7. 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. The shareholders can also send request for change of address and any communication to the Company's email address elnet@md4.vsnl.net.in followed by a hard copy by mail.
8. Members may visit us at our website www.elcot.com for information about the Company.
9. 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 K.Gnanadesikan, IAS who was the Chairman/Director of the Company had vacated his office as confirmed by ELCOT in their letter dated 15.06.2001. By the said letter, Thiru Hans Raj Verma, IAS has been proposed as Chairman/Director of the Company. Appointment of Thiru Hans Raj Verma, IAS as Chairman/Director was approved by the Board at its Board meeting held on 25.06.2001 wherein it was resolved that Thiru Hans Raj Verma, IAS would be appointed as Chairman/Director in the casual vacancy caused by the relinquishment of office of Chairman/Director by Thiru K.Gnanadesikan, IAS to hold office until such time Thiru K.Gnanadesikan, IAS would have held office. Accordingly, Thiru Hans Raj Verma, IAS holds office till the date of the Eleventh Annual General Meeting as per provision 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 Hans Raj Verma, IAS for appointment as Chairman/Director of the Company. Members may kindly approve the resolution proposing Thiru Hans Raj Verma, IAS as Chairman/Director of the Company whose period of office shall be liable for retirement by rotation.

Directors recommend the passing of this resolution

Thiru Hans Raj Verma, IAS is interested in this resolution.

By order of the Board of Directors

Place : Chennai
Date : 13.05.2002

HANS RAJ VERMA, IAS
Chairman



DIRECTORS' REPORT

To
The Shareholders,

Ladies and Gentlemen,

Your Directors have great pleasure in presenting the Eleventh Annual Report together with the Audited Accounts of your Company for the financial year ended 31.03.2002.

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.172.78 lacs.

OPERATIONS

The financial results of your Company for the year ended 31.03.2002 are as follows:

Sl. No.	Particulars	For the year ended 31.03.2002 (audited) Rs. in lacs	For the year ended 31.03.2001 (audited) Rs. in lacs
1)	Income from operations	737.90	679.42
2)	Non-operating Income	69.05	8.90
3)	Other income	—	2.56
4)	Total expenditure	294.84	280.30
5)	Interest	225.98	159.62
6)	Gross Profit (after interest but before depreciation and taxation) [1+2+3-(4+5)]	286.13	250.96
7)	Depreciation	55.90	55.09
8)	Provision for deferred tax	18.60	—
9)	Provision for tax	35.00	14.00
10)	Net Profit/Loss [6-(7+8+9)]	176.63	181.87
11)	Preliminary expenses written off	4.51	4.51
12)	Prior period Income	0.66	0.30
13)	Dividend & Tax thereon	40.00	44.08
14)	Transfer to General Reserve	60.00	60.00
15)	Balance carried forward to Balance Sheet	72.78	72.98
16)	Paid up equity share capital	400.00	400.00

DUES TO FINANCIAL INSTITUTIONS

Your Company is promptly paying the dues to the Financial Institutions as per the time schedule stipulated in the reschedulement. 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. Pending finalisation of the proposal and the terms of lease, your Company has been regularly paying the installments on due dates as proposed by your Company.

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, 2002. 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 17.6.2002, 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

As on 31.3.02, 14,41,561 number of equity shares are held in D'mat form which constitutes 36% of total shareholding.

FIXED DEPOSITS

The Company has not invited Fixed Deposits from the public during the year

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING 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 Hans Raj Verma, IAS has been appointed as Chairman/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 Madras 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 2002 is given below.

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

FUTURE PROSPECTS

During the year under review, the occupancy level has slightly dipped owing to the vacation of one module by one of the customers. Your company is in the process of identifying a prospective customer and is also contemplating possibilities of putting the space to alternative use. Although the occupancy level has slightly dipped, your Directors do not expect a substantial reduction in the income of the company provided current level of occupancy continues. The proposal given by your company to CMDA expressing the interest for taking up the development of software technology park along with ELCOT along the MRTS phase II is still under consideration of CMDA and the response is awaited. Barring unforeseen circumstances your Directors are confident of a sustained performance in the years to come.

DIRECTORS RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act 2000 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating material departures;

-
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period.
 - iii. The Directors had taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
 - iv. The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks to the Government of Tamilnadu, Electronics Corporation of Tamilnadu Ltd., Industrial Credit and Investment Corporation of India Ltd., Industrial Development Bank of India Ltd., and banks for their support and co-operation extended to the Company. Your Directors also wish to place on record their appreciation for the good work put in by the employees of your Company.

By order of the Board of Directors

Place : Chennai
Date : 13.05.2002

HANS RAJ VERMA, IAS
Chairman

