



# 23<sup>rd</sup> Annual Report

2013 - 14

BOARD OF DIRECTORS  
(as on 30th May 2014)

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

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

M/s. Canara Bank  
Kasturbanagar, Chennai 600 020

REGISTERED OFFICE

Elnet Software City  
TS 140, Block No.2&9,  
Rajiv Gandhi Salai,  
Taramani, Chennai 600 113  
Phone – 044 – 2254 1337 / 1098  
Fax – 044 – 2254 1955  
E-mail : elnet@md4.vsnl.net.in

REGISTRARS AND SHARE  
TRANSFER AGENTS

M/s. Cameo Corporate Services Limited  
“Subramanian Building”, 5th Floor  
No.1, Club House Road, Chennai 600 002  
Phone - -044 – 2846 0390 (6 lines)  
Fax – 044 – 2846 0129

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### FINANCIAL HIGHLIGHTS

(In ₹ Lakhs)

HIGHLIGHTS	2013-14	2012-13	2011-12	2010-11	2009-10
Gross Revenue	2253.80	2169.21	1687.72	1606.45	1681.91
Profits Before Tax	864.59	802.03	635.51	570.88	573.65
Taxation	280.69	263.13	214.16	206.27	198.42
Profits After Tax	583.90	538.90	421.35	364.61	375.23
Dividend & Dividend Taxes	65.52	65.52	55.79	56.79	55.97
Borrowings	426.34	426.34	426.34	873.44	1381.62
Networth	4299.21	3780.82	3298.38	2932.82	2623.99
Earnings per Equity Share	14.60	13.47	10.53	9.12	9.38
Dividend on Equity Share	14%	14%	12%	12%	12%
Debt: Equity Ratio	0.1:1	0.1:1	0.1:1	0.3:1	0.5:1

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### NOTICE

NOTICE is hereby given that the **TWENTY THIRD** Annual General Meeting of **ELNET TECHNOLOGIES LIMITED** will be held on Thursday, the 17th July 2014 at 11.00 AM 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 2014 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 pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Board of Directors, M/s S.H.Bhandari & Co, Chartered Accountants (FRN : 000438S), Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company on a remuneration of ₹ 3,25,000/- plus service tax as applicable”.

4. To appoint a Director in place of Thiru J. Ravi who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Dr.V. Dharmalingam who retires by rotation and is eligible for re-appointment.

### SPECIAL BUSINESS

#### 6. APPOINTMENT OF DIRECTOR

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

“RESOLVED THAT Thiru R.Sridhar who was appointed as Director on 22.04.2014 in the casual vacancy caused by the resignation of Thiru V. RAMACHANDRAN, who vacates office at this Annual General Meeting and is eligible for reappointment, in respect of whom the Company has, as required by Sec. 160 of the Companies Act 2013, received a Notice in writing along with deposit from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, is not subject to retire by rotation”.

## **7. APPOINTMENT OF DIRECTOR**

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

“RESOLVED THAT Thiru G. Chellakrishna who was appointed as Director on 22.04.2014 in the casual vacancy caused by the resignation of Thiru P.S.Kumar, who vacates office at this Annual General Meeting and is eligible for reappointment, in respect of whom the Company has, as required by Sec. 160 of the Companies Act 2013, received a Notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

## **8. RE-APPOINTMENT OF MANAGING DIRECTOR**

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

“RESOLVED that, pursuant to the provisions of Sections 190, 196, 197, 203 and Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and the Articles of Association of the Company, Tmt. Unnamalai Thiagarajan, Managing Director be and is hereby re-appointed as Managing Director of the Company for a further period of five years with effect from 29th day of September, 2013 and thereby superseding the earlier referred resolution passed in so far her period of office is concerned.

RESOLVED FURTHER THAT, the re-appointment of Tmt. Unnamalai Thiagarajan, Managing Director for a period of five years, with effect from 29th day of September 2013 on the terms and conditions as specified in the Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this Notice.

RESOLVED FURTHER THAT Tmt. Unnamalai Thiagarajan, Managing Director, be paid a remuneration of ₹ 14,00,000/- per annum with effect from 29th day of September 2013 onwards till the end of the tenure.

RESOLVED FURTHER THAT the action of the Board of Director in re-appointing Tmt. Unnamalai Thiagarajan as Managing Director with effect from 29th day of September 2013 till the date of this meeting as approved at the Board meeting held on 29th July 2013 be and is hereby ratified and that the remuneration for the services as Managing Director for the period from 29th day of September 2013 till the conclusion of this meeting (both days inclusive) be and is hereby approved”.

By Order of the Board of Directors

Place : Chennai  
Date : 30.05.2014

**S. LAKSHMI NARASIMHAN**  
COMPANY SECRETARY

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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. 102 of the Companies Act 2013, 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 10th July 2014 to 17th July 2014 (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 123(1) of the Companies Act, 2013, 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
31.03.2007	27.07.2007	25.08.2014**
31.03.2008	30.07.2008	28.08.2015
31.03.2009	07.07.2009	05.08.2016
31.03.2010	21.07.2010	19.08.2017
31.03.2011	28.06.2011	26.07.2018
31.03.2012	22.06.2012	20.07.2019
31.03.2013	20.06.2013	18.07.2020

\*\* Please note that as per sec.123 (1) of the Companies Act, 2013, we have to transfer the pending amount lying 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](mailto: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 31.03.2014, 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 102(1) OF COMPANIES ACT 2013**

##### **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 139 and 142 of the Companies Act, 2013. M/s S.H. Bhandari & Company Chartered Accountants, who are the Statutory Auditors for the financial year ended 31.03.2014 is being proposed to be appointed as Auditors for the financial year ending 31.03.2015.

Directors recommend the passing of the resolution.

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

##### **Item No. 6 Appointment of Director**

Thiru R. Sridhar was appointed by the Board of Directors as a Director on 22.04.2014, in the casual vacancy caused by the resignation of Thiru V. Ramachandran and he holds office until the ensuing Annual General Meeting and is eligible for reappointment. In respect of his appointment the Company has, as required by Sec 160 of the Companies Act, 2013, received a Notice in writing along with deposit of ₹ 1,00,000/- from a member signifying his intention to propose him as a candidate for the office of the Director. A detail regarding his profile is given in the annexure attached to the Notice.

Keeping in view the experience and expertise of Thiru R. Sridhar, his appointment as a Director of the Company is recommended by the Board for your approval. Thiru R. Sridhar is not liable to retire by rotation.

