

Eighteenth Annual Report

2008 - 2009

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 N.Mohan (up to 22.04.2009)
Thiru K.Padmanaban
Dr. V Dharmalingam
Thiru G Senrayaperumal

SECRETARY

Thiru R S Gowdhaman

AUDITORS

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

EIGHTEENTH ANNUAL REPORT 2008 - 2009

NOTICE

NOTICE is hereby given that the **EIGHTEENTH** Annual General Meeting of **ELNET TECHNOLOGIES LIMITED** will be held on 7th the July 2009 at 11.00 am at New Woodlands Hotel Pvt Ltd., No.72-75, Dr.Radhakrishanan Salai, Mylapore, Chennai - 600004 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2009 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 J.Ravi who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Dr.V.Dharmalingam who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Thiru G.Senrayaperumal who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS

APPOINTMENT OF DIRECTORS 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 Dr. SANTHOSH BABU, IAS who was appointed as Director on 29.09.2008 in the casual vacancy caused by the resignation of Thiru .C.Umashankar IAS and who vacates office at this Annual General Meeting under Sec 262 of the Companies Act,1956, but who is eligible for re-appointment and in respect of whom the Company has, as required by Sec 257 of the Companies Act, 1956, 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, be and is hereby appointed as a Director of the Company".
"RESOLVED FURTHER THAT Dr. SANTHOSH BABU, IAS who is nominated by Electronics Corporation of Tamilnadu Ltd, as Chairman – Director shall not subject to retirement by rotation in pursuance of the Article 43(b) of Articles of Association of the Company".
8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.

“RESOLVED THAT Thiru K.PADMANABAN who was appointed as Director on 23.04.2009 in the casual vacancy caused by the resignation of Thiru N.MOHAN, who vacates office at this Annual General Meeting and is eligible for reappointment and in respect of whom the Company has, as required by Sec. 257 of the Companies Act 1956, 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, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

RE-APPOINTMENT OF MANAGING DIRECTOR

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

“RESOLVED THAT, pursuant to Sec 269 of the Companies Act,1956 read with Schedule XIII Sections 309,311 and other applicable provisions of the Companies Act, 1956 Tmt.Unnamalai Thiagarajan, Managing Director be and is hereby reappointed as Managing Director of the Company for further period of 5 years with effect from 29.09.2008 and thereby superseding the earlier referred resolution passed in so far her period of office is concerned.”

“RESOLVED FURTHER THAT,Tmt.Unnamalai Thiagarajan, Managing Director be paid a remuneration of Rs.14,00,000 per annum with effect from the 29.09.2008 onwards till her tenure of her office”

“RESOLVED FURTHER THAT, the action of the Board of Director in re-appointing Tmt Unnamalai Thiagarajan as Managing Director with effect from 29.09.2008 till the date of this meeting as approved at the Board meeting held on 29.09.2008 be and is hereby ratified and that the remuneration for her services as Managing Director for the period from 29.09.2008 till the conclusion of this meeting (both days inclusive) be and is hereby approved.”

By Order of the Board of Directors

Place : Chennai

Date : 23.04.2009

R.S.GOWDHAMAN

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 01.07.2009 to 07.07.2009 (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.

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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 commencing from the financial year ended 31.03.2002, 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 Education and Protection Fund
31.03.2002	17.06.2002	16.06.2009 **
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

**** Please note that as per Sec 205 (c) (1) of the Companies Act, 1956, we have to transfer the pending amount lying in 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 31.03.2009, 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 Sec 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 31.03.2009 is being proposed to be appointed as Auditors for the financial year ending 31.03.2010.

Directors recommend the passing of the resolution.

No Director is interested or concerned in this item of business

Item No. 7 Appointment of Director

Dr.Santhosh Babu,IAS was appointed by the Board of Directors as a Director on 29.09.2008,in the casual vacancy caused by the resignation of Thiru C.Umashankar,IAS. He hold office upto the date of the Annual General Meeting.As required by Sec 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. By virtue of Electronics Corporation of Tamil nadu Ltd., nominating Dr.S.Sathosh Babu, IAS as a Chairman-Director, he shall not be subject to retirement by rotation as per Artilce 43(b) of Articles of Association of the Company. Details regarding his profile is given in the annexure attached to the Notice.

The Board is of the view that Dr.Santhosh Babu IAS's knowledge and experience will be of immense benefit and value to the Company and therefore recommends his appointment as a

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Director in your Company.

Apart from Dr S.Santhosh Babu, IAS no other Director is interested or concerned in this item of business.

Item No. 8 Appointment of Director

Thiru K.Padmanaban was appointed by the Board of Directors as a Director on 23.04.2009, in the casual vacancy caused by the resignation of Thiru N.S.Jayakumar and he holds office until the ensuing Annual General Meeting and is eligible for reappointment. In respect of his appointment the Company has, as required by Sec 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.Padmanaban, his appointment as a Director of the Company is recommended by the Board for your approval.

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

Item No. 9 Re-appointment of Managing Director

Tmt. Unnamalai Thiagarajan, Director was appointed as Managing Director of the company with effect from 30.09.2003 for a period of 5 years by the members at the Annual General Meeting held on 30.09.2003. The Board meeting held on 29.09.2008 reappointed her as the Managing Director for a further period of 5 years with effect from that date. The approval of the members is sought for re-appointing Tmt.Unnamalai Thiagarajan as Managing Director for further period of 5 years with effect from 29.09.2008 and also for payment of remuneration to her from that date. Tmt.Unnamalai Thiagarajan is proposed to be paid a consolidated remuneration of Rs. 14,00,000 per annum subject to the approval of this meeting. No Provident Fund, Gratuity and other perquisites are payable to her. The approval of the Members is also sought for ratifying the re-appointment of Tmt.Unnamalai Thiagarajan as the Managing Director by the Board from 29.09.2008 till this date of this meeting and also approval for the remuneration to be paid to her for that period.

Apart from Tmt. Unnamalai Thiagarajan no other Director is interested or concerned in the item of business.

Your directors recommend passing this resolution.

By Order of the Board of Directors

Place : Chennai

R.S.GOWDHAMAN

Date : 23.04.2009

DGM(F&A) & COMPANY SECRETARY

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

Name	Dr.Santhosh Babu., IAS.,	Tmt.Unnamalai Thiagarajan	Thiru K.Padmanaban	Thiru J.Ravi	Dr.V.Dharmalingam	Thiru G.Senrayaperumal
Date of Birth and age	12.03.1968 & 41 Years	28.12.1959 & 50 Years	06.02.1960 & 49 Years	03.10.1954 & 55 Years	07.05.1956 & 53 Years	03.02.1946 & 63 Years
Appointed on	29.09.2008	08.08.2003	27.07.2005	08.08.2003	10.07.2006	25.10.2006
Qualification	M.B.B.S.	B.A.B.L.,	BA.,BGL., ACS., AICWA.,	B.Tech - Chemical Engineering	B.S.M.(Siddha), D.C.M.(Varma) & D.Sc.,	B.Com.,
Experience in specific functional areas	Served in Government in various capacities for about 14 years.	Law, Plantation Management.	An officer with more than 20 years of experience in Executive position in ELCOT and holding the post of Company Secretary and General Manager (Legal) & (P) in ELCOT	29 years of experience in International Trading	Instrumental in establishing the Varma Department at Aringar Anna Hospital, Chennai. Successful in the treatment of chronic ailments has made him widely known. As an exponent in India Medicine, Practices internationally.	Had 23 Years of Service in CBCID, The State's leading Investigating Agency of Tamilnadu Government. During his tenure in Crime Branch CID he has handled number of important cases. Also has worked as a Liaison Officer in All India Police Duty Meets held in Srinagar, Delhi, Shimla, Ahemedabad, Bangalore, Chennai, etc. Has served in various cadres in Police Departments.
Directorship/ Chairmanship held in other public companies	M/s Electronics Corporation of Tamilnadu Ltd M/s Tidel Park Coimbatore Limited	ETL Infrastruc- ture Services Ltd	M/s Insignia Infotech Pvt Ltd			

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DIRECTORS' REPORT

To The Members

Your Directors have great pleasure in presenting the EIGHTEENTH Annual Report together with the Audited Accounts of your Company for the Financial Year ending 31.03.2009.

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 394.84 Lakhs.

OPERATIONS

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

Sl. No.	Particulars	For the year ended 31.3.2009 Rs. in Lacs	For the year ended 31.3.2008 Rs. in Lacs
1.	Income from operations	1901.69	1594.77
2.	Non-operating income	36.17	14.73
3.	Total expenditure	877.27	708.48
4.	Interest	166.64	180.85
5.	Gross profit (after interest but before depreciation and taxation) [1+2)-(3+4)]	893.95	720.17
6.	Depreciation	283.95	154.34
7.	Provision for deferred tax	(8.55)	32.37
8.	Provision for current tax	222.00	165.00
9.	Fringe benefit tax	1.71	1.72
10.	Provision for tax for earlier year	-	-
11.	Net Profit	394.84	366.74
12.	Dividend & tax thereon	56.16	93.60
13.	Transfer to General Reserve	200.00	200.00
14.	Balance carried forward to Balance Sheet	138.68	73.14
15.	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, 2009. 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 7th July 2009, 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 7th July 2009.

