

22nd Annual Report

2012 - 13

BOARD OF DIRECTORS

Thiru Atul Anand, IAS, Chairman
Tmt.Unnamalai Thiagarajan, Managing Director
Thiru C. Ramachandran
Thiru P.S. Kumar
Thiru J. Ravi
Thiru R. Ganapathi
Thiru H. Karthik Seshadri
Thiru K.Padmanaban
Thiru S Paulraj
Dr. V Dharmalingam
Thiru G Senrayaperumal
Thiru K.Kasim

STATUTORY 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,
155, Anna Salai
Chennai – 600 002.

M/s. Axis Bank Limited
Main Branch, 82, Dr.Radhakrishnan Salai,
Chennai – 600 004

REGISTERED OFFICE

Elnet Software City
TS 140, Block No. 2&9, Rajiv Gandhi Salai,
Taramani, Chennai – 600 113
Phone – 044 - 22541337/1098
Fax – 044 - 22541955
E-mail: elnet@md4.vsnl.net.in

REGISTRARS AND SHARE
TRANSFER AGENTS

M/s. Cameo Corporate Services Limited
“Subramanian Building”, Fifth Floor
No. 1, Club House Road, Chennai – 600 002
Phone – 044 - 28460390 (6 lines)
Fax – 044 - 28460129

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FINANCIAL HIGHLIGHTS

In ₹ Lacs

HIGHLIGHTS	2012-13	2011-12	2010-11	2009-10	2008-09
Gross Revenue	2169.21	1687.72	1606.45	1681.91	1937.87
Profits Before Tax	802.03	635.51	570.88	573.65	610.00
Taxation	263.13	214.16	206.27	198.42	211.75
Profits After Tax	538.90	421.35	364.61	375.23	398.25
Dividend & Dividend Taxes	65.52	55.79	56.79	55.97	56.16
Borrowings	426.34	426.34	873.44	1381.62	1710.64
Earnings per Equity Share	13.47	10.53	9.12	9.38	9.96
Dividend on Equity Share	14%	12%	12%	12%	12%
Debt: Equity Ratio	0.1:1	0.1:1	0.3:1	0.5:1	0.7:1

NOTICE

NOTICE is hereby given that the **TWENTY SECOND** Annual General Meeting of **ELNET TECHNOLOGIES LIMITED** will be held on Thursday, the 20th June 2013 at 11.00 A.M. at New Woodlands Hotel Pvt. Ltd., No.72-75, Dr.Radhakrishnan Salai, Mylapore, Chennai 600 004 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2013 and the Statement of Profit and Loss 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 ₹ **2,50,000** /- plus service tax as applicable”.

4. To appoint a Director in place of Thiru P.S. Kumar who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Thiru R. Ganapathi who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Thiru K. Kasim who retires by rotation and is eligible for re-appointment.

By Order of the Board of Directors

Place : Chennai
Date : 03.05.2013

UNNAMALAI THIAGARAJAN
MANAGING DIRECTOR

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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 Ordinary Business set out above is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 13.06.2013 to 20.06.2013 (Both days inclusive).
4. The payment of dividend, upon declaration by the shareholders, at the ensuing Annual General Meeting will be made within one month from the date of Annual General Meeting.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their Bank details, change in address etc., to their Depository participant only and not to the Company's Registrar and Share Transfer Agent.

Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrars and Share Transfer Agents to provide efficient and better service to the Members.

Pursuant to the provisions of Sec 205A and 205C of the Companies Act, 1956, dividend declared, which remain unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund as shown here under.

Financial Year Ended	Date of Declaration of Dividend	Due date of the proposed transfer to Investor Education and Protection Fund
31.03.2006**	06.05.2006	05.05.2013
31.03.2007	27.07.2007	26.07.2014
31.03.2008	30.07.2008	29.07.2015
31.03.2009	07.07.2009	06.07.2016
31.03.2010	21.07.2010	20.07.2017
31.03.2011	28.06.2011	27.06.2018
31.03.2012	22.06.2012	21.06.2019

** Please note that as per sec.205 (c) of the Companies Act, 1956, we have to transfer the pending amount in the Unpaid Dividend account to Investor Education and Protection Fund within 30 days from the due date. 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 who are holding shares in physical form are requested to intimate to the Registrar and Transfer Agents (R&TA) of the Company immediately about change in their address, if any.
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 31.03.2013, 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.

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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 31.03.2013 is being proposed to be appointed as Auditors for the financial year ending 31.03.2014.

Directors recommend the passing of the resolution.

No Director is interested or concerned in this item of business

Place : Chennai
Date : 03.05.2013

By Order of the Board of Directors

UNNAMALAI THIAGARAJAN
MANAGING DIRECTOR

INFORMATION ON DIRECTORS RETIRING BY ROTATION SEEKING REAPPOINTMENT					
AND DIRECTORS PROPOSED TO BE APPOINTED AT THE ANNUAL GENERAL MEETING					
Name	Thiru P.S. Kumar	Thiru R. Ganapathi	Thiru K. Kasim		
Date of Birth and age	07.04.1944 & 69 Years	28.06.1955 & 57 Years	11.10.1938 & 74 Years		
Appointed on	06.09.2002	14.08.2003	27.01.2010		
Qualification	B.Com, FCA, FCA (England & Wales)	B.Tech - Mechanical Engineering - IIT, Chennai	Honours Graduate and IPS Retd		
Experience in specific functional areas	An eminent Chartered Accountant in practice for over 35 years. Has specialised in the areas of Corporate Audit and International Taxation.	Engineering - Management. IT Training, Construction and heavy machinery trading	An IPS Officer retired in 1994. Vast experience in teaching profession. Eminent writer in the field of Political, Religious, etc.		
Directorship/Chairmanship held in other public companies	Indian Greengrid Group Ltd - Director	Indian Greengrid Group Ltd - Director			
	Elnet Software City Ltd - Director	Grand Luxe Hotels Limited - Director			
	ETL Power Services Ltd - Director	Elnet Software City Ltd - Director			
	Rane (Madras) Ltd - Director	Trigyn Technologies Ltd - Chairman and Ex-Director			
	Brahmayya Consultants Pvt. Ltd., - Director	Trigyn Technologies (India) Pvt. Ltd - Director			
	Can Fin Homes Ltd - Director	Trigyn Technologies Inc., USA - Director			
Memberships/Chairmanship of Committee across public companies		Leading Edge Infotech Ltd - Director			
		Orient Green Power Company Ltd - Director			
	Audit Committee				
	Indian Greengrid Group Ltd - Chairman				
	ETL Power Services Ltd - Member				
	Executive Committee				
	Andhra Chamber of Commerce (Sec.25 Company) - Member				

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DIRECTORS' REPORT

To

The Members

Your Directors have great pleasure in presenting the TWENTY SECOND Annual Report together with the Audited Accounts of your Company for the Financial Year ended 31.03.2013.

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 ₹ 538.90 Lakhs.

OPERATIONS

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

Sl. No.	Particulars	For the year ended 31.3.2013 ₹ in Lacs	For the year ended 31.3.2012 ₹ in Lacs
1	Income from operations	2115.57	1687.72
2	Non-operating income	53.64	59.68
3	Total expenditure (including financial charges and Depreciation)	1367.18	1111.88
4	Profit before Taxes	802.03	635.51
5	Provision for deferred tax	(16.87)	(15.84)
6	Provision for current tax	280.00	230.00
7	Net Profit	538.90	421.35
8	Dividend & tax thereon	65.52	55.79
9	Transfer to General Reserve	200.00	200.00
10	Balance carried forward to Balance Sheet	273.38	165.56
11	Paid up Equity Share Capital	400.00	400.00

DIVIDEND

Your Directors are pleased to recommend a dividend of 14% on the Equity Share Capital of the Company for the year ended March 31, 2013. 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 20.06.2013, 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 20.06.2013.

FUTURE PROSPECTS

Your Company currently enjoys 100% occupancy level. The company had expanded the lettable area to another 26000 sqft by modifying and refurbishing the erstwhile administrative block.

SUBSIDIARY COMPANY

The statement pursuant to Sec 212 of the Companies Act, 1956, containing the relevant details of the Company's subsidiary is attached.

COST AUDITOR

Pursuant to Section 233(B)(2) of the Companies Act, 1956, the Board of Directors on the recommendation of the Audit Committee, appointed Shri.P.Raju Iyer, a Cost Accountant, as Cost Auditor of the Company.

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. Also, the Company's shares are traded on the National Stock Exchange.

DEMATERIALISATION OF EQUITY SHARES

As on 31.03.2013, 37,40,836 numbers of equity shares are held in Dematerialized Form, which constitutes 93.52% of total shareholding.

FIXED DEPOSITS

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

DIRECTORS

Under the provisions of the Articles of Association of the Company three of your Directors Thiru P.S.Kumar, Thiru R. Ganapathi and Thiru K. Kasim retire by rotation at the forth coming Annual General Meeting. All of them, being eligible, offer themselves for reappointment.

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, 2013, 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

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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 : 03.05.2013

Atul Anand, IAS
CHAIRMAN

Dear Shareholder,

As part of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21 and 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically.

Recognizing the spirit of the circular issued by MCA, we propose to send documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report etc. for the year ended March 31, 2013, in electronic form, to the email address provided by you and made available to us by the Depositories.

Following the government directive, the full text of these reports will also be made available in an easily navigable format on our website, www.elnettechnologies.com.

We request you to send the information as per the format attached to our email ID elnet@md4.vsnl.net.in.

Thank you for your co-operation

Regards,

Investor Relations Team
Elnet Technologies Limited
TS 140, Block 2&9 Rajiv Gandhi Salai,
Taramani,
Chennai – 600 113. Tamil Nadu

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FORMAT

Name of the Shareholder :

Folio No :

DP ID :

CLIENT ID :

E Mail Id :

Address :

Bank Details :

Account Number :

Name of the bank :

Branch& Address :

IFS Code :

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company currently enjoys 100% occupancy level. The growth and progress of the company depends directly on the prospects of IT industry. In the opinion of the Directors, the growth in the Software and BPO Industry is facing challenges due to worldwide recession and more particularly changing policies of western countries on outsourcing. Hence the demand for IT space is expected to be uncertain.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

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

SEGMENTWISE / PRODUCTWISE PERFORMANCE

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

INTERNAL CONTROL SYSTEM AND ADEQUACY

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

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

There were no material developments in relation to Human Resources / Industrial Relations in your Company as the Company has minimum employee strength. The Company has on its Roll 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 shareholder's value.

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

- that system and procedures which monitor compliance with laws, rules and regulations are in place in each area of its business
- that relevant information regarding the company and its operations is disclosed, disseminated and easily available to its stakeholders and
- that the Board of Directors is kept fully informed of all material developments in the Company, the risks in its business and its operation, and the rationale for management decision and recommendation so that the Board of Directors can effectively discharge its responsibilities to the shareholders.
- As a part of "Green initiative" in Corporate Governance, Ministry of Corporate Affairs(MCA) vide Circular No.18/2011 dated 29.04.2011 has permitted paperless compliance by recognizing communications through electronic mode to shareholder under the Companies Act, 1956. Accordingly, the company has sent request letters for getting the e-mail address to enable the company to circulate the Annual accounts and other communication through e-mail.

2. BOARD OF DIRECTORS

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

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

The Board also reviews the declarations made by the management regarding compliance with the applicable laws on a quarterly basis as also the Board Minutes of its subsidiary company. The details about the composition of the Board of Directors as also the number of other directorships, memberships/chairmanship in committees across various companies of which the Director is a member/chairman, their attendance at the Board meetings held during the financial year under review and at the last Annual General Meeting are furnished hereunder.

Composition and category of the Board of Directors as on March 31, 2013

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

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BOARD MEETINGS:

During the Financial year 2012-13 the Board met four times on the following dates namely 17.05.2012, 27.07.2012, 31.10.2012 and 31.01.2013.

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

S I . No.	Name of the Director	FY 2012-13 Attendance at		
		Board Meetings		Last AGM
		Attended	No. of meetings held during their tenure	
1.	Thiru Atul Anand IAS	-	4	No
2.	Tmt.Unnamalai Thiagarajan	3	4	Yes
3.	Tr.C Ramachandran	4	4	Yes
4.	Tr.P.S. Kumar	4	4	Yes
5.	Tr.J. Ravi	4	4	Yes
6.	Tr.R.Ganapathi	2	4	No
7.	Tr.H.Karthik Seshadri	3	4	No
8.	Tr.K.Padmanaban	4	4	Yes
9.	Tr.S.Paulraj	-	4	No
10.	Dr.V.Dharmalingam	2	4	No
11.	Tr.G.Senrayaperumal	3	4	Yes
12.	Tr.K.Kasim	3	4	Yes

Thiru P.S. Kumar, Thiru R. Ganapathi and Thiru K. Kasim are liable to retire by rotation and being eligible, offer themselves for re-appointment. 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,

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

3. AUDIT COMMITTEE

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

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

The Compliance Officer 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

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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 2012-13, Audit Committee met five times on the following dates namely, 10.05.2012, 17.05.2012, 18.07.2012, 31.10.2012 & 31.01.2013

Attendance of each member of the Audit Committee during the financial year 2012-13

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	5	5
2.	Tr. C Ramachandran	4	5
3.	Tr. R Ganapathi	2	5
4.	Tr. H Karthik Seshadri	4	5
5.	Tr. K Padmanaban	5	5

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.