No director, key managerial personnel or their relatives, except Thiru R. Sridhar to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.6 for the approval of the members.

##### **Item No. 7 Appointment of Director**

Thiru G. Chellakrishna was appointed by the Board of Directors as a Director on 22.04.2014, in the casual vacancy caused by the resignation of Thiru P.S. Kumar and he holds office until the ensuing Annual General Meeting and is eligible for reappointment. In respect of his appointment the Company has, as required by Sec 160 of the Companies Act, 2013, received a Notice in writing along with a deposit of ₹ 1,00,000/- from a member signifying his intention to propose him as a candidate for the office of the Director. A detail regarding his profile is given in the annexure attached to the Notice.

Keeping in view the experience and expertise of Thiru G. Chellakrishna, his appointment as a Director of the Company is recommended by the Board for your approval.

No director, key managerial personnel or their relatives, except Thiru G. Chellakrishna to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.7 for the approval of the members.

### **Item No. 8. Re-appointment of Managing Director**

The Board, at its meeting held on 29.09.2008 re-appointed Tmt. Unnamalai Thiagarajan as the Managing Director for a further period of 5 years with effect from that date pursuant to Section 269 of the Companies Act, 1956 read with Article 40 of Association of the Company. Subsequently the members at the Annual General Meeting held on 07th July 2009 approved the re-appointment.

The Board meeting held on 29.07.2013 re-appointed Tmt. Unnamalai Thiagarajan as the Managing Director for a further period of 5 years with effect from 29.09.2013. The approval of the members is sought for re-appointing Tmt. Unnamalai Thiagarajan as Managing Director for further period of 5 years with effect from 29.09.2013 and also for payment of remuneration from that date. Tmt. Unnamalai Thiagarajan is proposed to be paid a consolidated remuneration of ₹14,00,000/- per annum subject to the approval of this meeting. No Provident fund, Gratuity and other perquisites are payable. The approval of the members is also sought for ratifying the re-appointment of Tmt. Unnamalai Thiagarajan as the Managing Director by the Board from 29.09.2013 till the date of this meeting and also approval for the remuneration paid for that period and is not liable to retire by rotation.

No director, key managerial personnel or their relatives, except Tmt. Unnamalai Thiagarajan, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.8 for the approval of the members.

This may be treated as an abstract under Section 190 of the Companies Act, 2013.

By Order of the Board of Directors

Place : Chennai  
Date : 30.05.2014

**S. LAKSHMI NARASIMHAN**  
COMPANY SECRETARY

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<b>INFORMATION ON DIRECTORS RETIRING BY ROTATION SEEKING REAPPOINTMENT AND DIRECTORS PROPOSED TO BE APPOINTED AT THE ANNUAL GENERAL MEETING</b>					
Name	Tmt. Unnamalai Thiagarajan	Thiru J.Ravi	Dr.V.Dharmalingam	Thiru R. Sridhar	Thiru G. Chellakrishna
Date of Birth and age	28.12.1959 & 54 years	03.. 10. 1954 & 59 Years	07.05.1956 & 58 Years	06.06.1957 & 56 Years	15.08.1979 & 34 Years
Appointed on	08.08.2003	08.08.2003	10.07.2006	22.04.2014	22.04.2014
Qualification	B.A. B.L.,	B.Tech - Chemical Engineering	B.S.M.(Siddha), D.C.M.(Varma) & D.Sc.,	B.Sc.,	FCA
Experience in specific functional areas	Law, Plantation Management	29 years of experience in International Trading	Instrumental in establishing the Varma Department at Aringar Anna Hospital, Chennai. Successful in the treatment of chronic ailments has made him widely known. As an exponent in India Medicine, Practices internationally.	Had 29 Years of Service in the Registrar Office, Tamilnadu Government Department.	An eminent Chartered Accountant in Practice for over 14 years.
Directorship/ Chairmanship held in other public companies	IG3 Infra Limited  Grand Luxe Hotels Limited  ETL Secure Space Limited  Eihet Software City Limited Green Grid Power(India) Ltd	-	-	-	1) BANYAN Consultancy Service P Ltd., - Shareholder Director  2) BANYAN Corporate Advisors P Ltd., - Shareholder Director  3) APN Software Solutions P Ltd - Shareholder Director  4) Axis Wind Energy P Ltd., - Director
Memberships/ Chairmanship of Committee across public companies	-	-	-	-	-

## E-VOTING FACILITY

As per the section 108 of the Companies Act 2013 read with the Companies (Management and Administration) Rules, 2014, e-voting facility is a mandatory requirement for listed companies for General Meetings.

### INSTRUCTIONS FOR E-VOTING

Accordingly, the voting through electronic means will commence on 11th July 2014 at 9 a.m. and will end on 13th July 2014 at 6 p.m. The Members will not be able to cast their vote electronically beyond the date and time mentioned above.

The Company has appointed Mr. S.Bhaskar, Practising Company Secretary, Membership No.A-10798, to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner. The procedure and instructions for the voting through electronic means is, as follows:

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. Sequence number has been provided as SI.No. in the address label.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field.

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- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 11th July 2014 at 9 a.m. and will end on 13th July 2014 at 6 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13th June 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <https://www.evotingindia.co.in> under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (D) The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorized by him on 17th July 2014. The results declared along with the Scrutinizer's report, will be posted on the Company's website and on CDSL's website on June 18th July 2014.

## DIRECTORS' REPORT

To

The Members

Your Directors have great pleasure in presenting the TWENTY THIRD Annual Report together with the Audited Accounts of your Company for the Financial Year ended 31.03.2014.

Members would be happy to note that your company has had a successful year of operation, which resulted in an after tax profit of ₹ 583.90 Lakhs.

### OPERATIONS

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

Sl. No.	Particulars	For the year ended 31.3.2014 ₹ in Lakhs	For the year ended 31.3.2013 ₹ in Lakhs
1	Income from operations	2156.19	2115.57
2	Non-operating income	97.61	53.64
3	Total expenditure (including financial charges and Depreciation)	2253.80	1367.18
4	Profit before Taxes	864.59	802.03
5	Provision for deferred tax	(24.31)	(16.87)
6	Provision for current tax	305.00	280.00
7	Net Profit	583.90	538.90
8	Dividend & tax thereon	65.52	65.52
9	Transfer to General Reserve	200.00	200.00
10	Balance carried forward to Balance Sheet	318.38	273.38
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, 2014. 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 17th July 2014, being the record date.

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### **FUTURE PROSPECTS**

Your Company currently enjoys 100% occupancy level. There is no proposal for any further expansion at this moment.

