
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

NINETEENTH ANNUAL REPORT 2009-2010

**** 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
Date : 14.05.2010

R.S.GOWDHAMAN
DGM (F&A) & COMPANY SECRETARY

NINETEENTH ANNUAL REPORT 2009-2010

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	ETL Infrastructure Services Ltd - Director	EInet Software City Ltd. - Director
	ETL Infrastructure Service Ltd - Director	EInet Software City Ltd - Director		
	EInet 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	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			

NINETEENTH ANNUAL REPORT 2009-2010

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.

NINETEENTH ANNUAL REPORT 2009-2010

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.

INDUSTRIAL RELATIONS

Industrial relations, during the period under review, continued to remain cordial.

PARTICULARS OF EMPLOYEES

None of the employees of the Company were in receipt of remuneration, which in the aggregate exceeded the limits fixed under sub-section (2A) of Section 217 of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As the company is not an industrial undertaking, particulars with regard to conservation of energy and technology absorption required to be given under these heads in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

EARNINGS IN FOREIGN EXCHANGE :NIL

EXPENSES INCURRED IN FOREIGN CURRENCY DURING THE YEAR: NIL

ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks to the Government of Tamil Nadu, Electronics Corporation of Tamil Nadu Ltd., State Bank of India, Industrial Finance Branch, Chennai and the Company's customers 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.

For and on behalf of the Board of Directors,

Place : Chennai

Date : 14.05.2010

Dr. Santhosh Babu, IAS

Chairman

NINETEENTH ANNUAL REPORT 2009-2010

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Your company is engaged in providing infrastructure to Software and Business Process Outsourcing Industries. The growth and progress of the company depends directly on the prospects of Software and BPO Industry. In the opinion of the Directors, the growth in the Software and BPO Industry is fairly good and the demand for space is expected to grow.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The consistent growth in the Software and BPO sector and turn around in Software and BPO industry are an opportunity while creation of large-scale commercial space which may create pressure on the rate per sq. ft. as well as occupancy are certain areas of concern.

SEGMENTWISE / PRODUCTWISE PERFORMANCE

Segment wise / product wise performance is not applicable to your company since it is uni-product Company.

INTERNAL CONTROL SYSTEM AND ADEQUACY

Your Company's internal control system is well defined and is commensurate with the size and nature of the business. The operations are subject to a detailed internal audit and the company implements the remedial measures suggested by the internal auditors.

The Audit Committee of the Board of Directors also meets regularly to review the reports of the Internal Auditors and providing guidance.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

There were no material developments in relation to Human Resources / Industrial Relations in your Company as the Company has minimum employee strength. The Company has on its Roll 14 employees and the rest of the operations are carried through outsourcing.

FINANCIAL PERFORMANCE

The financial performance of the Company is given separately in the Directors' Report.

CAUTIONARY STATEMENT

The above statements are as perceived by the directors based on the current scenario and the input available. Any extraneous developments and force majeure conditions may have an impact on the above perceptions.

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on code of governance

The Company perceives Corporate Governance as an endeavor for transparency and a whole hearted approach towards establishing professional management aimed at continuous enhancement of shareholder's value.

The Company recognizes that good corporate governance is essential to build and retain the confidence of its stakeholders, its creditors, customers, suppliers and employees. Its policy has been to enhance the long-term interest of the shareholders. It believes that effective Corporate Governance is an essential component of a successful entrepreneur in a globalised economy. To this end, the Company's philosophy on Corporate Governance is to endeavor to ensure

- ☆ that system and procedures which monitor compliance with laws, rules and regulations are in place in each area of its business
- ☆ that relevant information regarding the company and its operations is disclosed, disseminated and easily available to its stakeholders and
- ☆ that the Board of Directors is kept fully informed of all material developments in the Company, the risks in its business and its operation, and the rationale for management decision and recommendation so that the Board of Directors can effectively discharge its responsibilities to the shareholders.

2. Board of Directors

The Board of Directors consists of twelve Directors inclusive of six Independent Directors. Dr.Santhosh Babu, IAS is the non-executive Chairman. The Board of Directors comprise of senior, competent and highly respected persons from their respective fields. The Company has complied with the requirements of Clause 49 of the Listing Agreement as regards Composition of the Board. The day to day operations of the Company are being overseen by the Managing Director.

None of the Directors on the Company's Board is a member on more than ten committees and Chairman of more than five committees across all the companies in which he is a Director. The required information as enumerated in Annexure 1A to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at the Board Meetings.

The Board also reviews the declarations made by the management regarding compliance with the applicable laws on a quarterly basis as also the Board Minutes of its subsidiary company. The details about the composition of the Board of Directors as also the number of other directorships, memberships/chairmanship in committees across various companies of which

NINETEENTH ANNUAL REPORT 2009-2010

the Director is a member/chairman, their attendance at the Board meetings held during the financial year under review and at the last Annual General Meeting are furnished hereunder.

Composition and category of the Board of Directors as on March 31, 2010.

SI No	Name of the Director & Category	Other Directorships / Mandatory Committee Memberships			
		No. of Directorship/ Chairmanship in other public companies		No. of Membership/ Chairmanship in other Companies Board Committee	
		Director	Chairman	Member	Chairman
1	Tr. Dr.Santhosh Babu IAS Non-Executive Chairman	4	1	1	-
2	Tmt.Unnamalai Thiagarajan Managing Director	6	-	-	-
3	Tr. C. Ramachandran Non-Executive Director	7	-	6	2
4	Tr.J. Ravi Non-Executive Director	-	-	-	-
5	Tr. P.S. Kumar Non - Executive Independent Director	5	-	1	-
6	Tr. R. Ganapathi Non-Executive Independent Director	6	-	-	1
7	Tr. H. Karthik Seshadri Non-Executive Independent Director	1	-	-	-
8	Tr. S. Paulraj, Non-Executive Director	-	-	-	-
9	Tr.K. Padmanaban, Non-Executive Director	-	-	-	-
10	Tr. G. Senrayaperumal Non-Executive Independent Director	-	-	-	-
11	Dr. V. Dharmalingam Non-Executive Independent Director	-	-	-	-
12	Tr. K. Kasim Non-Executive Independent Director	-	-	-	-

Board Meetings:

During the Financial year 2009-10 the Board met four times on the following dates namely 23.04.2009, 31.07.2009, 28.10.2009 and 27.01.2010.

Attendance of each Director at the Board Meetings and the last AGM:

Sl.No.	Name of the Director	Financial Year 2009-10 Attendance at		
		Board Meetings		Last AGM
		Attended	No. of meetings held during their tenure	
1.	Dr.Santhosh Babu, IAS	3	4	Yes
2.	Tmt.Unnamalai Thiagarajan	4	4	Yes
3.	Tr.C. Ramachandran	4	4	Yes
4.	Tr.P.S. Kumar	4	4	Yes
5.	Tr.J. Ravi	3	4	Yes
6.	Tr.R. Ganapathi	2	4	Yes
7.	Tr.H. Karthik Seshadri	2	4	Yes
8.	Tr.N. Mohan	0	1	No
9.	Tr.K. Padmanaban	4	4	Yes
10.	Tr.S. Paulraj	1	4	Yes
11.	Dr.V. Dharmalingam	3	4	Yes
12.	Tr.G. Senrayaperumal	2	4	Yes
13.	Tr.K. Kasim	0	0	NA

Thiru C. Ramachandran, Thiru P.S. Kumar and Thiru H. Karthik Seshadri are liable to retire by rotation and being eligible, offer themselves for re-appointment. In addition Thiru K. Kasim who holds office up to the date of the Annual General Meeting is eligible for reappointment. Information as required under Clause 49 IV of the Listing Agreement is annexed to the Notice of the AGM.

Board procedure

The Board meets at least once a quarter and the interval between two meetings was not more than four months.

The Board is presented with extensive information on vital matters affecting the working of the company and risk assessment and mitigation procedures. Among others this includes;

- ✧ Operating plans, Capital budgets and updates and reviews thereof.
- ✧ Quarterly results of the company

NINETEENTH ANNUAL REPORT 2009-2010

- ✧ Financial statements such as cash flow, sundry debtors and / or other liabilities or claims of substantial nature,
- ✧ Risk faced and steps taken to mitigate/minimize the risks,
- ✧ Minutes of the meeting of the audit committee and other committees,
- ✧ Details of any joint venture or collaboration agreement,
- ✧ Developments in the industrial and human relations front,
- ✧ Important show cause, demand and penalty notices,
- ✧ Compliance of all laws applicable to the company including requirements of Listing Agreement with the Stock Exchanges and steps taken to rectify instances of non-compliances, if any.

3. Audit Committee

The Company has a qualified and Independent Audit Committee. In terms of the Listing Agreement executed by the Company with the Stock Exchanges, the Company has complied with the requirements of Clause 49 of the Listing Agreement as regards composition of the Audit Committee. The Audit Committee of the Board was reconstituted on 23.04.2009 comprising of five members, out of which three are non-executive independent Directors. All the members are financially literate and have relevant finance and / or audit exposure. The Committee is chaired by Tr P S Kumar, who is a Fellow Member of the Institute of Chartered Accountants of India and also an FCA (England & Wales).

It is the prerogative of the Audit Committee to invite Senior Executives whom it considers appropriate to be present at the meetings. Almost in all the Audit Committee meetings Senior Executives are invited. The Company's internal auditors and statutory auditors usually attend the meetings.

The Company Secretary acts as the Secretary of the Audit Committee. Members of the Committee are as under:

Composition:

Name	Position	Category
1.Tr. P.S.Kumar	Chairman	Non-Executive Independent Director
2.Tr. C.Ramachandran	Member	Non-Executive Director
3.Tr. R.Ganapathi	Member	Non-Executive Independent Director
4.Tr. H.Karthik Seshadri	Member	Non-Executive Independent Director
5.Tr.K. Padmanaban	Member	Non-Executive Director

The broad terms of reference of the Audit Committee are as follows

Role:

- ✧ Review of the Company's financial reporting process and the disclosure of its financial information
- ✧ Reviewing with management the annual financial statements before submission to the Board, focussing primarily on (i) any change in accounting policies and practices,

(ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with the Listing requirements of the Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.

- ✧ Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- ✧ Reviewing the adequacy of internal audit functions.
- ✧ Discussion with external auditors before the audit commences nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ✧ Reviewing the company's various financial and risk management policies and practices

Audit Committee Meetings:

During the Financial Year 2009-10, Audit Committee met four times on the following dates namely, 11.04.2009, 14.07.2009, 12.10.2009 & 12.01.2010

Attendance of each member of the Audit Committee during the financial year 2009-10

Sl. No.	Name of the Member	No. of Audit Committee Meetings Attended during their tenure	No. of Audit Committee Meetings during their tenure
1.	Tr. P.S. Kumar	4	4
2.	Tr. C. Ramachandran	4	4
3.	Tr. R. Ganapathi	2	4
4.	Tr. H. Karthik Seshadri	3	4
5.	Tr. K. Padmanaban	3	3

The minutes of each of the Audit Committee Meeting are placed before the Board of Directors and discussed in the Board Meeting

4. Remuneration Committee

The Company has constituted a Remuneration Committee of Directors on 1st September, 2003. The broad terms of reference of the Remuneration Committee are as under.

NINETEENTH ANNUAL REPORT 2009-2010

1. To deal with appointments, remuneration, promotion and other related aspects in respect of the Managing Director and other Senior Management staff members of the Company
2. To review the Remuneration policy of the Company from time to time, which is in consonance with the existing industry practice i.e. directed towards rewarding performance, based on review of achievement on a periodical basis.
3. Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.
4. The Board in consultation with the Remuneration Committee decides the remuneration policy for Whole time Directors/Managing Director.

The composition of the Remuneration Committee is given hereunder :

Name	Position	Category
1. Tr. R Ganapathi	Chairman	Non-Executive Independent Director
2. Tr. P S Kumar	Member	Non-Executive Independent Director
3. Tr. H Karthik Seshadri	Member	Non-Executive Independent Director

Remuneration paid to Managing Director and Sitting Fees paid to Non-Executive Directors during the Financial Year 2009-10 are as under :

I. Managing Director :

Total Remuneration paid to Tmt. Unnamalai Thiagarajan, Managing Director, during the financial year 2009-10 is Rs.14,00,000/-

II. Non-Executive Directors :

S.No.	Name of the Director	Sitting Fees (Rs.)
1.	Dr. Santhosh Babu, IAS	21,000 *
2.	Tr. K. Padmanaban	42,000 *
3.	Tr. S. Paularj	7,000 *
4.	Tr. C. Ramachandran	84,000
5.	Tr. J. Ravi	1,12,000
6.	Tr. P.S. Kumar	77,000
7.	Tr. R. Ganapathi	42,000
8.	Tr. H. Karthik Seshadri	1,40,000
9.	Dr. V.Dharamalingam	21,000
10.	Tr. G. Senrayaperumal	14,000
11.	Tr. K. Kasim	—

* Paid to Electronics Corporation of Tamil Nadu Ltd.