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 2012-13 are as under

I. Managing Director :

Total Remuneration paid to Tmt. Unnamalai Thiagarajan, Managing Director, during the financial year 2012-13 is ₹ 14,00,000/-

II. Non-Executive Directors :

S.No.	Name of the Director	Sitting Fees (₹)
1.	Tr. Atul Anand, IAS	-
2.	Tr. K. Padmanaban	70,000 *
3.	Tr. S. Paularj	-
4.	Tr. C Ramachandran	77,000
5.	Tr. J Ravi	91,000
6.	Tr. P S Kumar	91,000
7.	Tr. R Ganapathi	42,000
8.	Tr. H Karthik Seshadri	1,33,000
9.	Dr. V.Dharamalingam	14,000
10.	Tr. G. Senrayaperumal	21,000
11.	Tr. K. Kasim	21,000

* Paid to Electronics Corporation of Tamil Nadu Ltd.

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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 recommends measure for overall improvement in the quality of investor's services. During the year under review four Investors Grievance Committee meetings were held on 10.05.2012, 18.07.2012, 31.10.2012 & 31.01.2013. 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	1
4	Tr. H. Karthik Seshadri, Member	Non-Executive Independent Director	3

6. PURCHASE COMMITTEE

A Purchase Committee of Directors was constituted on 25/10/2006 under the directions of the Board. It is empowered to identify the qualified vendors for taking advantage of competitive pricing. During the year under review, no meetings were held as it was not necessitated. 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. C. Venkataramanan, Compliance Officer

Ph : 044 - 22541098 Ext. : 215

Email : elnet@md4.vsnl.net.in

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

Details of Investors/Shareholders' Complaints:-

Pending complaints at the beginning	- Nil	Break up details of Investors/ Shareholders/ complaints	Nos.
Number received during the year	- 51	Revalidation of dividend warrants effected	44
Number resolved	- 51	Statutory notices received and attended	3
Number of pending	- Nil	General queries received and attended	1
		Transfers/duplicate share certificate - queries received and attended	3
		Total	51

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 2012-13 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

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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 21)

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, 2013, there were no share transfers pending for registration for more than 30 days.

8. GENERAL BODY MEETINGS

Location and time of General Meetings

Type	Year	Date	Time	Venue
AGM	2011-12	22/06/2012	10.00 a.m.	New Woodlands Hotel Pvt. Ltd., Chennai
AGM	2010-11	28/06/2011	11.00 a.m.	New Woodlands Hotel Pvt. Ltd., Chennai
AGM	2009-10	21/07/2010	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 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. 3.3 of Schedule 21 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 to capital markets, during the last three years. – No such instances.
- c) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.

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

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

The Company has duly complied with all the requirements.

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

- e) In preparation of the financial statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India the significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.
- f) During the financial year 2012-13 the company had no pecuniary relationship with any of the non-executive directors (other than payment of sitting fees as set out above.)

10. MEANS OF COMMUNICATION

The Un-audited quarterly financial results, "Limited Review by the Auditors" and the audited full year financial results are sent to Stock Exchanges where the Company's shares are listed regularly within the specified time limit. The results are also published in The Financial Express and Malai Sudar. 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.

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11. GENERAL SHAREHOLDER INFORMATION

Date of Incorporation : 01.08.1990
Registered Office : Elnet Software City, TS 140, Block 2&9,
Rajiv Gandhi Salai, Taramani, Chennai – 600 113
AGM Date and Time : 20.06.2013 at 11.00 A.M.
Venue : New Woodlands Hotel Pvt. Ltd
No.72-75, Dr. Radhakrishnan Salai,
Mylapore, Chennai 600 004

Financial Calendar 2013-14(Tentative and subject to change)

Financial Results for the quarter ending June 30, 2013 : Last week of July 2013
Financial Results for the quarter ending September 30, 2013 : Last week of Oct 2013
Financial Results for the quarter ending December 31, 2013 : Last week of Jan 2014
Financial Results for the quarter ending March 31, 2014 : Before 31st May 2014
Annual General Meeting for the year ending March 31, 2014 : During July 2014

Book Closure date : 13.06.2013 to 20.06.2013 (both days inclusive)

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

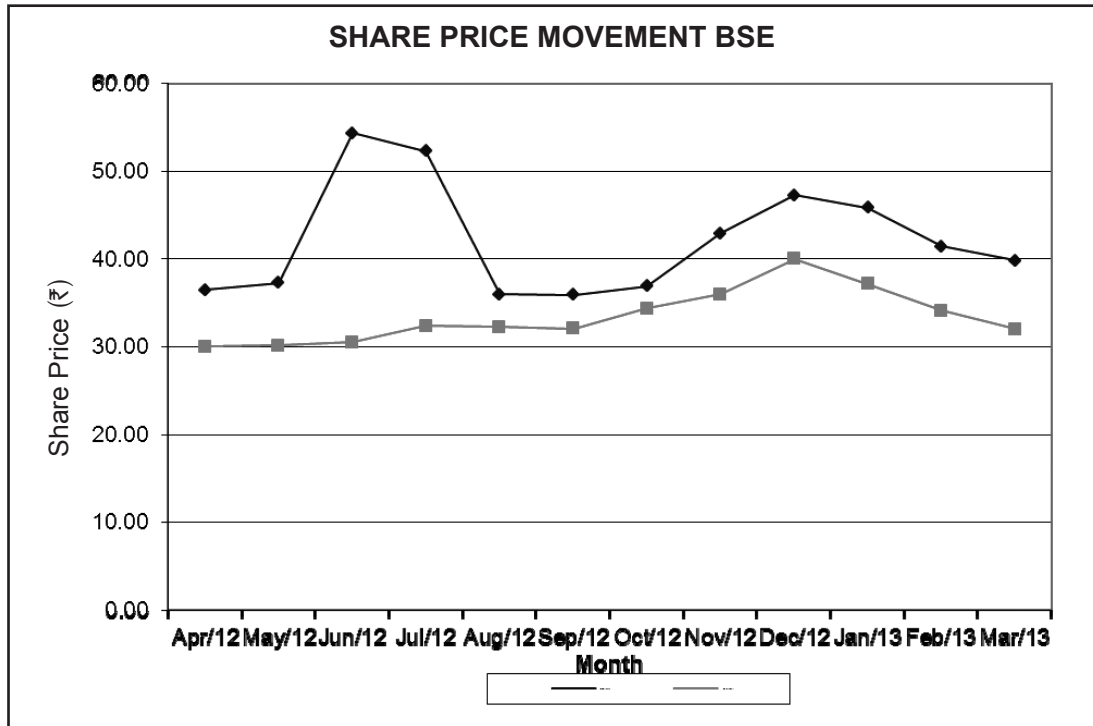
Listing on Stock Exchanges : (1) The Bombay Stock Exchange Ltd.
25th Floor, P.J Towers,
Dalal Street, Mumbai-400 023.
(2) Madras Stock Exchange Ltd.,
Exchange Building,
11, Second Line Beach,
Chennai – 600 001.

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, Taramani,
Chennai – 600 113.

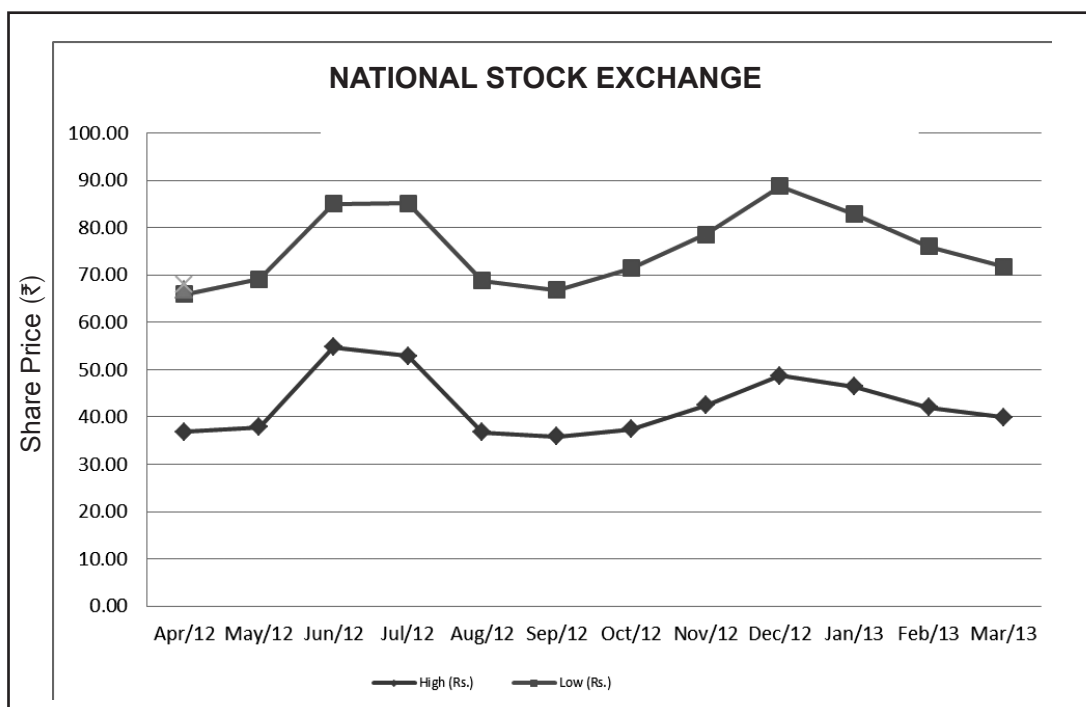
Note: Annual Listing Fees for the year 2013-14 was duly paid within the time limit to the above Stock Exchanges pursuant to Clause 38 of Listing Agreement



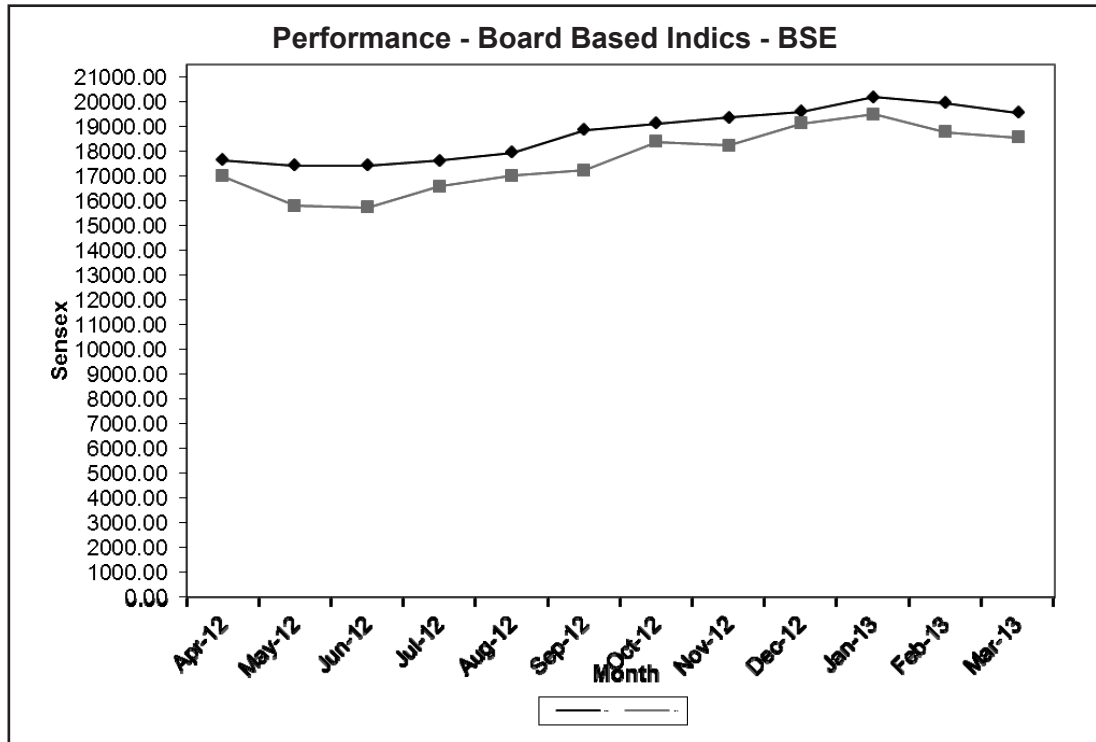
Stock Market Data

The Stock Exchange, Mumbai				
Month	High ₹	Low ₹	Highest Volume (Nos)	Lowest Volume (Nos)
Apr-12	36.50	30.05	3826	2
May-12	37.30	30.15	6050	1
Jun-12	54.40	30.50	316495	50
Jul-12	52.35	32.40	92501	1346
Aug-12	36.00	32.25	7,738	119
Sep-12	35.95	32.05	3,844	389
Oct-12	36.95	34.40	2,629	264
Nov-12	42.95	36.00	11,751	170
Dec-12	47.30	40.05	25,020	101
Jan-13	45.85	37.20	6,367	24
Feb-13	41.45	34.10	24,229	142
Mar-13	39.85	32.00	26,031	74

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NATIONAL STOCK EXCHANGE				
Month	High ₹	Low ₹	Highest Volume (Nos.)	Lowest Volume (Nos.)
Apr-12	36.90	29.00	6080	2
May-12	37.85	31.25	2348	2
Jun-12	54.70	30.35	441681	27
Jul-12	52.85	32.30	95116	765
Aug-12	36.75	32.05	7237	152
Sep-12	35.85	31.00	9559	238
Oct-12	37.40	34.00	9154	292
Nov-12	42.45	36.15	5791	26
Dec-12	48.75	40.05	6389	42
Jan-13	46.45	36.40	3457	50
Feb-13	42.00	34.10	9186	1
Mar-13	39.95	31.80	5286	3



Month	High	Low
Apr-12	17664.10	17010.16
May-12	17432.33	15809.71
Jun-12	17448.48	15748.98
Jul-12	17631.19	16598.48
Aug-12	17972.54	17026.97
Sep-12	18869.94	17250.80
Oct-12	19137.29	18393.42
Nov-12	19372.70	18255.69
Dec-12	19612.18	19149.03
Jan-13	20203.66	19508.93
Feb-13	19966.69	18793.97
Mar-13	19574.66	18568.43

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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 : 044 - 2846 0390 Fax : 044 - 2846 0129

Share Transfer System

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

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

Dematerialisation of Shares

An extent of 37,40,836 shares representing 93.52% of the issued share capital have been dematerialised as at 31st March, 2013.