FUTURE PROSPECTS

Your Company currently enjoys almost 100% occupancy level. The proposal to demolish the administrative block and to erect a new tower in its place has been put on hold and alternatively a proposal to renovate this block to house a multi cuisine food court is under consideration.

SUBSIDIARY COMPANY

The statement pursuant to Sec 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.

DEMATERIALIZATION OF EQUITY SHARES

As on 31.03.2009, 2222529 numbers of equity shares are held in Dematerialized Form, which constitutes 55.56% of total shareholding.

FIXED DEPOSITS

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

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DIRECTORS

During the year under review Dr.Santhosh Babu IAS and Thiru K.Padmanaban were appointed as a Director by the Board of Directors at its Meeting held on 29.09.2008 & 23.04.2009 in the casual vacancies caused by the resignation of Directors' under the provision of Sec.262 of the Companies Act 1956. They holds office up to the date of the Annual General Meeting and are eligible for reappointment.

The Company has received the prescribed Notice under Sec. 257 of the Companies Act 1956, nominating Dr.Santhosh Babu I.A.S., and Thiru K.Padmanaban for the post of the Directors.

Tmt Unnamalai Thiagarajan, Managing Director was re - appointed as Managing Director for further period of 5 years at its Board meeting held on 29.09.2008 with the same terms and conditions.

Thiru J.Ravi, Dr.V.Dharmalingam and Thiru G.Senrayaperumal were 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 Sec. 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, 2009, 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 Sec 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 : 23.04.2009

Dr.SANTHOSH BABU, IAS

Chairman

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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 general recession in the globalised economy forced the down trend in the Software and BPO industry. Despite the overall recession, your company able to retain the existing clients and capture new clients and continue to maintain full occupancy. However if the depression continues beyond 2009-2010 we may have related impact on the financials.

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 15 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 share holder'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, th Company's philosophy on Corporate Governance is to endeavour 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 eleven Directors inclusive of five 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 is in the process of complying 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 the Director is a member / chairman, their attendance at the Board meetings

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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, 2009

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	Dr. Santhosh Babu , IAS, Non-Executive Chairman	3	1	-	-
2	Tmt.Unnamalai Thiagarajan, Managing Director	6	-	-	-
3	Tr. C Ramachandran, Non-Executive Director	9	-	6	2
4	Tr .J Ravi, Non-Executive Director	-	-	-	-
5	Tr. P S Kumar, Non-Executive Independent Director	5	-	1	2
6	Tr. R Ganapathi, Non-Executive Independent Director	5	1	-	-
7	Tr.H Karthik Seshadri, Non-Executive Independent Director	1	-	-	-
8	Tr. S. Paulraj, Non-Executive Director	-	-	-	-
9	Tr. N.Mohan, Non-Executive Director	4	4	-	-
10	Dr. V. Dharmalingam, Non-Executive Independent Director	-	-	-	-
11	Tr.G.Senrayaperumal, Non-Executive Independent Director	-	-	-	-
12	Tr.K.Padmanaban, Non-Executive Director	1	-	-	-

Board Meetings:

During the Financial year 2008-09 the Board met six times on the following dates namely 28.04.2008, 05.05.2008, 30.07.2008, 29.09.2008, 29.10.2008 and 30.01.2009.

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

Sl. No.	Name of the Director	FY 2008-09 Attendance at		
		Board Meetings		Last AGM
		Attended	No. of meetings held during their tenure	
1.	Tr.C.Umashankar, IAS	1	3	No
2.	Dr.Santhosh Babu, IAS	3	3	NA
3.	Tmt.Unnamalai Thiagarajan	6	6	Yes
4.	Tr.C.Ramachandran	5	6	Yes
5.	Tr.J. Ravi	5	6	Yes
6.	Tr.P.S.Kumar	5	6	Yes
7.	Tr.R.Ganapathi	2	6	No
8.	Tr.H.Karthik Seshadri	6	6	Yes
9.	Tr.N.S.Jayakumar	1	3	No
10.	Tr.S.Paulraj	4	5	Yes
11.	Tr.N.Mohan	3	3	NA
12.	Dr.V.Dharmalingam	3	6	No
13.	Tr.G.Senrayaperumal	1	6	No
14.	Tr.K.Padmanaban	-	-	NA

Thiru J.Ravi, Dr.Dharmalingam and Thiru G.Senrayaperumal are liable to retire by rotation and being eligible, offer themselves for re-appointment. In addition Dr.Santhosh Babu, IAS., and Thiru.K.Padmanaban 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,

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Financial statements such as cash flow, sundry debtors, and/or other liabilities or claims substantial nature,

Risk faced and steps take 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 2008-09, Audit Committee met four times on the following dates namely, 15.04.2008, 14.07.2008, 14.10.2008 & 12.01.2009.

Attendance of each member of the Audit Committee during the financial year 2008-09

Sl. No.	Name of the Member	No. of Audit Committee Meetings Attended	No. of Audit Committee Meetings during their tenure
1.	Tr. P S Kumar	4	4
2.	Tr. C Ramachandran	2	4
3.	Tr. R Ganapathi	3	4
4.	Tr. H Karthik Seshadri	1	4
5.	Tr.K.Padmanaban	0	0

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.

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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 2008-09 are as under

I. Managing Director :

Total Remuneration paid to Tmt. Unnamalai Thiagarajan, Managing Director, during the financial year 2008-09 is Rs.14,00,000/-

II. Non-Executive Directors :

S.No.	Name of the Director	Sitting Fees (Rs.)
1.	Tr C.Umashankar, IAS	7,000 *
2.	Dr.Santhosh Babu, IAS	21,000 *
3.	Tr. N.S.Jayakumar	7,000 *
4.	Tr. C Ramachandran	63,000
5.	Tr. J Ravi	1,19,000
6.	Tr. P S Kumar	91,000
7.	Tr. R Ganapathi	56,000
8.	Tr. H Karthik Seshadri	1,40,000
9.	Dr. V.Dharamalingam	21,000
10.	Tr. G. Senrayaperumal	7,000
11.	Tr. S. Paulraj	28,000 *
12.	Tr. N.Mohan	21,000 *
13.	Tr.K.Padmanaban	--

* 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 15.04.2008, 14.07.2008, 14.10.2008 & 12.01.2009. 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	3
3	Tr. R. Ganapathi, Member	Non-Executive Independent Director	2
4	Tr. H. Karthik Seshadri, Member	Non-Executive Independent Director	1

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 : 22541098 Ext : 206

Email : elnet@md4.vsnl.net.in

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

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Details of Investors/Shareholders' Complaints:-

Pending complaints at the beginning	-	Nil
Number received during the year	-	111
Number resolved	-	111
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 2008-09 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, 2009, there were no share transfers pending for registration for more than 30 days.

8. General Body Meetings

The Last Three Annual General Meetings of the company were held as under:

Type	Year	Date	Time	Venue
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
AGM	2005-06	06/05/2006	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

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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 B7 of Schedule 18 relating to Notes on Accounts Schedule

- b) Details of non-compliance by the Company, penalties, 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 mandatory 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 2008-09 the company had no pecuniary relationship With any of the non-executive directors.(other than payment of sitting fees as set out above).

9. 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.

10. 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 : 7th July 2009 & 11.00 am

Venue : New Woodlands Hotel Pvt. Ltd.,
No.72-75, Dr. Radhakrishnan Salai,
Mylapore, Chennai - 600 004.

Financial Calendar 2009-2010(Tentative and subject to change)

Financial Results for the quarter ending June 30, 2009 : Last week of July 2009

Financial Results for the quarter ending September 30, 2009 : Last week of Oct 2009

Financial Results for the quarter ending December 31, 2009 : Last week of Jan 2010

Financial Results for the quarter ending March 31, 2010 : Last week of Apr 2010

Annual General Meeting for the year ending March 31, 2010 : During May 2010

Book Closure date : 01.07.2009 to 07.07.2009 (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.

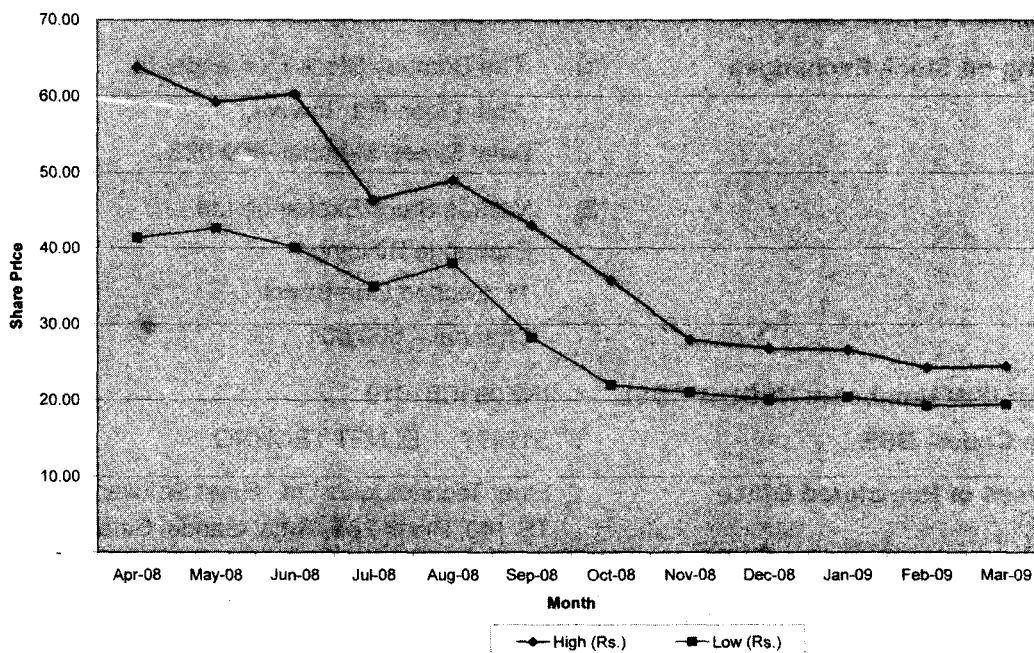
Note: Annual Listing Fees for the year 2009-10 was duly paid within the time limit to the above Stock Exchanges pursuant to Clause 38 of Listing Agreement