5. Shareholders / Investors Grievance Committee

A Shareholders / Investors Grievance Committee of Directors was re - constituted on 08/08/2003. It is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, transmission of shares and miscellaneous complaints. It also oversees the performance of Registrars and Share Transfer Agents and recommend measures for overall improvement in the quality of investors services. During the year under review four Investors Grievance Committee meetings were held on 11.04.2009, 14.07.2009, 12.10.2010 & 12.01.2010. The Composition of the Committee and the Attendance at its meeting is given hereunder :

Composition:

Sl. No.	Name & Position	Category	No. of Meetings attended
1	Tr. P.S. Kumar, Chairman	Non-Executive Independent Director	4
2	Tr. C.Ramachandran, Member	Non-Executive Director	4
3	Tr. R. Ganapathi, Member	Non-Executive Independent Director	2
4	Tr. H. Karthik Seshadri, Member	Non-Executive Independent Director	3

6. Purchase Committee

A Purchase Committee of Directors was constituted on 25/10/2006 under the directions of the Board. It is empowered to identify the qualified vendors for taking advantage of competitive pricing. During the year under review, no meeting was held. The Composition of the Committee is given hereunder :

Composition:

Sl.No.	Name & Position	Category
1	Tr. R. Ganapathi, Member	Non-Executive Independent Director
2	Tr. H. Karthik Seshadri, Member	Non-Executive Independent Director

Compliance Officer:

Tr. R.S. Gowdhaman, DGM (F&A) & Company Secretary

Ph : 044 - 22541098 Ext. : 206

Email : elnet@md4.vsnl.net.in

NINETEENTH ANNUAL REPORT 2009-2010

Status on the total number of complaints received and resolved during the year

Details of Investors/Shareholders' Complaints:-

Pending complaints at the beginning	-	Nil
Number received during the year	-	144
Number resolved	-	144
Number of pending	-	Nil

Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board members and Senior Management of the Company. The text of the same is given hereunder:

All the Board members and Senior Management personnel have affirmed compliance with the code of conduct for the year 2009-10 and

They would:

- 1) Always act in the best interests of the company and the stakeholders
- 2) Adopt the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with all matters relating to the company
- 3) Apply themselves diligently and objectively in discharging their responsibilities and contribute to the conduct of the business and the progress of the company and not to be associated simultaneously with competing organization either as a Director or in any managerial or advisory capacity without the prior approval of the Board
- 4) Always adhere and conform to the various statutory and mandatory regulations/ guidelines applicable to the operations of the company avoiding violations or non-conformities
- 5) Not derive personal benefit or undue advantage (financial or otherwise) by virtue of their position or relationship with the company and for this purpose
 - ☆ Shall adopt total transparency in their dealings with the Company
 - ☆ Shall disclose full details of any direct or indirect personal interests in dealings/ transaction with the company.
 - ☆ Shall not be a party to transaction or decisions involving conflict between their personal interest and the company's interest.
- 6) Conduct themselves and their activities outside the company in such manner as not to adversely affect the image or reputation of the company
- 7) Ensure the confidentiality of information they receive whilst being in office and is only disclosed if authorized by the company or the person from whom the information is provided or as required by law
- 8) Always abide by the above code of conduct and shall be accountable to the Board for their actions/violation/defaults

Risk Management Framework

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are being reviewed periodically to ensure that executive management controls risk through means of a properly defined framework

Disclosure of Accounting Treatment

Necessary disclosures regarding accounting policy and treatment are furnished in the Notes on Accounts (Schedule 18)

7. Share Transfer Committee

Share Transfer Committee deals with all matters pertaining to transfers, transmission, and transposition etc. of equity shares of the Company. The Committee was reconstituted on 12.03.2008. The members of the said Committee are

Sl.No.	Name and designation	Category
1	Tr. J. Ravi, Member	Non-Executive Director
2	Tr. H. Karthik Seshadri, Member	Non-Executive Independent Director

The meetings are held regularly. Transfer of shares are processed and registered within the stipulated time, provided all the documents are valid and complete in all respects. As on 31st March, 2010, there were no share transfers pending for registration for more than 30 days.

8. General Body Meetings

Location and time of General Meetings

Type	Year	Date	Time	Venue
AGM	2008-09	07/07/2009	11.00 a.m	New Woodlands Hotel Pvt. Ltd., Chennai
AGM	2007-08	30/07/2008	11.00 a.m	New Woodlands Hotel Pvt. Ltd., Chennai
AGM	2006-07	27/07/2007	11.00 a.m	New Woodlands Hotel Pvt. Ltd., Chennai

Details of Special Resolutions passed :

At all the Annual General Meetings Special Resolution were passed for appointment of Statutory Auditors of the Company since 26% Equity Shares are held by M/s Electronics Corporation of Tamil Nadu Limited, a State Government Company.

9. Disclosure

- a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their

NINETEENTH ANNUAL REPORT 2009-2010

subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflict with the interests of the company. A statement of related party transaction is furnished under Item No B 8 of Schedule 18 relating to Notes on Accounts Schedule

- b) Details of non-compliance by the Company, penalties and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all the rules and regulations, barring one instance of not conducting the Board Meeting for the 3rd Quarter ended 31.12.2007, prescribed by the Stock Exchanges, SEBI and other Statutory Authorities relating to the Capital Markets during the last three years.

- c) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.

Being a non-mandatory requirement the company is in the process of defining and codifying a Whistle Blower Policy

- d) Details of Compliance with Mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has duly complied with all the requirements.

Non-mandatory requirements is furnished separately under the heading 'Non-Mandatory Requirements'

- e) In preparation of the financial statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India the significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.

- f) During the financial year 2009-10 the company had no pecuniary relationship with any of the non-executive directors (other than payment of sitting fees as set out above.)

10. Means of Communication

The Un-audited quarterly financial results, "Limited Review by the Auditors" and the audited full year financial results are sent to Stock Exchanges where the Company's shares are listed regularly within the specified time limit. The results are also published in The Financial Express and Malai Murasu. The Company also issues news releases on significant corporate decisions and activities. The Management's Discussion and Analysis Report is a part of the Annual Report.

11. General Shareholder Information

Date of Incorporation	:	01.08.1990
Registered Office	:	Elnet Software City, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai – 600 113
AGM Date and Time	:	21st July 2010 at 11.00 a.m.
Venue	:	New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004.

Financial Calendar 2010-2011 (Tentative and subject to change)

Financial Results for the quarter ending June 30, 2010	:	Last week of July 2010
Financial Results for the quarter ending September 30, 2010	:	Last week of Oct 2010
Financial Results for the quarter ending December 31, 2010	:	Last week of Jan 2011
Financial Results for the quarter ending March 31, 2011	:	On or before 15th May 2011
Annual General Meeting for the year ending March 31, 2011	:	During July 2011

Book Closure date : 15/07/2010 to 21/07/2010 (both days inclusive)

Dividend Payment Date : Within 30 days from the date of AGM

Listing on Stock Exchanges :

- (1) The Bombay Stock Exchange Ltd.
25th Floor, P.J Towers,
Dalal Street, Mumbai–400 023.
- (2) Madras Stock Exchange Ltd.,
Exchange Building,
11, Second Line Beach, Chennai – 600 001.

Demat ISIN Number in NSDL & CDSL : INE033C01019

Scrip Code – BSE : 517477 - ELNET TECHNO

Address of Registered Office : Elnet Technologies Ltd., Elnet Software City,
TS 140, Block 2&9, Rajiv Gandhi Salai,
Chennai – 600 113.

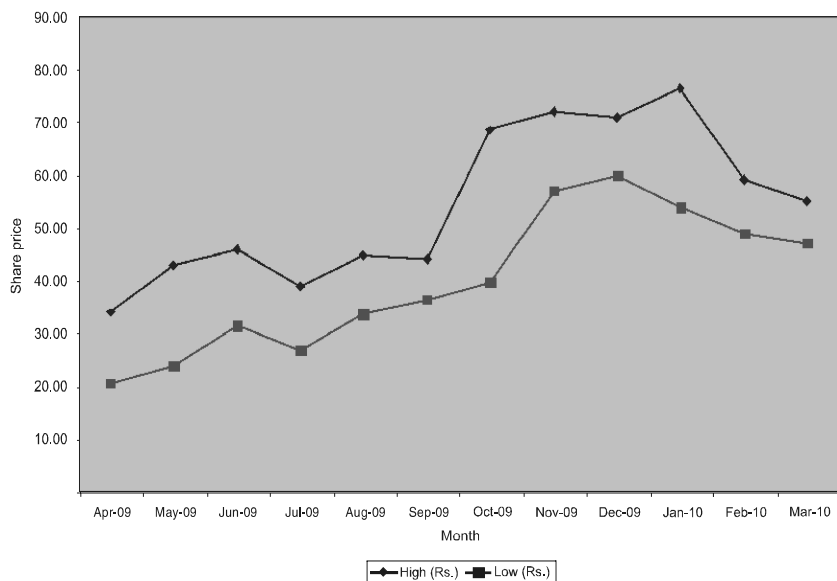
Note: Annual Listing Fees for the year 2010-11 was duly paid within the time limit to the above Stock Exchanges pursuant to Clause 38 of Listing Agreement

NINETEENTH ANNUAL REPORT 2009-2010

Stock Market Data

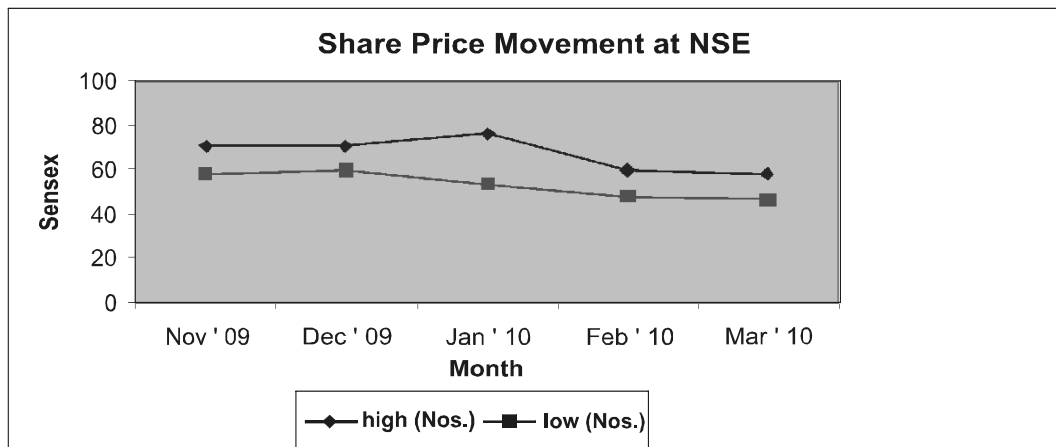
The Stock Exchange, Mumbai				
Month	High (Rs.)	Low (Rs.)	Highest Volume (Nos.)	Lowest Volume (Nos.)
Apr-09	34.00	20.70	24553	150
May-09	42.95	24.00	18789	475
Jun-09	45.95	31.65	13979	100
Jul-09	38.90	26.90	4812	142
Aug-09	44.70	33.75	12801	505
Sep-09	43.95	36.50	7156	926
Oct-09	68.45	39.80	255617	2674
Nov-09	72.00	57.05	105783	2909
Dec-09	70.90	60.00	107051	1463
Jan-10	76.40	54.00	189788	4593
Feb-10	59.05	49.00	31615	839
Mar-10	55.00	47.10	27254	527

Share price movement at BSE



National Stock Exchange

Month	High (Rs.)	Low (Rs.)	Highest Volume (Nos.)	Lowest Volume (Nos.)
Nov-09	71.20	58.40	78828	3607
Dec-09	70.85	60.05	62528	826
Jan-10	76.50	53.55	185359	2102
Feb-10	60.00	48.10	30393	231
Mar-10	58.45	47.00	24722	150

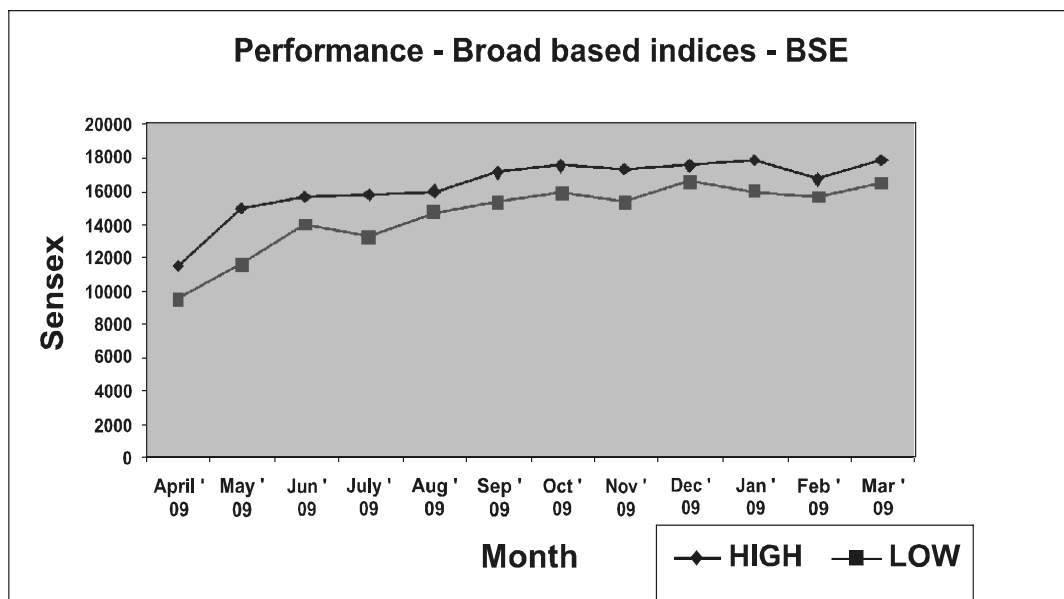


Performance – Broad-based indices – BSE : The Stock Exchange, Mumbai

Stock Market Data

Month	High	Low
April 2009	11,492.10	9,546.29
May 2009	14,930.54	11,621.30
June 2009	15,600.30	14,016.95
July 2009	15,732.81	13,219.99
August 2009	16,002.46	14,684.45
September 2009	17,142.52	15,356.72
October 2009	17,493.17	15,805.20
November 2009	17,290.48	15,330.56
December 2009	17,530.94	16,577.78
January 2010	17,790.33	15,982.08
February 2010	16,669.25	15,651.99
March 2010	17,793.01	16,438.45

NINETEENTH ANNUAL REPORT 2009-2010



Registrar and Transfer Agents

(Share transfer and communication regarding share certificates and change of address)

M/s Cameo Corporate Services Limited,
Subramanian Building, No.1, Club House Road,
Chennai – 600 002, Tamil Nadu.

Phone : 044 - 2846 0390 Fax : 044 - 2846 0129

Share Transfer System

Securities lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialisation of securities are processed and confirmation is given to the depositories within 15 days. The transfers of physical shares are approved by the Share Transfer Committee. Company Secretary is empowered to approve the transfer of shares.

Pursuant to Clause 47 of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis are issued by the Company Secretary in Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) regulations 1996 certificate have also been received from a Company Secretary in Practice for timely dematerialisation of the shares of the Company and for conducting a secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company. M/s. Cameo Corporate Services Limited, a SEBI approved Registrars and Share Transfer Agents has been appointed to effect the transfer of shares and other related jobs.

Dematerialisation of Shares

An extent of 2231129 shares representing 55.78% of the issued share capital have been dematerialised as at 31st March, 2010.

Distribution of Shareholding as on 31st March, 2010

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 100	4435	65.01	363585	9.09
101 – 500	1854	27.18	506706	12.67
501 – 1000	280	4.10	229091	5.72
1001 – 2000	144	2.11	218506	5.46
2001 – 3000	30	0.44	75813	1.90
3001 – 4000	23	0.34	80406	2.01
4001 – 5000	15	0.22	69706	1.74
5001 – 10000	25	0.37	184390	4.61
10001 & above	16	0.23	2271804	56.80
Total	6822	100.00	4000007	100.00

Shareholding Pattern as at 31st March 2010

Category	No. of Shareholders	No. of SharesHeld	% of shareholding
Promoter - Individual	1	314927	7.87
Promoters - Bodies Corporate	5	1744378	43.61
Other Bodies Corporate	184	252995	6.32
Indian Public	6572	1646951	41.17
NRIs	28	31787	0.79
Others - clearing members	32	8969	0.22
TOTAL	6822	4000007	100.00

Outstanding GDRs/ADRs/Warrants or any convertible instrument, conversion date and likely impact on Equity : N.A.

