

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 K. Padmanaban
Dr. V. Dharmalingam
Thiru G. Senrayaperumal
Thiru K. Kasim (with effect from 27.01.2010)

COMPANY SECRETARY

Thiru R.S. Gowdhaman

STATUTORY AUDITORS

M/s. S.H. Bhandari & Co.,
Bhandari Towers,
No. 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 2 & 9,
Rajiv Gandhi Salai,
Taramani, Chennai – 600 113.
Phone – 044 - 22541337/1098 Fax – 044 - 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 – 044 - 28460390 (6 lines)
Fax - 044 - 28460129

NINETEENTH ANNUAL REPORT 2009-2010

NOTICE

NOTICE is hereby given that the **NINETEENTH** Annual General Meeting of **ELNET TECHNOLOGIES LIMITED** will be held on Wednesday the 21st the July 2010 at 11.00 A.M. 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 31st March 2010 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 C. Ramachandran 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.
6. To appoint a Director in place of Thiru H.Karthik Seshadri who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS

APPOINTMENT OF DIRECTOR 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 Thiru K. KASIM who was appointed as an Additional Director on 27.01.2010 and who vacates this office at this Annual General Meeting under Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the company has, as required by section 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 Director of the Company liable to retire by rotation”.

By Order of the Board of Directors

Place : Chennai

R.S.GOWDHAMAN

Date : 14.05.2010

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 15.07.2010 to 21.07.2010 (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.
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, 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 and Education Protection Fund
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
31.03.2009	07.07.2009	06.07.2016

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**** Please note that as per sec.205 (c) (1) of the Companies Act, 1956, we have to transfer the pending amount lying 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 31.03.2010, 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 Section 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 31.03.2010 is being proposed to be appointed as Auditors for the financial year ending 31.03.2011.

Directors recommend the passing of the resolution.

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

Item No. 7 Appointment of Director

Thiru K. Kasim was appointed by the Board of Directors as an additional Director under section 260 of the Companies Act, 1956, at its meeting held on 27.01.2010. He holds office up to the date of the Annual General Meeting. As required by Section 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. Kasim, his appointment as a Director of the Company is recommended by the Board for your approval.

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

By Order of the Board of Directors

Place : Chennai

R.S.GOWDHAMAN

Date : 14.05.2010

DGM (F&A) & COMPANY SECRETARY

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

Name	Thiru C. Ramachandran	Thiru P.S. Kumar	Thiru H. Karthik Seshadri	Thiru K. Kasim
Date of Birth and age	15.05.1938 & 72 Years	07.04.1944 & 66 Years	16.05.1973 & 37 Years	11.10.1938 & 72 Years
Appointed on	08.08.2003	06.09.2002	08.08.2003	27.01.2010
Qualification	B.Sc (Hons) MA	B.Com, FCA, FCA (England & Wales)	B.A. LLB (Hons.)	Honours Graduate and IPS Retd
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 35 years. Has specialised in the areas of Corporate Audit and International Taxation.	Extensive practice over the past 13 years with emphasis on commercial and corporate litigations, Mergers & Acquisitions, as also other Non litigation transactional work. Credited with arguing a number of cases before the High Court of Madras and other Tribunal, Customs, Excise & Service Tax Appellate Tribunal, Securities Appellate Tribunal, Mumbai and having a number of these cases reported in many law journals.	An IPS Officer retired in 1994. Vast experience in teaching profession. Eminent writer in the field of Political, Religious, etc.
Directorship / Chairmanship held in other public companies	Tamilnadu Petroproducts Ltd - Director	ETL Infrastructure Services Ltd - Director	Elnet Software City Ltd. - Director	
	ETL Infrastructure Service Ltd - Director	Elnet Software City Ltd - Director		
	Elnet Software City Ltd - Director	ETL Power Services Ltd - Director		
	ETL Hospitality Services Ltd - Director	Rane (Madras) Ltd - Director		
	ETL Power Services Ltd - Director	Can Fin Homes Ltd - Director		
	Appu Hotels Ltd - Director			
	Tulsian NEC Ltd - Director			
	ETL Corporate Services Ltd - Director			