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Month	The Stock Exchange, Mumbai			
	Hight (Rs)	Low (Rs.)	Highest Volume (Nos)	Lowest Volume (Nos)
Apr - 08	63.85	41.35	56722	552
May - 08	59.20	42.60	13129	880
Jun - 08	60.30	40.10	135667	2347
Jul - 08	46.35	35.00	4054	490
Aug - 08	49.00	38.00	25711	412
Sep - 08	43.00	28.00	2938	96
Oct - 08	35.80	22.00	13503	149
Nov - 08	27.95	21.00	3029	200
Dec - 08	26.75	20.05	6600	88
Jan - 09	26.60	20.40	4674	5
Feb - 09	24.20	19.20	2684	119
March - 09	24.20	19.40	2683	287

Note: There is no active trading on Madras Stock Exchange Limited

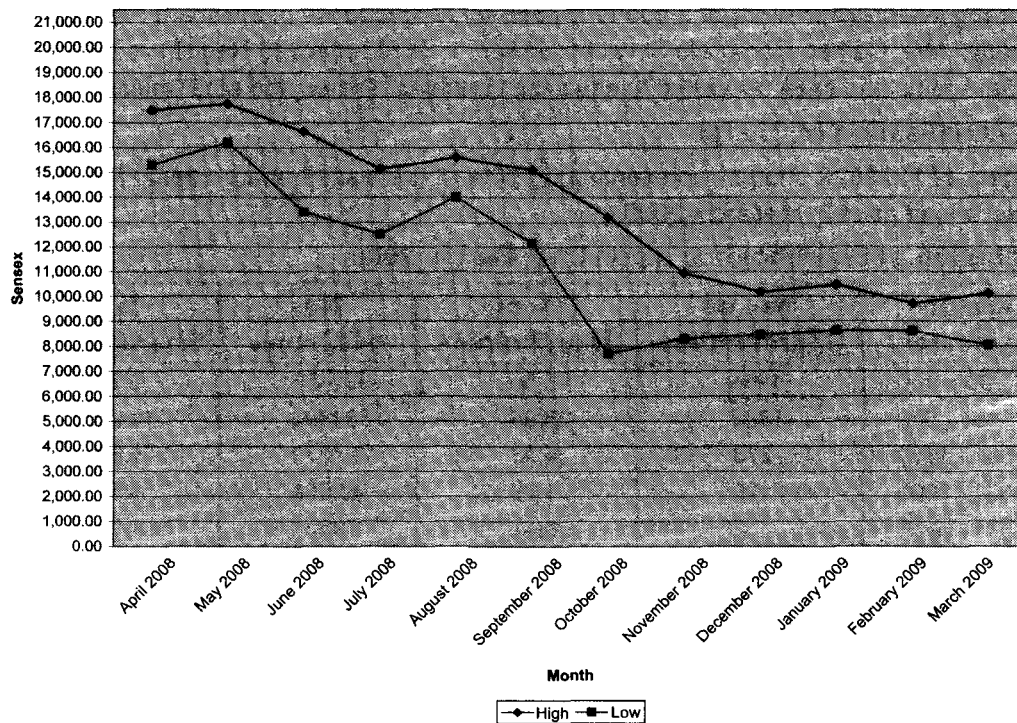
Share Price Movement at BSE



Performance – Broad-based indices – BSE :

Stock Market Data		
The Stock Exchange, Mumbai		
Month	High	Low
April 2008	17,480.74	15,297.96
May 2008	17,735.70	16,196.02
June 2008	16,632.72	13,405.54
July 2008	15,130.09	12,514.02
August 2008	15,579.78	14,002.43
September 2008	15,107.01	12,153.55
October 2008	13,203.86	7,697.39
November 2008	10,945.41	8,316.30
December 2008	10,188.54	8,467.43
January 2009	10,469.72	8,631.60
February 2009	9,724.87	8,619.22
March 2009	10,127.09	8,047.17

Performance - Broad Based Indices - BSE



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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 : 2846 0390 Fax : 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 transfer of physical shares is 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 2222529 shares representing 55.56% of the issued share capital have been dematerialised as at 31st March, 2009.

Distribution of Shareholding as on 31st March, 2009

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 100	4456	65.54	371426	9.29
101 - 500	1832	26.95	502386	12.55
501 - 1000	276	4.06	227070	5.68
1001 - 2000	120	1.76	182684	4.57
2001 - 3000	32	0.47	79625	1.99
3001 - 4000	26	0.38	93020	2.33
4001 - 5000	15	0.22	70562	1.76
5001 - 10000	25	0.37	190569	4.76
10001 & above	17	0.25	2282665	57.07
Total	6799	100.00	4000007	100.00

Shareholding Pattern as at 31st March 2009

Category	No. of Shareholders	No. of Shares Held	% of shareholding
Promoters	3	1354933	33.87
Promoters - Bodies Corporate	3	704372	17.61
Other Bodies Corporate	172	255508	6.39
Indian Public	6791	1662502	41.56
NRIs	24	16597	0.42
Others	15	6095	0.15
TOTAL	7008	4000007	100.00

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

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 : 2846 0390 Fax : 2846 0129

Address for Correspondence

Secretarial Department,

M/s Elnet Technologies Limited,

Elnet Software City, TS 140, Block 2&9, Rajiv Gandhi Salai,
Taramani, Chennai – 600 113, Tamil Nadu.

Phone : 91 44 - 22541337 Ext. : 218 Fax : 91 44 22541955

NON-MANDATORY REQUIREMENTS

The Board

The Company at present has a Non-executive Chairman. The chairman's office is being maintained at the Registered office, and he is not claiming any reimbursement of expenses incurred in performance of his duties.

Remuneration Committee

Please refer Item No. 4 under Mandatory Requirements

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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 MIs. Elnet Technologies Ltd., for the year ended 31st March 2009 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 or 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

Place : Chennai
Date : 23.04.2009

[B. GOPALAKRISHNAN]
PARTNER
M No 200/25672

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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 2008-09.
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 : 23.04.2009

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 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both 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. 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. 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 31.03.2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2009 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

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- 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 2009.
- ii) in the case of the Profit and Loss Account, of the profit for the year ended 31st March 2009.
- iii) In the case of Cash flow statements, of the cash flows for the year ended 31st March 2009.

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

PLACE : CHENNAI
DATED : 23.04.09

[B. GOPALAKRISHNAN,]
PARTNER,
M. No 200/25672

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 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 (d) of the Companies Act 1956.

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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 Asst. Years 1995- 1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2003-2004 & 2004-2005 aggregating to Rs.251.19 lakhs (excluding interest thereon) where the appeals are pending before the Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal (ITAT) and Madras High Court.
- 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 be demanded and penalty should not be imposed.

This contingency if materialised 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 has 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 Utilisation :

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 parties and companies covered under register maintained under section 301 of the Act.

19] Debentures :

The Company has not issued debentures 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.

PLACE : CHENNAI

DATED : 23.04.09

for **S.H.BHANDARI & CO**

Chartered Accountants

[B. GOPALAKRISHNAN]

(PARTNER)

M No 200/25672

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BALANCE SHEET AS AT 31/03/2009

	Schedule No.	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	40,000,070	40,000,070
Reserves & Surplus	2	190,473,767	156,604,597
		230,473,837	196,604,667
LOAN FUNDS			
Secured Loans	3	128,430,026	157,306,983
Unsecured Loans	4	42,633,883	42,633,883
		171,063,909	199,940,866
COMPENSATION DEPOSITS		96,105,350	73,273,376
DEFERRED TAX	5	34,002,742	34,857,944
	Total	531,645,838	504,676,853
APPLICATION OF FUNDS			
FIXED ASSETS			
	6		
Gross Block		524,830,767	502,585,180
Less Depreciation		101,049,413	76,799,306
Net Block		423,781,354	425,785,874
INVESTMENTS	7	31,253,000	31,253,000
CURRENT ASSETS, LOANS & ADVANCES			
Cash and bank balances	8	40,958,112	25,335,953
Sundry Debtors	9	15,537,370	12,789,005
Loans and advances	10	119,808,067	88,938,615
		176,303,548	127,063,573
CURRENT LIABILITIES & PROVISIONS			
Liabilities	11	8,464,512	6,824,924
Provisions	12	91,227,552	72,600,670
		99,692,064	79,425,594
NET CURRENT ASSETS		76,611,484	47,637,979
	Total	531,645,838	504,676,853