NINETEENTH ANNUAL REPORT 2009-2010

Contact Address for Shareholders' communication regarding Transfer of Shares, Payment of Dividend on shares and any other query relating to the shares of the Company

M/s Cameo Corporate Services Limited,
Unit : Elnet Technologies Limited,
Subramanyam Building, No.1, Club House Road,
Chennai – 600 002, Tamil Nadu.
Phone : 044 - 2846 0390 Fax : 044 - 2846 0129

Address for Correspondence

Secretarial Department,
M/s Elnet Technologies Limited,
Elnet Software City, TS 140, Block 2&9, Rajiv Gandhi Salai,
Taramanai, Chennai – 600 113, Tamil Nadu.
Phone : 044 - 22541337 Ext. : 218 Fax : 044 - 22541955

NON-MANDATORY REQUIREMENTS

The Board

The Company at present has a Non-executive Chairman and he is not claiming any reimbursement of expenses incurred in performance of his duties.

Remuneration Committee

Please refer Item No. 4 under Corporate Governance Report.

Shareholders Rights

As the Company's financial results are published in an English newspaper having wide circulation all over India and in a Tamil newspaper widely circulated in Chennai, the same are not sent to the shareholders of the company individually. The Company's quarterly / half yearly / annual audited results are also posted on to the Company's website and also onto the SEBI's website under EDIFAR.

Audit Qualification

There are no qualifications in the Auditor's report

Training of Board Members

The necessary training will be provided to the Board members as and when required.

Mechanism for evaluating Non-Executive Board Members

The Board does not have a mechanism for evaluating the performance of its Non-Executive Directors

Whistle Blower Policy

The Company does not have Whistle Blower Policy.

CERTIFICATE

TO THE MEMBERS OF ELNET TECHNOLOGIES LTD.,

We have examined the compliance of conditions of Corporate Governance by M/s. Elnet Technologies Ltd., for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with Stock Exchange(s).

The compliance of Corporate Governance is the responsibility of the management. Our responsibility was limited to procedures and implementation thereof, adopted by the Company of ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

The Registrar and the Share Transfer Agent of the Company for equity shares have certified that there were no investor grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

for **S.H. BHANDARI & Co.,**
Chartered Accountants

K.Sekhar
(Partner)

M.No: 200/21660

Place : Chennai
Date : 14.05.2010

NINETEENTH ANNUAL REPORT 2009-2010

CERTIFICATE BY CEO / CFO

WE, UNNAMALAI THIAGARAJAN, MANAGING DIRECTOR & R.S.GOWDHAMAN, DGM (F&A) & COMPANY SECRETARY OF ELNET TECHNOLOGIES LTD, TO THE BEST OF OUR KNOWLEDGE AND BELIEF, CERTIFY THAT:

1. We have reviewed the Balance Sheet and Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement, in respect of the year 2009-10.
2. These Statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading.
3. These statements together present true and fair view of the Company and are in compliance with the existing Accounting Standards and / or applicable laws / regulations.
4. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have also disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls for financial reporting, if any, and what we have done or propose to do to rectify these.
5. As there were no instances of fraud, that involves management or employees having a significant role in the Company's internal control systems for financial reporting, no disclosure were required to be made.
6. We have indicated to the Auditors, the Audit Committee and in the notes on accounts, whether or not there were significant changes in internal control for financial reporting and / or of accounting policies during the year.

Place:Chennai

UNNAMALAI THIAGARAJAN

R.S. GOWDHAMAN

Date :14.05.2010

MANAGING DIRECTOR

DGM (F&A) & COMPANY SECRETARY

AUDITORS REPORT

TO THE MEMBERS OF M/S. ELNET TECHNOLOGIES LTD.,

We have audited the attached Balance Sheet of M/s. ELNET TECHNOLOGIES LTD., as at 31st March 2010, Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to information and explanation given to us, we enclose in the Annexure a statement on the matters specified in Paragraph 4&5 of the said Order.
3. Further to our comments in the annexure referred to in paragraph 2 and 3 above we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - e] As per the information and explanations given to us, the Central Government has till date, not prescribed any cess payable u/s. 441A of the Companies Act, 1956.
 - f] On the basis of written declaration received from the directors of the Company as at 31.03.2010 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2010 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

NINETEENTH ANNUAL REPORT 2009-2010

- g) In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with schedules and notes thereon, give the information required by the Companies Act 1956, in the manner so required and gives a true and fair view.
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010.
- ii] in the case of the Profit and Loss Account, of the profit for the year ended 31st March 2010.
- iii] in the case of the Cash Flow Statement, of the Cash Flows for the year ended 31st March 2010.

for S.H. BHANDARI & Co.,
Chartered Accountants

K.Sekhar

[PARTNER]

M.No:200/21660

FIRM REG. NO. 000438S

PLACE : CHENNAI
DATE : 14.05.2010

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 2 of our attached report of even date)

1] Fixed Assets :

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) These assets have been physically verified by the management at the end of the financial year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) Fixed Assets disposed off during the year were not substantial and therefore could not affect the going concern status of the company.

2] Inventories :

The Company does not hold any inventories. Consequently physical verification and maintenance of records for inventory by the management does not arise

3] Loans :

- a) According to the information and explanation given to us, the company has an unsecured loan of Rs. 60,09,141/- from a company listed in the register maintained u/s. 301 of the Companies Act, 1956 and an unsecured loan of Rs.3,66,24,742/- from a party listed in the register maintained u/s. 301 of the Companies Act, 1956. In pursuance of a joint venture agreement as Promoter's contribution for the company's

project. The rate of interest and other terms and conditions are not prima-facie prejudicial to the interest of the company.

- b) The company has not granted any loan to parties covered in the register maintained u/s. 301 of the Act.

4] Internal Control :

- a) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of Fixed Assets and for the sale of goods and services.
- b) In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.

5] Contracts and Arrangements :

- a] In respect of transaction entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 ; and based on the audit procedures applied by us and according to the information and explanations given to us, transactions that need to be entered in the register, have been so entered.
- b] According to the information and explanations given to us, where each such transactions is in excess of Rs. 5 lakhs in respect of any party, the transactions made in pursuance of such contracts or arrangements have been made at prices which are, prima-facie, reasonable having regard to the prevailing market prices at the relevant time.

6] Public Deposits :

As informed to us, the Company has not accepted any deposits from public within the meaning section 58A during the year under Report and hence the directives issued by Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Act and rules framed there under, are not applicable.

7] Internal Audit System :

In our opinion, and according to the information and explanation given to us, the company has proper internal audit system commensurate with its size.

8] Cost Records :

According to the information and explanation given to us the maintenance of cost records has not been prescribed by the Central Government u/s 209(1) (d) of the Companies Act 1956.

NINETEENTH ANNUAL REPORT 2009-2010

9] Statutory Dues :

- a) According to the records of the Company, the Company is regular in depositing statutory dues including income tax, wealth tax, and any other statutory dues applicable to it, with the appropriate authorities during the year.
- b) According to the records of the company and the information and explanations given to us there are no dues of wealth tax and sales tax / Vat which have not been paid on account of dispute except for the dues in respect of income tax for the assessment years 1995-1996, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2003-2004, 2004-2005 and 2007 - 2008 aggregating to Rs.264.23 Lakhs [excluding interest thereon] where all the appeals are pending before Madras High Court except for the assesment year 2007-2008 which is pending before the Commissioner of Income Tax (Appeals).
- c) The company has received a Show Cause Notice (dated 27.03.2009) on 01.04.2009 from Commissioner of Service Tax, Service Tax Commissionerate as to why the Service Tax (including cess), interest should not be demanded and penalty should not be imposed. This contingency if materialized will amount to an outflow of Rs.1,21,40,756/-.

10] Accumulated Losses :

The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

11] Liability to Banks and Financial Institutions :

Based on our audit procedures and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12] Loans on Pledging of shares etc :

As per records maintained by the Company, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13] Applicability of Provisions of Special Statute of Chit Funds :

In our opinion, the company is not a Chit Fund, Nidhi or Mutual Benefit Society. Hence the requirements of clause (xiii) of paragraph 4 of the Order are not applicable to the company.

14] Dealing in Shares & Securities :

In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of Paragraph 4 of the Order are not applicable to the Company.

15] Guarantee :

According to the information and explanations given to us, the company not given guarantee for loan taken by another Company from banks.

16] Long Term Loan :

To the best of our knowledge and belief and according to the information and explanations given to us loans availed by the company were applied for the purpose for which the loans were obtained.

17] Funds Utilization :

According to the records examined by us and according to the information and explanations given to us, on an overall basis, funds raised on short term basis have prima-facie, not been used during the year for long term Investment.

18] Preferential Allotment of shares :

The Company has not made any preferential allotment of shares to the parties and companies covered under Section 301 of the Act.

19] Debentures :

The Company has not issued debenture during the year under report. Therefore, clause (xix) of paragraph 4 of the Order is not applicable to the Company.

20] Public Issue :

The Company has not raised any money by public issue during the year under report.

21] Frauds :

According to the information and explanations given to us, no fraud by the company and no significant fraud on the company has been noticed or reported by the management during the year that ultimately causes the financial statements to be materially misstated.

for S.H. BHANDARI & Co.,
Chartered Accountants

PLACE : CHENNAI
DATE : 14.05.2010

K.Sekhar
[PARTNER]
M.No: 200/21660
FIRM REG. NO. 000438S

NINETEENTH ANNUAL REPORT 2009-2010

BALANCE SHEET AS AT 31/03/2010

	Schedule No.	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	40,000,070	40,000,070
Reserves & Surplus	2	222,399,364	190,473,767
		262,399,434	230,473,837
LOAN FUNDS			
Secured Loans	3	95,528,756	128,430,026
Unsecured Loans	4	42,633,883	42,633,883
		138,162,639	171,063,909
COMPENSATION DEPOSITS			
		84,321,450	96,105,350
DEFERRED TAX	5	31,845,023	34,002,742
	Total	516,728,546	531,645,838
APPLICATION OF FUNDS			
FIXED ASSETS			
	6		
Gross Block		533,351,661	524,830,767
Less Depreciation		129,696,701	101,049,413
Net Block		403,654,960	423,781,354
INVESTMENTS			
	7	31,253,000	31,253,000
CURRENT ASSETS, LOANS & ADVANCES			
Cash and bank balances	8	47,992,024	39,117,595
Sundry Debtors	9	13,153,201	15,537,370
Loans and advances	10	116,942,324	121,648,583
		178,087,549	176,303,548
CURRENT LIABILITIES & PROVISIONS			
Liabilities	11	7,897,815	8,464,512
Provisions	12	88,369,148	91,227,552
		96,266,963	99,692,064
NET CURRENT ASSETS			
		81,820,586	76,611,484
	Total	516,728,546	531,645,838

For and on behalf of the Board of Directors

As per our report attached

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

For S.H.Bhandari & Co
Chartered Accountants

Place : Chennai
Date : 14.05.2010

K. Padmanaban
Director

R.S.Gowdhaman
DGM (F & A) & Company Secretary

K. Sekhar
Partner

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31/03/2010

	Schedule No.	For the year ended 31/03/10	For the year ended 31/03/09
INCOME	13	Rs.	Rs.
Income from operations	A	164,424,237	190,169,463
Non Operating Income	B	3,766,786	3,617,144
		168,191,023	193,786,607
EXPENDITURE			
Employee's Cost and Benefit	14	9,545,664	9,072,231
Administrative & Other Expenses	15	7,304,998	22,550,120
Repairs & Maintenance Expenses	16	35,316,996	35,381,475
Electricity Charges		16,890,916	20,723,344
		69,058,574	87,727,171
Operating Profit		99,132,449	106,059,436
Finance Charges	17	12,442,219	16,664,164
Depreciation	6	29,325,111	28,394,806
		41,767,330	45,058,970
Profit before taxation & extra ordinary items		57,365,119	61,000,466
Provision for Deferred Tax		(2,157,719)	(855,202)
Provision for Current Tax		22,000,000	22,200,000
Provision for Fringe Benefit Tax		-	170,728
Profit after taxation		37,522,838	39,484,940
Profit brought forward from Previous year		51,898,767	38,029,597
Amount available for appropriation		89,421,605	77,514,537
Appropriations			
Proposed Dividend		4,800,008	4,800,009
Tax on Proposed Dividend		797,233	815,761
Amount transferred to General Reserve		20,000,000	20,000,000
Balance carried to Balance Sheet		63,824,364	51,898,767
		89,421,605	77,514,537
Basic Earnings per share of Rs.10/- each		9.38	9.87
Diluted Earnings per share of Rs.10/- each		9.38	9.87

Significant Accounting Policies and

Notes to Accounts

18

For and on behalf of the Board of Directors

As per our report attached

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

For S.H.Bhandari & Co
Chartered Accountants

Place : Chennai
Date : 14.05.2010

K. Padmanaban
Director

R.S.Gowdhaman
DGM (F & A) & Company Secretary

K. Sekhar
Partner

NINETEENTH ANNUAL REPORT 2009-2010

SCHEDULES TO THE BALANCE SHEET

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
1 SHARE CAPITAL		
Authorised		
50,00,000 Equity shares of Rs.10/- each	50,000,000	50,000,000
Issued, Subscribed & Paid up		
40,00,007 Equity shares of Rs.10/- each fully paid up	40,000,070	40,000,070
	40,000,070	40,000,070
2 RESERVES & SURPLUS - SUBSIDY FROM SIPCOT		
As per Last Balance Sheet	2,575,000	2,575,000
	2,575,000	2,575,000
GENERAL RESERVE		
As per Last Balance Sheet	136,000,000	116,000,000
Add : Transfer from Profit and Loss A/c.	20,000,000	20,000,000
	156,000,000	136,000,000
PROFIT AND LOSS ACCOUNT		
Surplus from Profit & Loss A/c.	63,824,364	51,898,767
	63,824,364	51,898,767
	222,399,364	190,473,767
3 SECURED LOANS		
(See Note No. B-1 for details of security)		
Mortgage Loan from State Bank of India -I	13,143,588	17,621,476
Mortgage Loan from State Bank of India -II	82,385,168	110,808,550
	95,528,756	128,430,026
4 UNSECURED LOANS		
From Promoters	42,633,883	42,633,883
	42,633,883	42,633,883
5 DEFERRED TAX		
Deferred Tax Liability	34,723,347	34,723,347
Less : Deferred Tax Asset	2,878,324	720,605
	31,845,023	34,002,742

SCHEDULE 6 - FIXED ASSETS

(Rs.)

