



TWELFTH ANNUAL REPORT

2002 - 2003



TWELFTH 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

Thiru P.S.Kumar
Director

AUDITORS

M/s.Sreedhar, 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 - 2254 1337/1098 Fax - 2254 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

REGISTRARS

Cameo Corporate Services Limited
"Subramanian Building", Fifth Floor
No.1 Club House Road, Chennai - 600 002
Phone - 2846 0390 (6 lines)
Fax - 28460129

NOTICE FOR THE TWELFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twelfth Annual General Meeting of Elnet Technologies Limited will be held at Elnet Software City, TS 140, Block 2 & 9, CPT Road, Taramani, Chennai 600 113 on Tuesday, the 30th September, 2003 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 2003 and the Profit and Loss Account of the Company for the year ended as on that date and the Reports of the Directors and Auditors thereon;
2. To declare dividend;
3. To appoint Auditors and fix their remuneration

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

"RESOLVED that M/s. Sreedhar, Suresh & Rajagopalan, Chartered Accountants, Chennai be and is 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 as may be decided by the audit committee.

SPECIAL BUSINESS

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

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

"RESOLVED THAT Thiru Vivek Harinarain, IAS, who was appointed on 8.8.03 as an additional director of the Company u/s 260 of the Companies Act, 1956 read with clause 72(1) of Table 'A' to Schedule I thereto and who holds office as such upto the date of this meeting be and is hereby appointed as a Director, whose period of office is liable to determination by retirement by rotation".

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

"RESOLVED THAT Tmt Unnamalai Thiagarajan, who was appointed on 8.8.03 as an additional director of the Company u/s 260 of the Companies Act, 1956 read with clause 72(1) of Table 'A' to Schedule I thereto and who holds office as such upto the



date of this meeting be and is hereby appointed as a Director, whose period of office is liable to determination by retirement by rotation, the period being subject to the passage of a resolution, which follows elsewhere, appointing her as the Managing Director of the Company".

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

"RESOLVED THAT Thiru Sudeep Jain, IAS, who was appointed on 24.6.03 as an additional director of the Company u/s 260 of the Companies Act, 1956 read with clause 72(1) of Table 'A' to Schedule I thereto and who holds office as such upto the date of this meeting be and is hereby appointed as a Director, whose period of office is liable to determination by retirement by rotation".

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

"RESOLVED THAT Thiru K. Appuswamy, who was appointed on 14.8.03 as an additional director of the Company u/s 260 of the Companies Act, 1956 read with clause 72(1) of Table 'A' to Schedule I thereto and who holds office as such upto the date of this meeting be and is hereby appointed as a Director, whose period of office is liable to determination by retirement by rotation".

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

"RESOLVED THAT Thiru R Ganapathi, who was appointed on 14.8.03 as an additional director of the Company u/s 260 of the Companies Act, 1956 read with clause 72(1) of Table 'A' to Schedule I thereto and who holds office as such upto the date of this meeting be and is hereby appointed as a Director, whose period of office is liable to determination by retirement by rotation".

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

"RESOLVED THAT Thiru C.Ramachandran, IAS (Retd), who was appointed on 8.8.03 as an additional director of the Company u/s 260 of the Companies Act, 1956 read with clause 72(1) of Table 'A' to Schedule I thereto and who holds office as such upto the date of this meeting be and is hereby appointed as a Director, whose period of office is liable to determination by retirement by rotation".

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

"RESOLVED THAT Thiru J Ravi, who was appointed on 8.8.03 as an additional director

of the Company u/s 260 of the Companies Act, 1956 read with clause 72(1) of Table 'A' to Schedule I thereto and who holds office as such upto the date of this meeting be and is hereby appointed as a Director, whose period of office is liable to determination by retirement by rotation".

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

"RESOLVED THAT Thiru H. Karthik Seshadri, who was appointed on 8.8.03 as an additional director of the Company u/s 260 of the Companies Act, 1956 read with clause 72(1) of Table 'A' to Schedule I thereto and who holds office as such upto the date of this meeting be and is hereby appointed as a Director, whose period of office is liable to determination by retirement by rotation".

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

"RESOLVED THAT Thiru P.S.Kumar, who was appointed on 6.9.02 as an additional director of the Company u/s 260 of the Companies Act, 1956 read with clause 72(1) of Table 'A' to Schedule I thereto and who holds office as such upto the date of this meeting be and is hereby appointed as a Director, whose period of office is liable to determination by retirement by rotation".