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 : 23.04.2009 Director

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

B. Gopalakrishnan
Partner

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31/03/2009

	Schedule No.	For the year ended 31/03/2009 Rs.	For the year ended 31/03/2008 Rs.
INCOME			
Income from operations	A	190,169,463	159,477,148
Non Operating Income	B	3,617,144	1,473,734
		193,786,607	160,950,882
EXPENDITURE			
Employee's Cost and Benefit	14	9,072,231	8,513,070
Administrative & Other Expenses	15	22,550,120	16,421,469
Repairs & Maintenance Expenses	16	35,381,475	18,687,859
Electricity Charges		20,723,344	27,225,647
		87,727,171	70,848,045
Operating Profit		106,059,436	90,102,837
Finance Charges	17	16,664,164	18,085,744
Depreciation	6	28,394,806	15,433,642
		45,058,970	33,519,386
Profit before taxation & extra ordinary items		61,000,466	56,583,451
Provision for Deferred Tax		(855,202)	3,237,073
Provision for Current Tax		22,200,000	16,500,000
Provision for Fringe Benefit Tax		170,728	172,299
Profit after taxation		39,484,940	36,674,079
Profit brought forward from Previous year		38,029,597	30,715,134
Amount available for appropriation		77,514,537	67,389,213
Appropriations			
Proposed Dividend		4,800,009	8,000,014
Tax on Proposed Dividend		815,761	1,359,602
Amount transferred to General Reserve		20,000,000	20,000,000
Balance carried to Balance Sheet		51,898,767	38,029,597
		77,514,537	67,389,213
Basic Earnings per share of Rs.10/- each		9.87	9.17
Diluted Earnings per share of Rs.10/- each		9.87	9.17

Significant Accounting Policies and Notes to Accounts

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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

R.S.Gowdhaman

B. Gopalakrishnan

Date : 23.04.2009 Director

DGM (F & A) & Company Secretary

Partner

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SCHEDULES TO THE BALANCE SHEET AS AT 31/03/2009

	As at 31/03/2009 Rs.	As at 31/03/2008 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	116,000,000	96,000,000
Add : Transfer from Profit and Loss A/c.	20,000,000	20,000,000
	136,000,000	116,000,000
PROFIT AND LOSS ACCOUNT		
Surplus from Profit & Loss A/c.	51,898,767	38,029,597
	51,898,767	38,029,597
	190,473,767	156,604,597
3. SECURED LOANS		
(See Note No. B-1 for details of security)		
Mortgage Loan from State Bank of India -I	17,621,476	12,073,404
Mortgage Loan from State Bank of India -II	110,808,550	145,084,554
From CITI Bank	-	149,025
	128,430,026	157,306,983
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	35,436,063
Less : Deferred Tax Asset	720,605	578,119
	34,002,742	34,857,944

SCHEDULE 6 - FIXED ASSETS

(Rs.)

Description	GROSS BLOCK				DEPRECIATION /AMORTISATION				NET BLOCK	
	Balance as at 31.03.2008	Additions during the period	Deletions during the period	Balance as at 31.03.2009	As at 31.03.2008	For the Year	Deletion	As at 31.03.2009	Balance as at 31.03.2009	Balance as at 31.03.2008
LAND										
Free Hold	675,000	-	-	675,000	-	-	-	-	675,000	675,000
Lease Hold	115,041,537	-	-	115,041,537	1,886,400	471,600	-	2,358,000	112,683,537	113,155,137
BUILDINGS										
Buildings	208,775,507	8,113,423	-	216,888,930	27,431,920	3,468,615	-	30,900,535	185,988,394	181,343,587
Plant & Machinery	16,887,593	1,150,650	5,701,219	12,337,024	7,566,629	2,290,933	3,815,938	6,041,624	6,295,400	9,320,964
Wind Mill	27,625,000	-	-	27,625,000	10,001,400	2,856,425	-	12,857,825	14,767,175	17,623,600
Electrical Fittings	46,611,291	6,977,190	-	53,588,481	15,046,435	2,440,040	-	17,486,475	36,102,007	31,564,857
Furniture & Fixtures	17,045,251	11,712,526	-	28,757,777	2,244,910	5,805,072	-	8,049,982	20,707,795	14,800,341
OFFICE EQUIP- MENTS										
Computers	872,464	103,702	34,800	941,366	467,698	217,848	24,036	661,510	279,856	404,766
Air Conditioner	15,462,573	358,645	-	15,821,218	4,956,318	1,595,187	-	6,551,505	9,269,713	10,506,255
U P S	14,741,806	-	-	14,741,806	4,585,364	3,671,852	-	8,257,216	6,484,590	10,156,442
Others	10,860,213	4,207,848	104,254	14,963,807	1,357,016	3,331,465	23,235	4,665,246	10,298,561	9,503,197
Xerox	372,120	-	-	372,120	59,696	17,676	-	77,372	294,748	312,424
MULTI LEVEL CAR PARK										
PARK	20,348,801	-	-	20,348,801	4,137	1,509,882	-	1,514,019	18,834,782	20,344,664
VEHICLE										
Car	2,961,972	-	393,202	2,568,770	1,191,383	697,534	281,491	1,607,426	961,344	1,770,589
Intangible Assets (Computer Software)	-	159,130	-	159,130	-	20,677	-	20,677	138,453	-
Capital Work in Progress										
Capital Work in Progress	4,304,052	-	4,304,052	-	-	-	-	-	-	4,304,052
Total										
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
Year	466,397,112	57,436,123	21,248,055	502,585,180	68,604,006	15,433,642	7,238,343	76,799,306	425,785,874	397,793,106

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

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	As at 31/03/2009 Rs.	As at 31/03/2008 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.	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	57,493	15,023
Balances with Scheduled Banks		
in Current Accounts	9,060,087	3,714,164
in Deposit Accounts	30,000,015	20,000,015
	39,117,595	23,729,202
Dividend payable held with scheduled banks	1,840,517	1,606,751
	40,958,112	25,335,953
9. SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months	-	-
Other Debts	-	-
Secured	15,537,370	12,789,005
	15,537,370	12,789,005
10. LOANS AND ADVANCES		
(Unsecured and considered good)		
Tax deducted at Source & Advance Tax	110,433,469	81,693,475
Advance FBT Paid	631,810	451,810
Staff Advance	114,752	158,205
Other Advances	1,740,692	627,820
Prepaid Expenses	1,336,619	1,062,722
Interest Receivable	1,093,452	697,260
Maintenance & Security Deposits	4,813,855	4,603,905
	120,164,648	89,295,197
Less : Provision for doubtful advances & deposits	356,582	356,582
	119,808,067	88,938,615

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
11. CURRENT LIABILITIES		
Sundry Creditors for capital works	-	-
for expenses	3,075,040	2,792,664
Other Liabilities	3,548,955	2,425,509
Unpaid Dividend	1,840,517	1,606,751
	8,464,512	6,824,924
12. PROVISIONS		
Provision for taxation	85,000,000	62,800,000
Provision for Fringe Benefit Tax	611,782	441,054
Proposed Dividend	4,800,009	8,000,014
Provision for tax on proposed Dividend	815,761	1,359,602
Total	91,227,552	72,600,670

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SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31/03/2009

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
13. INCOME		
A . Compensation Income	126,402,139	99,145,308
(Tax deducted at source - Rs.2,86,23,079/- Yr Rs. 2,39,41,927)		
Other Income from operations	48,496,760	49,047,597
Service Tax Collected	15,270,564	11,284,243
Total	190,169,463	159,477,148
B. Non Operating Income		
Interest Income	2,431,390	1,017,826
(Tax deducted at source - Rs.2,88,180/- Previous Yr - Rs. 46,714)		
Other Income	1,185,754	455,908
Total	3,617,144	1,473,734
Total (A + B)	193,786,607	160,950,882
14. Employee's Cost and Benefit		
Salary & bonus to staff	6,500,869	5,956,753
Contribution to PF, Gratuity & Other Funds	991,682	904,498
Staff Welfare Expenses	179,681	251,819
Managing Director's Remuneration	1,400,000	1,400,000
Total	9,072,231	8,513,070
15. Administrative & Other Expenses		
Printing & Stationery	339,947	284,048
Travelling & Conveyance	141,363	155,026
Communication Expenses	535,439	706,391
Business Promotion Expenses	334,623	281,822
Sitting Fees	581,000	609,000
Audit Fees	220,600	224,720
Rent	1	1
Rates & Taxes	2,291,487	2,293,503
Service Tax Paid	14,238,606	10,191,997
Insurance	848,088	861,360
Legal & Professional Charges	607,333	225,176
Loss on sale of Fixed Assets	2,007,525	187,059
Donations	70,000	5,000
Other General / Misc Expenses	334,108	396,366
Total	22,550,120	16,421,469

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
16. Repairs & Maintenance Expenses		
Diesel account	10,085,432	2,021,866
Water Expenses	992,027	1,370,281
Security Charges	3,260,112	2,318,719
R & M -Air Conditioner	1,277,961	1,133,129
R & M - Building	10,957,111	4,677,026
R & M - Electrical	3,407,599	3,150,464
R & M - U P S	1,155,376	734,709
R & M -MLCP	1,677,510	1,095,330
R & M - Others	2,568,347	2,186,335
Total	35,381,475	18,687,859
17. Finance Charges		
Interest charges - term Loan	16,534,592	17,999,843
Interst - Others	32,897	32,897
Interest - HP	28,942	20,219
Bank Charges	67,733	32,785
Total	16,664,164	18,085,744

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SCHEDULE 18 : NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

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

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.