Description	GROSS BLOCK				DEPRECIATION /AMORTISATION				NET BLOCK	
	Balance as at 31.03.2009	Additions during the period	Deletions during the period	Balance as at 31.03.2010	As at 31.03.2009	For the Year	Deletion	As at 31.03.2010	Balance as at 31.03.2010	Balance as at 31.03.2009
LAND										
Free Hold	675,000	-	-	675,000	-	-		-	675,000	675,000
Lease Hold	115,041,537	-	-	115,041,537	2,558,000	471,600		2,829,600	112,211,937	112,683,537
BUILDINGS										
Buildings	216,888,930	1,618,178		218,507,108	30,900,535	3,552,057		34,452,592	184,054,515	185,988,395
Plant & Machinery	12,337,024	-		12,337,024	6,041,624	866,840		6,908,464	5,428,560	6,295,400
Wind Mill	27,625,000			27,625,000	12,857,825	2,856,425		15,714,250	11,910,750	14,767,175
Electrical Fittings	53,588,481	1,119,380		54,707,861	17,486,475	2,581,609		20,068,084	34,639,778	36,102,007
Furniture & Fixtures	28,757,777	7,124,525	2,352,000	33,530,302	8,049,982	8,033,583	677,823	15,405,742	18,124,559	20,707,795
OFFICE EQUIPMENTS										
Computers	941,366	-	-	941,366	661,510	137,381		798,891	142,475	279,856
Air Conditioner	15,821,218	549,581		16,370,799	6,551,505	1,635,283		8,186,788	8,184,011	9,269,713
UPS	14,741,806			14,741,806	8,257,216	3,183,533		11,440,749	3,301,057	6,484,590
Others	14,933,807	461,230	-	15,425,037	4,665,246	3,799,289		8,464,535	6,960,502	10,298,561
Xerox	372,120			372,120	77,372	17,676		95,048	277,072	294,748
MULTI LEVEL CAR PARK										
	20,348,801			20,348,801	1,514,019	1,509,882		3,023,901	17,324,900	18,834,782
VEHICLE										
	2,568,770			2,568,770	1,607,426	640,170		2,247,596	321,174	961,344
Intangible Assets (Computer Software)	159,130		-	159,130	20,677	39,783		60,460	98,670	138,453
Capital Work in Progress										
	-		-	-	-	-		-	-	-
Total	524,830,767	10,872,894	2,352,000	533,351,661	101,049,413	29,325,111	677,823	129,696,701	403,654,960	423,781,354
Total for Previous Year	502,585,180	32,783,114	10,537,527	524,830,767	76,799,306	28,394,806	4,144,700	101,049,413	423,781,354	425,785,874

1. Depreciation for the year includes amortisation of Land registration charges of Rs 4,71,600

NINETEENTH ANNUAL REPORT 2009-2010

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
7 a) INVESTMENTS - UNQUOTED TRADE (AT COST)- LONG TERM		
30,25,300 Equity shares of Rs 10/- each in ETL Infrastructure Services Ltd. Fully paid up. (Previous Year- 3025300 shares of Rs 10/- each fully paid up)	30,253,000	30,253,000
b) In Subsidiary Company - 1,00,000 Equity Shares of Rs.10/- each in Elnet Software City Ltd fully paid up	1,000,000	1,000,000
	31,253,000	31,253,000
8 CASH AND BANK BALANCES		
Cash on hand	6,054	57,493
Balances with Scheduled Banks in Current Accounts	2,985,955	9,060,087
in Deposit Accounts	45,000,015	30,000,015
	47,992,024	39,117,595
9 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months	-	-
Other Debts Secured	13,153,201	15,537,370
	13,153,201	15,537,370
10 LOANS AND ADVANCES (Unsecured and considered good)		
Tax deducted at Source & Advance Tax	107,056,694	110,433,469
Advance FBT Paid	491,935	631,810
Staff Advance	81,813	114,752
Other Advances	1,066,744	1,740,692
Prepaid Expenses	1,541,147	1,336,619
Interest Receivable	908,768	1,093,452
Rent , Maintenance & Security Deposits	4,248,793	4,813,855
Dividend Account with Bank (Unpaid)	1,903,012	1,840,517
	117,298,906	122,005,16
Less : Provision for doubtful advances & deposits	356,582	356,582
	116,942,324	121,648,583

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
11 CURRENT LIABILITIES		
Sundry Creditors for capital works	-	-
for expenses	2,788,929	3,075,040
Other Liabilities	3,205,874	3,548,955
Unpaid Dividend	1,903,012	1,840,517
	7,897,815	8,464,512
12 PROVISIONS		
Provision for taxation	82,300,000	85,000,000
Provision for Fringe Benefit Tax	471,907	611,782
Proposed Dividend	4,800,008	4,800,009
Provision for tax on proposed Dividend	797,233	815,761
Total	88,369,148	91,227,552

NINETEENTH ANNUAL REPORT 2009-2010

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31/03/2010

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
13 INCOME		
A Compensation Income	119,936,260	126,402,139
(Tax deducted at source - Rs.1,90,67,967/- Prev Yr Rs. 2,86,23,079)		
Other Income from operations	44,487,977	48,496,760
Service Tax Collected	-	15,270,564
Total	164,424,237	190,169,463
B Non Operating Income		
Interest Income	2,393,921	2,431,390
(Tax deducted at source - Rs.2,78,578/- Previous Yr - Rs. 2,88,180/-)		
Profit on sale of Fixed Assets	-	-
Other Income	1,372,865	1,185,754
Total	3,766,786	3,617,144
Total (A + B)	168,191,023	193,786,607
14 Employee's Cost and Benefit		
Salary & bonus to staff	6,965,696	6,500,869
Contribution to PF, Gratuity & Other Funds	966,725	991,682
Staff Welfare Expenses	213,243	179,681
Managing Director's Remuneration	1,400,000	1,400,000
	9,545,664	9,072,231
15 Administrative & Other Expenses		
Printing & Stationery	344,285	339,947
Travelling & Conveyance	140,908	141,363
Communication Expenses	486,296	535,439
Business Promotion Expenses	1,431,247	334,623
Sitting Fees	560,000	581,000
Audit Fees	314,355	220,600
Rent	1	1
Rates & Taxes	2,246,651	2,291,487
Service Tax Paid	13,327	14,238,606
Insurance	689,777	848,088
Legal & Professional Charges	313,501	607,333
Loss on sale of Fixed Assets	174,177	2,007,525
Donations	-	70,000
Other General / Misc Expenses	590,473	334,108
Total	7,304,998	22,550,120

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
16 Repairs & Maintenance Expenses		
Diesel account	10,905,780	10,085,432
Water Expenses	1,118,350	992,027
Security Charges	3,313,394	3,260,112
R & M -Air Conditioner	875,088	1,277,961
R & M - Building	10,937,867	10,957,111
R & M - Electrical	3,324,529	3,407,599
R & M - U P S	1,412,245	1,155,376
R & M -MLCP	1,746,022	1,677,510
R & M - Others	1,683,721	2,568,347
Total	35,316,996	35,381,475
17 Finance Charges		
Interest charges - term Loan	12,361,254	16,534,592
Interst - Others	34,804	32,897
Interest - HP	-	28,942
Bank Charges	46,161	67,733
Total	12,442,219	16,664,164

NINETEENTH ANNUAL REPORT 2009-2010

SCHEDULE 18 : NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

A. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Concepts

Financial statements are prepared under the historical cost convention following the mercantile system of accounting and complying with the provisions of the Companies Act, 1956, and the Accounting Standards issued by the Institute of Chartered Accountants of India as applicable to the Company.

2. Revenue Recognition

Compensation Income and Electricity Income are accounted on accrual basis as and when they are due on monthly basis.

Interest Income is also accounted on accrual basis.

Income from Windmill is taken on a monthly basis upon credit given by Tamil Nadu Electricity Board for the units generated and supplied.

3. Fixed Assets and Intangibles:

Fixed Assets are stated at historical cost less accumulated depreciation. Historical Cost includes expenditure of capital nature and valued at cost of acquisition inclusive of freight, duties, taxes, incidental charges relating to the acquisition and the cost of installation / erection as applicable. In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalized.

Advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end are shown under Capital Work-in-Progress.

Land Lease deposit has also been shown under "Lease Hold Land" and not amortized over the period of lease, as the deposit is refundable after the expiry of period of 90 years.

Land Lease registration charges has been shown under "Lease Hold Land" and amortized over a period of ten years.

The Company has classified Accounting Software as Intangible.

4. Impairment of Assets:

As asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when the asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

5. Depreciation

Depreciation has been provided on straight-line method on a pro-rata basis as per the rates as indicated in Schedule XIV of the Companies Act, 1956. In respect of diesel generators, UPS, Air-conditioners and Windmill, depreciation on triple shift basis has been provided considering the nature of business of the Company.

Depreciation on fixed assets is applied on the straight line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for less than Rs.5,000) are depreciated within a year of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date of the asset is available to the Company for its use.

6. Investments

Investments are held as long term and are stated at Cost.

7. Borrowing Costs

Borrowing costs, that are attributable to the construction of a qualifying asset, forming part of the expansion project or otherwise are capitalized as part of such assets till such time where the assets are ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

8. Employee benefits

i) Post –Employment benefit Plans

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Profit and Loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined obligation as adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

ii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service.

NINETEENTH ANNUAL REPORT 2009-2010

9. Taxation

Current Tax is provided on the Taxable Income for the year as per provisions of the Income Tax Act, 1961. Deferred tax Liabilities / Deferred tax asset on the timing difference have been fully provided for.

B. BALANCE SHEET

1. Secured Loans

a. Mortgage Loan

Primary Security

Assignment of rent receivables from all the present and future lessees of building situated at TS 140, Block 2 & 9 , Rajiv Gandhi Salai, Taramani , Chennai 600 113.

Collateral Security

Registered mortgage of commercial property belonging to the company situated at TS 140, Block 2 & 9, Rajiv Gandhi Salai, Taramani, Chennai -600 113 admeasuring land area of 3.16 acres with super built up area of 2.50 lacs sq.ft of ground floor + 7 floors.

First charge on other fixed assets of the company (including Windmill property).

2. Deferred Tax Liability / Asset

As per the Accounting Standard “AS 22” issued by the Institute of Chartered Accountants of India (ICAI), the Company is required to make a provision for “deferred tax liability / Asset “ . During the year an amount of Rs.21,57,719/- has been recognised for deferred tax asset.

The balance deferred tax liability (net)outstanding as on 31.03.10 is Rs.3,18,45,023/- the details of which are as follows:

Rupees in lakhs

	As at 31.3.2009	Tax effect for the year	As at 1.3.2010
Deferred Tax (Liability)			
Fixed Assets	347.23	(20.14)	327.09
Sub Total	347.23	(20.14)	327.09
Deferred Tax Asset			
Amortization of Land registration Charges	7.21	1.43	8.64
Sub Total	7.21	1.43	8.64
Deferred Tax Asset / (Liability)	340.02	21.57	318.45

3. Disclosure of leases under AS 19, Accounting for leases.

During the year 1995-96, the Company has completed the construction of its IT Park at Taramani, Chennai and leased out the entire completed portion of the premises. The disclosure required for operating leases under AS 19 is given below:

	As at 31-03-2010	As at 31-03-2009
Cost of Buildings leased	21,85,07,108	21,68,88,930
Depreciation providing during year on Buildings leased	35,52,057	34,68,615
Accumulated depreciation on buildings leased	3,44,52,592	3,09,00,535
Impairment loss recognised in Profit & Loss account	Nil	Nil
Impairment loss reversed in Profit & Loss account	Nil	Nil

Future minimum lease payments

	31.3.2010	31.3.2009
Not later than one year	11,13,04,789	11,99,36,260
Later than one year and not later than five years	22,19,63,557	32,74,12,231
Later than five years	1,17,53,910	1,76,10,024

4. INVESTMENTS

30,25,300 Equity shares of Rs 10/- each in ETL Infrastructure Services Ltd. Fully paid up.	Rs. 3,02,53,000/-
In Subsidiary Company - 1,00,000 Equity Shares of Rs.10/- each in Elnet Software City Ltd fully paid up-	Rs. 10,00,000/-

5. CURRENT LIABILITIES

- (A) The company continues to hold the amount of Rs.1,46,503/- on account of Interest payable on FD made out of disputed dividend for the years 2000-01 and 2001-02 .
- (B) There are no amounts due to the Central Government on account of Investor Education and Protection Fund as on 31.3.2010. (The balance amount lying under the Unpaid Dividend Account 2002-03 declared on 30.9.2003 for the year 2002-2003 falls due on 29.09.2010.
- (C) In the earlier years the Service Tax collected from the occupants have been grouped under Income and the service tax payments have been grouped under the Administrative Expenses in Profit and Loss Account. During the year both the service tax collected and paid have been grouped under Current liabilities after availing the input credit for the year and there is no impact on the Profit and Loss account.

NINETEENTH ANNUAL REPORT 2009-2010

6. PROFIT & LOSS ACCOUNT

(A) Other income from operations includes an amount of Rs.50,30,154/- (previous year Rs.47,08,464/-) from sale of electricity generated from windmill.

(B) Retirement benefits to employees

(i) Defined Contribution Plan

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Employee's Provident Fund scheme administered by Government of India equal to a specified percentage of the covered employee's salary.

The Company recognized Rs.4,80,696/- for provident fund contribution in the profit and loss account. Further an additional contribution of Rs.1,03,838/- has been made to the Trust to meet the shortfall in managing the trust, being the "excess of expenditure over income".

(ii) Defined benefit plan

1) Gratuity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Elnet Technologies Ltd Employees' Gratuity Fund Trust (the "Trust"). Trustees administer contributions by means of a group gratuity policy with Life Insurance Corporation of India.