### **SUBSIDIARY COMPANY**

The statement pursuant to Sec 129 of the Companies Act, 2013, 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 31.03.2014, 37,43,736 numbers of equity shares are held in Dematerialized Form, which constitutes 93.59% 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 two of your Directors Thiru J. Ravi and Dr. V. Dharmalingam retire by rotation at the forth coming Annual General Meeting. Both of them, being eligible, offer themselves for reappointment.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Sec. 134 clause (C) of sub-section (3) of the Companies Act, 2013, the Directors confirm:

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that the directors had taken proper and sufficient care for the maintenance of 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;
- (d) that the directors had prepared the annual accounts on a going concern basis; and
- (e) that the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **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 139 of the Companies Act, 2013.

## **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 Section 134 of the Companies Act, 2013.



## **TWENTY THIRD ANNUAL REPORT 2013 - 14**

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### **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 134 of the Companies Act, 2013, 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, Canara Bank, Chennai, Axis Bank, Chennai Main Branch 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 : 30.05.2014

**UNNAMALAI THIAGARAJAN**  
MANAGING DIRECTOR

**K. PADMANABAN**  
DIRECTOR

Dear Shareholder,

As part of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA), Government of India, through it 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, 2014, 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 and easily navigable format on our website, [www.elnettechnologies.com](http://www.elnettechnologies.com).

We request you to send the information as per the format attached to our email ID [elnet@md4.vsnl.net.in](mailto:elnet@md4.vsnl.net.in).

Thank you for co-operating.

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 :

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### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

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

#### **OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

The 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 16 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 made arrangement to send 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 consists of ten Directors inclusive of five Independent Directors as on 31.03.2014. 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.

## TWENTY THIRD ANNUAL REPORT 2013 - 14

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, 2014

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	Thiru Atul Anand IAS, Non-Executive Chairman	7	1	1	-
2	Tmt.Unnamalai Thiagarajan, Managing Director	5	-	-	-
3	Thiru C Ramachandran, Non-Executive Director	6	-	6	5
4	Thiru J.Ravi, Non-Executive Director	-	-	-	-
5	Thiru R Ganapathi, Non-Executive Independent Director	5	1	-	-
6	Thiru H Karthik Seshadri, Non-Executive Independent Director	-	-	-	-
7	Thiru K.Padmanaban, Non-Executive Director	-	-	-	-
8	Thiru G.Senrayaperumal, Non-Executive Independent Director	-	-	-	-
9	Dr. V. Dharmalingam, Non-Executive Independent Director	-	-	-	-
10	Thiru K.Kasim Non- Executive Independent Director	-	-	-	-

## BOARD MEETINGS:

During the Financial year 2013-14 the Board met four times on the following dates namely 03.05.2013, 29.07.2013, 29.10.2013 and 31.01.2014.

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

S I . No.	Name of the Director	FY 2013-14 Attendance at		
		Board Meetings		Last AGM
		Attended	No. of meetings held during their tenure	
1.	Thiru Atul Anand IAS	2	4	Yes
2.	Tmt. Unnamalai Thiagarajan	3	4	No
3.	Thiru C Ramachandran	4	4	Yes
4.	Thiru J. Ravi	4	4	Yes
5.	Thiru R.Ganapathi	2	4	Yes
6.	Thiru H.Karthik Seshadri	2	4	Yes
7.	Thiru K.Padmanaban	4	4	Yes
8.	Dr. V.Dharmalingam	1	4	Yes
9.	Thiru G.Senrayaperumal	2	4	Yes
10.	Thiru K.Kasim	4	4	Yes
11.	Thiru P.S. Kumar	4	4	Yes*
12.	Thiru S. Paulraj	-	1	No**
13.	Thiru V. Ramachandran	-	1	NA***

### Note :

- \* During the Board meeting held on 31.01.2014, Thiru P.S. Kumar had resigned from the Board with immediate effect.
- \*\* During the Board meeting held on 29.07.2013, Thiru S. Paulraj had resigned from the Board with effect from 28.06.2013.
- \*\*\* During the Board meeting held on 31.01.2014, Thiru V. Ramachandran had resigned from the Board with immediate effect.

Thiru J. Ravi, and Dr.V. Dharmalingam, 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.

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### 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. However, Thiru P.S. Kumar, Chairman of the Audit Committee resigned from the Board at its meeting held on 31.01.2014 and in his place Thiru G. Chellakrishna, Chartered Accountant has been appointed at its Board meeting held on 22.04.2014.

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:**

	<b>Name</b>	<b>Position</b>	<b>Category</b>
1.	Thiru G. Chellakrishna	Chairman	Non-Executive Independent Director
2.	Thiru C Ramachandran	Member	Non-Executive Director
3.	Thiru R Ganapathi	Member	Non-Executive Independent Director
4.	Thiru H Karthik Seshadri	Member	Non-Executive Independent Director
5.	Thiru K. Padmanaban	Member	Non-Executive Director
6.	Thiru K. Kasim	Member	Non-Executive Independent Director

**Note :**

- 1) During the Board meeting held on 31.01.2014, Thiru P.S.Kumar had resigned from the Board.
- 2) During the Board meeting held on 22.04.2014, Thiru G. Chellakrishna was inducted in the Board and appointed as Chairman of the Audit Committee
- 3) During the Board meeting held on 22.04.2014, Thiru K. Kasim was inducted as member of the Audit Committee

**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.



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- 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 2013-14, Audit Committee met four times on the following dates namely, 26.04.2013, 29.07.2013, 29.10.2013 & 31.01.2014

Attendance of each member of the Audit Committee during the financial year 2013-14:

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

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

### **4. NOMINATION AND REMUNERATION COMMITTEE**

The Company has constituted a Nomination and Remuneration Committee of Directors on 1st September, 2003.

The broad terms of reference of the 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 Committee decides the remuneration policy for Whole time Directors/Managing Director.

During the year under review a Committee meeting was held on 29.07.2013.

The composition of the Nomination and Remuneration Committee is given hereunder

Name	Position	Category
1. Thiru R Ganapathi	Chairman	Non-Executive Independent Director
2. Thiru H Karthik Seshadri	Member	Non-Executive Independent Director
3. Thiru C. Ramachandran	Member	Non-Executive Director

**Note :** During the Board meeting held on 31.01.2014, Thiru P.S.Kumar had resigned from the Board and in the Board meeting held on 22.04.2014 Thiru C. Ramachandran, was inducted as a member of the Committee.