5. APPOINTMENT OF MANAGING DIRECTOR

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, a director of the Company (as appointed by an earlier resolution of this Annual General Meeting), be and is hereby appointed as Managing Director of the company for a period of 5 years from this Annual General Meeting thereby superceding 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.80,000/- per month from the conclusion of this Annual General Meeting during the tenure of her office".

"RESOLVED FURTHER THAT the action of the Board of Directors in appointing Tmt. Unnamalai Thiagarajan as Managing Director with effect from 8.8.03 till the date of this meeting as approved at the Board meeting held on 8.8.03 be and is hereby ratified



and that the remuneration for her services as Managing Director for the period from 8.8.03 till the conclusion of this meeting (both days inclusive) be and is hereby fixed and approved @ Rs.80,000/- per month".

For and on behalf of the Board of Directors

Place : Chennai

Date : 1.9.2003

VIVEK HARINARAIN, 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 Register 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 (a) to (i) and 5 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 25.9.03 to 30.9.03 (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 30th September, 2003, being the record date except in respect of shares held in Electronic form, where the dividend will be payable on the basis of beneficial ownership as per details furnished to us by NSDL and CDSL for this purpose.
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 and request for conversion into demat form may be sent to the Registrar and Transfer agents of the Company viz., M/s. CAMEO Corporate Services Ltd., Subramanyam Building, 5th Floor, No. 1 Club House Road, Chennai – 600 002, Phone - 2846 0390 (6 lines), Fax - 28460129.
7. Members may visit us at our site www.elcot.com for information regarding the Company.
8. 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.3

As more than 25% of the paid up capital is held by M/s Electronics Corporation of Tamil Nadu Ltd a Government of Tamil Nadu undertaking, the Auditors of the Company have to be appointed by a Special Resolution as per the provisions of the Companies Act, 1956. M/s Suresh & Rajagopalan, who were the auditors for the financial year ending 31.3.2003 have since changed their firm's name as "M/s Sreedhar, Suresh and Rajagopalan" and accordingly the appointment of M/s Sreedhar, Suresh and Rajagopalan, Chartered Accountants has been proposed for consideration of the Members.

None of the Directors is interested or concerned in this resolution.

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

Item No.4 ... (a) to (i)

The Hon'ble High Court of Madras had vide its order dt.16.7.03 in respect of writ petition no. 6788 / 2003 filed by M/s New Era Technologies Pvt Ltd directed that the termination of joint venture agreement be set aside, the joint venture agreement should be restored and the day-to-day management of the company be handed over to M/s New Era Technologies Pvt Ltd. In this regard, kind attention of the members is invited to the extra ordinary general meeting of the members held on 16.7.97 wherein the issue of change in management was detailed to the members. Subsequent to the High Court Order the management has been restored to the nominees of M/s New Era Technologies Pvt Ltd and to facilitate this, the Board had to be re-constituted. The Board at its meeting held on 8.8.03 had reconstituted the Board by co-opting nominees of M/s New Era Technologies Pvt Ltd on the Board. Further, as per the requirements of clause 49 of the listing agreement entered into with the stock exchanges it is mandatory for the listed companies to have independent directors on the Board of the company to ensure transparency in transactions. Accordingly, your company has co-opted Tr.P.S.Kumar an eminent Chartered Accountant and partner of M/s Brahmayya & Co as an independent director. The management has also co-opted Tr.H.Karthik Seshadri, a company law advocate in Chennai as an independent director of the company.

Subsequent to the withdrawal of nomination of Tr.R.Ganapathi as a director representing ELCOT, Tr.R.Ganapathi has been co-opted in the Board as an independent director so that the Board could continue to have the benefit of his rich experience.

All the above directors who were appointed as additional directors u/s 260 of the Companies Act, 1956 cease to hold office as such at this Annual General Meeting and being eligible offer themselves for appointment as directors whose offices are liable to determination by



retirement by rotation except that of Tmt. Unnamalai Thiagarajan by virtue of the possibility of her being appointed as Managing Director pursuant to passage of resolution slated in item no.5.

Notices u/s 257 of the Companies Act, 1956 have been received from a member together with a fee of Rs. 500/- in respect of each director proposing the candidature of the following for appointment as directors.