The following table set out the status of the gratuity plan as required under AS 15

a) Change in benefit obligations:

Rupees in lakhs

Particulars	Gratuity Plan 31.3.2010	Gratuity Plan 31.3.2009
Projected benefit obligation at beginning of the year	9.95	10.56
Service Cost	0.57	0.47
Interest cost	0.79	0.79
Actuarial (gain)/loss	5.22	(0.58)
Benefits paid	—	(1.29)
Projected benefit obligation, end of the year	16.53	9.95

b) Change in plan assets:

Rupees in lakhs

Particulars	Gratuity Plan 31.3.2010	Gratuity Plan 31.3.2009
Plan assets at beginning of the year at fair value	13.88	9.29
Expected return on plan assets	1.31	0.88
Actuarial (gain)/loss	—	(0.17)
Employer's Contributions	0.98	4.83
Benefits paid	—	(1.29)
Plans assets at end of the year at fair value	16.17	13.88

c) Reconciliation of present value of the obligation and the fair value of the plan assets

Rupees in lakhs

	31.3.2010	31.3.2009
Fair value of plan assets at the end of the year	16.17	13.88
Present value of the defined benefit obligations at the end of the period	16.53	9.94
(Liability) / Asset	0.36	3.94

d) Gratuity cost for the year ended March 31 2010

Rupees in lakhs

Particulars	Gratuity Plan 31.3.10	Gratuity Plan 31.3.09
Service cost	0.57	0.47
Interest cost	0.79	0.79
Expected return on plan assets	(1.31)	(0.88)
Actuarial (gain)/ loss	5.22	(0.75)
Net cost	5.28	(0.37)
Actual return on plan assets	9.44%	11.32%

NINETEENTH ANNUAL REPORT 2009-2010

e) Investment details of plan assets: Deposited with Life Insurance Corporation of India (Group gratuity policy).

f) Assumptions

Particulars	Gratuity Plan	Gratuity Plan
Discount rate	8%	8%
Salary escalation rate	8%	8%
Estimated rate of return on plan assets	8%	8%

(2) Leave encashment

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 180 days. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuations.

7. Payments to Auditors

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
1. Statutory Audit	175000	1,30,000
2. Tax Audit Fees	50000	35,000
3. Certification	60000	35,000
4. Service Tax	29355	20,600

8. GENERAL

Related Party Disclosures

I. Name of the related party	Electronics Corporation of Tamil Nadu Ltd (ELCOT)
Description of the relationship between the parties	Joint venture partner holding 26% Equity capital of the company
Description of the nature of transaction by the Company.	1. Lease of land presently occupied 2. Land Lease Rentals
Volume of transactions	Re.1/- towards lease rent
Any other element of the transaction necessary for understanding the transaction	Nil
Amount outstanding at the balance sheet date as lease deposit	Rs. 11,03,25,537
Amount written back during the year	Nil

II Name of the related party	ETL Infrastructure Service Ltd
Description of the relationship between the parties	A company in which the Managing Director is also the Managing Director
Description of the nature of transaction	a) Investment in equity shares b) Compensation & Electricity charges for space occupied by them in Elnet Software City
Volume of transactions	a) Rs.3,02,53,000/-b) Rs.1,66,042/-
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL

III Name of the related party	Elnet Software City Limited
Description of the relationship between the parties	Subsidiary Company
Description of the nature of transaction	a) Investment in equity shares b) Payment for preoperative and other expenses
Volume of transactions	a) Rs.10,00,000/- b) Rs. 120/-
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL

IV Name of the related party	Stur Technologies Pvt Ltd., (Formerly New Era Technologies Pvt Ltd)
Description of the relationship between the parties	Promoter
Description of the nature of transaction	The unsecured loan from the company to the tune of Rs.60,09,141.20 continues to exist. Interest payable on FD made out of disputed dividend for the years 2000-01 and 2001-02
Volume of transactions	Rs.1,46,503
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	Rs.60,09,141.20 Rs.1,46,503
Amount written back during the year	NIL

NINETEENTH ANNUAL REPORT 2009-2010

V Name of the related party	Shri Shanmugam Thiagarajan (formerly Shri Thiagaraj S Chettiar)
Description of the relationship between the parties	Spouse of Managing Director
Description of the nature of transaction	Unsecured Loan of Rs.3,66,24,741.91
Volume of transactions	Rs.3,66,24,741.91
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	Rs.3,66,24,741.91
Amount written back during the year	NIL

KEY MANAGEMENT PERSONNEL

VI Name of the related party	Mrs. Unnamalai Thiagarajan
Description of the relationship between the parties	Managing Director of the Company
Description of the nature of transaction	Remuneration
Volume of transactions	Rs.14,00,000/-
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL

VII Earning Per Share	2009-10 (Rs.)	2008-09 (Rs.)
a.Net Profit available for Equity Shareholders	3,75,22,838	3,94,84,940
b.Number of Equity Shares	40,00,007	40,00,007
c.Basic & adjusted EPS	9.38	9.87

9. a) There were no dues to Small Scale Industrial undertakings to whom the Company owes any sum which is outstanding for more than 30 days.

b) Outstanding dues to Micro , Small and Medium Enterprises

There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than forty five days as at 31st March 2010. The identification of Micro and Small Enterprises and the information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of vendor information available with the company.

The disclosure pursuant to the said Act is as under:	Rs.
i. Principle amount and the interest thereon	—
ii. Interest paid (along with payment made to suppliers) beyond the appointed day during the year	—
iii. Interest due and payable for delay in making the payment	—
iv. Interest accrued and remaining unpaid at the end of the year	—
v. Further interest remaining due and payable in succeeding years	—
10. Segment wise reporting as per standard AS 17 is not applicable to the company	
11. Estimated amount of liability on capital contracts as on 31.03.2010 not provided for is Rs.1,17,485/-(Previous year Rs. 8,32,165/-)	
12. Contingent Liabilities in respect of:	

a) Claims against the Company not acknowledged as debts

(i) Claim by Department of Telecommunication

The Department of Telecommunication (DoT) filed a claim against the company for Rs.20,82,233/- before the Sole Arbitrator in the matter of payment towards license fees and interest thereon. The Arbitrator's award was made in June 2005 according to which a sum of Rs.5,48,288 and interest there on is payable by the company to DoT. The company has accepted the award and had decided to effect the payment after waiting for the appeal period provided DoT does not prefer an appeal against the said award. However it is learnt that DoT has preferred an appeal in Delhi High Court against the Arbitrator's award. The Company has accordingly recognized the total liability at Rs.9,71,970/-(License fee of Rs.5 lacs and interest there on Rs.4,71,970/- upto 31.03.2010) and had provided a sum of Rs.32,897/- being interest since the amount of Rs.9,39,071/- had already been provided in the previous years. The difference in claim amounting to Rs.11,10,263/- is shown under "claims against the company not acknowledged as debts".

(ii) Income Tax demand

The following is the status of the Income Tax matters which are pending for various assessment years. In all cases, the company has been admitting the income from its operations under the head "Income from Business". The Income Tax Department has however, assessed it under the head "Income from House Property" / "Income from Other Sources". In respect of the assessment years, 1995-96, 1998-99, 2000-01, 2001-02 and 2003-04 the company has disputed this in the Appellate Forums before the Commissioner of Income Tax and thereafter before the Income Tax Appellate Tribunal. The matter has been decided in favour of the Company.

NINETEENTH ANNUAL REPORT 2009-2010

However, the Income Tax Department has disputed the same before the Hon'ble High Court of Madras Juridicature for the Assessment years 1995-1996, 1997-1998, 1998-1999, 2000-01, 2001-02 and 2003-04 and in respect of Assessment year 2007-08 is pending before the Commissioner of Income Tax (Appeals). In the event of the decision not being in favour of the company, the tax initially demanded will be Rs.264.23 lacs along with penal interest till the date of passing the order which is not quantifiable at this point of time.

Considering that the orders of the higher authorities have been in favor of the company, the company has not provided any liability towards income tax demanded.

The Income Tax assessments are completed up to the AY 2007-2008 barring the AY 2006-07.

Since the assessment for the assessment years 2005-06 and 2007-08 is over u/s. 143 (3) rws147 and u/s 143(3) of the Income Tax Act, 1961, respectively, the necessary adjustments have been made to net off the advance tax paid and TDS receivable against the provision made for these years.

(iii) Contingent liability not provided for:

During the year, the company has received a show cause notice from the Service Tax department on the applicability of service tax on Electricity charges reimbursed from the occupants including generation from genset. The company based on a legal opinion, is opined that it shall not be liable for Service Tax on this issue. The company has obtained an interim order from the Madras High Court against the operation of the show cause notice issued by the Office of the Commissioner of Service Tax. This liability is contingent in nature and of materialization shall lead to outflow of Rs.1,21,40,756/-

(iv) During the year the company has received a communication from ELCOT claiming a sum of Rs.9.56 crores towards difference in the computation of Lease Rent for the period from 14.02.1991 to 14.01.1999. The Company prima-facie has strong reason that the claim is not tenable and is evaluating various options, including legal recourse.

Pending any such actions no provision has been made.

(v) Other pending items under dispute - NIL (P.Y. – NIL)

13. Previous year's figures have been regrouped wherever required to conform to current year figures. As per our report attached

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

For S.H.Bhandari & Co
Chartered Accountants

K. Padmanaban
Director

R.S.Gowdhaman
DGM (F & A) & Company Secretary

K. Sekhar
Partner

Place : Chennai
Date : 14.05.2010

M.No:200/21660

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
A. Cash flow from Operating activities:		
Net Profit before tax and extraordinary items	57,365,118	61,000,466
Adjustments for:		
Add: Depreciation	29,325,111	28,394,806
Interest & Financial Charges paid	12,442,219	16,664,164
Loss on sale of Fixed Assets	174,177	2,007,525
	99,306,625	108,066,961
Less : Interest income	2,393,921	2,431,390
Operating Profit Before Working Capital Changes	96,912,704	105,635,571
Adjustments for:		
Increase / Decrease in Trade & Other receivables	3,296,903	5,352,695
Increase in Trade Payables & other liabilities	(566,696)	1,606,691
Cash Generated from Operations	99,642,911	101,889,566
Income tax paid(Net of Refunds)	21,323,225	28,919,994
Cash flow before Extraordinary Items	78,319,686	72,969,572
Extraordinary Items	-	-
Net Cash from Operating Activities	78,319,686	72,969,572
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	10,872,894	28,457,812
Proceeds from Sale of Fixed Assets	1,500,000	60,000
Investment	-	-
Interest received	2,670,797	1,245,746
Preliminary Expenses	-	-
Net cash from Investing activities	(6,702,097)	(27,152,066)
C: Cash flow from Financing Activities		
Increase in Unsecured Loans	-	-
Repayment of Compensation Deposit	(46,411,278)	(28,622,176)
Increase in Compensation Deposits	34,627,378	51,454,150
Increase in Secured Loans	-	-
Repayment of Secured Loans	32,901,270	28,876,957

NINETEENTH ANNUAL REPORT 2009-2010

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
Interest Paid	12,442,219	16,631,267
Dividend Paid (Including dividend tax)	5,615,770	9,359,616
Net Cash from Financing Activities	(62,743,159)	(32,035,866)
Net Increase in Cash and Cash Equivalents (A+B+C)	8,874,430	13,781,641
Cash and cash equivalents at the beginning of the year	39,117,595	25,335,953
Cash and cash equivalents at the end of the year	47,992,024	39,117,595

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S.Kumar
Director

K.Padmanaban
Director

Place : Chennai

R.S.Gowdhaman

Date : 14. 05 .2010

DGM (F&A) & Company Secretary

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement for the period ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements Listing Agreement clause 32 with Bombay Stock Exchange and Madras Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report to the members of the Company

For S.H. Bhandari & Co
Chartered Accountants

Place : Chennai

K. Sekhar

Date : 14.05.2010

Partner

M.No: 200/21660

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I. Registration Details

Registration No	18-19459	State Code 18
Balance Sheet Date	31 st March, 2010	

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	- Nil	Rights Issue	- Nil
Bonus Issue	- Nil	Private Placement	- Nil

III. Position of Mobilization and Deployment of Funds (Amounts in Rs. Thousands)

	Total Liabilities	Total Assets
	516729	516729
Sources of Funds	Paid up capital	Reserves and Surplus
	40000	222399
	Secured Loans	Unsecured Loans
	95529	42634
	Compensation Deposit	Deferred Tax Assets
	84322	31845
Application of Funds	Net Fixed Assets	Investments
	403655	31253
	Net Current Assets	Misc. Expenditure
	81821	-

IV. Performance of Company (Amount in Rs. Thousands)

Turnover Total	Expenditure
164424	110826
Proposed Dividend	
4800	
Profit before Tax	Profit after Tax
57365	37523
Earnings per share	9.38
Dividend @	12% on equity share

Generic Names of Three Principal Products / Services of company (As per Monetary Terms) Product / Description : Software Technology Park

NINETEENTH ANNUAL REPORT 2009-2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

SI No.	Particulars	
1	Name of the Subsidiary Company	Elnet Software City Limited
2	Financial year of the Subsidiary Company ended on	31.3.2010
3	Holding Company's Interest	
	a) No. of Shares (Rs.10/- each) (Including Nominees)	1,00,000
	b) Extent of holding (%)	100.00%
4	Net aggregate amount of the Subsidiary's Profit / (Losses) not dealt with in the Holding Company's accounts.	
	i) for the Subsidiary's Financial Year	NIL
	ii) for its Previous Financial Year	NIL
5	Net aggregate amount of the Subsidiary's Profit / (Losses) dealt with in the Holding Company's accounts.	
	i) for the Subsidiary's Financial Year	NIL
	ii) for its Previous Financial Year	NIL

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

Place : Chennai
Date : 14.05.2010

K.Padmanaban
Director

CONSOLIDATED ACCOUNTS

AUDITOR'S REPORT

To the Members of ELNET TECHNOLOGIES LTD., on the consolidated Financial Statements of ELNET TECHNOLOGIES LTD., and its subsidiary. We have audited the attached consolidated Balance Sheet of M/s. ELNET TECHNOLOGIES LTD., and its subsidiary as at 31st March 2010, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the Year ended on that date, annexed thereto. These financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statement of the subsidiary whose financial statements reflect total assets of Rs. 10,00,000/- as at 31st March 2010. These financial statements have been audited by other auditor, whose report has been furnished to us, and our opinion, in so far as it relates to the amount included in respect of the subsidiary, is based solely on the reports of other auditor.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", issued by Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the company and its subsidiary included in the consolidated financial statements.
4. On the basis of information and explanation given to us and on the consideration of separate audit report on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

NINETEENTH ANNUAL REPORT 2009-2010

- i) In the case of the Consolidated Balance Sheet of the consolidated state of affairs on the company and its subsidiary as at 31st March 2010.
- ii) In the case of the consolidated Profit and Loss Account of the consolidated result of operation of the company and its subsidiary for the year ended 31st March 2010.
- iii) In the case of consolidated Cash Flow Statements, of the consolidated cash flows of the company and its subsidiary for the year ended 31st March 2010.