Remuneration paid to Managing Director and Sitting Fees paid to Non-Executive Directors during the Financial Year 2013-14 are as under

**I. Managing Director :**

Total Remuneration paid to Tmt. Unnamalai Thiagarajan, Managing Director, during the financial year 2013-14 is ₹ 14,00,000/-

**II. Non-Executive Directors :**

S.No.	Name of the Director	Sitting Fees (₹)
1.	Thiru Atul Anand, IAS	14,000 *
2.	Thiru K. Padmanaban	63,000 *
3.	Thiru S. Paularj	-
4.	Thiru C Ramachandran	84,000
5.	Thiru J Ravi	70,000
6.	Thiru P S Kumar	91,000
7.	Thiru R Ganapathi	70,000
8.	Thiru H Karthik Seshadri	98,000
9.	Dr. V.Dharamalingam	7,000
10.	Thiru G. Senrayaperumal	14,000
11.	Thiru K. Kasim	28,000
12.	Thiru V. Ramachandran	-

\* Paid to Electronics Corporation of Tamil Nadu Ltd.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

Stakeholders Relationship Committee of Directors was re-constituted on 08.08.2003. However, Thiru P.S. Kumar, Director resigned from the Board at its meeting held on 31.01.2014 upon which the Chairman of the Stakeholders Relationship Committee fell vacant and Thiru C. Ramachandran was elected on 22.04.2014 in his place.

## TWENTY THIRD ANNUAL REPORT 2013 - 14

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 Stakeholders Relationship Committee meetings were held on 26.04.2013, 29.07.2013, 29.10.2013 & 31.01.2014.

The Composition of the Committee is given hereunder

Name	Position	Category
1. Thiru C. Ramachandran	Chairman	Non-Executive Director
2. Thiru R. Ganapathi	Member	Non-Executive Independent Director
3. Thiru H Karthik Seshadri	Member	Non-Executive Independent Director

Attendance of each member of the Stakeholders Relationship Committee during the financial year 2013-14:

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

**\*Note** : During the Board meeting held on 31.01.2014, Thiru P.S. Kumar had resigned from the Board.

### 6. PURCHASE COMMITTEE

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

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

## 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the Companies Act, 2013, all companies having net worth of ₹ 500 crore or more, or turnover of ₹ 1000 crore or more or a net profit of ₹5 crore or more during any financial year will be required to constitute a Corporate Social Responsibility (CSR) Committee of the Board of Directors comprising three or more directors, at least one of whom will be an Independent Director.

Accordingly, a Corporate Social Responsibility Committee of Directors was constituted on 31.01.2014 under the directions of the Board. It is empowered to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company. During the year under review, no meetings were held as it was not necessitated. The Composition of the Committee is given hereunder

### Composition:

- 1) Thiru J. Ravi, Chairman
- 2) Thiru H. Karthik Seshadri, Member
- 3) Thiru K. Padmanaban, Member

### Compliance Officer:

Thiru S. Lakshmi Narasimhan, Company Secretary  
 Ph : 044 - 22541098 Ext. : 217  
 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
Number received during the year	-	57
Number resolved	-	57
Number of pending	-	Nil

Break up details of Investors/Shareholders/complaints	Nos.
Revalidation of dividend warrants effected	44
Statutory notices received and attended	6
General queries received and attended	2
Transfers/duplicate share certificate - queries received and attended	5
<b>Total</b>	<b>57</b>

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### **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 2013-14 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/default

## 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 22)

## 8. 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	Thiru J. Ravi, Member	Non-Executive Director
2	Thiru 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, 2014, there were no share transfers pending for registration for more than 30 days.

## 9. GENERAL BODY MEETINGS

Location and time of General Meetings

Type	Year	Date	Time	Venue
AGM	2012-13	20.06.2013	11.00 a.m.	New Woodlands Hotel Pvt. Ltd., Chennai
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

### 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.

## 10. DISCLOSURE

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

## TWENTY THIRD ANNUAL REPORT 2013 - 14

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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 22 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.

The Company has established Vigil Mechanism as per the Section 177 (9) of the Companies Act, 2013.

- 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 2013-14 the company had no pecuniary relationship with any of the non-executive directors (other than payment of sitting fees as set out above).

### 11. 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.

## 12. 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 : 17.07.2014 at 11.00 A.M.  
Venue : New Woodlands Hotel Pvt. Ltd  
No.72-75, Dr. Radhakrishnan Salai,  
Mylapore, Chennai 600 004

Financial Calendar 2014-15 (Tentative and subject to change)

Financial Results for the quarter ending June 30, 2014 : Last week of July 2014  
Financial Results for the quarter ending September 30, 2014 : Last week of Oct 2014  
Financial Results for the quarter ending December 31, 2014 : Last week of Jan 2015  
Financial Results for the quarter ending March 31, 2015 : Before 31st May 2015  
Annual General Meeting for the year ending March 31, 2015 : During July 2015

Book Closure date : 10th July 2014 to 17th July 2014 (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

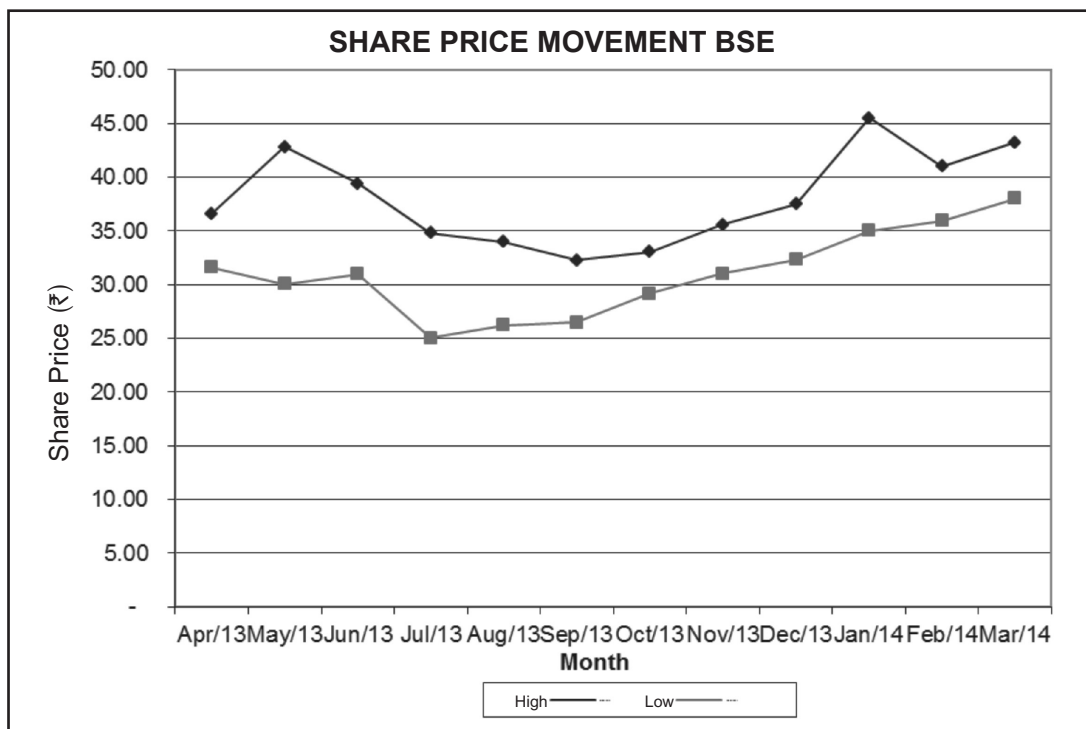
Scrip Code – BSE : 517477 - ELNET TECHNO