Distribution of Shareholding as on 31st March, 2013

No. of Equity Shares	No. of Holders	No. of Holders	No. of Holders	% of Shareholding		%	No. of Shares
	In Physical	In Electronic	In Total	Physical	Electronic	In Total	In Total
10 - 5,000	1,816	4,306	6,122	5.60	15.10	20.70	8,28,137
5,001 - 10,000	11	265	276	0.21	5.31	5.52	2,20,631
10,001 - 20,000	3	131	134	0.11	4.96	5.06	2,02,514
20,001 - 30,000	0	47	47	0.00	2.96	2.96	1,18,364
30,001 - 40,000	4	20	24	0.32	1.77	2.09	83,706
40,001 - 50,000	2	14	16	0.24	1.64	1.88	75,160
50,001 - 1,00,000	0	12	12	0.00	2.35	2.35	93,885
1,00,001 - And Above	0	17	17	0.00	59.44	59.44	23,77,610
Total	1,836	4,812	6,648	6.48	93.52	100.00	40,00,007

Shareholding Pattern as at 31st March 2013

Category	No. of Shareholders	No. of Shares Held	% of shareholding
Promoter	1	3,69,483	9.24
Promoters - Bodies Corporate	4	17,44,378	43.61
Other Bodies Corporate	152	1,15,857	2.90
Indian Public	6,459	17,58,179	43.95
NRIs	18	8,379	0.21
Others - clearing members	14	3,731	0.09
TOTAL	6,648	40,00,007	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 : 044 - 2846 0390 Fax : 044 - 2846 0129

Address for Correspondence

Secretarial Department,

M/s Elnet Technologies Limited,

Elnet Software City, TS 140, Block 2&9, Rajiv Gandhi Salai,

Taramanai, Chennai – 600 113, Tamil Nadu.

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

NON-MANDATORY REQUIREMENTS

The Board

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

Remuneration Committee

Please refer Item No. 4 under Corporate Governance Report.

Shareholders Rights

As the Company's financial results are published in an English newspaper having wide circulation all over India and in a Tamil newspaper widely circulated in Chennai, the same are

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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.

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 LIMITED.,

We have examined the compliance of conditions of Corporate Governance by M/s. Elnet Technologies Limited., for the year ended 31st March 2013, as stipulated in clause 49 of the Listing Agreement entered into by the Company with stock exchange(s).

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

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

The registrar and the share transfer agent of the company for equity shares have certified that there were no investor grievances remaining unattended / pending for more than 30 days.

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

Place : Chennai
Date : 03.05.2013

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

Sreedhar Sreekakulam
Partner
M. No. 026474 FRN: 000438S

CERTIFICATE BY CEO / CFO

WE, UNNAMALAI THIAGARAJAN, MANAGING DIRECTOR & THIRU P.S. SUBRAMANIAN AGM (F&A) OF ELNET TECHNOLOGIES LTD, TO THE BEST OF OUR KNOWLEDGE AND BELIEF, CERTIFY THAT:

1. We have reviewed the Balance Sheet and Statement of Profit and Loss and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement, in respect of the year 2012-13.
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	UNNAMALAITHIAGARAJAN	P.S.SUBRAMANIAN
Date : 03.05.2013	MANAGING DIRECTOR	A G M (FINANCE & ACCOUNTS)

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ELNET TECHNOLOGIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Elnet Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended 31st March, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Companies [Auditors Report] Order 2003, issued by the Government of India in terms of Sub (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 explanations given to us we set out in the annexure a statement on the matters specified in paragraph 4 & 5 as applicable, of the said order.
2. **As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place : Chennai
Date : 03.05.2013

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

Sreedhar Sreekakulam
Partner
M. No. 026474 FRN: 000438S

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ANNEXURE TO THE AUDITORS' REPORT

[Referred to in Paragraph 1- Report on Other Legal and Regulatory Requirements of the Auditors' Report of even date to the members of Elnet Technologies Limited on the financial statements for the year ended March 31, 2013]

1. FIXED ASSETS

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. There was no substantial disposal of fixed assets during the year.

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. The Company has unsecured loans of ₹ 4,26,33,883/- from parties listed in the register maintained u/s. 301 of the Companies Act, 1956, 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.
- 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 & 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.

According to the information and explanations given to us, where each such transactions is in excess of ₹ 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

The Company has not accepted deposits from the Public within the meaning of Section 58A and 58AA of the Companies Act, 1956, and the Rules framed there under.

7. INTERNAL AUDIT SYSTEM

In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. COST RECORDS

We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

9. STATUTORY DUES

- a. As per the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues such as Income Tax, Sales Tax, Service Tax and Wealth Tax. The provisions relating to excise and customs duty are not applicable to the company.
- b. According to the records and information and explanations given to us, there are no undisputed dues in respect of sales tax, service tax, income tax and wealth tax which have not been deposited with the appropriate authorities. The following are the particulars of service tax and income tax dues that have not been deposited with appropriate authorities on account of disputes as on March 31, 2013:

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Name Of the Statute	Nature of the dues	Period [A.Y]	Amount (In ₹)	Forum where dispute is pending
Income-tax Act, 1961	Income Tax	1996-1997	11,96,191	The Madras High Court has ruled the case in favor of the assessee. However, it is not known whether the Income Tax Department has preferred a Special Leave Petition with the Supreme Court.
Income-tax Act, 1961	Income Tax	1998-1999	12,21,223	
Income-tax Act, 1961	Income Tax	2000-2001	5,24,847	
Income-tax Act, 1961	Income Tax	2001-2002	1,35,15,737	
Income-tax Act, 1961	Income Tax	2003-2004	2,54,07,618	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	2007-2008	11,30,593	
Income-tax Act, 1961	Income Tax	2009-2010	47,475	
Finance Act, 1994	Service tax on Electricity	Notice 276/2011 dtd 19.07.2011	22,71,949	Office of the Commissioner of Service Tax, Chennai
Finance Act, 1994	Service tax on Electricity	Notice 758/2010 dtd 23.11.2010	20,45,540	Office of the Commissioner of Service Tax, Chennai
Finance Act, 1994	Service tax on Electricity	Notice 342/2010 dtd 20.05.2010	27,66,385	Office of the Commissioner of Service Tax, Chennai
Finance Act, 1994	Service tax on Electricity	Notice 202/2010 dtd 15.04.2010	47,38,839	Office of the Commissioner of Service Tax, Chennai
Finance Act, 1994	Service Tax on Electricity	Notice 88/2009 dtd 27.03.2009	1,21,40,756	Office of the Commissioner of Service Tax, Chennai
Finance Act, 1994	Service Tax on Electricity	Notice 75/2013 dtd 09.04.2013	43,01,070	Office of the Commissioner of Service Tax, Chennai

10. ACCUMULATED LOSSES

The Company has no accumulated losses as at 31.03.2013 and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. LIABILITY TO BANKS & FINANCIAL INSTITUTIONS

Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any dues to bank or financial institutions during the year.

12. LOANS ON PLEDGING OF SHARES ETC.

Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not taken any loans or advances 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

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 (as amended) 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 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company. However, investments are made out of Surplus funds available with the company as part of its Treasury operations from time to time.

15. GUARANTEE

Based on our audit procedures and as per the information and explanations given by the management, the Company has not given any guarantee for loans taken by others, from banks or financial institutions during the year.

16. LONG TERM LOANS

The company has not taken any long term loans during the year ended 31st March, 2013.

17. FUNDS UTILISATION

According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not raised any short term funds which have been used for long-term investment.

18. PREFERENTIAL ALLOTMENT OF SHARES

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

19. DEBENTURES

The Company has not issued any debentures during the year.

20. PUBLIC ISSUE

The company has not made any public issue of shares during the year.

21. FRAUDS

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Chennai
Date : 03.05.2013

As per our report attached
For **S.H.Bhandari & Co.**
Chartered Accountants
Sreedhar Sreekakulam
Partner
M. No. 026474 FRN: 000438S

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BALANCE SHEET			
Particulars	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	40,000,070	40,000,070
(b) Reserves and surplus	2	338,082,418	289,838,090
		378,082,488	329,838,160
2 Non-current liabilities			
(a) Long-term borrowings	3	42,633,883	42,633,883
(b) Deferred tax liabilities (net)	21(3.6)	26,401,639	28,088,992
(c) Other long-term liabilities	4	112,709,310	101,370,169
(d) Long-term provisions	5	356,582	356,582
		182,101,414	172,449,626
3 Current liabilities			
(a) Trade payables	6	1,955,746	899,037
(b) Other current liabilities	7	3,753,477	3,746,278
(c) Short-term provisions	8	9,532,593	8,846,234
		15,241,816	13,491,549
TOTAL		575,425,718	515,779,335
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	419,870,125	374,243,104
(ii) Intangible assets	9	119,988	225,870
(iii) Capital work-in-progress	9	-	1,523,250
		419,990,113	375,992,224
(b) Non-current investments	10	31,253,000	31,253,000
(c) Long-term loans and advances	11	25,391,704	27,466,662
		56,644,704	58,719,662
2 Current assets			
(a) Trade receivables	12	18,630,997	17,514,987
(b) Cash and cash equivalents	13	72,096,080	56,564,318
(c) Short-term loans and advances	14	2,395,347	2,607,681
(d) Other current assets	15	5,668,477	4,380,462
		98,790,901	81,067,448
TOTAL		575,425,718	515,779,335
Significant Accounting Policies and Explanatory Statement	21		

Note 21 is an integral part of these financial statements

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

As per our report attached

For S.H.Bhandari & Co
Chartered Accountants

Place : Chennai
Date : 03.05.2013

K. Padmanaban
Director

Sreedhar Sreekakulam
Partner

M.No: 026474 FRN: 000438S

STATEMENT OF PROFIT AND LOSS

Particulars	Note No.	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
CONTINUING OPERATIONS			
1 Revenue from operations	16	211,556,803	168,771,544
2 Other income	17	5,364,483	5,968,489
3 Total revenue		216,921,286	174,740,033
4 Expenses			
(a) Employee benefits expense	18	13,091,658	11,802,442
(b) Finance costs	19	215,909	3,530,639
(c) Depreciation and amortisation expense	9	32,599,424	26,594,783
(d) Other expenses	20	90,811,564	69,260,427
Total expenses		136,718,555	111,188,291
5 Profit / (Loss) before tax		80,202,731	63,551,742
6 Tax expense:			
(a) Current tax expense for current year		28,000,000	23,000,000
(b) Deferred tax		(1,687,353)	(1,583,577)
		26,312,647	21,416,423
7 Profit / (Loss) for the year		53,890,084	42,135,319
8 Earnings per share (of face value of ₹ 10/- each):	21 (3.5)		
(a) Basic			
(i) Continuing operations		13.47	10.53
(b) Diluted			
(i) Continuing operations		13.47	10.53
Significant Accounting Policies and Explanatory Statement	21		