For S.H.BHANDARI & CO
Chartered Accountants

Place : Chennai
Date : 14.05.2010

K. SEKHAR
Partner
M.No: 200/21660
FIRM REG. NO. 000438S

CONSOLIDATED BALANCE SHEET AS AT 31/03/2010

	Schedule	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
	No.		
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	40,000,070	40,000,070
Reserves & Surplus	2	222,399,364	190,473,767
		262,399,434	230,473,837
LOAN FUNDS			
Secured Loans	3	95,528,756	128,430,026
Unsecured Loans	4	42,633,883	42,633,883
		138,162,639	171,063,909
COMPENSATION DEPOSITS			
		84,321,450	96,105,350
DEFERRED TAX	5	31,845,023	34,002,742
Total		516,728,546	531,645,838
APPLICATION OF FUNDS			
FIXED ASSETS			
	6		
Gross Block		533,558,587	525,020,850
Less Depreciation		129,696,701	101,049,413
Net Block		403,861,886	423,971,437
INVESTMENTS			
	7	30,253,000	30,253,000
CURRENT ASSETS, LOANS & ADVANCES			
Cash and bank balances	8	48,752,719	39,895,133
Sundry Debtors	9	13,153,201	15,537,370
Loans and advances	10	116,942,324	121,648,583
		178,848,244	177,081,086
CURRENT LIABILITIES & PROVISIONS			
Liabilities	11 A	7,906,088	8,472,785
Provisions	11 B	88,369,148	91,227,552
		96,275,236	99,700,337
NET CURRENT ASSETS			
Miscellaneous Expenditure (To the extent not written off)		82,573,008	77,380,749
Preliminary expenses	12	40,652	40,652
Total		516,728,546	531,645,838

For and on behalf of the Board of Directors

As per our report attached

Unnamalai Thiagarajan
Managing Director

P.S.Kumar
Director

For S.H.Bhandari & Co
Chartered Accountants

Place : Chennai
Date : 14.05.2010

K. Padmanaban
Director

R.S.Gowdhaman
DGM (F & A) & Company Secretary

K. Sekhar
Partner

NINETEENTH ANNUAL REPORT 2009-2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31/03/2010

	Schedule No.	For the year ended 31/03/10 Rs.	For the year ended 31/03/09 Rs.
INCOME			
Income from operations	A	164,424,237	190,169,463
Non Operating Income	B	3,766,786	3,617,144
		168,191,023	193,786,607
EXPENDITURE			
Employee's Cost and Benefit	14	9,545,664	9,072,231
Administrative & Other Expenses	15	7,304,998	22,550,120
Repairs & Maintenance Expenses	16	35,316,996	35,381,475
Electricity Charges		16,890,916	20,723,344
		69,058,574	87,727,171
Operating Profit		99,132,449	106,059,436
Finance Charges	17	12,442,219	16,664,164
Depreciation	6	29,325,111	28,394,806
		41,767,330	45,058,970
Profit before taxation & extra ordinary items		57,365,119	61,000,466
Provision for Deferred Tax		(2,157,719)	(855,202)
Provision for Current Tax		22,000,000	22,200,000
Provision for Fringe Benefit Tax		-	170,728
Profit after taxation		37,522,838	39,484,940
Profit brought forward from Previous year		51,898,767	38,029,597
Amount available for appropriation		89,421,605	77,514,537
Appropriations			
Proposed Dividend		4,800,008	4,800,009
Tax on Proposed Dividend		797,233	815,761
Amount transferred to General Reserve		20,000,000	20,000,000
Balance carried to Balance Sheet		63,824,364	51,898,767
		89,421,605	77,514,537
Basic Earnings per share of Rs.10/- each		9.38	9.87
Diluted Earnings per share of Rs.10/- each		9.38	9.87

Significant Accounting Policies and Notes to Accounts 18

For and on behalf of the Board of Directors

As per our report attached

Unnamalai Thiagarajan
Managing Director

P.S.Kumar
Director

For S.H.Bhandari & Co
Chartered Accountants

Place : Chennai **K. Padmanaban**
Date : 14.05.2010 Director

R.S.Gowdhaman
DGM (F & A) & Company Secretary

K. Sekhr
Partner

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31/03/2010

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
1 SHARE CAPITAL		
Authorised		
50,00,000 Equity shares of Rs.10/- each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed & Paid up		
40,00,007 Equity shares of Rs.10/- each fully paid up	40,000,070	40,000,070
	<u>40,000,070</u>	<u>40,000,070</u>
2 RESERVES & SURPLUS - SUBSIDY FROM SIPCOT		
As per Last Balance Sheet	2,575,000	2,575,000
	<u>2,575,000</u>	<u>2,575,000</u>
GENERAL RESERVE		
As per Last Balance Sheet	136,000,000	116,000,000
Add : Transfer from Profit and Loss A/c.	20,000,000	20,000,000
	<u>156,000,000</u>	<u>136,000,000</u>
PROFIT AND LOSS ACCOUNT		
Surplus from Profit & Loss A/c.	63,824,364	51,898,767
	<u>222,399,364</u>	<u>190,473,767</u>
3 SECURED LOANS		
(See Note No. B-1 for details of security)		
Mortgage Loan from State Bank of India -I	13,143,588	17,621,476
Mortgage Loan from State Bank of India -II	82,385,168	110,808,550
	<u>95,528,756</u>	<u>128,430,026</u>
4 UNSECURED LOANS		
From Promoters	42,633,883	42,633,883
	<u>42,633,883</u>	<u>42,633,883</u>
5 DEFERRED TAX		
Deferred Tax Liability	34,723,347	34,723,347
Less : Deferred Tax Asset	2,878,324	720,605
	<u>31,845,023</u>	<u>34,002,742</u>

NINETEENTH ANNUAL REPORT 2009-2010

(Rs.)

SCHEDULE 6 - FIXED ASSETS (Consolidated)

Description	GROSS BLOCK			DEPRECIATION /AMORTISATION				NET BLOCK		
	Balance as at 31.03.2009	Additions during the period	Deletions during the period	Balance as at 31.03.2010	As at 31.03.2009	For the Year	Deletion	As at 31.03.2010	Balance as at 31.03.2010	Balance as at 31.03.2009
LAND										
Free Hold	675,000	-	-	675,000	-	-	-	-	675,000	675,000
Lease Hold	115,041,537	-	-	115,041,537	2,358,000	471,600	-	2,829,600	112,211,937	112,683,537
BUILDINGS										
Buildings	216,888,930	1,618,178	-	218,507,108	30,900,535	3,552,057	-	34,452,592	184,054,515	185,988,995
Plant & Machinery	12,337,024	-	-	12,337,024	6,041,624	866,840	-	6,908,464	5,428,560	6,295,400
Wind Mill	27,625,000	-	-	27,625,000	12,857,825	2,856,425	-	15,714,250	11,910,750	14,767,175
Electrical Fittings	53,588,481	1,119,380	-	54,707,861	17,486,475	2,581,609	-	20,068,084	34,639,778	36,102,007
Furniture & Fixtures	28,757,777	7,124,525	2,352,000	33,530,302	8,049,982	8,033,583	677,823	15,405,742	18,124,559	20,707,795
OFFICE EQUIPMENTS										
Computers	941,366	-	-	941,366	661,510	137,381	-	798,891	142,475	279,856
Air Conditioner	15,821,218	549,581	-	16,370,799	6,551,505	1,635,283	-	8,186,788	8,184,011	9,269,713
UPS	14,741,806	-	-	14,741,806	8,257,216	3,183,533	-	11,440,749	3,301,057	6,484,590
Others	14,963,807	461,230	-	15,425,037	4,665,246	3,799,289	-	8,464,535	6,960,502	10,298,561
Xerox	372,120	-	-	372,120	77,372	17,676	-	95,048	277,072	294,748
MULTI LEVEL CAR PARK	20,348,801	-	-	20,348,801	1,514,019	1,509,882	-	3,023,901	17,324,900	18,834,782
VEHICLE										
Car	2,568,770	-	-	2,568,770	1,607,426	640,170	-	2,247,596	321,174	961,344
Intangible Assets (Computer Software)	159,130	-	-	159,130	20,677	39,783	-	60,460	98,670	138,453
Capital Work in Progress	190,083	16,843	-	206,926	-	-	-	-	206,926	190,083
Total	525,020,850	10,889,737	2,352,000	533,558,587	101,049,413	29,325,111	677,823	129,696,701	403,861,886	423,971,437
Total for Previous Year	502,762,921	32,795,458	10,537,527	525,020,850	76,799,306	28,394,806	4,144,700	101,049,413	423,971,437	425,963,615

1. Depreciation for the year includes amortisation of Land registration charges of Rs 4,71,600

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
7 INVESTMENTS - UNQUOTED		
TRADE (AT COST)- LONG TERM		
30,25,300 Equity shares of Rs 10/- each in ETL Infrastructure Services Ltd. Fully paid up. (Previous Year- 3025300 shares of Rs 10/- each fully paid up)	30,253,000	30,253,000
	30,253,000	30,253,000
8 CASH AND BANK BALANCES		
Cash on hand	6,054	57,493
Balances with Scheduled Banks in Current Accounts	3,746,650	9,837,625
in Deposit Accounts	45,000,015	30,000,015
	48,752,719	39,895,133
Dividend payable held with scheduled banks		-
	48,752,719	39,895,133
9 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months	-	-
Other Debts		
Secured	13,153,201	15,537,370
	13,153,201	15,537,370
10 LOANS AND ADVANCES		
(Unsecured and considered good)		
Tax deducted at Source & Advance Tax	107,056,694	110,433,469
Advance FBT Paid	491,935	631,810
Staff Advance	81,813	114,752
Other Advances	1,066,744	1,740,692
Prepaid Expenses	1,541,147	1,336,619
Interest Receivable	908,768	1,093,452
Rent , Maintenance & Security Deposits	4,248,793	4,813,855
Dividend Account with Bank (Unpaid)	1,903,012	1,840,517
	117,298,906	122,005,165
Less : Provision for doubtful advances & deposits	356,582	356,582
	116,942,324	121,648,583

NINETEENTH ANNUAL REPORT 2009-2010

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
11 A CURRENT LIABILITIES		
Sundry Creditors for expenses	2,796,375	3,082,461
Other Liabilities	3,206,701	3,549,807
Unpaid Dividend	1,903,012	1,840,517
	7,906,088	8,472,785
11 B PROVISIONS		
Provision for taxation	82,300,000	85,000,000
Provision for Fringe Benefit Tax	471,907	611,782
Proposed Dividend	4,800,008	4,800,009
Provision for tax on proposed Dividend	797,233	815,761
Total	88,369,148	91,227,552
12 MISCELLANEOUS EXPENDITURE (To the extent not written off)		
Preliminary Expenses	40,652	40,652
Total	40,652	40,652

**SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 31/03/2010**

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
13 INCOME		
A. Compensation Income	119,936,260	126,402,139
(Tax deducted at source - Rs.1,90,67,967/- Prev Yr Rs. 2,86,23,079)		
Other Income from operations	44,487,977	48,496,760
Service Tax Collected	-	15,270,564
Total	164,424,237	190,169,463
B. Non Operating Income		
Interest Income	2,393,921	2,431,390
(Tax deducted at source - Rs.2,78,578/- Previous Yr - Rs. 2,88,180/-)		
Other Income	1,372,865	1,185,754
Total	3,766,786	3,617,144
Total (A + B)	168,191,023	193,786,607
14 Employee's Cost and Benefit		
Salary & bonus to staff	6,965,696	6,500,869
Contribution to PF, Gratuity & Other Funds	966,725	991,682
Staff Welfare Expenses	213,243	179,681
Managing Director's Remuneration	1,400,000	1,400,000
Total	9,545,664	9,072,231

NINETEENTH ANNUAL REPORT 2009-2010

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
15 Administrative & Other Expenses		
Printing and stationery	344,285	339,947
Travelling & Conveyance	140,908	141,363
Communication Expenses	486,296	535,439
Business Promotion Expenses	1,431,247	334,623
Sitting Fees	560,000	581,000
Audit Fees	314,355	220,600
Rent	1	1
Rates & Taxes	2,246,651	2,291,487
Service Tax Paid	13,327	14,238,606
Insurance	689,777	848,088
Legal & Professional Charges	313,501	607,333
Loss on sale of Fixed Assets	174,177	2,007,525
Donations	-	70,000
Other General / Misc Expenses	590,473	334,108
Total	7,304,998	22,550,120
16 Repairs & Maintenance Expenses		
Diesel account	10,905,780	10,085,432
Water Expenses	1,118,350	992,027
Security Charges	3,313,394	3,260,112
R & M -Air Conditioner	875,088	1,277,961
R & M - Building	10,937,867	10,957,111
R & M - Electrical	3,324,529	3,407,599
R & M - U P S	1,412,245	1,155,376
R & M -MLCP	1,746,022	1,677,510
R & M - Others	1,683,721	2,568,347
Total	35,316,996	35,381,475
17 Finance Charges		
Interest charges - term Loan	12,361,254	16,534,592
Interst - Others	34,804	32,897
Interest - HP	-	28,942
Bank Charges	46,161	67,733
Total	12,442,219	16,664,164

**SCHEDULE 18 : NOTES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

BASIS OF CONSOLIDATION

The consolidated financial statements comprise of financial statements of Elnet Technologies Ltd and its subsidiary company, namely, Elnet Software City Ltd. These consolidated financial statements have been prepared in accordance with AS 21 – Consolidated Financial statements issued by the Institute of Chartered Accountants of India.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Concepts

Financial statements are prepared under the historical cost convention following the mercantile system of accounting and complying with the provisions of the Companies Act, 1956, and the Accounting Standards issued by the Institute of Chartered Accountants of India as applicable to the Company.

2. Revenue Recognition

Compensation Income and Electricity Income are accounted on accrual basis as and when they are due on monthly basis.

Interest Income is also accounted on accrual basis.

Income from Windmill is taken on a monthly basis upon credit given by Tamil Nadu Electricity Board for the units generated and supplied.

3. Fixed Assets and Intangibles:

Fixed Assets are stated at historical cost less accumulated depreciation. Historical Cost includes expenditure of capital nature and valued at cost of acquisition inclusive of freight, duties, taxes, incidental charges relating to the acquisition and the cost of installation / erection as applicable. In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalized.

Advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end are shown under Capital Work-in-Progress.

Land Lease deposit has also been shown under “Lease Hold Land” and not amortized over the period of lease, as the deposit is refundable after the expiry of period of 90 years.

Land Lease registration charges has been shown under “Lease Hold Land” and amortized over a period of ten years.

The Company has classified Accounting Software as Intangible.

4. Impairment of Assets:

As asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when the asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount

NINETEENTH ANNUAL REPORT 2009-2010

5. Depreciation

Depreciation has been provided on straight-line method on a pro-rata basis as per the rates as indicated in Schedule XIV of the Companies Act, 1956. In respect of diesel generators, UPS, Air-conditioners and Windmill, depreciation on triple shift basis has been provided considering the nature of business of the Company.