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 2014-15 was duly paid within the time limit to the above Stock Exchanges pursuant to Clause 38 of Listing Agreement.



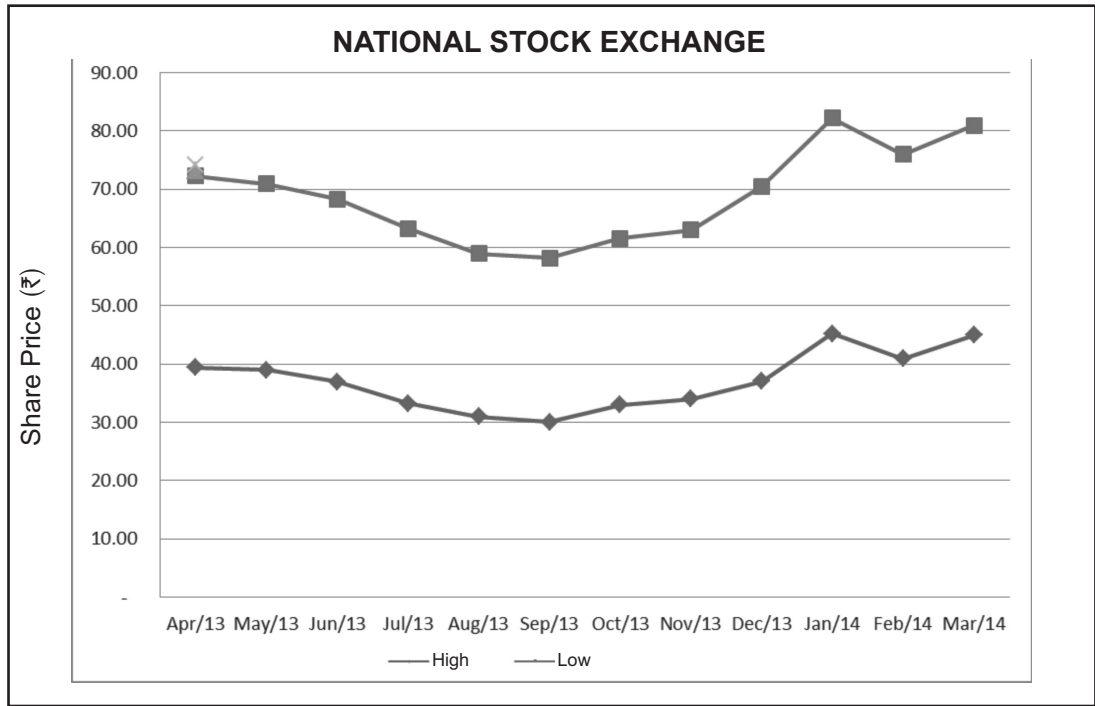
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### Stock Market Data

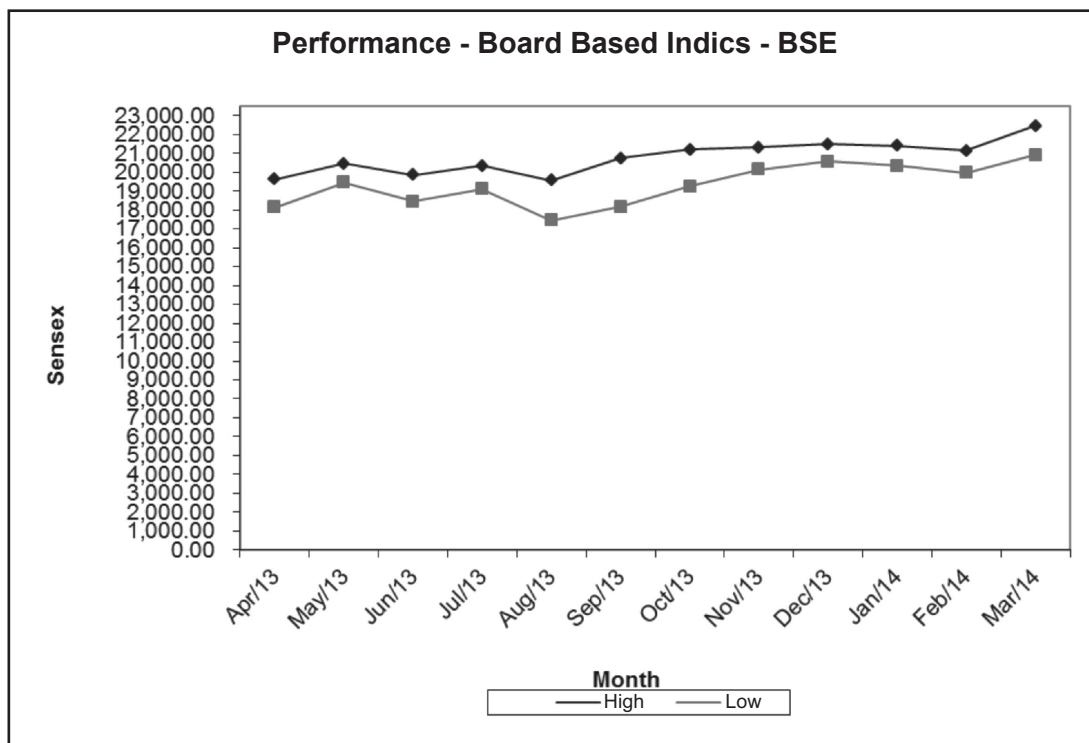
#### The Stock Exchange, Mumbai

Month	High ₹	Low ₹	Highest Volume (Nos)	Lowest Volume (Nos)
Apr-13	36.60	31.60	3,277	4
May-13	42.80	30.05	12,040	3
Jun-13	39.40	31.00	2,994	12
Jul-13	34.80	25.05	1,588	2
Aug-13	34.00	26.20	2,053	1
Sep-13	32.25	26.45	2,600	1
Oct-13	33.05	29.15	2,031	49
Nov-13	35.60	31.05	2,346	25
Dec-13	37.50	32.30	2,667	1
Jan-14	45.50	35.00	6,845	25
Feb-14	41.00	35.95	2,786	2
Mar-14	43.25	38.00	10,254	1