Note 21 is an intergral part of these financial statements

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

As per our report attached

For S.H.Bhandari & Co
Chartered Accountants

Place : Chennai
Date : 03.05.2013

K. Padmanaban
Director

Sreedhar Sreekakulam
Partner
M.No: 026474 FRN: 000438S

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS				
NOTE 1 : SHARE CAPITAL				
Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10/- each with voting rights	5,000,000	50,000,000	5,000,000	50,000,000
(b) Issued				
Equity shares of ₹ 10/- each with voting rights	4,000,007	40,000,070	4,000,007	40,000,070
(c) Subscribed and fully paid up				
Equity shares of ₹ 10/- each with voting rights	4,000,007	40,000,070	4,000,007	40,000,070
Total	4,000,007	40,000,070	4,000,007	40,000,070
Note: Terms and rights attached to equity shares				
(a) The company has only one class of Equity shares having value of ₹ 10 each				
(b) Each holder of Equity shares is entitled to one vote per share				
Notes:				
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
Particulars			Opening Balance	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2013				
- Number of shares			4,000,007	4,000,007
- Amount (₹)			40,000,070	40,000,070
Year ended 31 March, 2012				
- Number of shares			4,000,007	4,000,007
- Amount (₹)			40,000,070	40,000,070
(ii) Details of shares held by each shareholder holding more than 5% shares:				
Class of shares / Name of shareholder	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Electronic Corporation of Tamil Nadu Ltd	1,040,006	26.00%	1,040,006	26.00%
Stur Technologies Pvt Ltd	450,000	11.25%	450,000	11.25%
Southern Projects Management Pvt Ltd	254,371	6.36%	254,371	6.36%
Shanmugham Thiayarajan	369,483	9.24%	314,927	7.87%
Other - Public	1,886,147	47.15%	1,940,703	48.52%
Total	4,000,007	100.00%	4,000,007	100.00%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 2 : RESERVES AND SURPLUS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) General reserve		
Opening balance	196,000,000	176,000,000
Add : Additions during the year	905,976	-
Transferred from surplus in Statement of Profit and Loss	20,000,000	20,000,000
Closing balance	216,905,976	196,000,000
(b) Other reserve		
(i) Opening balance: Subsidy from SIPCOT	2,575,000	2,575,000
Closing balance	2,575,000	2,575,000
(ii) Surplus / (Deficit) In Statement of Profit and Loss		
Opening balance	91,263,090	74,706,460
Add : Profit / (Loss) for the year		
Amounts Transferred from Statement of Profit and Loss	53,890,084	42,135,319
Less : Final Dividend		
Dividends proposed to be distributed & Distributed to equity sharholders (₹1.40 & ₹ 1.20 per shares respectively)	5,600,010	4,800,008
Tax on Dividend	951,722	778,681
Less : Transferred to General Reserve	20,000,000	20,000,000
Closing balance	118,601,442	91,263,090
Total	338,082,418	289,838,090

NOTE 3 : LONG-TERM BORROWINGS

(a) Loans and advances from related parties		
Unsecured	42,633,883	42,633,883
Total	42,633,883	42,633,883

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Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Nature of the person	As at 31 st March, 2013		As at 31 st March, 2012	
		Secured ₹	Unsecured ₹	Secured ₹	Unsecured ₹
Loans and advances from related parties:					
Shanmugham Thiagarajan	Spouse of Managing Director	-	36,624,742	-	36,624,742
Stur Technologies Pvt Ltd.,	Promoter	-	6,009,141	-	6,009,141
Total - Loans and advances from related parties		-	42,633,883	-	42,633,883

Terms of Repayment: Payable on demand.

NOTE 4 : OTHER LONG-TERM LIABILITIES	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(a) Others:		
(i) Trade / security deposits received	952,695	913,560
(ii) Others : Compensation deposits and Token Deposits	111,756,615	100,456,609
Total	112,709,310	101,370,169

NOTE 5 : LONG-TERM PROVISIONS		
(a) Provision - Others:		
(i) Provision - Bad debts	356,582	356,582
Total	356,582	356,582

NOTE 6 : TRADE PAYABLES		
(a) Trade payables:		
(i) Acceptances	1,955,746	899,037
Total	1,955,746	899,037

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 7 : OTHER CURRENT LIABILITIES	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(a) Unpaid dividends	2,227,370	2,124,922
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)	308,945	365,691
(ii) Department of Telecommunication, Interest on Disputed Dividend	1,217,162	1,255,665
Total	3,753,477	3,746,278

NOTE 8 : SHORT-TERM PROVISIONS

(a) Provision for employee benefits:		
(i) Provision for bonus & Ex-Gratia	893,049	764,250
(ii) Provision for compensated absences	443,550	977,228
(iii) Provision for gratuity	1,644,262	1,526,067
Sub total	2,980,861	3,267,545
(b) Provision - Others:		
(i) Provision for proposed equity dividend	5,600,010	4,800,008
(ii) Provision for tax on proposed dividends	951,722	778,681
Sub total	6,551,732	5,578,689
Total	9,532,593	8,846,234

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS												
NOTE 9-(i) TANGIBLE ASSETS												
ASSET GROUP	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		(Amount in ₹)		
	Assets as on 31st March 2012	Addition During the year	Deletion During the year	Balance as at 31st March 2013	Dep as at 31st March 2012	Dep for the year	Dep on Deletion	Dep as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012		
LAND												
Land	675,000	-	-	675,000	-	-	-	-	675,000	675,000		
Lease Hold Land	115,041,537	-	-	115,041,537	3,772,940	471,670	-	4,244,610	110,796,927	111,268,597		
BUILDINGS												
Building	218,717,052	3,657,974	-	222,375,026	41,577,109	3,609,172	-	45,186,281	177,188,745	177,139,943		
Plant & Machinery	17,499,655	15,908,272	3,878,117	29,529,810	8,209,407	2,079,565	3,878,117	6,410,855	23,118,955	9,290,248		
Wind Mill	27,625,000	-	-	27,625,000	21,427,100	2,856,425	-	24,283,525	3,341,475	6,197,900		
Electrical Fittings	56,043,660	3,234,161	-	59,277,821	25,207,987	2,741,776	-	27,949,763	31,328,058	30,835,673		
Furniture & Fixture	27,485,066	3,173,246	328,690	30,329,623	18,671,307	5,143,373	328,690	23,485,990	6,843,633	8,813,760		
FITOUTS	9,581,294	45,363,571	-	54,944,865	1,350,786	10,994,205	-	12,344,991	42,599,874	8,230,508		
OFFICE EQUIPMENTS												
Computers	379,062	443,749	-	822,811	236,690	99,568	-	336,258	486,553	142,372		
Air Conditioner	16,854,263	5,899,866	-	22,754,129	11,071,262	2,205,079	-	13,276,341	9,477,788	5,783,001		
UPS	10,256,996	-	-	10,256,996	10,114,271	36,467	-	10,150,738	106,258	142,725		
Others	14,870,075	439,722	-	15,309,797	14,296,213	556,004	-	14,852,217	457,580	573,862		
Xerox Machine	332,620	-	-	332,620	5,691	15,799	-	21,490	311,130	326,929		
Multilevel car park	20,348,801	-	-	20,348,801	6,043,665	1,509,882	-	7,553,547	12,795,254	14,305,136		
Vehicle	2,608,495	-	-	2,608,495	2,091,039	174,558	-	2,265,597	342,898	517,456		
Total	538,318,576	78,120,561	4,206,807	612,232,330	164,075,468	32,493,543	4,206,807	192,362,204	419,870,126	374,243,110		
Total Of Previous Year	536,055,291	21,323,092	19,059,806	538,318,577	156,461,500	26,468,222	18,854,255	164,075,467	374,243,104			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 9-(ii) INTANGIBLE ASSETS

(Amount in ₹)

ASSET GROUP	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET NET BLOCK	
	Assets as on 31st March 2012	Addition During the year	Deletion During the year	Balance as at 31st March 2013	Dep as at 31st March 2012	Dep for the year	Dep on Deletion	Dep as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012
Computer Software	506,242	-	-	506,242	280,372	105,882	-	386,254	119,988	225,870
Total	506,242	-	-	506,242	280,372	105,882	-	386,254	119,988	225,870
Total Of Previous Year	506,242	-	-	506,242	153,811	126,561	-	280,372	225,870	

NOTE 9-(iii) WORK IN PROGRESS

Capital Work In Progress	1,523,250	-	1,523,250	-	-	-	-	-	-	1,523,250
Total	1,523,250	-	1,523,250	-	-	-	-	-	-	1,523,250
Total Of Previous Year	1,523,250	1,523,250	-	1,523,250	-	-	-	-	1,523,250	

NOTE 10 : NON-CURRENT INVESTMENTS

Particulars	As at 31 st March, 2013			As at 31 st March, 2012		
	Quoted ₹	Unquoted ₹	Total ₹	Quoted ₹	Unquoted ₹	Total ₹
Investments (At cost):						
A Other Investment						
Investment in equity instruments						
(i) of subsidiaries						
1,00,000 Equity shares (As at 31st March 2012: 1,00,000) of ₹ 10 each fully paid up in Elnet Software City Ltd.,	-	1,00,000	1,00,000	-	1,00,000	1,00,000
(ii) Others						
30,25,300 Equity Shares (As at 31st March 2012: 30,25,000) of ₹ 10 each fully paid up in IG3 Infra Ltd (Formerly known as Indian Green Grid Group Ltd)	-	30,253,000	30,253,000	-	30,253,000	30,253,000
Total	-	31,253,000	31,253,000	-	31,253,000	31,253,000

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS			
NOTE 11 : LONG-TERM LOANS AND ADVANCES			
Particulars	As at 31st March, 2013 ₹		As at 31st March, 2012 ₹
(a) Capital advances Unsecured, considered good		100,000	4,423,563
(b) Security deposits Unsecured, considered good		3,355,247	3,011,043
(c) Loans and advances to employees Unsecured, considered good		125,932	201,047
(d) Prepaid expenses Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)		7,250	-
(e) Income tax Unsecured, considered good Balance with Revenue Authority Net off Advance Tax, TDS Asst Year 2013-14 & Provision for Tax	1,114,084		-
Net off Advance Tax, TDS Asst year 2012-13 & Provision for Tax	-		821,791
Advance Tax and TDS Previous years	20,636,561		19,000,776
		21,750,645	19,822,567
(f) CENVAT credit receivable Secured, considered good		52,630	8,442
Net Total		25,391,704	27,466,662

NOTE 12 : TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	24,630
Other Trade Receivables		
Secured, considered good	18,630,997	17,490,357
Total	18,630,997	17,514,987

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 13 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Cash on hand	50,903	53,388
(b) Balances with banks		
(i) In current accounts	3,317,807	9,386,008
(ii) In deposit accounts	66,500,000	45,000,000
(iii) Un paid dividend accounts	2,227,370	2,124,922
Total	72,096,080	56,564,318

NOTE 14 : SHORT-TERM LOANS AND ADVANCES

(a) Loans and advances to employees		
Unsecured, considered good	177,617	63,343
(b) Prepaid expenses		
Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	1,861,148	1,635,288
(c) Others		
Unsecured, considered good	-	552,469
Doubtful	356,582	356,582
Total	2,395,347	2,607,681

NOTE 15 : OTHER CURRENT ASSETS

(a) Accruals		
(i) Interest accrued on deposits	3,981,661	3,112,809
(b) Others		
(i) Others (Gratuity LIC Fund)	1,686,818	1,267,653
Total	5,668,479	4,380,462

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 16 : REVENUE FROM OPERATIONS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Sale of Services comprises		
(a) Compensation Income	148,835,711	127,308,658
(b) Other operating revenues	62,721,092	41,462,886
Total	211,556,803	168,771,544

NOTE 17 : OTHER INCOME

(a) Interest income (Refer Note (i) below)	4,998,550	5,240,190
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	365,933	728,299
Total	5,364,483	5,968,489
Note (i) Interest income comprises:		
On Deposits	4,983,984	5,236,853
On loans to Employees	14,566	3,337
Total - Interest income	4,998,550	5,240,190
Note (ii) Other non-operating income comprises:		
Profit on sale of fixed assets	348,905	461,033
Other receipts	17,028	
Liabilities / provisions no longer required written back	-	267,266
Total - Other non-operating income	365,933	728,299

NOTE 18 : EMPLOYEE BENEFITS EXPENSE

Salaries and wages	11,790,830	10,113,860
Contributions to provident and other funds	884,778	1,251,579
Staff welfare expenses	416,050	437,003
Total	13,091,658	11,802,442

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 19 : FINANCE COSTS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Interest expense on:		
(i) Borrowings	-	3,452,940
(ii) Others	215,909	77,699
Total	215,909	3,530,639

NOTE 20 : OTHER EXPENSES

Power and fuel	47,101,841	32,464,746
Water	954,940	1,275,945
Rent including lease rentals	1	1
Repairs and maintenance - Buildings	23,162,124	19,683,171
Repairs and maintenance - Machinery	4,195,962	2,973,683
Repairs and maintenance - Others	7,953,448	6,224,824
Insurance	886,005	917,788
Rates and taxes	2,121,024	2,055,846
Communication	476,204	460,746
Travelling and conveyance	343,894	362,044
Printing and stationery	446,979	494,781
Business promotion	497,459	341,256
Legal and professional	930,406	203,232
Payments to auditors (Refer Note (i) below)	365,172	519,869
Loss on fixed assets sold / scrapped / written off	-	185,551
Sitting Fees	560,000	588,000
Miscellaneous expenses	816,105	508,944
Total	90,811,564	69,260,427
Note (i)		
Payments to the auditors comprises		
As auditors - statutory audit	224,720	196,630
For taxation matters	67,416	249,205
For other services	73,036	74,034
Total	365,172	519,869

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NOTE 21: SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY STATEMENT

1. GENERAL INFORMATION

Elnet Technologies Limited (ETL) was incorporated in August 1990 as a Public Limited Company which is situated in the IT corridor, Rajiv Gandhi Salai, Taramani, Chennai. ETL's core competence is to develop and manage Software Technology Park. ETL has pioneered the concept of Software Technology Park in India and also providing infrastructure to IT and ITES.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention and the mercantile basis of accounting system is being adopted and complies with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956, to the extent applicable. The financial statements are presented in Indian currency rounded off to the nearest Rupee.

2.2 Accounting Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles {GAAP} requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any difference between the actual result and estimates are recognized in the period in which the results are known / materialize. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 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.

2.4 Fixed Assets and Intangibles

Fixed Assets are stated at historical cost less accumulated depreciation. Historical Cost includes expenditure of capital nature and valued at cost of acquisition inclusive of freight,

duties, taxes, incidental charges relating to the acquisition and the cost of installation / erection as applicable. In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalized.