Depreciation on fixed assets is applied on the straight line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for less than Rs.5,000) are depreciated within a year of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date of the asset is available to the Company for its use.

6. Investments

Investments are held as long term and are stated at Cost.

7. Borrowing Costs

Borrowing costs, that are attributable to the construction of a qualifying asset, forming part of the expansion project or otherwise are capitalized as part of such assets till such time where the assets are ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

8. Employee benefits

i) Post –Employment benefit Plans

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Profit and Loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

ii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service.

9. Taxation

Current Tax is provided on the Taxable Income for the year as per provisions of the Income Tax Act, 1961. Deferred tax Liabilities / deferred tax Asset on the timing difference have been fully provided for.

B. BALANCE SHEET

1. Secured Loans

a. Mortgage Loan

Primary Security

Assignment of rent receivables from all the present and future lessees of building situated at TS 140, Block 2 & 9 , Rajiv Gandhi Salai, Taramani , Chennai 600 113.

Collateral Security

Registered mortgage of commercial property belonging to the company situated at TS 140, Block 2 & 9, Rajiv Gandhi Salai, Taramani, Chennai 600 113 admeasuring land area of 3.16 acres with super built up area of 2.50 lacs sq.ft of ground floor + 7 floors. First charge on other fixed assets of the company (including Windmill property)

2. Deferred Tax Liability /Asset

As per the Accounting Standard “AS 22” issued by the Institute of Chartered Accountants of India (ICAI), the Company is required to make a provision for “deferred tax liability/ asset”. During the year an amount of Rs. 21,57,719/-has been recognized for deferred tax asset.

The balance deferred tax liability (net) outstanding as on 31.03.10 is Rs.3,18,45,023/- the details of which are as follows:

Rupees in lakhs

	As at 31.3.2009	Tax effect for the year	As at 31.3.2010
Deferred Tax (Liability)			
Fixed Assets	347.23	(20.14)	327.09
Sub Total	347.23	(20.14)	327.09
Deferred Tax Asset			
Amortization of Land registration Charges	7.21	1.43	8.64
Sub Total	7.21	1.43	8.64
Deferred Tax Asset / (Liability)	340.02	21.57	318.45

NINETEENTH ANNUAL REPORT 2009-2010

3. Disclosure of leases under AS 19, Accounting for leases.

During the year 1995-96, the Company has completed the construction of its IT Park at Taramani, Chennai and leased out the entire completed portion of the premises.

The disclosure required for operating leases under AS 19 is given below:

	As at 31-03-2010	As at 31-03-2009
Cost of Buildings leased	21,85,07,108	21,68,88,930
Depreciation providing during year on Buildings leased	35,52,057	34,68,615
Accumulated depreciation on buildings leased	3,44,52,592	3,09,00,535
Impairment loss recognised in Profit & Loss account	Nil	Nil
Impairment loss reversed in Profit & Loss account	Nil	Nil

Future minimum lease payments

	31.3.2010	31.3.2009
Not later than one year	11,13,04,789	11,99,36,260
Later than one year and not later than five years	22,19,63,557	32,74,12,231
Later than five years	1,17,53,910	1,76,10,024

4. INVESTMENTS

30,25,300 Equity shares of Rs 10/- each in ETL Infrastructure Services Ltd. Fully paid up.	Rs.3,02,53,000 /-
In Subsidiary Company - 1,00,000 Equity Shares of Rs.10/- each in Elnet Software City Ltd. Fully paid up	Rs. 10,00,000 /-

CURRENT LIABILITIES

5. (A) The company continues to hold the amount of Rs.1,46,503/- on account of Interest payable on FD made out of disputed dividend for the years 2000-01 and 2001-02 .

(B) There are no amounts due to the Central Government on account of Investor Education and Protection Fund as on 31.3.2010. The balance amount lying under the Unpaid Dividend Account 2002 – 2003 declared on 30.9.2003 for the year 2002-03 falls due on 29.9.2010

- (C) In the earlier years the Service Tax collected from the occupants have been grouped under Income and the service tax payments have been grouped under the Administrative Expenses in Profit and Loss Account. During the year both the service tax collected and paid have been grouped under Current liabilities after availing the input credit for the year and there is no impact on the Profit and Loss account.

6. PROFIT & LOSS ACCOUNT

- A) Other income from operations includes an amount of Rs. 50,30,154/- (previous year Rs.47,08,464/-) from sale of electricity generated from windmill.
- B) Retirement benefits to employees

(i) Defined Contribution Plan

Provident fund Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Employee's Provident Fund scheme administer by Government of India equal to a specified percentage of the covered employee's salary.

The Company recognized Rs. 4,80,696/- for provident fund contribution in the profit and loss account . Further an additional contribution of Rs. 1,03,838/- has been made to the Trust to meet the shortfall in managing the trust, being the "excess of expenditure over income".

(ii) Defined benefit plan

1) Gratuity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Elnet Technologies Ltd Employees' Gratuity Fund Trust (the "Trust"). Trustees administer contributions by means of a group gratuity policy with Life Insurance Corporation of India.

The following table set out the status of the gratuity plan as required under AS 15

NINETEENTH ANNUAL REPORT 2009-2010

a) Change in benefit obligations:

Rupees in lakhs

Particulars	Gratuity Plan 31.3.2010	Gratuity Plan 31.3.2009
Projected benefit obligation at beginning of the year	9.95	10.56
Service Cost	0.57	0.47
Interest cost	0.79	0.79
Actuarial (gain)/loss	5.22	(0.58)
Benefits paid	—	(1.29)
Projected benefit obligation, end of the year	16.53	9.95

b) Change in plan assets:

Particulars	Gratuity Plan 31.3.2010	Gratuity Plan 31.3.2009
Plan assets at beginning of the year at fair value	13.88	9.29
Expected return on plan assets	1.31	0.88
Actuarial (gain) / loss	—	(0.17)
Employer's Contributions	0.98	4.83
Benefits paid	—	(1.29)
Plans assets at end of the year at fair value	16.17	13.88

c) Reconciliation of present value of the obligation and the fair value of the plan assets

	31.3.2010	31.3.2009
Fair value of plan assets at the end of the year	16.17	13.88
Present value of the defined benefit obligations at the end of the period	16.53	9.94
(Liability) / Asset	(0.36)	3.94

d) Gratuity cost for the year ended March 31 2010

Particulars	Gratuity Plan	Gratuity Plan
Service cost	0.57	0.47
Interest cost	0.79	0.79
Expected return on plan assets	(1.31)	(0.88)
Actuarial (gain) / loss	5.22	(0.75)
Net cost	5.28	(0.37)
Actual return on plan assets	9.44 %	11.32%

e) Investment details of plan assets : Deposited with Life Insurance Corporation of India (Group gratuity policy).

f) Assumptions

Particulars	Gratuity Plan	Gratuity Plan
Discount rate	8%	8%
Salary escalation rate	8%	8%
Estimated rate of return on plan assets	8%	8%

(2) Leave encashment

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 180 days. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuations.

7. Payments to Auditors

(Rs.)

Particulars	2009 – 10	2008 – 09
1. Statutory Audit	1,82,500	1,37,500
2. Tax Audit Fees	50,000	35,000
3. Certification	60,000	35,000
4. Service Tax	30,128	21,373

8. GENERAL

Related Party Disclosures

I. Name of the related party	Electronics Corporation of Tamil Nadu Ltd (ELCOT)
Description of the relationship between the parties	Joint venture partner holding 26% Equity capital of the company
Description of the nature of transaction	1. Lease of land presently occupied by the Company. 2. Land Lease Rentals
Volume of transactions	Re.1/- towards lease rent
Any other element of the transaction necessary for understanding the transaction	Nil
Amount outstanding at the balance sheet date as lease deposit	Rs. 11,03,25,537
Amount written back during the year	Nil

NINETEENTH ANNUAL REPORT 2009-2010

II Name of the related party	ETL Infrastructure Services Ltd
Description of the relationship between the parties	A company in which the Managing Director is also the Managing Director
Description of the nature of transaction	a) Investment in equity shares b) Compensation & Electricity charges for space occupied by them in Elnet Software City
Volume of transactions	a) Rs.3,02,53,000/- b) Rs.1,66,042/-
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL

III Name of the related party	Elnet Software City Limited
Description of the relationship between the parties	Subsidiary Company
Description of the nature of transaction	a) Investment in equity shares b) Payment for preoperative and other expenses
Volume of transactions	a) Rs.10,00,000 b) Rs. 120/-
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL

IV Name of the related party	Stur Technologies Pvt Ltd., (Formerly New Era Technologies Pvt Ltd)
Description of the relationship between the parties	Promoter
Description of the nature of transaction	The unsecured loan from the company to the tune of Rs.60,09,141.20 continues to exist. Interest payable on FD made out of disputed dividend for the years 2000-01 and 2001-02
Volume of transactions	Rs.1,46,503
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	Rs.60,09,141.20 Rs.1,46,503
Amount written back during the year	NIL

V Name of the related party	Shri Shanmugam Thiagarajan (formerly Shri Thiagaraj S Chettiar)
Description of the relationship between the parties	Spouse of Managing Director
Description of the nature of transaction	Unsecured Loan of Rs.3,66,24,741.91
Volume of transactions	Rs.3,66,24,741.91
Any other element of the transaction necessary for understanding the transaction	None

KEY MANAGEMENT PERSONNEL

VI Name of the related party	Mrs. Unnamalai Thiagarajan
Description of the relationship between the parties	Managing Director of the Company
Description of the nature of transaction	Remuneration
Volume of transactions	Rs.14,00,000/-
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL

VII Earning Per Share

	2009-10 (Rs.)	2008 - 09 (Rs.)
a.Net Profit available for Equity Shareholders	3,75,22,838	3,94,84,940
b.Number of Equity Shares	40,00,007	40,00,007
c.Basic & adjusted EPS	9.38	9.87

NINETEENTH ANNUAL REPORT 2009-2010

9. a) There were no dues to Small Scale Industrial undertakings to whom the Company owes any sum which is outstanding for more than 30 days.

b) Outstanding dues to Micro , Small and Medium Enterprises

There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than forty five days as at 31st March 2010. The identification of Micro and Small Enterprises and the information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of vendor information available with the company.

The disclosure pursuant to the said Act is as under:	Rs.
i. Principle amount and the interest thereon	—
ii. Interest paid (along with payment made to suppliers) beyond the appointed day during the year	—
iii. Interest due and payable for delay in making the payment	—
iv. Interest accrued and remaining unpaid at the end of the year	—
v. Further interest remaining due and payable in succeeding years	—

10. Segment wise reporting as per standard AS 17 is not applicable to the company

11. Disclosure in pursuance of AS 21.

The Company having a wholly owned subsidiary as on 31.03.2010 as detailed below

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest As at 31st March 2010	Proportion of Ownership Interest As at 31st March 2009
Elnet Software City Ltd	India	100%	100%

Elnet Software City Limited was incorporated on 22.03.2005 as a 100% subsidiary of Elnet Technologies Limited.

12. Estimated amount of liability on capital contracts as on 31.03.2010 not provided for is Rs.1,17,485/- (Previous year Rs. 8,32,165/-)

13. Contingent Liabilities in respect of:

a) **Claims against the Company not acknowledged as debts**

(i) Claim by Department of Telecommunication

The Department of Telecommunication (DoT) filed a claim against the company for Rs.20,82,233/- before the Sole Arbitrator in the matter of payment towards license fees and interest thereon. The Arbitrator's award was made in June 2005 according to which a sum of Rs.5,48,288 and interest there on is payable by the

company to DoT. The company has accepted the award and had decided to effect the payment after waiting for the appeal period provided DoT does not prefer an appeal against the said award. However it is learnt that DoT has preferred an appeal in Delhi High Court against the Arbitrator's award. The Company has accordingly recognized the total liability at Rs.9,71,970/- (License fee of Rs.5 lacs and interest there on Rs.4,71,970/- upto 31.03.2010) and had provided a sum of Rs.32,897/-being interest since the amount of Rs 9,39,071/- had already been provided in the previous years. The difference in claim amounting to Rs.11,10,263/- is shown under "claims against the company not acknowledged as debts".

(ii) Income Tax demand

The following is the status of the Income Tax matters which are pending for various assessment years. In all cases, the company has been admitting the income from its operations under the head "Income from Business". The Income Tax Department has however, assessed it under the head "Income from Home Property" / "Income from Other Sources". In respect of the assessment years 1995-96, 1998-99, 2000-01, 2001-02 and 2003-04 the company has disputed this in the Appellate Forums before the Commissioner of Income Tax and thereafter before the Income Tax Appellate Tribunal. The matter has been decided in favour of the Company.

However, the Income Tax Department has disputed the same before the Hon'ble High Court of Madras Juridicature for the Assessment years 1995-96, 1997-98, 1998-99, 2000-01, 2001-02 and 2003-04 and in respect of Assessment year 2007-08 which is pending before the Commissioner of Income Tax (Appeals). In the event of the decision not being in favour of the company, the tax initially demanded will be Rs.264.23 lacs along with penal interest till the date of passing the order which is not quantifiable at this point of time.

Considering that the orders of the higher authorities have been in favor of the company, the company has not provided any liability towards income tax demanded.

The Income Tax assessments are completed up to the AY 2007-2008 barring the AY 2006-07.

Since the assessment for the assessment years 2005-06 and 2007-08 is over u/s. 143 (3) rws147 and u/s 143(3) of the Income Tax Act, 1961, respectively, the necessary adjustments have been made to net off the advance tax paid and TDS receivable against the provision made for these years.

NINETEENTH ANNUAL REPORT 2009-2010

(iii) Contingent liability not provided for:

During the year, the company has received a show cause notice from the Service Tax department on the applicability of service tax on Electricity charges reimbursed from the occupants including generation from genset. The company based on a legal opinion, is opined that it shall not be liable for Service Tax on this issue. The company has obtained an interim order from the Madras High Court against the operation of the show cause notice issued by the Office of the Commissioner of Service Tax. This liability is contingent in nature and of materialization shall lead to outflow of Rs.1,21,40,756/-

(iv) During the year the company has received a communication from ELCOT claiming a sum of Rs.9.56 crores towards difference in the computation of Lease Rent for the period from 14.02.1991 to 14.01.1999. The Company prima-facie has strong reason that the claim is not tenable and is evaluating various options, including legal recourse. Pending any such actions no provision has been made.