<b>NATIONAL STOCK EXCHANGE</b>				
Month	High ₹	Low ₹	Highest Volume (Nos.)	Lowest Volume (Nos.)
Apr-13	39.40	32.85	2,975	3
May-13	38.95	32.00	2,006	43
Jun-13	37.00	31.35	2,842	9
Jul-13	33.30	30.00	843	5
Aug-13	31.00	28.00	1,000	1
Sep-13	30.05	28.20	850	16
Oct-13	33.00	28.60	700	2
Nov-13	34.05	29.00	2,543	5
Dec-13	37.05	33.50	500	10
Jan-14	45.25	36.95	5,794	130
Feb-14	40.95	35.05	2,175	75
Mar-14	45.00	36.00	6,307	9

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Month	High	Low
Apr-13	19,622.68	18,144.22
May-13	20,443.62	19,451.26
Jun-13	19,860.19	18,467.16
Jul-13	20,351.06	19,126.82
Aug-13	19,569.20	17,448.71
Sep-13	20,739.69	18,166.17
Oct-13	21,205.44	19,264.72
Nov-13	21,321.53	20,137.67
Dec-13	21,483.74	20,568.70
Jan-14	21,409.66	20,343.78
Feb-14	21,140.51	19,963.12
Mar-14	22,467.21	20,920.98

## 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 is undertaking the Transfer of Share and other related jobs of the company.

## Dematerialisation of Shares

An extent of 37,43,736 shares representing 93.59% of the issued share capital have been dematerialised as at 31st March, 2014.

## Distribution of Shareholding as on 31<sup>st</sup> March, 2014

No. of Equity Shares	No. of Share Holders		No. of Share Holders	% of Shareholding		%	No. of Shares
	Physical	Electronic		Physical	Electronic		
10 - 5,000	1,798	4,125	5,923	5.54	13.88	19.42	8,28,137
5,001 - 10,000	10	253	263	0.19	5.03	5.22	2,20,631
10,001 - 20,000	3	124	127	0.11	4.66	4.77	2,02,514
20,001 - 30,000	0	42	42	0	2.69	2.69	1,18,364
30,001 - 40,000	4	22	26	0.32	1.95	2.27	83,706
40,001 - 50,000	2	14	16	0.24	1.66	1.90	75,160
50,001 - 1,00,000	0	18	18	0	3.27	3.27	93,885
1,00,001 - And Above	0	17	17	0	60.46	60.46	23,77,610
<b>Total</b>	<b>1,817</b>	<b>4,615</b>	<b>6,432</b>	<b>6.40</b>	<b>93.60</b>	<b>100.00</b>	<b>40,00,007</b>

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### Shareholding Pattern as at 31<sup>st</sup> March 2014

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	125	91,645	2.29
Indian Public	6,269	17,78,867	44.47
NRIs	19	12,534	0.31
Others - clearing members	14	3,100	0.08
<b>TOTAL</b>	<b>6,432</b>	<b>40,00,007</b>	<b>100.00</b>

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

Company Secretary,

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

### Vigil Mechanism (Whistle Blower Policy)

As per the Section 177 of the Companies Act, 2013, the vigil mechanism was established.

### 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.

#### Nomination and Remuneration Committee

Please refer Item No. 4 under Corporate Governance Report.

### **Shareholders Rights**

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

### **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

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## **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 2014, 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 is 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.

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 : 30.05.2014

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

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

## TWENTY THIRD ANNUAL REPORT 2013 - 14

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### 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 2013-14.
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 : 30.05.2014                      MANAGING DIRECTOR                      A G M (FINANCE & ACCOUNTS)

## **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, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year ended 31st March, 2014 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") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. 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.



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### 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, 2014
- (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 4(a) 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013 ;
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 : 30.05.2014

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, 2014]

### **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.

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- 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.
- b. 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, 2014:

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 favour of the assessee. However, 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	
Income-tax Act, 1961	Income Tax	2007-2008	11,30,593	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	2009-2010	47,475	Commissioner of Income Tax (Appeals)
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 31.03.2014 and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

## **TWENTY THIRD ANNUAL REPORT 2013 - 14**

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### **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, 2014.

### **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 : 30.05.2014

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

## TWENTY THIRD ANNUAL REPORT 2013 - 14

<b>BALANCE SHEET</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>As at 31<sup>st</sup> March, 2014 ₹</b>	<b>As at 31<sup>st</sup> March, 2013 ₹</b>
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	40,000,070	40,000,070
(b) Reserves and surplus	2	389,921,253	338,082,418
		<b>429,921,323</b>	<b>378,082,488</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	42,633,883	42,633,883
(b) Deferred tax liabilities (net)	22(3.6)	23,970,236	26,401,639
(c) Other long-term liabilities	4	119,456,815	112,709,310
(d) Long-term provisions	5	356,582	356,582
		<b>186,417,516</b>	<b>182,101,414</b>
<b>3 Current liabilities</b>			
(a) Trade payables	6	4,192,043	1,955,746
(b) Other current liabilities	7	3,626,361	3,753,477
(c) Short-term provisions	8	8,305,379	7,888,331
		16,123,783	13,597,554
<b>TOTAL</b>		<b>632,462,622</b>	<b>573,781,456</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	413,691,300	419,870,125
(ii) Intangible assets	9	33,210	119,988
		<b>413,724,510</b>	<b>419,990,113</b>
(b) Non-current investments	10	31,253,000	31,253,000
(c) Long-term loans and advances	11	25,769,701	25,391,704
(d) Other Non Current Assets	12	15,500,000	-
		<b>72,522,701</b>	<b>56,644,704</b>
<b>2 Current assets</b>			
(a) Trade receivables	13	17,140,040	18,630,997
(b) Cash and cash equivalents	14	119,328,854	72,096,080
(c) Short-term loans and advances	15	2,640,839	2,395,347
(d) Other current assets	16	7,105,678	4,024,217
		146,215,411	97,146,641
<b>TOTAL</b>		<b>632,462,622</b>	<b>573,781,456</b>
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