- | | |
|--------------------------------------|------------------------------|
| 1. Thiru. Vivek Harinarain, IAS | 6. Thiru. J. Ravi |
| 2. Tmt. Unnamalai Thiagarajan | 7. Thiru. P.S.Kumar |
| 3. Thiru. Sudeep Jain, IAS | 8. Thiru. R.Ganapathi |
| 4. Thiru. K.Appuswamy | 9. Thiru. H.Karthik Seshadri |
| 5. Thiru. C.Ramachandran, IAS (Retd) | |

The brief profiles of the Directors are given below for the information of the members.

| Name of the Director | Educational Qualification | Current line of activity/business | Area of specialization | Other directorship / committee membership |
|---|--|---|--|---|
| Thiru. Vivek Harinarain, IAS (currently Chairman) | M.A. (History) M.Sc. (Social Policy) (LSE, UK) | Secretary, IT Dept., Govt. of Tamilnadu | Application of IT in Govt. e-Governance and IT enabled Service delivery | ELCOT - Chairman TANITEC - Director Tidel Park Ltd-Director TVU - Director Member of TN-IT council, State level co-ordination committee on Computerisation of land records, Syndicate Member of Anna University, Chairman of Online Lottery, TN Raffles |
| Tmt. Unnamalai Thiagarajan (currently Managing Director) | B.A, B.L | Coffee Plantation | Law, Plantation Management | Indra Cotton Mills- Director New Era Technologies Pvt. Ltd. - Director |
| Thiru. Sudeep Jain, IAS | B.E. (Hon), MBA | — | Administation, Marketing | ELCOT - MD TANITEC - Chairman I/C Director SIPCOT - Director Tamilnadu Industrial Guidance and Export Promotion Bureau- Member |

| Name of the Director | Educational Qualification | Current line of activity/business | Area of specialization | Other directorship / committee membership |
|-----------------------------------|--|--|---|---|
| Thiru. K.Appuswamy | B.E (Hons) M.E (Distn) | Gen. Mgr in state public sector enterprise | Communication & networking Engg. Project Mgt. | Member-Secretary of Core Committee on Tamil Nadu State Wide Area Network (TNSWAN) |
| Thiru. C.Ramachandran, IAS (Retd) | B.Sc (Hons), M.A | Management Consultant | Corporate Management | TPL - Director Gandhimathi Appliance Ltd. - Director, TPL- Member of Audit/share transfer committee |
| Thiru. J. Ravi | B.Tech (Chem. Engg) | Minerals & Chemicals | Shipping & Chartering | — |
| Thiru. P.S.Kumar | B.Com, F.C.A. F.C.A. (England & Wales) | Chartered Accountant in Practice | Corporate audit, International Taxation | Satellite Town Dev. Company Ltd. - Director |
| Thiru. R.Ganapathi | B.Tech | IT training, constructions and heavy machinery trading | Engineering Management | Director - Deccan Softlab Pvt Ltd, Nevadha Engg Constructions Pvt Ltd, Projelec Mktg Mgt Services Pvt Ltd |
| Thiru. H.Karthik Seshadri | B.A. LLB (Hons) | Practising Lawyer | Civil & Corporate Lawyer | — |

Members may kindly approve the resolutions proposing their candidature individually.

The individual directors whose appointments are proposed are interested in their respective resolutions only.

Directors recommend the passing of the resolutions.

Item No.5

Pursuant to the order of the Hon'ble High Court, Madras, the day-to-day management of the company had to be handed over to the private promoter M/s New Era Technologies Pvt Ltd. Tmt. Unnamalai Thiagarajan representing M/s New Era Technologies Pvt Ltd., was appointed as the Managing Director of the Company at the Board meeting held on 8.8.03 to hold office till the date of this Annual General Meeting. Tmt. Unnamalai Thiagarajan ceased to hold office as an additional director on the date of this meeting pursuant to the provisions of Sec 260 of the Companies Act, 1956 thereby ceasing to hold office as the Managing



Director also. By virtue of the resolution slated for passing in item no.4 (b), she would hold office as a director and consequently she would be eligible to be appointed as the Managing Director. The approval of Members is sought for appointing Tmt. Unnamalai Thiagarajan as the Managing Director of the Company for a period of 5 years from the date of this AGM and also for payment of remuneration to her from the conclusion of this meeting. Tmt. Unnamalai Thiagarajan is proposed to be paid a consolidated remuneration of Rs.80,000/- per month 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 appointment of Tmt. Unnamalai Thiagarajan as the Managing Director by the Board from 8.8.03 till the date of this meeting and also approval for the remuneration to be paid to her for that period.

None of the Directors except Tmt. Unnamalai Thiagarajan is concerned or interested in this resolution.

Your directors recommend passing this resolution.

This may be treated as an abstract under Sec 302 of the Companies Act, 1956.

For and on behalf of the Board of Directors

Place : Chennai
Date : 1.9.2003

VIVEK HARINARAIN, IAS
Chairman