4. 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. During the year the management estimates the useful life of certain assets like computer, Furniture & Fixtures ,Office Equipment, UPS , Plant & Machinery & Vehicle has been revised to higher rate of depreciation @ 25% on straight line basis to the extent unavailed ,instead of the rate as per Schedule XIV of Companies Act, 1956. Consequently the net profit is reduced to the extent of Rs.1,05,32,752/- being the excess depreciation and accordingly the profit and loss account is reflected.

5. Investments

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

6. 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.

7. 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.

8. 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.

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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 No.140, Block no. 2 & 9 , CPT Road , Taramani , Chennai 600 113.

Collateral Security

Registered mortgage of commercial property belonging to the company situated at TS No.140, Block 2 & 9, CPT Road, 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.8,55,202/- has been recognized for deferred tax asset.

The balance deferred tax liability (net) outstanding as on 31.03.09 is Rs.3,40,02,742/- the details of which are as follows:

(Rs. in lakhs)

	As at 31.3.2008	Tax effect for the year	As at 31.3.2009
Deferred Tax (Liability)			
Fixed Assets	354.36	(7.13)	347.23
Sub Total	354.36	(7.13)	347.23
Deferred Tax Asset			
Amortization of Land registration Charges	5.78	1.43	7.21
Sub Total	5.78	1.43	7.21
Deferred Tax Asset / (Liability)	348.58	(8.56)	340.02

3. 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/-

4. 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 31.3.2009. (The balance amount lying under the Unpaid Dividend Account 2001 – 2002 declared on 17.6.2002 for the year 2001-02 falls due on 16.6.2009.)

5. PROFIT & LOSS ACCOUNT

- A) Other income from operations includes an amount of Rs.47,08,464/- (previous year Rs.42,92,707/-) 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.4,29,080/- for provident fund contribution in the profit and loss account. Further an additional contribution of Rs.83,913.78 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

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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: (Rs. in lakhs)

Particulars	Gratuity Plan 31.03.2009	Gratuity Plan 31.03.2008
Projected benefit obligation, at beginning of the year	10.56	9.04
Service Cost	0.47	0.92
Interest Cost	0.79	0.66
Actuarial (gain)/loss	(0.58)	(0.40)
Benefits paid	(1.29)	(0.46)
Projected benefit obligation, end of the year	9.95	10.56

b) Change in plan assets: (Rs. in lakhs)

Particulars	Gratuity Plan 31.03.2009	Gratuity Plan 31.03.2008
Plan assets at beginning of the year at fair value	9.29	6.46
Expected return on plan assets	0.88	0.56
Actuarial gain / (loss)	(0.17)	(0.15)
Employer's Contributions	4.83	2.59
Benefits paid	(1.29)	(0.46)
Plan assets at end of the year, at fair value	13.88	9.29

c) Reconciliation of present value of the obligation and the fair value of the plan assets (Rs. in lakhs)

	31.3.09	31.3.08
Fair value of plan assets at the end of the year	13.88	9.29
Present value of the defined benefit obligations at the end of the period	9.94	10.56
(Liability) / Asset	3.94	(1.27)

d) Gratuity cost for the year ended March 31 2009 (Rs. in lakhs)

Particulars	Gratuity Plan 31.03.2009	Gratuity Plan 31.03.2008
Service cost	0.47	0.92
Interest cost	0.79	0.66
Expected return on plan assets	(0.88)	(0.56)
Actuarial gain / (loss)	0.75	(0.25)
NET COST	0.37	(1.27)
Actual return on plan assets	11.32%	11.07%

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%

(b) 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.

6. Payments to Auditors

Particulars	2008 - 09 (Rs.)	2007-08 (Rs.)
1. Statutory Audit	1,30,000	1,30,000
2. Tax Audit Fees	35,000	35,000
3. Certification	35,000	35,000
4. Service Tax	20,600	24,720

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7. GENERAL

Related Party Disclosures

1. 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

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.15,10,326/-
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 Ltd
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. 3,519/-
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

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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	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	NIL
Amount written back during the year	NIL

VII Earning Per Share	2008-09	2007 -08
	(Rs.)	(Rs.)
a. Net Profit available for Equity Shareholders	3,94,84,940	3,66,74,079
b. Number of Equity Shares	40,00,007	40,00,007
c. Basic & adjusted EPS	9.87	9.17

8. 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 2009. 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	--
9. Segment wise reporting as per standard AS 17 is not applicable to the company.	
10. Estimated amount of liability on capital contracts as on 31.03.2009 not provided for is Rs.8,32,165/- (Previous year Rs. 58,65,971/-)	
11. Contingent Liabilities in respect of:	
a) Claims against the Company not acknowledged as debts	
(i) Claim by Department of Telecommunication	
<p>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.9,39,071/- (License fee of Rs.5 lacs and interest there on Rs.4,39,071/- upto 31.03.2009) and had provided a sum of Rs.32,897/-being interest since the amount of Rs 9,06,174/- had already been provided in the previous years. The difference in claim amounting to Rs.11,43,162/- is shown under "claims against the company not acknowledged as debts".</p>	
(ii) Income Tax demand	
<p>The following is the status of the Income Tax matters which are pending for various assessment years. In all cases, the dispute is with regard to the treatment of the income of the company by the Income Tax Department as "income from house property" whereas in the opinion of the company, the income should be treated as "income from business".</p> <p>In respect of assessment years 1996-97,1998-99, 2000-01 & 2001-02 the Income Tax Department has preferred an appeal before the Hon'ble High</p>	

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Court of Madras against the orders issued by the Income Tax Appellate Tribunal which were in favour of the company. The amount of demand raised by the Income Tax Department is Rs.30.56 lakhs.

For the assessment years 1999-2000 & 2003-2004 the Income Tax Department has preferred appeals before the Income Tax Appellate Tribunal against orders issued by the Commissioner of Income Tax (Appeals). The amounts of demands raised are Rs.218.64 lakhs. However for the Asst. Year 2003-2004 ITAT has allowed the appeal in company's favour.

In respect of the assessment year 2004-05, the company has filled an appeal before the Commissioner of Income Tax (Appeals) against the assessment order passed by the Dy. Commissioner of Income Tax. The DCIT has allowed the appeal in Company's favour.

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

The assessments for the assessment years 2005-06, 2006-07, 2007-08 and 2008-09 are pending.

Since the assessment for the assessment years 2002-03 & 2004-05 are over u/s. 141 (1) & 143 (3) of the Income Tax Act , 1961, the necessary adjustments have been made to nett off the advance tax paid and TDS receivable against the provision made for these years and the excess provided is being retained under " Provision for Taxation " .

(iii) Contingent liability not provided for :

During the year the company has received a show cause notice from Service Tax Department requiring us to pay the service tax on electricity charges reimbursed from the occupants including generation from genset. . The company has taken an opinion based on which the company contends that there is no liability in this regard. However, this contingency if materialized will amount to an outflow of Rs.1,21,40,756/-

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

12. 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 K.Padmanaban

Date : 23.04.2009 Director

R.S.Gowdhaman

DGM (F & A) & Company Secretary

B. Gopalakrishnan

Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009

	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
A. Cash flow from Operating activities:		
Net Profit before tax and extraordinary items	61,000,466	56,583,451
Adjustments for :		
Add: Depreciation	28,394,806	15,433,642
Interest & Financial Charges paid	16,664,164	18,085,744
Loss on sale of Fixed Assets	2,007,525	187,059
	108,066,961	90,289,896
Less : Interest income	2,431,390	1,017,826
Operating Profit Before Working Capital Changes	105,635,571	89,272,070
Adjustments for:		
Increase in Trade & Other receivables	3,512,178	3,853,727
Increase in Trade Payables & other liabilities	1,606,691	(760,099)
Cash Generated from Operations	103,730,083	84,658,244
Income tax paid(Net of Refunds)	28,919,994	24,304,012
Cash flow before Extraordinary Items	74,810,089	60,354,232
Extraordinary Items	-	-
Net Cash from Operating Activities	74,810,089	60,354,232
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	28,457,812	44,623,084
Proceeds from Sale of Fixed Assets	60,000	1,009,615
Investment	-	-
Interest received	1,245,746	1,017,826
Preliminary Expenses	-	-
Net cash from Investing activities	(27,152,066)	(42,595,643)
C: Cash flow from Financing Activities		
Increase in Unsecured Loans	-	-
Repayment of Compensation Deposit	(28,622,176)	-
Increase in Compensation Deposits	51,454,150	16,075,800
Increase in Secured Loans	-	180,357,000

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	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
Repayment of Secured Loans	28,876,957	178,609,181
Interest Paid	16,631,267	18,085,744
Dividend Paid (Including dividend tax)	9,359,616	8,423,655
Net Cash from Financing Activities	(32,035,866)	(8,685,780)
Net Increase in Cash and Cash Equivalents (A+B+C)	15,622,159	9,072,809
Cash and cash equivalents at the beginning of the year	25,335,953	16,263,144
Cash and cash equivalents at the end of the year	40,958,112	25,335,953

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S.Kumar
Director

K.Padmanaban
Director

Place : Chennai
Date : 23.04.2009

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, 2009. 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 : 23.04.2009

B.Gopalakrishnan
Partner
M.No. 200/25672

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I. Registration Details

Registration No	18-19459	State Code 18
Balance Sheet Date	31st March, 2009	

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
(Amount in Rs. Thousands)**

	Total Liabilities	Total Assets
	531646	531646
Sources of Funds	Paid up capital	Reserves and Surplus
	40000	190474
	Secured Loans	Unsecured Loans
	128430	42634
	Compensation Deposit	Deferred Tax
	96105	34002
Application of Funds	Net Fixed Assets	Investments
	423781	31253
	Net Current Assets	Misc. Expenditure
	76611	-

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

Turnover Total	Expenditure
190169	132322
Proposed Dividend	
4800	
Profit before Tax	Profit after Tax
61000	39485

(Please tick appropriate box + for profit -loss)

Earnings per share	9.87
Dividend@	12% on equity share

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

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

SINo.	Particulars	
1	Name of the Subsidiary Company	Elnet Software City Limited
2	Financial year of the Subsidiary Company ended on	31.3.2009
3	Holding Company's Interest	
	a) No. of Shares (Rs.10/- each)	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 : 23.04.2009

K.Padmanaban
Director

CONSOLIDATED ACCOUNTS

AUDITOR'S REPORT

Report to the Board of Directors 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 2009, 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 reflects total asset of Rs. 10,00,000/- as at 31st March 2009. These financial statements have been audited by other auditor, whose report have 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:

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- i) in the case of the Consolidated Balance Sheet of the consolidated state of affairs of the Company and its subsidiary as at 31st March 2009.
- 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 2009.
- 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 2009.