**G.Chellakrishna**  
Director

As per our report attached

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

Place : Chennai  
Date : 30.05.2014

**K. Padmanaban**  
Director

**Sreedhar Sreekakulam**  
Partner

M.No: 026474 FRN: 000438S

<b>STATEMENT OF PROFIT AND LOSS</b>			
Particulars	Note No.	For the year ended	For the year ended
		31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
		₹	₹
<b>CONTINUING OPERATIONS</b>			
<b>1 Revenue from operations</b>	17	215,618,933	211,556,803
<b>2 Other income</b>	18	9,760,784	5,364,483
<b>3 Total revenue</b>		<b>225,379,717</b>	<b>216,921,286</b>
<b>4 Expenses</b>			
(a) Employee benefits expense	19	13,942,452	13,091,658
(b) Finance costs	20	39,649	215,909
(c) Depreciation and amortisation expense	9	34,505,119	32,599,424
(d) Other expenses	21	90,433,333	90,811,564
<b>Total expenses</b>		<b>138,920,553</b>	<b>136,718,555</b>
<b>5 Profit / (Loss) before tax</b>		<b>86,459,164</b>	<b>80,202,731</b>
<b>6 Tax expense:</b>			
(a) Current tax expense for current year		30,500,000	28,000,000
(b) Deferred tax		(2,431,403)	(1,687,353)
		28,068,597	26,312,647
<b>7 Profit / (Loss) for the year</b>		<b>58,390,567</b>	<b>53,890,084</b>
<b>8 Earnings per share</b>	22 (3.5)		
<b>(of face value of ₹ 10/- each):</b>			
Basic & Diluted		14.60	13.47
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

**G.Chellakrishna**  
Director

As per our report attached

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

Place : Chennai  
Date : 30.05.2014

**K. Padmanaban**  
Director

**Sreedhar Sreekakulam**  
Partner

M.No: 026474 FRN: 000438S



## TWENTY THIRD ANNUAL REPORT 2013 - 14

<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>				
<b>NOTE 1 : SHARE CAPITAL</b>				
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2014</b>		<b>As at 31<sup>st</sup> March, 2013</b>	
	<b>Number of shares</b>	<b>₹</b>	<b>Number of shares</b>	<b>₹</b>
<b>(a) Authorised</b>				
Equity shares of ₹ 10/- each with voting rights	5,000,000	50,000,000	5,000,000	50,000,000
<b>(b) Issued</b>				
Equity shares of ₹ 10/- each with voting rights	4,000,007	40,000,070	4,000,007	40,000,070
<b>(c) Subscribed and fully paid up</b>				
Equity shares of ₹ 10/- each with voting rights	4,000,007	40,000,070	4,000,007	40,000,070
<b>Total</b>	<b>4,000,007</b>	<b>40,000,070</b>	<b>4,000,007</b>	<b>40,000,070</b>
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				
(c) Dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting except in the case of interim dividend				
Notes:				
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
<b>Particulars</b>		<b>Opening Balance</b>	<b>Closing Balance</b>	
<b>Equity shares with voting rights</b>				
Year ended 31st March, 2014				
- Number of shares		4,000,007	4,000,007	
- Amount (₹)		40,000,070	40,000,070	
Year ended 31st March, 2013				
- 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:				
	<b>As at 31<sup>st</sup> March, 2014</b>		<b>As at 31<sup>st</sup> March, 2013</b>	
<b>Class of shares / Name of shareholder</b>	<b>Number of shares held</b>	<b>% holding in that class of shares</b>	<b>Number of shares held</b>	<b>% holding in that class of shares</b>
<b>Equity shares with voting rights</b>				
Electronics 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 Thiyagarajan	369,483	9.24%	369,483	9.24%

<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>		
<b>NOTE 2 : RESERVES AND SURPLUS</b>		
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2014 ₹</b>	<b>As at 31<sup>st</sup> March, 2013 ₹</b>
<b>(a) General reserve</b>		
Opening balance	216,905,976	196,000,000
Add : Additions during the year	-	905,976
Transferred from surplus in Statement of Profit and Loss	20,000,000	20,000,000
<b>Closing balance</b>	<b>236,905,976</b>	<b>216,905,976</b>
<b>(b) Other reserve</b>		
<b>(i) Opening balance: Subsidy from SIPCOT</b>	2,575,000	2,575,000
<b>Closing balance</b>	<b>2,575,000</b>	<b>2,575,000</b>
<b>(ii) Surplus in Statement of Profit and Loss</b>		
<b>Opening balance</b>	118,601,442	91,263,090
Add : Profit for the year	58,390,567	53,890,084
Less : <b>Final Dividend</b>		
Dividends proposed to be distributed & Distributed to equity sharholders (₹1.40 per share respectively)	5,600,010	5,600,010
Tax on Dividend	951,722	951,722
Less : <b>Transferred to General Reserve</b>	20,000,000	20,000,000
<b>Closing balance</b>	<b>150,440,277</b>	<b>118,601,442</b>
<b>Total</b>	<b>389,921,253</b>	<b>338,082,418</b>

<b>NOTE 3 : LONG-TERM BORROWINGS</b>		
<b>(a) Loans and advances from related parties</b>		
Unsecured	42,633,883	42,633,883
<b>Total</b>	<b>42,633,883</b>	<b>42,633,883</b>

No Specific Terms and Conditions

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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 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
		Secured ₹	Unsecured ₹	Secured ₹	Unsecured ₹
<b>Loans and advances from related parties:</b>					
Shanmugham Thiagarajan	Spouse of Managing Director	-	36,624,742	-	36,624,742
Stur Technologies Pvt Ltd.,	Promoter	-	6,009,141	-	6,009,141
<b>Total - Loans and advances from related parties</b>		-	<b>42,633,883</b>	-	<b>42,633,883</b>

<b>NOTE 4 : OTHER LONG-TERM LIABILITIES</b>	<b>As at 31<sup>st</sup> March, 2014 ₹</b>	<b>As at 31<sup>st</sup> March, 2013 ₹</b>
<b>(a) Others:</b>		
(i) Trade / security deposits received	855,489	952,695
(ii) Others : Compensation deposits and Token Deposits	118,601,326	111,756,615
<b>Total</b>	<b>119,456,815</b>	<b>112,709,310</b>