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

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

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

The Company has classified Accounting Software as Intangible.

2.5 Impairment of Assets

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

2.6 Depreciation

Depreciation has been provided on straight-line method as per the rates as prescribed 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 `5,000) are depreciated within the 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. From 2008-09 onwards the management estimates the useful life of certain assets like Computer, Furniture and Fixtures, Office Equipment, UPS, Plant and Machinery and Vehicles and revised and adopted higher rate of depreciation @ 25% on straight line method to the extent unavailed, instead of the rate as per the Schedule XIV of the Companies Act, 1956.

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2.7 Investments

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

2.8 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.

2.9 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 Statement of Profit and Loss 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.

2.10 Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT), if any, is paid in accordance with the tax laws, which

gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.11 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

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2.12 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the additional information to financial statements.

2.13 Service Tax Input Credit

Service Tax input credit is accounted for in the books in the period in which the underline service received is accounted and when there is no uncertainty in availing/utilizing the credits.

3. EXPLANATORY STATEMENT

3.1 Retirement benefits to employees

(i) Defined Contribution Plan

Provident fund

In respect of defined contributions schemes, contributions to Provident Fund and Family Pension they are charged to the statement of Profit and Loss as incurred.

(ii) Defined benefit plan

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 sets out the status of the gratuity plan as required under AS 15:

Change in benefit obligations:

₹ in lakhs

Particulars	Gratuity Plan 31.3.2013	Gratuity Plan 31.3.2012
Projected benefit obligation at beginning of the year	15.26	14.43
Service Cost	1.98	1.90
Interest cost	1.22	1.15
Actuarial (gain)/loss	(1.10)	1.04
Benefits paid	(0.92)	(3.26)
Projected benefit obligation, end of the year	16.44	15.26

Change in plan assets:

₹ in lakhs

Particulars	Gratuity Plan 31.3.2013	Gratuity Plan 31.3.2012
Plan assets at beginning of the year at fair value	12.67	13.87
Expected return on plan assets	1.35	1.14
Actuarial (gain)/loss	-----	-----
Employer's Contributions	3.77	0.92
Benefits paid	(0.92)	(3.26)
Plan assets at end of the year at fair value	16.87	12.67

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

₹ in lakhs

	31.3.2013	31.3.2012
Fair value of plan assets at the end of the year	16.87	12.67
Present value of the defined benefit obligations at the end of the period	16.44	15.26
(Liability) / Asset	0.43	(2.59)

Gratuity cost for the year ended March 31 2013

₹ in lakhs

Particulars	Gratuity Plan 31.03.2013	Gratuity Plan 31.03.2012
Service cost	1.98	1.90
Interest cost	1.22	1.15
Expected return on plan assets	(1.35)	(1.14)
Actuarial (gain)/ loss	(1.10)	1.04
Net cost	0.75	2.95

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Investment details of plan assets :

Deposited with Life Insurance Corporation of India (Group gratuity policy).

Assumptions

Particulars	Gratuity Plan 31.03.2013	Gratuity Plan 31.03.2012
Discount rate	8%	8%
Salary escalation rate	5%	8%

iii 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 actual valuations.

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

3.3 Related Party transactions

Related Party Disclosures

I. Name of the related party	Electronic 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	Lease of land presently occupied by the Company. (a) Land Lease Rentals. (b) Web hosting charges. (c) Sitting fees.
Volume of transactions	(a) ₹ 1/- towards lease rent. (2012: ₹ 1) (b) Web hosting charges ₹ 8,427 (2012 : ₹ 10,479) (c) Sitting fees ₹ 70,000 (2012: ₹ 70,000)
Any other element of the transaction necessary for understanding the transaction	Nil
Amount outstanding at the balance sheet date	₹ 11,03,25,537 (2012: ₹ 11,03,25,537)
Amount written back during the year	Nil

II Name of the related party	IG3 Infra Ltd (Formerly Indian Green Grid Group 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 and electricity charges for space occupied by them in Elnet Software City.
Volume of transactions	(b) Compensation and electricity charges ₹ 32,13,635/- (2012 : ₹ 10,83,035)
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	(b) ₹ 7,67,215/- (2012: ₹ 10,07,000/-)
Amount written back during the year	NIL

III Name of the related party	Elnet Software City Limited
Description of the relationship between the parties	Subsidiary Company
Description of the nature of transaction	(a) Investment in equity shares (b) Payment for preoperative and other expenses
Volume of transactions	(b) Nil (2012: ₹ 1,573/-)
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	(a) The unsecured loan from the company to the tune of ₹ 60,09,141/- continues to exist. (b) Interest payable on FD made out of disputed dividend for the years 2000-01 and 2001-02

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Volume of transactions	Nil
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	(a) ₹60,09,141/- (2012: ₹ 60,09,141/-) (b) ₹1,46,503/- (2012: ₹1,46,503)
Amount written back during the year	NIL

V Name of the related party	Shri. Shanmugham Thiagarajan (Formerly Shri Thiagaraj S Chettiar)
Description of the relationship between the parties	Spouse of Director
Description of the nature of transaction	(a) Unsecured Loan of ₹ 3,66,24,742/- (2012: ₹ 3,66,24,742/-)
Volume of transactions	Nil
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	(a) ₹ 3,66,24,742/- (2012: ₹ 3,66,24,742)
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	(a) Remuneration
Volume of transactions	(a) ₹ 14,00,000/- (2012: ₹ 14,00,000)
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL

3.4 Accounting for leases

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

Particulars	As at 31-03-2013 (₹)	As at 31-03-2012 (₹)
Cost of Buildings leased	21,87,17,054	21,87,17,054
Depreciation provided during the year on Buildings leased	36,09,172	35,65,092
Accumulated depreciation on buildings leased	4,51,86,281	4,15,77,109
Impairment loss recognised in Statement of Profit and Loss	Nil	Nil
Impairment loss reversed in Statement of Profit and Loss	Nil	Nil
Future minimum lease payment (receivable)		
Not later than one year	15,67,36,462	14,63,33,682
Later than one year and not later than five years	70,56,75,087	67,46,38,502
Later than five years	1,17,59,403	1,11,99,431

3.5 Earnings per share

	2012-13 (₹)	2011 -12 (₹)
a. Net Profit available for Equity Shareholders	5,38,90,084	4,21,35,319
b. Weighted average number of Equity Shares outstanding	40,00,007	40,00,007
c. Basic and adjusted EPS	13.47	10.53

3.6 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 ₹ 16,87,353/-has been recognized for deferred tax asset.

The balance deferred tax liability (net) outstanding as on 31.03.2013 is ₹ 2,64,01,639/- the details of which are as follows:

₹ in lakhs

	As at 31.3.2012	Tax effect for the year	As at 31.3.2013
Deferred Tax (Liability)			
Fixed Assets	(292.27)	15.51	(276.76)
Sub Total	(292.27)	15.51	(276.76)
Deferred Tax Asset			
Amortization of Land registration Charges	11.38	1.36	12.74
Sub Total	11.38	1.36	12.74
Deferred Tax Asset / (Liability)	(280.89)	16.87	(264.02)

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4. ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

4.1 Wind Mill

During the financial year the Company sold 13,15,030 units to Tamilnadu Electricity Board. (2012 : 10,98,647 units).

4.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

- i) There were no dues to Small Scale Industrial undertakings to whom the Company owes any sum which is outstanding for more than 30 days.
- ii) There were no dues either principal or interest remaining unpaid to any suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, which came into force with effect from 02.10.2006 as at the end of the accounting year. Similarly, no payments have been made to the suppliers beyond the appointed day without adding interest, no interest is accrued and remaining unpaid during the year.

4.3 Payment to Auditors: (all amounts are exclusive of Service Tax)

Particulars	2012 -13 (₹)	2011-12 (₹)
1. Statutory Audit	2,00,000	1,75,000
2. Tax Audit Fees	60,000	50,000
3. Certification	65,000	60,000
4. Taxation Matters	-	1,50,000

4.4 Investments

In Others - 30,25,300 Equity shares of ₹ 10/- each in IG3 Infra Limited (Formerly Indian Green Grid Group Limited) fully paid up	₹ 3,02,53,000/- (2012: ₹ 3,02,53,000/-)
In Subsidiary Company - 1,00,000 Equity Shares of ₹ 10/- each in Elnet Software City Ltd fully paid up.	₹ 10,00,000/- (2012: ₹ 10,00,000/-)

4.5 Current Liabilities

- i. The company continues to hold the amount of ₹ 1,46,503/- (2012: ₹ 1,46,503/-) on account of Interest payable on FD made out of disputed dividend for the years 2000-01 and 2001-02.

- ii. There are no amounts due to the Central Government on account of Investor Education and Protection Fund as on 31.3.2013. The balance amount lying under the Unpaid Dividend Account 2005–2006 declared on 06-05-2006 for the year 2005-06 falls due on 05.05.2013.

4.6 Statement of Profit and Loss

Electricity Expenses have been reduced to the extent of ₹ 72,32,665/- (2012 : ₹ 43,94,588/-) for sale of electricity generated from windmill. There is no impact on the statement of Profit and Loss.

- 4.7** Estimated amount of liability on capital contracts as on 31.03.2013 not provided for is ₹ 7,50,000. (Previous year ₹ 45,19,886/-)

4.8 Contingent Liabilities in respect of:

Claims against the Company not acknowledged as debt

- (i) Claim by Department of Telecommunications

The Department of Telecommunications (DoT) filed a claim against the company for ₹ 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 ₹ 5,48,288 and interest there on is payable by the company to DoT. The company accepted the award and decided to effect the payment after waiting for the appeal period. However DoT has filed an appeal in the High Court of Delhi against the Arbitrator's award. The Company accordingly recognized the total liability at ₹ 10,70,659/- as at 31.3.2013. The difference in claim amounting to ₹ 10,01,574/- is shown under "claims against the Company not acknowledged as debt".

- (ii) Income Tax demand

There is a dispute with regard to the treatment of 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", which has been confirmed by the Income Tax Appellate Tribunal.

In respect of assessment years 1996-97, 1998-99, 2000-01, 2001-02 and 2003-04, the Income Tax Department has preferred appeal before the High Court of Madras against the orders issued Income Tax Appellate Tribunal. The High Court of Madras has ruled the case in favour of the Company. However, it is not known whether the department has preferred a special Leave petition before the Supreme Court. In the event the Supreme Court reverses the Order of the High Court of Madras, there will be a contingent liability of ₹ 415.56 lakhs.

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(iii) Service Tax

The company received show cause notice in 2009-10 from the Office of the Commissioner of Service Tax on the applicability of service tax on Electricity charges reimbursed from the occupants including generation from Generator. As per legal opinion, the company has been advised that, it is not liable for service tax on this issue. The company has obtained an interim stay from the High Court of Madras on 28.08.2009 against the show cause notice. The above stay was modified by the High Court on 04.07.2012 based on a Supreme Court decision. As per the order, 50% of the arrears prior to 30th September 2011 to be paid and for the balance 50%, to furnish a solvent surety to the Department. The company has filed an application on 4th February 2013 for extension of stay. In view of this, there is a contingent liability of ₹ 282.64 lacs.

(iv) Lease Rent

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

Previous year's figures have been re-grouped / re-classified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

Place : Chennai
Date : 03.05.2013

K. Padmanaban
Director

As per our report attached

For S.H.Bhandari & Co
Chartered Accountants

Sreedhar Sreekakulam
Partner

M.No: 026474 FRN: 000438S

CASH FLOW STATEMENT		
Particulars	Year ended 31st March 2013 ₹	Year ended 31st March 2012 ₹
A. Cash flow from Operating Activities:		
Net Profit before tax and extraordinary items	80,202,731	63,551,742
Adjustments for:		
Depreciation	32,599,424	26,594,783
Interest & Financial Charges Paid	215,909	3,530,639
Advance FBT	-	20,028
Loss on sale of Fixed Assets	-	185,551
	113,018,064	93,882,743
Less : Interest income	4,983,984	5,236,853
Sale of Scrapped Assets	348,905	461,033
Operating Profit Before Working Capital Changes	107,685,175	88,184,857
Adjustments for :		
(Increase) / Decrease in Trade & Other Receivables	2,680,195	(6,209,256)
Increase / (Decrease) in Trade Payables & Other Liabilities	713,911	(1,560,370)
Cash Generated from operations	111,079,281	80,415,231
Net income tax paid / (Net of Refunds)	29,022,102	23,821,792
Net Cash flow from Operating activities (A)	82,057,179	56,593,439
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(76,597,311)	(22,846,342)
Proceeds from sale of fixed assets	348,905	481,033
Interest Received	4,115,133	3,076,836
Net cash flow from / (used in) investing activities (B)	(72,133,273)	(19,288,473)

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Particulars	Year ended 31 st March 2013 ₹	Year ended 31 st March 2012 ₹
C. Cash flow from financing activities		
Repayment of Compensation Deposits	(28,439,079)	(11,262,193)
Increase in Compensation Deposits	39,739,085	19,599,352
Repayment of Secured Loan	-	(44,710,250)
Interest & Bank charges Paid	(215,909)	(3,530,639)
Dividend Paid (Including dividend Tax)	(5,476,241)	(5,437,753)
Net cash flow from / (used in) financing activities (C)	5,607,856	(45,341,483)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	15,531,762	(8,036,517)
Cash and cash equivalents at the beginning of the year	56,564,318	64,600,835
Cash and cash equivalents at the end of the year	72,096,080	56,564,318

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

Place : Chennai
Date : 03.05.2013

K. Padmanaban
Director

As per our report attached

For S.H.Bhandari & Co
Chartered Accountants

Sreedhar Sreekakulam
Partner
M.No: 026474 FRN: 000438S

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement for the year ended 31st March, 2013. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement, Clause 32 with Bombay Stock Exchange and Madras Stock Exchange and is based on and in agreement with the corresponding Statement of Profit and Loss and Balance Sheet of the Company covered by our report to the members of the Company

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

Sreedhar Sreekakulam
Partner

Place : Chennai
Date : 03.05.2013

M.No: 026474 FRN: 000438S

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

Sl No.	Particulars
1	Name of the Subsidiary Company Elnet Software City Limited
2	Financial year of the Subsidiary Company ended on 31.3.2013
3	Holding Company's Interest
	a) No. of Shares (₹ 10/- each) 100,000
	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

Place : Chennai
Date : 03.05.2013

Unnamalai Thiagarajan
Managing Director

P. S. Kumar
Director

K. Padmanaban
Director

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF Elnet Technologies Ltd., AND ITS SUBSIDIARY, Elnet Software City Limited.