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

Place : Chennai
Date : 23.04.2009

[B. GOPALAKRISHNAN]
PARTNER
M No 200/25672

CONSOLIDATED BALANCE SHEET AS AT 31/03/2009

	Schedule No.	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	40,000,070	40,000,070
Reserves & Surplus	2	190,473,767	156,604,597
		230,473,837	196,604,667
LOAN FUNDS			
Secured Loans	3	128,430,026	157,306,983
Unsecured Loans	4	42,633,883	42,633,883
		171,063,909	199,940,866
COMPENSATION DEPOSITS		96,105,350	73,273,376
DEFERRED TAX	5	34,002,742	34,857,944
Total		531,645,838	504,676,853
APPLICATION OF FUNDS			
FIXED ASSETS			
	6		
Gross Block		525,020,850	502,762,921
Less Depreciation		101,049,413	76,799,306
Net Block		423,971,437	425,963,615
INVESTMENTS	7	30,253,000	30,253,000
CURRENT ASSETS, LOANS & ADVANCES			
Cash and bank balances	8	41,735,650	26,142,756
Sundry Debtors	9	15,537,370	12,789,005
Loans and advances	10	119,808,067	88,938,615
		177,081,086	127,870,376
CURRENT LIABILITIES & PROVISIONS			
	11		
Liabilities	11 A	8,472,785	6,850,120
Provisions	11 B	91,227,552	72,600,670
		99,700,337	79,450,790
NET CURRENT ASSETS		77,380,749	48,419,586
Miscellaneous Expenditure (To the extent not written off)			
Preliminary expenses	12	40,652	40,652
Total		531,645,838	504,676,853

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

Place : Chennai K.Padmanaban
Date : 23.04.2009 Director

P.S.Kumar
Director

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

As per our report attached

For S.H.Bhandari & Co
Chartered Accountants

B. Gopalakrishnan
Partner

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CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31/03/2009

	Schedule No.	For the year ended 31/03/2009 (Rs.)	For the year ended 31/03/2008 (Rs.)
INCOME			
Income from operations	A	190,169,463	159,477,148
Non Operating Income	B	3,617,144	1,473,734
		193,786,607	160,950,882
EXPENDITURE			
Employee's Cost and Benefit	14	9,072,231	8,513,070
Administrative & Other Expenses	15	22,550,120	16,421,469
Repairs & Maintenance Expenses	16	35,381,475	18,687,859
Electricity Charges		20,723,344	27,225,647
		87,727,171	70,848,045
Operating Profit		106,059,436	90,102,837
Finance Charges	17	16,664,164	18,085,744
Depreciation	6	28,394,806	15,433,642
		45,058,970	33,519,386
Profit before taxation & extra ordinary items		61,000,466	56,583,451
Provision for Deferred Tax		(855,202)	3,237,073
Provision for Current Tax		22,200,000	16,500,000
Provision for Fringe Benefit Tax		170,728	172,299
Profit after taxation		39,484,940	36,674,079
Profit brought forward from Previous year		38,029,597	30,715,134
Amount available for appropriation		77,514,537	67,389,213
Appropriations			
Proposed Dividend		4,800,009	8,000,014
Tax on Proposed Dividend		815,761	1,359,602
Amount transferred to General Reserve		20,000,000	20,000,000
Balance carried to Balance Sheet		51,898,767	38,029,597
		77,514,537	67,389,213
Basic Earnings per share of Rs.10/- each		9.87	9.17
Diluted Earnings per share of Rs.10/- each		9.87	9.17

Significant Accounting Policies and Notes to Accounts

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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 : 23.04.2009 Director

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

B. Gopalakrishnan
Partner

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31/03/2009

	As at 31/03/2009 Rs.	As at 31/03/2008 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	116,000,000	96,000,000
Add : Transfer from Profit and Loss A/c.	20,000,000	20,000,000
	136,000,000	116,000,000
PROFIT AND LOSS ACCOUNT		
Surplus from Profit & Loss A/c.	51,898,767	38,029,597
	190,473,767	156,604,597
3. SECURED LOANS		
(See Note No. B-1 for details of security)		
Mortgage Loan from State Bank of India -I	17,621,476	12,073,404
Mortgage Loan from State Bank of India -II	110,808,550	145,084,554
From CITI Bank	-	149,025
	128,430,026	157,306,983
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	35,436,063
Less : Deferred Tax Asset	720,605	578,119
	34,002,742	34,857,944

SCHEDULE 6 - FIXED ASSETS (Consolidated)

(Rs.)

Description	GROSS BLOCK				DEPRECIATION /AMORTISATION				NET BLOCK	
	Balance as at 31.03.2008	Additions during the period	Deletions during the period	Balance as at 31.03.2009	As at 31.03.2008	For the Year	Deletion	As at 31.03.2009	Balance as at 31.03.2009	Balance as at 31.03.2008
LAND										
Free Hold	675,000	-	-	675,000	-	-	-	-	675,000	675,000
Lease Hold	115,041,537	-	-	115,041,537	1,886,400	471,600	-	2,358,000	112,683,537	113,155,137
BUILDINGS										
Buildings	208,775,507	8,113,423	-	216,888,930	27,431,920	3,468,615	-	30,900,535	185,988,394	181,343,587
Plant & Machinery	16,887,593	1,150,650	5,701,219	12,337,024	7,566,629	2,290,933	3,815,938	6,041,624	6,295,400	9,320,964
Wind Mill	27,625,000	-	-	27,625,000	10,001,400	2,856,425	-	12,857,825	14,767,175	17,623,600
Electrical Fittings	46,611,291	6,977,190	-	53,588,481	15,046,435	2,440,040	-	17,486,475	36,102,007	31,564,857
Furniture & Fixtures	17,045,251	11,712,526	-	28,757,777	2,244,910	5,805,072	-	8,049,982	20,707,795	14,800,341
OFFICE EQUIPMENTS										
Computers	872,464	103,702	34,800	941,366	467,698	217,848	24,036	661,510	279,856	404,766
Air Conditioner	15,462,573	358,645	-	15,821,218	4,956,318	1,595,187	-	6,551,505	9,269,713	10,506,255
U P S	14,741,806	-	-	14,741,806	4,585,364	3,671,852	-	8,257,216	6,484,590	10,156,442
Others	10,860,213	4,207,848	104,254	14,963,807	1,357,016	3,331,465	23,235	4,665,246	10,298,561	9,503,197
Xerox	372,120	-	-	372,120	59,696	17,676	-	77,372	294,748	312,424
MULTI LEVEL CAR PARK										
VEHICLE										
Car	2,961,972	-	393,202	2,568,770	1,191,383	697,534	281,491	1,607,426	961,344	1,770,589
Intangible Assets (Computer Software)	-	159,130	-	159,130	-	20,677	-	20,677	138,453	-
Capital Work in Progress										
Capital Work in Progress	4,481,793	12,342	4,304,052	190,083	-	-	-	-	190,083	4,481,793
Total	502,762,921	32,795,456	10,537,527	525,020,850	76,799,306	28,394,806	4,144,700	101,049,413	423,971,437	425,963,615
Total for Previous Year	466,544,938	57,613,864	21,395,881	502,762,921	68,604,006	15,433,642	7,238,343	76,799,306	425,963,615	397,940,932

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

	As at 31/03/2009 Rs.	As at 31/03/2008 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.	30,253,000	30,253,000
	30,253,000	30,253,000
8. CASH AND BANK BALANCES		
Cash on hand	57,493	15,023
Balances with Scheduled Banks		
in Current Accounts	9,837,625	4,520,967
in Deposit Accounts	30,000,015	20,000,015
	<u>39,895,133</u>	<u>24,536,005</u>
Dividend payable held with scheduled banks	1,840,517	1,606,751
	41,735,650	26,142,756
9. SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months	-	-
Other Debts		
Secured	15,537,370	12,789,005
	15,537,370	12,789,005
10. LOANS AND ADVANCES		
(Unsecured and considered good)		
Tax deducted at Source & Advance Tax	110,433,469	81,693,475
Advance FBT Paid	631,810	451,810
Staff Advance	114,752	158,205
Other Advances	1,740,692	627,820
Prepaid Expenses	1,336,619	1,062,722
Interest Receivable	1,093,452	697,260
Maintenance & Security Deposits	4,813,855	4,603,905
	<u>120,164,648</u>	<u>89,295,197</u>
Less : Provision for doubtful advances & deposits	356,582	356,582
	119,808,067	88,938,615