(v) Other pending items under dispute - NIL (P.Y. – NIL)

14. Previous year's figures have been regrouped wherever required to conform to current year figures.

As per our report attached

Unnamalai Thiagarajan
Managing Director

P.S.Kumar
Director

For S.H.Bhandari & Co
Chartered Accountants

Place : Chennai
Date : 14.05.2010

K. Padmanaban
Director

R.S.Gowdhaman
DGM (F & A) &
Company Secretary

K. Sekhar
Partner
M.No:200/21660

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
A. Cash flow from Operating activities:		
Net Profit before tax and extraordinary items	57,365,118	61,000,467
Adjustments for:		
Add: Depreciation	29,325,111	28,394,806
Interest & Financial Charges paid	12,442,219	16,664,164
Loss on sale of Fixed Assets	174,177	2,007,525
	99,306,625	108,066,962
Less : Interest income	2,393,921	2,431,390
Operating Profit Before Working Capital Changes	96,912,704	105,635,572
Adjustments for:		
Increase / Decrease in Trade & Other receivables	3,296,903	5,352,695
Increase in Trade Payables & other liabilities	(566,696)	1,589,768
Cash Generated from Operations	99,642,911	101,872,645
Income tax paid(Net of Refunds)	21,323,225	28,919,994
Cash flow before Extraordinary Items	78,319,686	72,952,651
Extraordinary Items	-	-
Net Cash from Operating Activities	78,319,686	72,952,651
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	10,889,737	28,470,154
Proceeds from Sale of Fixed Assets	1,500,000	60,000
Investment	-	-
Interest received	2,670,797	1,245,746
Preliminary Expenses	-	-
Net cash from Investing activities	(6,718,940)	(27,164,408)

NINETEENTH ANNUAL REPORT 2009-2010

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
C: Cash flow from Financing Activities		
Increase in Unsecured Loans	-	-
Repayment of Compensation Deposit	(46,411,278)	(28,622,176)
Increase in Compensation Deposits	34,627,378	51,454,150
Increase in Secured Loans	-	-
Repayment of Secured Loans	32,901,270	28,876,957
Interest Paid	12,442,219	16,631,267
Dividend Paid (Including dividend tax)	5,615,770	9,359,616
Net Cash from Financing Activities	(62,743,159)	(32,035,866)
Net Increase in Cash and Cash Equivalents (A+B+C)	8,857,587	13,752,377
Cash and cash equivalents at the beginning of the year	39,895,133	26,142,756
Cash and cash equivalents at the end of the year	48,752,720	39,895,133

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S.Kumar
Director

K.Padmanaban
Director

Place : Chennai
Date : 14.05.2010

R.S.Gowdhaman
DGM (F&A) & Company Secretary

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement for the period ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements Listing Agreement clause 32 with Bombay Stock Exchange and Madras Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report to the members of the Company

For S.H.Bhandari & Co
Chartered Accountants

Place : Chennai
Date : 14.05.2010

K.Sekhar
Partner
M.No: 200/21660

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE (CONSOLIDATED)

I. Registration Details

Registration No	18-19459	State Code 18
Balance Sheet Date	31st March, 2010	

II. Capital Raised during the Year (Amount in R. Thousands)

Public Issue - Nil	Rights Issue - Nil
Bonus Issue - Nil	Private Placement - Nil

**III. Position of Mobilization and Deployment of Funds
(Amount in Rs. Thousands)**

	Total Liabilities	Total Assets
	516729	516729
Sources of Funds	Paid up capital	Reserves and Surplus
	40000	222399
	Secured Loans	Unsecured Loans
	95529	42634
	Compensation Deposit	Deffered Tax
	84322	31845
Application of Funds	Net Fixed Assets	Investments
	403862	30253
	Net Current Assets	Misc. Expenditure
	82573	41

IV. Performance of Company (Amount in Rs. Thousands)

Turnover Total	Expenditure
164424	110826
Proposed Dividend	
4800	
Profit before Tax	Profit after Tax
57365	37523
Earning per share	9.38
Dividend @	12% on equity share

Generic Names of Three Principal Products / Services of Company (As per Monetary Terms)
Product / Description : Software Technology Park.

SUBSIDIARY COMPANY'S ACCOUNTS

DIRECTOR'S REPORT

To the Shareholders

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts of the Company for the year ended 31st March 2010.

OPERATIONS

The company is yet to commence its operation.

FIXED DEPOSITS

The Company has not invited and accepted Fixed Deposits from the Public.

DIRECTORS

Tiru. C. Ramachandran and Thiru. R. Ganapathi retires by rotation are eligible for reappointment.

COMPLIANCE CERTIFICATE

Your Company has obtained a Compliance Certificate as required under the provision to section 383 A (1) of the Companies Act, 1956, from Thiru. G. Porselvam, Practising Company Secretary.

DIRECTOR'S 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 judgements 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.
- (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 safe guarding 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.

NINETEENTH ANNUAL REPORT 2009-2010

AUDITORS

M/s. Padmanabhan Prakash & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the conclusion of the Annual General Meeting and have expressed their willingness to continue as Auditors of the Company for the next financial year. Your Directors recommend their reappointment at the ensuing AGM for your approval.

PARTICULARS OF EMPLOYEES

The Company has not made any recruitment of staff 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 required to be given under these heads in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

EARNING IN FOREIGN EXCHANGE : NIL

EXPENSES INCURRED IN FOREIGN CURRENCY DURING THE YEAR : NIL

ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks to the Bankers for their support and cooperation extended to the company.

For and on behalf of the Board of Directors,

Place : Chennai
Date : 19.04.2010

Unnamalai Thiagarajan
Director

C. Ramachandran
Director

AUDITORS' REPORT

TO THE MEMBERS OF ELNET SOFTWARE CITY LIMITED,

1. We have audited the attached balance sheet of **ELNET SOFTWARE CITY LIMITED**, as at 31st March 2010. This financial statement is the responsibility of the company's management. Our responsibility is to express an opinion on this financial statement based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company in so far as it appears from examination of those books.
 - (iii) The Balance Sheet dealt with by this report is in agreement with the books of account
 - (iv) In our opinion, the balance sheet dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representation received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

NINETEENTH ANNUAL REPORT 2009-2010

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2010.

For Padmanabhan Prakash & Co.
Chartered Accountants,

P.R. Venkatagopalakrishnan
Partner

Place: Chennai
Date : 09.04.2010

M.No : 200/18507
FIRM. REG.NO : 2509S

ANNEXURE TO THE AUDITORS' REPORT

Re: ELNET SOFTWARE CITY LIMITED,

Referred to in paragraph 3 of our report of even date,

- (i) The Company has no fixed assets. Therefore the provisions of Clause 4(I) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (ii) The company has not commenced its operations, hence Clause 4(II) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company
- (iii) The Company has not granted/taken any loans, secured or unsecured, to/from Companies, Firms or other Parties covered in the register maintained under Sec. 301 of the Companies Act, 1956
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) There were no transactions during the year which warranted recording in the Register maintained in pursuance of Sec. 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public within the meaning Section 58A and hence the directives issued by Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Act and rules framed there under, are not applicable.

-
- (vii) According to the information and explanations given to us, the provisions of Clause 4 (vii) of the Companies (Auditor's Report) Order 2003 relating to internal audit system are not applicable to the company
 - (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
 - (ix) Since there have been no business transactions and no recruitment of employees during the year, payment of any kind of statutory dues does not arise.
 - (x) The company has not started the operations ,hence there are no accumulated losses.
 - (xi) The company has not taken any loan from financial institutions or bank or issued any debentures. Accordingly, clause 4(xi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
 - (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
 - (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
 - (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
 - (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore the provisions of clause 4(xv) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
 - (xvi) The company has not carried on any activity during the financial year. Therefore , the provisions of clause 4 (xvii) of the Companies (Auditor's report)Order, 2003 are not applicable to the company.
 - (xvii) The Company has not availed any term loans. Therefore the provisions of clause 4(xvi) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.

NINETEENTH ANNUAL REPORT 2009-2010

- (xviii) According to the information and explanations given to us, during the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the company has not issued debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
- (xx) The company has not raised any money through public issue during the financial year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Padmanabhan Prakash & Co.
Chartered Accountants,

P.R. Venkatagopalakrishnan
Partner
M.No : 200/18507
FIRM. REG.NO : 2509S

Place: Chennai
Date : 09.04.2010

BALANCE SHEET AS AT 31/03/2010

	Schedule	As at 31.3.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1,000,000	1,000,000
Reserves & Surplus		-	-
		1,000,000	1,000,000
LOAN FUNDS			
Secured Loans		-	-
Unsecured Loans		-	-
		-	-
Total		1,000,000	1,000,000
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		-	-
Less Depreciation		-	-
Net Block		-	-
PREOPERATIVE EXPENSES	2	206,926	190,083
INVESTMENTS		-	-
CURRENT ASSETS, LOANS & ADVANCES			
Cash and bank balances	3	760,695	777,538
Sundry Debtors		-	-
Loans and advances		-	-
		967,621	967,621
CURRENT LIABILITIES & PROVISIONS			
Liabilities	4	8,273	8,273
Provisions		-	-
		8,273	8,273
NET CURRENT ASSETS		959,348	959,348
MISCELLANEOUS EXPENDITURE			
(To the extent not written off)			
Preliminary Expenses	5	40,652	40,652
Total		1,000,000	1,000,000
Notes to Accounts	6	-	-

For and on behalf of the Board

As per our audit report attached
for **Padmanabhan Prakash & Co.**
Chartered Accountants,

Unnamalai Thiagarajan
Director

C. Ramachandran
Director

P.R. Venkatagopalakrishnan
Partner

Place : Chennai

Date : 09.04.2010

M.No : 200/18507

NINETEENTH ANNUAL REPORT 2009-2010

SCHEDULES TO THE BALANCE SHEET AS AT 31.3.2010

	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
1 SHARE CAPITAL		
Authorised		
1,00,000 Equity shares of Rs.10/- each	1,00,000	1,00,000
Issued, Subscribed & Paid up		
1,00,000 Equity shares of Rs.10/- each fully paid up (The shares are held by Elnet Technologies Ltd and its nominees)	10,00,000	10,00,000
Total	10,00,000	10,00,000
2 Preoperative expenses		
Rates & Taxes	10,674	10,554
Prt & Stationery	8,340	8,340
Professional Charges	42,520	42,520
Audit / Certification Fees	138,522	122,349
Others	6,870	6,320
Total	206,926	190,083
3 CASH AND BANK BALANCES		
Cash on hand		-
Balances with Scheduled Banks in Current Accounts	760,695	777,538
Total	760,695	777,538
4 CURRENT LIABILITIES		
Elnet Technologies Ltd	-	-
Stautory Audit Fees	7,446	7,421
TDS - Professionals	827	852
Total	8,273	8,273
5 MISCELLANEOUS EXPENDITURE (To the extent not written off)		
Preliminary Expenses		
Registration Charges	28,600	28,600
Printing Expenses	2,736	2,736
Other charges in connection with preparation of the Memorandum and Articles of Association	9,316	9,316
Total	40,652	40,652

SCHEDULE 6 : NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

1. Significant Accounting Policies :

Accounting Concepts : Financial statements are prepared under the historical cost convention following the mercantile system of accounting and complying with the provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India as applicable to the Company.

2. As the company is yet to commence operation, no Profit & Loss A/c or Statement of Incidental Expenditure during construction has been made.

3. Payment to Auditors

Particulars	2009-10 Current year (Rs.)	2008-09 Previous year (Rs.)
1. Statutory Audit Fees	7,500	7,500
2. Service Tax	773	773

4. The other particulars as set in Part II of Sch VI of the Companies Act, 1956 are not applicable to the company and hence not furnished.

5. GENERAL

Name of the of the related party	ELNET TECHNOLOGIES LTD
Description of the relationship between the parties	Holding Company
Description of the nature of transaction	Amount advanced by the Holding Company towards preoperative and other expenses, since refunded
Volume of transactions	Rs.120/-
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	NIL

For and on behalf of Board

As per our report attached

Unnamalai Thiagarajan
Director

C. Ramachandran
Director

for Padmanabhan Prakash & Co.
Chartered Accountants,

P.R. Venkatagopalakrishnan
Partner

Place : Chennai
Date : 09.04.2010

M.No : 200/18507

NINETEENTH ANNUAL REPORT 2009-2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I. Registration Details

Registration No	CINU45209TN2005PLCO55728	State Code 18
Balance Sheet Date	31.3.2010	

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	- Nil	Rights Issue	- Nil
Bonus Issue	- Nil	Private Placement	- Nil

III. Position of Mobilization and Deployment of Funds (Amounts in Rs. Thousands)

	Total Liabilities	Total Assets
	1,000	1,000
Sources of Funds	Paid up capital	Reserves and surplus
	1,000	Nil
	Secured Loans	Unsecured Loans
	Nil	Nil
Application of Funds	Net Fixed Assets	Investments
	Net Current Assets	Misc. Expenditure
	959	41

IV. Performance of Company (Amount in Rs. Thousands)

Turnover Total	Nil
Expenditure	Nil
Profit before Tax	Profit after Tax
Nil	Nil
Earnings per share	Nil
Dividend	Nil

Generic Names of Three Principal Products / Services of company (As per Monetary Product / Description : Software Technology Park (Proposed)



Elnet Technologies Limited

Regd. Office : TS 140, Block 2 & 9, Rajiv Gandhi Salai, Taramani, Chennai - 600 113.

PROXY FORM

I/We.....of.....being a member/members of Elnet Technologies Ltd., hereby appoint..... of.....or failing him/her.....of.....as my / our proxy to vote for me / us on my / our behalf at the 19th Annual General Meeting to be held at New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004 on Wednesday, the 21st July, 2010 at 11.00 a.m. and at any adjournment thereof.

In witness whereof

Signed this.....day of.....2010

Regd. Folio No.(or)

*Client ID No.DP ID No. *Signature of Member*

Note : This form duly completed and signed must be deposited at the Registered Office of the Company at Elnet Software City, TS 140, Block 2 & 9, Rajiv Gandhi Salai, Taramani, Chennai - 600 113, not less than 48 hours before the meeting.

Affix
Re.1/-
Revenue
Stamp



Elnet Technologies Limited

Regd. Office : TS 140, Block 2 & 9, Rajiv Gandhi Salai, Taramani, Chennai - 600 113.

ATTENDANCE SLIP

19th Annual General Meeting on 21st July, 2010

Regd. Folio No.(or)

*Client ID No.DP ID No.

Name and Address of Shareholder(s) :

Proxy's Name :

I certify that I am a registered shareholder/proxy for the registered shareholder of the company.I hereby record my presence at the 19th Annual General Meeting of the Company held at New Woodlands Hotel Pvt. Ltd., No. 72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004 on Wednesday, the 21st July 2010 at 11.00 a.m.

Signature of Member / Proxy

* Those who hold shares in demat form to quote their Client ID No. and Depository Participant (DP) ID No.