To the Board of Directors of Elnet Technologies Limited

We have audited the accompanying consolidated financial statements of Elnet Technologies Limited ("the Company") and its subsidiary, Elnet Software City Limited which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended 31st March, 2013 and a summary of significant accounting policies and other explanatory information.

We did not audit the financial Statement of the subsidiary whose financial statements reflects total assets of ₹ 10,08,427/- as at 31st March 2013. 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order

to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss , of the profit/ loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

Place : Chennai
Date : 03.05.2013

For **S.H.Bhandari & Co.**
Chartered Accountants

Sreedhar Sreekakulam
Partner
M No. 026474 - FRN : 000438S

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CONSOLIDATED BALANCE SHEET			
Particulars	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	40,000,070	40,000,070
(b) Reserves and surplus	2	338,082,418	289,838,090
		378,082,488	329,838,160
2 Non-current liabilities			
(a) Long-term borrowings	3	42,633,883	42,633,883
(b) Deferred tax liabilities (net)	22(3.6)	26,401,639	28,088,992
(c) Other long-term liabilities	4	112,709,310	101,370,169
(d) Long-term provisions	5	356,582	356,582
		182,101,414	172,449,626
3 Current liabilities			
(a) Trade payables	6	1,964,173	906,621
(b) Other current liabilities	7	3,753,477	3,747,121
(c) Short-term provisions	8	9,532,593	8,846,234
		15,250,243	13,499,976
TOTAL		575,434,145	515,787,762
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	419,870,125	374,243,104
(ii) Intangible assets	9	119,988	225,870
(iii) Capital work-in-progress	9	271,944	1,772,037
		420,262,057	376,241,011
(b) Non-current investments	10	30,253,000	30,253,000
(c) Long-term loans and advances	11	25,391,704	27,466,662
(d) Other non current Assets	12	40,652	40,652
		55,685,356	57,760,314
2 Current assets			
(a) Trade receivables	13	18,630,997	17,514,987
(b) Cash and cash equivalents	14	72,791,911	57,283,306
(c) Short-term loans and advances	15	2,395,347	2,607,681
(d) Other current assets	16	5,668,477	4,380,462
		99,486,732	81,786,436
TOTAL		575,434,145	515,787,762
Significant Accounting Policies and Explanatory Statement	22		

Note 22 is an integral part of these financial statements

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

Place : Chennai
Date : 03.05.2013

K. Padmanaban
Director

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

Sreedhar Sreekakulam
Partner
M.No: 026474 FRN: 000438S

CONSOLIDATED STATEMENT OF PROFIT AND LOSS			
Particulars	Note No.	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
A CONTINUING OPERATIONS			
1 Revenue from operations	17	211,556,803	168,771,544
2 Other income	18	5,364,483	5,968,489
3 Total revenue		216,921,286	174,740,033
4 Expenses			
(a) Employee benefits expense	19	13,091,658	11,802,442
(b) Finance costs	20	215,909	3,530,639
(c) Depreciation and amortisation expense	9	32,599,424	26,594,783
(d) Other expenses	21	90,811,564	69,260,427
Total expenses		136,718,555	111,188,291
5 Profit / (Loss) before tax		80,202,731	63,551,742
6 Tax expense:			
(a) Current tax expense for current year		28,000,000	23,000,000
(b) Deferred tax		(1,687,353)	(1,583,577)
		26,312,647	21,416,423
7 Profit / (Loss) for the year		53,890,084	42,135,319
8 Earnings per share (of face value of ₹ 10/- each):	22(3.5)		
(a) Basic			
(i) Continuing operations		13.47	10.53
(b) Diluted			
(i) Continuing operations		13.47	10.53
Significant Accounting Policies and Explanatory Statement	22		

Note 22 is an intergral part of these financial statements

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

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

Place : Chennai
Date : 03.05.2013

K. Padmanaban
Director

Sreedhar Sreekakulam
Partner
M.No: 026474 FRN: 000438S

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SHARE CAPITAL

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10/- each with voting rights	5,000,000	50,000,000	5,000,000	50,000,000
(b) Issued				
Equity shares of ₹ 10/- each with voting rights	4,000,007	40,000,070	4,000,007	40,000,070
(c) Subscribed and fully paid up				
Equity shares of ₹ 10/- each with voting rights	4,000,007	40,000,070	4,000,007	40,000,070
Total	4,000,007	40,000,070	4,000,007	40,000,070

Note: Terms and rights attached to equity shares

(a) The company has only one class of Equity shares having value of ₹ 10 each

(b) Each holder of Equity shares is entitled to one vote per share

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Closing Balance
Equity shares with voting rights		
Year ended 31 March, 2013		
- Number of shares	4,000,007	4,000,007
- Amount (₹)	40,000,070	40,000,070
Year ended 31 March, 2012		
- Number of shares	4,000,007	4,000,007
- Amount (₹)	40,000,070	40,000,070

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Electronic Corporation of Tamil Nadu Ltd	1,040,006	26.00%	1,040,006	26.00%
Stur Technologies Pvt Ltd	450,000	11.25%	450,000	11.25%
Southern Projects Management Pvt Ltd	254,371	6.36%	254,371	6.36%
Shanmugham Thiagarajan	369,483	9.24%	314,927	7.87%
Other - Public	1,886,147	47.15%	1,940,703	48.52%
Total	4,000,007	100.00%	4,000,007	100.00%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 : RESERVES AND SURPLUS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) General reserve		
Opening balance	196,000,000	176,000,000
Add : Additions during the year	905,976	-
Transferred from surplus in Statement of Profit and Loss	20,000,000	20,000,000
Closing balance	216,905,976	196,000,000
(b) Other reserve		
(i) Opening balance: Subsidy from SIPCOT	2,575,000	2,575,000
Closing balance	2,575,000	2,575,000
(ii) Surplus / (Deficit) In Statement of Profit and Loss		
Opening balance	91,263,090	74,706,460
Add : Profit / (Loss) for the year		
Amounts Transferred from Statement of Profit and Loss	53,890,084	42,135,319
Less : Final Dividend		
Dividends proposed to be distributed & Distributed to equity sharholders (₹1.40 & ₹ 1.20 per shares respectively)	5,600,010	4,800,008
Tax on Dividend	951,722	778,681
Less : Transferred to General Reserve	20,000,000	20,000,000
Closing balance	118,601,442	91,263,090
Total	338,082,418	289,838,090

NOTE 3 : LONG-TERM BORROWINGS

(a) Loans and advances from related parties		
Unsecured	42,633,883	42,633,883
Total	42,633,883	42,633,883

TWENTY SECOND ANNUAL REPORT 2012 - 13

Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Nature of the person	As at 31 st March, 2013		As at 31 st March, 2012	
		Secured ₹	Unsecured ₹	Secured ₹	Unsecured ₹
Loans and advances from related parties:					
Shanmugham Thiagarajan	Spouse of Managing Director	-	36,624,742	-	36,624,742
Stur Technologies Pvt Ltd.,	Promoter	-	6,009,141	-	6,009,141
Total - Loans and advances from related parties		-	42,633,883	-	42,633,883

Terms of Repayment: Payable on demand.

NOTE 4 : OTHER LONG-TERM LIABILITIES	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(a) Others:		
(i) Trade / security deposits received	952,695	913,560
(ii) Others : Compensation deposits and Token Deposits	111,756,615	100,456,609
Total	112,709,310	101,370,169

NOTE 5 : LONG-TERM PROVISIONS		
(a) Provision - Others:		
(i) Provision - Bad debts	356,582	356,582
Total	356,582	356,582

NOTE 6 : TRADE PAYABLES		
(a) Trade payables:		
(i) Acceptances	1,964,7173	906,621
Total	1,964,7173	906,621

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 : OTHER CURRENT LIABILITIES	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(a) Unpaid dividends	2,227,370	2,124,922
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)	308,945	366,534
(ii) Department of Telecommunication, Interest on Disputed Dividend	1,217,162	1,255,665
Total	3,753,477	3,747,121

NOTE 8 : SHORT-TERM PROVISIONS

(a) Provision for employee benefits:		
(i) Provision for bonus & Ex-Gratia	893,049	764,250
(ii) Provision for compensated absences	443,550	977,228
(iii) Provision for gratuity	1,644,262	1,526,067
Sub total	2,980,861	3,267,545
(b) Provision - Others:		
(i) Provision for proposed equity dividend	5,600,010	4,800,008
(ii) Provision for tax on proposed dividends	951,722	778,681
Sub total	6,551,732	5,578,689
Total	9,532,593	8,846,234

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS											
NOTE 9 (i) TANGIBLE ASSETS											
ASSET GROUP	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET NET BLOCK		(Amount in ₹)	
	Assets as on 31st March 2012	Addition During the year	Deletion During the year	Balance as at 31st March 2013	Dep as at 31st March 2012	Dep for the year	Dep on Deletion	Dep as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012	Balance as at 31st March 2012
LAND											
Land	675,000	-	-	675,000	-	-	-	-	675,000	675,000	
Lease Hold Land	115,041,537	-	-	115,041,537	3,772,940	471,670	-	4,244,610	110,796,927	111,268,597	
BUILDINGS											
Building	218,717,052	3,657,974	-	222,375,026	41,577,109	3,609,172	-	45,186,281	177,188,745	177,139,943	
Plant & Machinery	17,499,655	15,908,272	3,878,117	29,529,810	8,209,407	2,079,565	3,878,117	6,410,855	23,118,955	9,290,248	
Wind Mill	27,625,000	-	-	27,625,000	21,427,100	2,856,425	-	24,283,525	3,341,475	6,197,900	
Electrical Fittings	56,043,660	3,234,161	-	59,277,821	25,207,987	2,741,776	-	27,949,763	31,328,058	30,835,673	
Furniture & Fixture	27,485,066	3,173,246	328,690	30,329,623	18,671,307	5,143,373	328,690	23,485,990	6,843,633	8,813,760	
FITOUTS	9,581,294	45,363,571	-	54,944,865	1,350,786	10,994,205	-	12,344,991	42,599,874	8,230,508	
OFFICE EQUIPMENTS											
Computers	379,062	443,749	-	822,811	236,690	99,568	-	336,258	486,553	142,372	
Air Conditioner	16,854,263	5,899,866	-	22,754,129	11,071,262	2,205,079	-	13,276,341	9,477,788	5,783,001	
UPS	10,256,996	-	-	10,256,996	10,114,271	36,467	-	10,150,738	106,258	142,725	
Others	14,870,075	439,722	-	15,309,797	14,296,213	556,004	-	14,852,217	457,580	573,862	
Xerox Machine	332,620	-	-	332,620	5,691	15,799	-	21,490	311,130	326,929	
Multilevel car park	20,348,801	-	-	20,348,801	6,043,665	1,509,882	-	7,553,547	12,795,254	14,305,136	
Vehicle	2,608,495	-	-	2,608,495	2,091,039	174,558	-	2,265,597	342,898	517,456	
Total	538,318,576	78,120,561	4,206,807	612,232,330	164,075,468	32,493,543	4,206,807	192,362,204	419,870,126	374,243,110	
Total Of Previous Year	536,055,291	21,323,092	19,059,806	538,318,577	156,461,500	26,468,222	18,854,255	164,075,467	374,243,104		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 (ii) INTANGIBLE ASSETS

(Amount in ₹)

ASSET GROUP	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET NET BLOCK	
	Assets as on 31 st March 2012	Addition During the year	Deletion During the year	Balance as at 31 st March 2013	Dep as at 31 st March 2012	Dep for the year	Dep on Deletion	Dep as at 31 st March 2013	Balance as at 31 st March 2013	Balance as at 31 st March 2012
Computer Software	506,242	-	-	506,242	280,372	105,882	-	386,254	119,988	225,870
Total	506,242	-	-	506,242	280,372	105,882	-	386,254	119,988	225,870
Total Of Previous Year	506,242	-	-	506,242	153,811	126,561	-	280,372	225,870	