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	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
11 A. CURRENT LIABILITIES		
Sundry Creditors for capital works for expenses	3,082,461	2,817,860
Other Liabilities	3,549,807	2,425,509
Unpaid Dividend	1,840,517	1,606,751
	8,472,785	6,850,120
11 B. PROVISIONS		
Provision for taxation	85,000,000	62,800,000
Provision for Fringe Benefit Tax	611,782	441,054
Proposed Dividend	4,800,009	8,000,014
Provision for tax on proposed Dividend	815,761	1,359,602
	91,227,552	72,600,670
12. MISCELLANEOUS EXPENDITURE (To the extent not written off)		
Preliminary Expenses	40,652	40,652
	40,652	40,652

**SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 31/03/2009**

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
13 INCOME		
A . Compensation Income (Tax deducted at source - Rs.2,86,23,079/- Prev Yr Rs. 2,39,41,927)	126,402,139	99,145,308
Other Income from operations	48,496,760	49,047,597
Service Tax Collected	15,270,564	11,284,243
Total	190,169,463	159,477,148
B . Non Operating Income		
Interest Income (Tax deducted at source - Rs.2,88,180/- Previous Yr - Rs. 46,714)	2,431,390	1,017,826
Other Income	1,185,754	455,908
	3,617,144	1,473,734
Total (A + B)	193,786,607	160,950,882
14. Employee's Cost and Benefit		
Salary & bonus to staff	6,500,869	5,956,753
Contribution to PF, Gratuity & Other Funds	991,682	904,498
Staff Welfare Expenses	179,681	251,819
Managing Director's Remuneration	1,400,000	1,400,000
Total	9,072,231	8,513,070

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	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
15. Administrative & Other Expenses		
Printing & Stationery	339,947	284,048
Travelling & Conveyance	141,363	155,026
Communication Expenses	535,439	706,391
Business Promotion Expenses	334,623	281,822
Sitting Fees	581,000	609,000
Audit Fees	220,600	224,720
Rent	1	1
Rates & Taxes	2,291,487	2,293,503
Service Tax Paid	14,238,606	10,191,997
Insurance	848,088	861,360
Legal & Professional Charges	607,333	225,176
Loss on sale of Fixed Assets	2,007,525	187,059
Donations	70,000	5,000
Other General / Misc Expenses	334,108	396,366
Total	22,550,120	16,421,469
16. Repairs & Maintenance Expenses		
Diesel account	10,085,432	2,021,866
Water Expenses	992,027	1,370,281
Security Charges	3,260,112	2,318,719
R & M -Air Conditioner	1,277,961	1,133,129
R & M - Building	10,957,111	4,677,026
R & M - Electrical	3,407,599	3,150,464
R & M - U P S	1,155,376	734,709
R & M -MLCP	1,677,510	1,095,330
R & M - Others	2,568,347	2,186,335
Total	35,381,475	18,687,859
17. Finance Charges		
Interest charges - term Loan	16,534,592	17,999,843
Interst - Others	32,897	32,897
Interest - HP	28,942	20,219
Bank Charges	67,733	32,785
Total	16,664,164	18,085,744

**SCHEDULE 18 : NOTES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009**

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

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.

4. 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

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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. During the year the management estimates the useful life of certain assets like computer, Furniture & Fixtures, Office Equipment, UPS, Plant & Machinery & Vehicle has been revised to higher rate of depreciation @ 25% on straight line basis instead of the rate as per schedule VI of Companies Act, 1956. Consequently the net profit is reduced to the extent of Rs.1,05,32,752 /- being the excess depreciation being the excess depreciation and accordingly the profit and loss account is reflected.

5. Investments

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

6. 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.

7. 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.

8. 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 No.140, Block no. 2 & 9 , CPT Road , Taramani , Chennai 600 113.

Collateral Security

Registered mortgage of commercial property belonging to the company situated at TS No.140, Block 2 & 9, CPT Road, 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.8,55,202/- has been recognized for deferred tax asset.

The balance deferred tax liability (net) outstanding as on 31.03.09 is Rs.3,40,02,742/- the details of which are as follows:

(Rs. in Lakhs)

	As at 31.3.2008	Tax effect for the year	As at 31.3.2009
Deferred Tax (Liability)			
Fixed Assets	354.36	(7.13)	347.23
Sub Total	354.36	(7.13)	347.23
Deferred Tax Asset			
Amortization of Land registration Charges	5.78	1.43	7.21
Sub Total	5.78	1.43	7.21
Deferred Tax Asset / (Liability)	348.58	(8.56)	340.02

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3. 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/-

4. 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 31.3.2009. (The balance amount lying under the Unpaid Dividend Account 2001 – 2002 declared on 17.6.2002 for the year 2001-02 falls due on 16.6.2009.)

5. PROFIT & LOSS ACCOUNT

- A) Other income from operations includes an amount of Rs. 47,08,464/- (previous year Rs. 42,92,707/-) 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. 4,29,080/- for provident fund contribution in the profit and loss account. Further an additional contribution of Rs. 83,913.78 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: (Rs. in lakhs)

Particulars	Gratuity Plan 31.03.2009	Gratuity Plan 31.03.2008
Projected benefit obligation, beginning of the year	10.56	9.04
Service Cost	0.47	0.92
Interest Cost	0.79	0.66
Actuarial (gain)/loss	(0.58)	(0.40)
Benefits paid	(1.29)	(0.46)
Projected benefit obligation, end of the year	9.95	10.56

b) Change in plan assets: (Rs. in lakhs)

Particulars	Gratuity Plan 31.03.2009	Gratuity Plan 31.03.2008
Plan assets at beginning of the year at fair value	9.29	6.45
Expected return on plan assets	0.88	0.56
Actuarial gain / (loss)	0.17	(0.15)
Employer's Contributions	4.83	2.59
Benefits paid	(1.29)	(0.46)
Plan assets at end of the year, at fair value	13.88	9.29

c) Reconciliation of present value of the obligation and the fair value of the plan assets (Rs. in lakhs)

	31.3.09	31.3.08
Fair value of plan assets at the end of the year	13.88	9.29
Present value of the defined benefit obligations at the end of the period	9.94	10.56

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d) Gratuity cost for the year ended March 31 2009 (Rs. in lakhs)

Particulars	Gratuity Plan 31.03.2009	Gratuity Plan 31.03.2008
Service cost	0.47	0.92
Interest cost	0.79	0.66
Expected return on plan assets	(0.88)	(0.56)
Actuarial gain / (loss)	0.75	(0.25)
NET COST	0.37	(1.27)
Actual return on plan assets	11.32%	11.07%

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%

(b) 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.

6. Payments to Auditors

(Rs.)

Particulars	2008 - 09	2007-08
1. Statutory Audit	1,37,500	1,55,000
2. Tax Audit Fees	35,000	35,000
3. Certification	35,000	35,000
4. Service Tax	21,373	27,810

7. GENERAL

Related Party Disclosures

1. 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

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.15,10,326/-
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

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III. Name of the related party	Elnet Software City Ltd
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. 3,519/-
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	Subsidiary Company
Description of the nature of transaction	The unsecured loan from the company to the tune of Rs.60,09141.20 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
Amount outstanding at the balance sheet	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	NIL
Amount written back during the year	NIL

VII Earning Per Share	2008-09 (Rs.)	2007 -08 (Rs.)
a. Net Profit available for Equity Shareholders	3,94,84,940	3,66,74,079
b. Number of Equity Shares	40,00,007	40,00,007
c. Basic & adjusted EPS	9.87	9.17

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8. 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 2009. 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	--

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

10. Estimated amount of liability on capital contracts as on 31.03.2009 not provided for is Rs.8,32,165/- (Previous year Rs. 58,65,971/-)

11. 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.9,39,071/- (License fee of Rs.5 lacs and interest there on Rs.4,39,071/- upto 31.03.2009) and had provided a sum

of Rs.32,897/- being interest since the amount of Rs 9,06,174/- had already been provided in the previous years. The difference in claim amounting to Rs.11,43,162/- 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 dispute is with regard to the treatment of the income of the company by the Income Tax Department as "income from house property" whereas in the opinion of the company, the income should be treated as "income from business".

In respect of assessment years 1996-97, 1998-99, 2000-01 & 2001-02 the Income Tax Department has preferred an appeal before the Hon'ble High Court of Madras against the orders issued by the Income Tax Appellate Tribunal which were in favour of the company. The amount of demand raised by the Income Tax Department is Rs.30.56 lakhs.

For the assessment years 1999-2000 & 2003-2004 the Income Tax Department has preferred appeals before the Income Tax Appellate Tribunal against orders issued by the Commissioner of Income Tax (Appeals). The amounts of demands raised are Rs.218.64 lakhs. However for the Asst. Year 2003-2004 ITAT has allowed the appeal in company's favour.

In respect of the assessment year 2004-05, the company has filled an appeal before the Commissioner of Income Tax (Appeals) against the assessment order passed by the Dy. Commissioner of Income Tax. The DCIT has allowed the appeal in Company's favour.