Memberships / Chairmanship of Committee across public companies	Audit Committee	Audit Committee		
	Tamilnadu Petroproducts Limited - Chairman	ETL Infrastructure Services Ltd - Chairman		
	ETL Infrastructure Services Ltd - Member	ETL Power Services Ltd - Member		
	ETL Hospitality Services Ltd - Member	Exe-Committee		
	Shareholders/Investors Grievance Committee	Andhra Chamber of Commerce (Sec.25 Company) - Member		
	Tamilnadu Petroproducts Limited - Member			
	Remuneration Committee			
	Tamilnadu Petroproducts Limited - Chairman			
	Appointment & Remuneration Committee			
	ETL Infrastructure Services Ltd - Member			
	Dis-Investment Committee			
	Tamilnadu Petroproducts Limited - Member			
	Project Evaluation Committee			
	Tamilnadu Petroproducts Limited - Member			

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DIRECTORS' REPORT

To The Members

Your Directors have great pleasure in presenting the NINETEENTH Annual Report together with the Audited Accounts of your Company for the Financial Year ending 31.03.2010.

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.375.23 Lakhs despite recession in global economy and more particularly in IT industry.

OPERATIONS

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

Sl.No.	Particulars	For the year ended 31.3.2010 Rs. in Lacs	For the year ended 31.3.2009 Rs. in Lacs
1.	Income from operations	1644.24	1901.69
2.	Non-operating income	37.67	36.17
3.	Total expenditure	690.58	877.27
4.	Interest	124.42	166.64
5.	Gross profit (after interest but before depreciation and taxation) [1+2)-(3+4)]	866.91	893.95
6.	Depreciation	293.25	283.95
7.	Provision for deferred tax	(21.57)	(8.55)
8.	Provision for current tax	220.00	222.00
9.	Fringe benefit tax	-	1.71
10.	Net Profit	375.23	394.84
11.	Dividend & tax thereon	55.97	56.16
12.	Transfer to General Reserve	200.00	200.00
13.	Balance carried forward to Balance Sheet	119.26	138.68
14.	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, 2010. 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 21.07.2010, 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 21.07.2010.

FUTURE PROSPECTS

Your Company currently enjoys 100% occupancy level. As most of the customers would like to occupy fitted out module, the company offers around 60% of the space with fit-out.

SUBSIDIARY COMPANY

The statement pursuant to Section 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. During the year, MSE and NSE have entered into an agreement, which provides for Trading by the Members of MSE on the NSE platform and also allows companies listed on MSE to be traded on NSE.

DEMATERIALISATION OF EQUITY / SHARES

As on 31.03.2010, 2231129 numbers of equity shares are held in Dematerialized form, which constitutes 55.78% of total shareholding.

FIXED DEPOSITS

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

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DIRECTORS

During the year Thiru K. Kasim was appointed by the Board of Directors as Director under Section 260 of the Companies Act, 1956, on 27.01.2010 as an additional director. He holds office up to the date of Annual General Meeting and is eligible for reappointment.

The Company has received the prescribed Notice under Section 257 of the Companies Act 1956, nominating Thiru K. Kasim for the post of the Director. The attention of the Members is invited to the relevant items in the Notice of the Meeting and the Explanatory Statement thereto. Thiru C. Ramachandran, Thiru P.S. Kumar and Thiru H. Karthik Seshadri retire by rotation and being eligible to offer themselves for reappointment.

The attention of the Members is invited to the relevant items in the Notice of the Meeting and the Explanatory Statement thereto.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable Accounting Standards have been followed and that there are no material departures;
- (ii) that they have 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) that they have taken proper and sufficient care to the best of their knowledge and ability 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) that they have prepared the annual accounts on a going concern basis.

AUDITORS

M/s S.H. Bhandari & Co. Chartered Accountants, Chennai, the Statutory Auditors of the Company retire at the conclusion of this Annual General Meeting and have expressed their willingness to continue as auditors of the company for the ensuing financial year. Necessary special resolution has been proposed for appointing them as auditors pursuant to Section 224A of the Companies Act, 1956.