NOTE 9 (iii) WORK IN PROGRESS										
Capital Work In Progress	1,772,037	23,157	1,523,250	271,944	-	-	-	-	271,944	1,523,250
Total	1,772,037	23,157	1,523,250	271,944	-	-	-	-	271,944	1,523,250
Total Of Previous Year	231,269	1,540,768	-	1,772,037	-	-	-	-	1,772,037	

NOTE 10 : NON-CURRENT INVESTMENTS

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Quoted	Total	Quoted	Total
	Rs	Rs	Rs	Rs
Investments (At cost):				
(i) Others				
30,25,300 Equity Shares (As at 31 st March 2012: 30,25,000) of ₹ 10 each fully paid up in IG3 Infra Ltd (Formerly known as Indian Green Grid Group Ltd)	-	30,253,000	-	30,253,000
Total	-	30,253,000	-	30,253,000

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS			
NOTE 11 : LONG-TERM LOANS AND ADVANCES			
Particulars	As at 31 st March, 2013 ₹		As at 31 st March, 2012 ₹
(a) Capital advances Unsecured, considered good		100,000	4,423,563
(b) Security deposits Unsecured, considered good		3,355,247	3,011,043
(c) Loans and advances to employees Unsecured, considered good		125,932	201,047
(d) Prepaid expenses Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)		7,250	-
(e) Income tax Unsecured, considered good Balance with Revenue Authority Net off Advance Tax, TDS Asst Year 2013-14 & Provision for Tax	1,114,084		-
Net off Advance Tax, TDS Asst year 2012-13 & Provision for Tax	-		821,791
Advance Tax and TDS Previous years	20,636,561		19,000,776
		21,750,645	19,822,567
(f) CENVAT credit receivable Unsecured, considered good		52,630	8,442
Net Total		25,391,704	27,466,662

NOTE 12 : OTHER NON CURRENT ASSETS		
Miscellaneous Expenses not written off	40,652	40,652
Total	40,652	40,652

NOTE 13 : TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Secured, considered good	-	24,630
Other Trade Receivables Secured, considered good	18,630,997	17,490,357
Total	18,630,997	17,514,987

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Cash on hand	50,903	53,388
(b) Balances with banks		
(i) In current accounts	4,013,638	10,104,996
(ii) In deposit accounts	66,500,000	45,000,000
(iii) Un paid dividend accounts	2,227,370	2,124,922
Total	72,791,911	57,283,306

NOTE 15 : SHORT-TERM LOANS AND ADVANCES

(a) Loans and advances to employees		
Unsecured, considered good	177,617	63,343
(b) Prepaid expenses		
Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	1,861,148	1,635,288
(c) Others		
Unsecured, considered good	-	552,469
Doubtful	356,582	356,582
Total	2,395,347	2,607,681

NOTE 16 : OTHER CURRENT ASSETS

(a) Accruals		
(i) Interest accrued on deposits	3,981,661	3,112,809
(b) Others		
(i) Others (Gratuity LIC Fund)	1,686,818	1,267,653
Total	5,668,479	4,380,462

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 : REVENUE FROM OPERATIONS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Sale of Services comprises		
(a) Compensation Income	148,835,711	127,308,658
(b) Other operating revenues	62,721,092	41,462,886
Total	211,556,803	168,771,544

NOTE 18 : OTHER INCOME

(a) Interest income (Refer Note (i) below)	4,998,550	5,240,190
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	365,933	728,299
Total	5,364,483	5,968,489
Note (i) Interest income comprises:		
On Deposits	4,983,984	5,236,853
On loans to Employees	14,566	3,337
Total - Interest income	4,998,550	5,240,190
Note (ii) Other non-operating income comprises:		
Profit on sale of fixed assets	348,905	461,033
Other receipts	17,028	
Liabilities / provisions no longer required written back	-	267,266
Total - Other non-operating income	365,933	728,299

NOTE 19 : EMPLOYEE BENEFITS EXPENSE

Salaries and wages	11,790,830	10,113,860
Contributions to provident and other funds	884,778	1,251,579
Staff welfare expenses	416,050	437,003
Total	13,091,658	11,802,442

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 : FINANCE COSTS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Interest expense on:		
(i) Borrowings	-	3,452,940
(ii) Others	215,909	77,699
Total	215,909	3,530,639

NOTE 21 : OTHER EXPENSES

Power and fuel	47,101,841	32,464,746
Water	954,940	1,275,945
Rent including lease rentals	1	1
Repairs and maintenance - Buildings	23,162,124	19,683,171
Repairs and maintenance - Machinery	4,195,962	2,973,683
Repairs and maintenance - Others	7,953,448	6,224,824
Insurance	886,005	917,788
Rates and taxes	2,121,024	2,055,846
Communication	476,204	460,746
Travelling and conveyance	343,894	362,044
Printing and stationery	446,979	494,781
Business promotion	497,459	341,256
Legal and professional	930,406	203,232
Payments to auditors (Refer Note (i) below)	365,172	519,869
Loss on fixed assets sold / scrapped / written off	-	185,551
Sitting Fees	560,000	588,000
Miscellaneous expenses	816,105	508,944
Total	90,811,564	69,260,427
Note (i)		
Payments to the auditors comprises		
As auditors - statutory audit	224,720	196,630
For taxation matters	67,416	249,205
For other services	73,036	74,034
Total	365,172	519,869

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NOTE 22: SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY STATEMENT

BASIS OF CONSOLIDATION

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

1. GENERAL INFORMATION

Elnet Technologies Limited (ETL) was incorporated in August 1990 as a Public Limited Company which is situated in the IT corridor, Rajiv Gandhi Salai, Taramani, Chennai. ETL's core competence is to develop and manage Software Technology Park. ETL has pioneered the concept of Software Technology Park in India and also providing infrastructure to IT and ITES.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention and the mercantile basis of accounting system is being adopted and complies with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956, to the extent applicable. The financial statements are presented in Indian currency rounded off to the nearest Rupee.

2.2 Accounting Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles {GAAP} requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any difference between the actual result and estimates are recognized in the period in which the results are known / materialize. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 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.

2.4 Fixed Assets and Intangibles

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

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

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

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

The Company has classified Accounting Software as Intangible.

2.5 Impairment of Assets

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

2.6 Depreciation

Depreciation has been provided on straight-line method as per the rates as prescribed 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 `5,000) are depreciated within the 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. From 2008-09 onwards the management estimates the useful life of certain assets like Computer, Furniture and Fixtures, Office Equipment, UPS, Plant and Machinery and Vehicles and revised

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and adopted higher rate of depreciation @ 25% on straight line method to the extent unavailed, instead of the rate as per the Schedule XIV of the Companies Act, 1956.

2.7 Investments

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

2.8 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.

2.9 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 Statement of Profit and Loss 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.

2.10 Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT), if any, is paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.11 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

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2.12 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the additional information to financial statements.

2.13 Service Tax Input Credit

Service Tax input credit is accounted for in the books in the period in which the underline service received is accounted and when there is no uncertainty in availing/utilizing the credits.

3. EXPLANATORY STATEMENT

3.1 Retirement benefits to employees

(i) Defined Contribution Plan

Provident fund

In respect of defined contributions schemes, contributions to Provident Fund and Family Pension they are charged to the statement of Profit and Loss as incurred.

(ii) Defined benefit plan

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 sets out the status of the gratuity plan as required under AS 15:

Change in benefit obligations:

₹ in lakhs

Particulars	Gratuity Plan 31.3.2013	Gratuity Plan 31.3.2012
Projected benefit obligation at beginning of the year	15.26	14.43
Service Cost	1.98	1.90
Interest cost	1.22	1.15
Actuarial (gain)/loss	(1.10)	1.04
Benefits paid	(0.92)	(3.26)
Projected benefit obligation, end of the year	16.44	15.26

Change in plan assets:

₹ in lakhs

Particulars	Gratuity Plan 31.3.2013	Gratuity Plan 31.3.2012
Plan assets at beginning of the year at fair value	12.67	13.87
Expected return on plan assets	1.35	1.14
Actuarial (gain)/loss	-----	-----
Employer's Contributions	3.77	0.92
Benefits paid	(0.92)	(3.26)
Plan assets at end of the year at fair value	16.87	12.67

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

₹ in lakhs

	31.3.2013	31.3.2012
Fair value of plan assets at the end of the year	16.87	12.67
Present value of the defined benefit obligations at the end of the period	16.44	15.26
(Liability) / Asset	0.43	(2.59)

Gratuity cost for the year ended March 31 2013

₹ in lakhs

Particulars	Gratuity Plan 31.03.2013	Gratuity Plan 31.03.2012
Service cost	1.98	1.90
Interest cost	1.22	1.15
Expected return on plan assets	(1.35)	(1.14)
Actuarial (gain)/ loss	(1.10)	1.04
Net cost	0.75	2.95

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Investment details of plan assets :

Deposited with Life Insurance Corporation of India (Group gratuity policy).

Assumptions

Particulars	Gratuity Plan 31.03.2013	Gratuity Plan 31.03.2012
Discount rate	8%	8%
Salary escalation rate	5%	8%

iii 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 actual valuations.

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

3.3 Related Party transactions

Related Party Disclosures

I. Name of the related party	Electronic 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	Lease of land presently occupied by the Company. (a) Land Lease Rentals. (b) Web hosting charges. (c) Sitting fees.
Volume of transactions	(a) ₹ 1/- towards lease rent. (2012: ₹ 1) (b) Web hosting charges ₹ 8,427 (2012 : ₹ 10,479) (c) Sitting fees ₹ 70,000 (2012: ₹ 70,000)
Any other element of the transaction necessary for understanding the transaction	Nil
Amount outstanding at the balance sheet date	₹ 11,03,25,537 (2012: ₹ 11,03,25,537)
Amount written back during the year	Nil

II Name of the related party	IG3 Infra Ltd (Formerly Indian Green Grid Group 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 and electricity charges for space occupied by them in Elnet Software City.
Volume of transactions	(b) Compensation and electricity charges ₹ 32,13,635/- (2012 : ₹ 10,83,035)
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	(b) ₹ 7,67,215/- (2012: ₹ 10,07,000/-)
Amount written back during the year	NIL

III Name of the related party	Elnet Software City Limited
Description of the relationship between the parties	Subsidiary Company
Description of the nature of transaction	(a) Investment in equity shares (b) Payment for preoperative and other expenses
Volume of transactions	(b) Nil (2012: ₹ 1,573/-)
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	(a) The unsecured loan from the company to the tune of ₹ 60,09,141/- continues to exist. (b) Interest payable on FD made out of disputed dividend for the years 2000-01 and 2001-02

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Volume of transactions	Nil
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	(a) ₹60,09,141/- (2012: ₹ 60,09,141/-) (b) ₹1,46,503/- (2012: ₹1,46,503)
Amount written back during the year	NIL

V Name of the related party	Shri. Shanmugham Thiagarajan (Formerly Shri Thiagaraj S Chettiar)
Description of the relationship between the parties	Spouse of Director
Description of the nature of transaction	(a) Unsecured Loan of ₹ 3,66,24,742/- (2012: ₹ 3,66,24,742/-)
Volume of transactions	Nil
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	(a) ₹ 3,66,24,742/- (2012: ₹ 3,66,24,742)
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	(a) Remuneration
Volume of transactions	(a) ₹ 14,00,000/- (2012: ₹ 14,00,000)
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL

3.4 Accounting for leases

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

Particulars	As at 31 st March 2013 (₹)	As at 31 st March 2012 (₹)
Cost of Buildings leased	21,87,17,054	21,87,17,054
Depreciation provided during the year on Buildings leased	36,09,172	35,65,092
Accumulated depreciation on buildings leased	4,51,86,281	4,15,77,109
Impairment loss recognised in Statement of Profit and Loss	Nil	Nil
Impairment loss reversed in Statement of Profit and Loss	Nil	Nil
Future minimum lease payment (receivable)		
Not later than one year	15,67,36,462	14,63,33,682
Later than one year and not later than five years	70,56,75,087	67,46,38,502
Later than five years	1,17,59,403	1,11,99,431

3.5 Earnings per share

	2012-13 (₹)	2011 -12 (₹)
a. Net Profit available for Equity Shareholders	5,38,90,084	4,21,35,319
b. Weighted average number of Equity Shares outstanding	40,00,007	40,00,007
c. Basic and adjusted EPS	13.47	10.53

3.6 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 ₹ 16,87,353/-has been recognized for deferred tax asset.

The balance deferred tax liability (net) outstanding as on 31.03.2013 is ₹ 2,64,01,639/- the details of which are as follows:

	As at 31 st March 2012	Tax effect for the year	As at 31 st March 2013
Deferred Tax (Liability)			
Fixed Assets	(292.27)	15.51	(276.76)
Sub Total	(292.27)	15.51	(276.76)
Deferred Tax Asset			
Amortization of Land registration Charges	11.38	1.36	12.74
Sub Total	11.38	1.36	12.74
Deferred Tax Asset / (Liability)	(280.89)	16.87	(264.02)

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4. ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

4.1 Wind Mill

During the financial year the Company sold 13,15,030 units to Tamilnadu Electricity Board. (2012 : 10,98,647 units).

4.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

- i) There were no dues to Small Scale Industrial undertakings to whom the Company owes any sum which is outstanding for more than 30 days.
- ii) There were no dues either principal or interest remaining unpaid to any suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, which came into force with effect from 02.10.2006 as at the end of the accounting year. Similarly, no payments have been made to the suppliers beyond the appointed day without adding interest, no interest is accrued and remaining unpaid during the year.