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

The assessments for the assessment years 2005-06, 2006-07, 2007-08 and 2008-09 are pending.

Since the assessment for the assessment years 2002-03 & 2004-05 are over u/s. 141 (1) & 143 (3) of the Income Tax Act, 1961, the necessary adjustments have been made to nett off the advance tax paid and TDS receivable against the provision made for these years and the excess provided is being retained under "Provision for Taxation".

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(iii) Contingent liability not provided for :

During the year the company has received a show cause notice from Service Tax Department requiring us to pay the service tax on electricity charges reimbursed from the occupants including generation from genset. The company has taken an opinion based on which the company contends that there is no liability in this regard. However, this contingency if materialized will amount to an outflow of Rs.1,21,40,756/-

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

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

Unnamalai Thiagarajan
Managing Director

P.S.Kumar
Director

As per our report attached
For S.H.Bhandari & Co
Chartered Accountants

Place : Chennai K.Padmanaban
Date : 23.04.2009 Director

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

B. Gopalakrishnan
Partner
M.No. 200/25672

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009

	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
A. Cash flow from Operating activities:		
Net Profit before tax and extraordinary items	61,000,466	56,583,451
Adjustments for :		
Add: Depreciation	28,394,806	15,433,642
Interest & Financial Charges paid	16,664,164	18,085,744
Loss on sale of Fixed Assets	2,007,525	187,059
	108,066,961	90,289,896
Less : Interest income	2,431,390	1,017,826
Operating Profit Before Working Capital Changes	105,635,571	89,272,070
Adjustments for:	3,512,178	3,853,727
Increase in Trade & Other receivables		
Increase in Trade Payables & other liabilities	1,589,768	(761,389)
Cash Generated from Operations	103,713,160	84,656,954
Income tax paid(Net of Refunds)	28,919,994	24,304,012
Cash flow before Extraordinary Items	74,793,166	60,352,942
Extraordinary Items	-	-
Net Cash from Operating Activities	74,793,166	60,352,942
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	28,470,154	44,652,999
Proceeds from Sale of Fixed Assets	60,000	1,009,615
Investment	-	-
Interest received	1,245,746	1,017,826
Preliminary Expenses	-	-
Net cash from Investing activities	(27,164,408)	(42,625,558)

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	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
C: Cash flow from Financing Activities		
Increase in Unsecured Loans	-	-
Repayment of Compensation Deposit	(28,622,176)	-
Increase in Compensation Deposits	51,454,150	16,075,800
Increase in Secured Loans	-	180,357,000
Repayment of Secured Loans	28,876,957	178,609,181
Interest Paid	16,631,267	18,085,744
Dividend Paid (Including dividend tax)	9,359,616	8,423,655
Net Cash from Financing Activities	(32,035,866)	(8,685,780)
Net Increase in Cash and Cash Equivalents (A+B+C)	15,592,894	9,041,604
Cash and cash equivalents at the beginning of the year	26,142,756	17,101,152
Cash and cash equivalents at the end of the year	41,735,650	26,142,756

For and on behalf of the Board of Directors

Unnamalai Thiagarajan

Managing Director

P.S.Kumar

Director

K.Padmanaban

Director

Place : Chennai

Date : 23.04.2009

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, 2009. 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 : 23.4.2009

B.Gopalakrishnan

Partner

M.No. 200/25672

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

I. Registration Details

Registration No	18-19459	State Code 18
Balance Sheet Date	31st March, 2009	

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
(Amount in Rs. Thousands)**

	Total Liabilities	Total Assets
	531646	531646
Sources of Funds	Paid up capital	Reserves and Surplus
	40000	190474
	Secured Loans	Unsecured Loans
	128430	42634
	Compensation Deposit	Deferred Tax
	96105	34002
Application of Funds	Net Fixed Assets	Investments
	423971	30253
	Net Current Assets	Misc. Expenditure
	77380	-

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

Turnover Total	Expenditure
190169	132322
Proposed Dividend	
4800	
Profit before Tax	Profit after Tax
61000	39485

(Please tick appropriate box + for profit -loss)

Earnings per share	9.87
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

DIRECTORS' 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 2009.

OPERATIONS

The Company is yet to commence its operation.

FIXED DEPOSITS

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

DIRECTORS

Tmt. Unnamalai Thiagarajan and Thiru H.Karthik Seshadri retires by rotation are eligible for reappointment.

COMPLIANCE CERTIFICATE

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sec.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 2009 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 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.

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AUDITORS

M/s. Padmnabhan 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.

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 Bankers for their support and co-operation extended to the Company.

For and on behalf of the Board of Directors,

Place : Chennai

Unnamalai Thiagarajan

C. Ramachandran

Date : 11.04.2009

Director

Director

AUDITORS REPORT

TO THE MEMBERS OF M/S ELNET SOFTWARE CITY LTD.,

1. We have audited the attached Balance Sheet of M/s ELNET SOFTWARE CITY LTD., as at 31st March 2009. 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 as amended 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 Paragraph 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 purpose of our audit.
 - ii) 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.
 - 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.
 - v) On the basis of written declaration received from the directors of the Company as at 31.03.2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2009 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

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- 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 the Balance Sheet of the state of affairs of the Company as at 31st March 2009.

for **Padmanabhan Prakash & Co.,**
Chartered Accountants

Place : Chennai
Dated : 10.04.2009

P.R. Venkatagopalakrishnan
Partner
M. No. 200/18507

ANNEXURE TO THE AUDITOR'S 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(1) 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(11) 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
- v) 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, 58M 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 (Auditors'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.

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- (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,

Place : Chennai

Dated : 10.04.2009

P.R. Venkatagopalakrishnan

Partner

M. No. 200/18507

BALANCE SHEET AS AT 31/03/2009

	Schedule No.	As at 31/03/2009 Rs.	As at 31/03/2008 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		-	-
PREPERATOVE EXPENSES	2	190,083	177, 741
INVESTMENTS			
		-	-
CURRENT ASSETS,LOANS & ADVANCES			
Cash and bank balances	3	777,538	806, 803
Sundry Debtors		-	-
Loans and advances		-	-
		967,621	984, 544
CURRENT LIABILITIES & PROVISIONS			
Liabilities	4	8,273	25,196
Provisions		-	-
		8,273	25, 196
NET CURRENT ASSETS		959, 348	959, 348
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITEN 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 of Directors

Unnamalai Thiagarajan
Director

C.Ramachandran
Director

As per our audit report attached
For Padmanabhan Prakash & Co
Chartered Accountants

Place : Chennai
Dated : 10.04.2009

P.R. Venkatagopalakrishnan
Partner
M. No. 200/18507

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SCHEDULES TO THE BALANCE SHEET AS AT 31/03/2009

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
1. SHARE CAPITAL		
Authorised		
1,000,000 Equity shares of Rs.10/- each	1,000,000	1,000,000
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)	1,000,000	1,000,000
	1,000,000	1,000,000
2. Preoperative expenses		
Rates & Taxes	10,554	8,035
Printing & Stationery	8,340	8,340
Professional Charges	42,520	40,520
Audit / Certification Fees	122,349	115,076
Others	6,320	5,770
	190,083	177,741
3. CASH AND BANK BALANCES		
Cash on hand	-	-
Balances with Scheduled Banks in Current Accounts	777,538	806,803
	777,538	806,803
4. CURRENT LIABILITIES		
Statutory Audit Fees	7,421	25,196
TDS - Professionals	852	-
	8,273	25,196
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
	40,652	40,652

SCHEDULE 6 : NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009.

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	2008 - 09 Current Year (Rs.)	2007 - 08 Previous year (Rs.)
1. Statutory Audit Fees	7,500/-	25,000/-
2. Service Tax	773/-	3,060/-

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 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.3,519/-
Any other element of the transaction necessary for understanding the transaction	Nil
Amount outstanding at the balance sheet date	Nil

Unnamalai Thiagarajan
Director

C.Ramachandran
Director

As per our report attached
For Padmanabhan Prakash & Co
Chartered Accountants

Place : Chennai
Dated : 10.04.2009

P.R. Venkatagopalakrishnan
Partner
M. No. 200/18507

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I. Registration Details

Registration No CINU45209TN2005PLCO55728 State Code 18
Balance Sheet Date 31.3.2009

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 (Amount 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	Expenditure
Nil	Nil
Profit before Tax	Profit after Tax
Nil	Nil

(Please tick appropriate box + for profit -loss)

Earnings per share	Nil
Dividend@	Nil

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



Elnet Technologies Limited

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

PROXY FORM

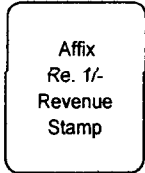
I/We of being a member / members of Elnet Technologies Ltd., here by appoint of or failing him / her of the 18th Annual General Meeting to be held at New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004 on Tuesday, the 7th July, 2009 at 11.00 a.m and at any adjournment thereof.

In Witness thereof

Signed this day of 2009

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 No. 2 & 9, Rajiv Gandhi Salai, Taramani, Chennai - 600 113, not less than 48 hours before the meeting.



Elnet Technologies Limited

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

ATTENANCE SLIP

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 18th Annual General Meeting of the Company held at New Woodlands Hotel Pvt. Ltd., No. 72- 75, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004 on Tuesday, the 7th July, 2009 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.