4.3 Payment to Auditors: (all amounts are exclusive of Service Tax)

Particulars	2012 -13 (₹)	2011-12 (₹)
1. Statutory Audit	2,00,000	1,75,000
2. Tax Audit Fees	60,000	50,000
3. Certification	65,000	60,000
4. Taxation Matters	-	1,50,000

4.4 Investments

In Others - 30,25,300 Equity shares of ₹ 10/- each in IG3 Infra Limited (Formerly Indian Green Grid Group Limited) fully paid up	₹ 3,02,53,000/- (2012: ₹ 3,02,53,000/-)
In Subsidiary Company - 1,00,000 Equity Shares of ₹ 10/- each in Elnet Software City Ltd fully paid up.	₹ 10,00,000/- (2012: ₹ 10,00,000/-)

4.5 Current Liabilities

- i. The company continues to hold the amount of ₹ 1,46,503/- (2012: ₹ 1,46,503/-) on account of Interest payable on FD made out of disputed dividend for the years 2000-01 and 2001-02.

- ii. There are no amounts due to the Central Government on account of Investor Education and Protection Fund as on 31.3.2013. The balance amount lying under the Unpaid Dividend Account 2005–2006 declared on 06-05-2006 for the year 2005-06 falls due on 05.05.2013.

4.6 Statement of Profit and Loss

Electricity Expenses have been reduced to the extent of ₹ 72,32,665/- (2012 : ₹ 43,94,588/-) for sale of electricity generated from windmill. There is no impact on the statement of Profit and Loss.

- 4.7** Estimated amount of liability on capital contracts as on 31.03.2013 not provided for is ₹ 7,50,000. (Previous year ₹ 45,19,886/-)

4.8 Contingent Liabilities in respect of:

Claims against the Company not acknowledged as debt

- (i) Claim by Department of Telecommunications

The Department of Telecommunications (DoT) filed a claim against the company for ₹ 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 ₹ 5,48,288 and interest there on is payable by the company to DoT. The company accepted the award and decided to effect the payment after waiting for the appeal period. However DoT has filed an appeal in the High Court of Delhi against the Arbitrator's award. The Company accordingly recognized the total liability at ₹ 10,70,659/- as at 31.3.2013. The difference in claim amounting to ₹ 10,01,574/- is shown under "claims against the Company not acknowledged as debt".

- (ii) Income Tax demand

There is a dispute with regard to the treatment of 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", which has been confirmed by the Income Tax Appellate Tribunal.

In respect of assessment years 1996-97, 1998-99, 2000-01, 2001-02 and 2003-04, the Income Tax Department has preferred appeal before the High Court of Madras against the orders issued Income Tax Appellate Tribunal. The High Court of Madras has ruled the case in favour of the Company. However, it is not known whether the department has preferred a special Leave petition before the Supreme Court. In the event the Supreme Court reverses the Order of the High Court of Madras, there will be a contingent liability of ₹ 415.56 lakhs.

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(iii) Service Tax

The company received show cause notice in 2009-10 from the Office of the Commissioner of Service Tax on the applicability of service tax on Electricity charges reimbursed from the occupants including generation from Generator. As per legal opinion, the company has been advised that, it is not liable for service tax on this issue. The company has obtained an interim stay from the High Court of Madras on 28.08.2009 against the show cause notice. The above stay was modified by the High Court on 04.07.2012 based on a Supreme Court decision. As per the order, 50% of the arrears prior to 30th September 2011 to be paid and for the balance 50%, to furnish a solvent surety to the Department. The company has filed an application on 4th February 2013 for extension of stay. In view of this, there is a contingent liability of ₹ 282.64 lacs.

(iv) Lease Rent

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

Disclosure in pursuance of AS 21

The Company having a wholly owned subsidiary as on 31.03.2013 as detailed below:-

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest as at 31st March 2013	Proportion of ownership interest as at 31st March 2012
Elnet Software City Limited	India	100%	100%
Elnet Software City Limited was incorporated on 22.03.2005 as a 100% subsidiary of Elnet Technologies Limited			

Previous year's figures have been re-grouped / re-classified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

Place : Chennai
Date : 03.05.2013

K. Padmanaban
Director

As per our report attached

For S.H.Bhandari & Co
Chartered Accountants

Sreedhar Sreekakulam
Partner
M.No: 026474 FRN: 000438S

CONSOLIDATED CASH FLOW STATEMENT		
Particulars	Year ended 31st March 2013 ₹	Year ended 31st March 2012 ₹
A. Cash flow from Operating Activities:		
Net Profit before tax and extraordinary items	80,202,731	63,551,742
Adjustments for:		
Depreciation and amortisation	32,599,424	26,594,783
Interest & Financial Charges Paid	215,909	3,530,639
Advance FBT	-	20,028
Loss on sale of Fixed Assets	-	185,551
	113,018,064	93,882,743
Less : Interest income	4,983,984	5,236,853
Profit on Sale of Scrapped Assets	348,905	461,033
Operating Profit Before Working Capital Changes	107,685,175	88,184,857
Adjustments for :		
(Increase) / Decrease in Trade & Other Receivables	2,657,038	(6,226,774)
Increase / (Decrease) in Trade Payables & Other Liabilities	713,911	(1,566,919)
Cash Generated from operations	111,056,124	80,391,164
Net income tax paid / (Net of Refunds)	29,022,102	23,821,792
Net Cash flow from Operating activities (A)	82,034,022	56,569,372
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(76,597,311)	(22,846,342)
Proceeds from sale of fixed assets	348,905	481,033
Interest Received	4,115,133	3,076,836
Net cash flow from / (used in) investing activities (B)	(72,133,273)	(19,288,473)

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Particulars	Year ended 31 st March 2013 ₹	Year ended 31 st March 2012 ₹
C. Cash flow from financing activities		
Repayment of Compensation Deposits	(28,439,079)	(11,262,193)
Increase in Compensation Deposits	39,739,085	19,599,352
Repayment of Secured Loan	-	(44,710,250)
Interest & Bank charges Paid	(215,909)	(3,530,639)
Dividend Paid (Including dividend Tax)	(5,476,241)	(5,437,753)
Net cash flow from / (used in) financing activities (C)	5,607,856	(45,341,483)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	15,508,605	(8,060,584)
Cash and cash equivalents at the beginning of the year	57,283,306	65,343,890
Cash and cash equivalents at the end of the year	72,791,911	57,283,306

For and on behalf of the Board of Directors

Unnamalai Thiagarajan
Managing Director

P.S. Kumar
Director

Place : Chennai
Date : 03.05.2013

K. Padmanaban
Director

As per our report attached

For **S.H.Bhandari & Co**
Chartered Accountants

Sreedhar Sreekakulam
Partner
M.No: 026474
FRN: 000438S

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement for the year ended 31st March, 2013. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement, Clause 32 with Bombay Stock Exchange and Madras Stock Exchange and is based on and in agreement with the corresponding Statement of Profit and Loss and Balance Sheet of the Company covered by our report to the members of the Company.

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

Place : Chennai
Date : 03.05.2013

Sreedhar Sreekakulam
Partner
M.No. 026474
FRN: 000438S

SUBSIDIARY COMPANY'S ACCOUNTS

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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 2013.

OPERATIONS

The Company is yet to commence its operation.

FIXED DEPOSITISTS

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

DIRECTORS

Thiru P.S. Kumar and Thiru H. Karthik Seshadri retires by rotation and are being 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 2012 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.

AUDITORS

M/s. Padmnabhan Prakash & Co., Chartered Accountants, the Statutory Auditors of the Company retire 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
Date : 26.04.2013

Unnamalai Thiagarajan
Director

C. Ramachandran
Director

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AUDITORS' REPORT

TO THE MEMBERS OF ELNET SOFTWARE CITY LIMITED

1. We have audited the attached Balance Sheet of ELNET SOFTWARE CITY LIMITED, as at 31st March 2013. This financial statement is the responsibility of the company's management. Our responsibility is to express an opinion on this financial statement based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company in so far as it appears from examination of those books.
 - (iii) The Balance Sheet dealt with by this report is in agreement with the books of account
 - (iv) In our opinion, the Balance Sheet dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representation received from the Directors as on 31st March 2013 and taken on record by the Board of Directors we report that none of the Director is disqualified as on 31st March 2013 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India. In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2013.

For Padmanabhan Prakash & Co.
Chartered Accountants,

P R Venkatagopalakrishnan

Partner

Place : Chennai

Date : 26.04.2013

M.No: 200/18507

FRN: 2509S

ANNEXURE TO THE AUDITORS' REPORT

RE: ELNET SOFTWARE CITY LIMITED,

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

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

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- 58A, 58AA or any other relevant provisions of the Act and rules framed there under, are not applicable.
- (vii) According to the information and explanations given to us, the provisions of clause 4(vii) of the Companies (Auditor's report) Order, 2003 relating to internal audit system are not applicable to the company.
 - (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
 - (ix) Since there have been no business transactions and no recruitment of employees during the year, the question of paying any kind of statutory dues does not arise.
 - (x) The Company has not started the operations and hence there are no accumulated losses
 - (xi) 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.
 - (xii) 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.
 - (xiii) 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.
 - (xiv) 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.
 - (XV) The Company has not carried on any activity during the financial year. Therefore, the provisions of clause 4 (xvii) of the Companies (Auditor's report) Order, 2003 are not applicable to the company
 - (xvi) 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.
 - (xvii) 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

- (xviii) 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
- (xix) 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.
- (xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Padmanabhan Prakash & Co.

Chartered Accountants,

P R Venkatagopalakrishnan

Partner

M.No: 200/18507

FRN: 2509S

Place : Chennai

Date : 26.04.2013

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BALANCE SHEET			
Particulars	Note No	As at 31st March 2013 ₹	As at 31st March 2012 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	1,000,000	1,000,000
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities		-	-
(4) Current Liabilities			
(a) Short-term provisions	2	8,427	8,427
Total		1,008,427	1,008,427
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
Capital work-in-progress	3	271,944	248,787
(b) Other non-current assets	4	40,652	40,652
(2) Current assets			
Cash and cash equivalents	5	695,831	718,988
Total		1,008,427	1,008,427

Notes to Accounts

For and on behalf of the Board
Unnamalai Thiagarajan
 Director

C. Ramachandran
 Director

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

Place : Chennai
 Date : 26.04.2013

P.R. Venkatagopalakrishnan
 Partner
 M.No.200/18507 FRN: 2509S

NOTES TO THE BALANCE SHEET			
Note No	Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
1	Share Capital		
	Equity Share Capital		
	Authorised Share capital	1,000,000	1,000,000
	Issued, subscribed & fully paid share capital	1,000,000	1,000,000
	Total	1,000,000	1,000,000
2	Short-term provisions		
	Provision for employee benefits	-	-
	Others	8,427	8,427
	Total	8,427	8,427
3	Other non-current assets		
	Capital work-in-progress	271,944	248,787
	Total	271,944	248,787
4	Other non-current assets		
	Miscellaneous Expenses not written off	40,652	40,652
	Total	40,652	40,652
5	Cash and cash equivalents		
	Balance with banks	695,831	718,988
	Cash on hand	-	-
	Total	695,831	718,988

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NOTE NO. 6 : NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2013.

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	2012-13 ₹	2011-12 ₹
Statutory Audit Fees	7,500	7,500
Service Tax	927	927

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

5. GENERAL

Name of the of the related party	ELNET TECHNOLOGIES LTD
Description of the relationship between the parties	Holding Company
Description of the nature of transaction	NIL
Volume of transactions	NIL
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	NIL

For and on behalf of the Board

Unnamalai Thiagarajan
Director

C. Ramachandran
Director

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

Place : Chennai
Date : 26.04.2013

P.R. Venkatagopalakrishnan
Partner
M.No.200/18507 FRN: 2509S



ELNET TECHNOLOGIES LIMITED

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

PROXY FORM

I/Weof.....being a member/members of Elnet Technologies Ltd., hereby appoint.....ofor failing him/her..... ofas my/our proxy to vote for me / us on my / our behalf at the 22nd Annual General Meeting to be held at New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004 on Thursday, the 20th June, 2013 at 11.00 a.m. and at any adjournment thereof.

Signed this day of 2013

Regd. Folio No. or

Affix
Re.1/-
Revenue
Stamp

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

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



ELNET TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

22nd Annual General Meeting 20th June, 2013

Regd. Folio No. (or)

*Client ID No. DP ID No.

Name and Address of Shareholders(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 22nd Annual General Meeting of the Company held at New Woodlands Hotel Pvt. Ltd. No.72-75, Dr.RadhakrishnanSalai, Mylapore, Chennai 600 004 on Thursday, the 20th June 2013 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.*

FORM A

COVERING LETTER OF THE ANNUAL REPORT AS PER CLAUSE 31 (a) OF EQUITY LISTING AGREEMENT

1)	Name of the Company	M/s. Elnet Technologies Limited
2)	Annual financial statements for the year ended	31 st March 2013
3)	Type of Audit Observation	Unqualified
4)	Frequency of observations	NA
5)	To be signed by	
	Managing Director	<i>Umanalai Thiagaraja</i>
	CFO	<i>[Signature]</i>
	Auditor of the Company	<i>* S. Sreedhar</i> 
	Audit Committee Chairman	<i>[Signature]</i>