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

<b>NOTE 6 : TRADE PAYABLES</b>		
<b>(a) Trade payables:</b>		
(i) Acceptances	4,192,043	1,955,746
<b>Total</b>	<b>4,192,043</b>	<b>1,955,746</b>

<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>		
<b>NOTE 7 : OTHER CURRENT LIABILITIES</b>	<b>As at 31<sup>st</sup> March, 2014 ₹</b>	<b>As at 31<sup>st</sup> March, 2013 ₹</b>
<b>(a) Unpaid dividends</b>	2,231,361	2,227,370
<b>(b) Other payables</b>		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)	141,440	308,945
(ii) Department of Telecommunication, Interest on Disputed Dividend	1,250,059	1,217,162
(iii) Others - Advance from customers	3,501	-
<b>Total</b>	<b>3,626,361</b>	<b>3,753,477</b>

<b>NOTE 8 : SHORT-TERM PROVISIONS</b>		
<b>(a) Provision for employee benefits:</b>		
(i) Provision for bonus & Ex-Gratia	987,351	893,049
(ii) Provision for compensated absences	740,076	443,550
(iii) Provision for gratuity - Refer Note 22-3.1 (ii)	26,220	-
Sub total	1,753,647	1,336,599
<b>(b) Provision - Others:</b>		
(i) Provision for proposed equity dividend	5,600,010	5,600,010
(ii) Provision for tax on proposed dividends	951,722	951,722
Sub total	6,551,732	6,551,732
<b>Total</b>	<b>8,305,379</b>	<b>7,888,331</b>

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS											
NOTE 9-(i) TANGIBLE ASSETS											
(Amount in ₹)											
ASSET GROUP	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK			
	Assets as on 31st March 2013	Addition During the year	Deletion During the year	Balance as at 31st March 2014	Dep as at 31st March 2013	Dep for the year	Dep on Deletion	Dep as at 31st March 2014	Balance as at 31st March 2014	Balance as at 31st March 2013	
<b>LAND</b>											
Land	675,000	1,673,620	-	2,348,620	-	-	-	-	2,348,620	675,000	
Lease Hold Land	115,041,537	-	-	115,041,537	4,244,610	471,670	-	4,716,280	110,325,257	110,796,927	
<b>BUILDINGS</b>											
Building	222,375,026	1,920,129		224,295,155	45,186,281	3,631,612		48,817,893	175,477,262	177,188,745	
Plant & Machinery	29,529,810	1,206,427		30,736,237	6,410,855	3,056,927		9,467,782	21,268,455	23,118,955	
Wind Mill	27,625,000			27,625,000	24,283,525	2,856,425		27,139,950	485,050	3,341,475	
Electrical Fittings	59,277,821	6,482,119	668,885	65,091,055	27,949,763	2,724,971	595,526	30,079,208	35,011,847	31,328,058	
Furniture & Fixture	30,329,623	1,929,343	964,906	31,294,061	23,485,990	3,268,341	964,906	25,789,425	5,504,637	6,843,633	
FITOUTS	54,944,865	11,862,136	-	66,807,001	12,344,991	13,913,181		26,258,172	40,548,829	42,599,874	
<b>OFFICE EQUIPMENTS</b>											
Computers	822,811	248,042	26,200	1,044,653	336,258	184,204	26,200	494,262	550,391	486,553	
Air Conditioner	22,754,129	1,689,224		24,443,353	13,276,341	2,338,608		15,614,949	8,828,404	9,477,788	
UPS	10,256,996			10,256,996	10,150,738	36,467		10,187,205	69,791	106,258	
Others	15,309,797	213,200		15,522,997	14,852,217	191,703		15,043,920	479,077	457,580	
Xerox Machine	332,620			332,620	21,490	15,799		37,289	295,331	311,130	
Multilevel car park	20,348,801			20,348,801	7,553,547	1,509,882		9,063,429	11,285,372	12,795,254	
Vehicle	2,608,495	1,088,635		3,697,130	2,265,597	218,551		2,484,148	1,212,982	342,898	
<b>Total</b>	<b>612,232,331</b>	<b>28,312,875</b>	<b>1,659,991</b>	<b>638,885,216</b>	<b>192,362,204</b>	<b>34,418,341</b>	<b>1,586,632</b>	<b>225,193,914</b>	<b>413,691,300</b>	<b>419,870,126</b>	
<b>Total Of Previous Year</b>	<b>538,318,576</b>	<b>78,120,561</b>	<b>4,206,807</b>	<b>612,232,330</b>	<b>164,075,468</b>	<b>32,493,543</b>	<b>4,206,807</b>	<b>192,362,304</b>	<b>419,870,126</b>		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 9-(ii) INTANGIBLE ASSETS

(Amount in ₹)

ASSET GROUP	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	Assets as on 31st March 2013	Addition During the year	Deletion During the year	Balance as at 31st March 2014	Dep as at 31st March 2013	Dep for the year	Dep on Deletion	Dep as at 31st March 2014	Balance as at 31st March 2014	Balance as at 31st March 2013
Computer Software	506,242	-	-	506,242	386,254	86,778	-	473,032	33,210	119,988
<b>Total</b>	<b>506,242</b>	<b>-</b>	<b>-</b>	<b>506,242</b>	<b>386,254</b>	<b>86,778</b>	<b>-</b>	<b>473,032</b>	<b>33,210</b>	<b>119,988</b>
<b>Total Of Previous Year</b>	<b>506,242</b>	<b>-</b>	<b>-</b>	<b>506,242</b>	<b>280,372</b>	<b>105,882</b>	<b>-</b>	<b>386,254</b>	<b>119,988</b>	

### NOTE 10 : NON-CURRENT INVESTMENTS

Particulars	As at 31 <sup>st</sup> March, 2014			As at 31 <sup>st</sup> March, 2013		
	Quoted ₹	Unquoted ₹	Total ₹	Quoted ₹	Unquoted ₹	Total ₹
<b>Investments (At cost):</b>						
<b>A Other Investment</b>						
<b>Investment in equity instruments</b>						
(i) of subsidiaries						
1,00,000 Equity shares (As at 31st March 2013: 1,00,000) of ₹ 10 each fully paid up in Einet 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 2013: 30,25,300) 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
<b>Total</b>	<b>-</b>	<b>31,253,000</b>	<b>31,253,000</b>	<b>-</b>	<b>31,253,000</b>	<b>31,253,000</b>

Aggregate amount of unquoted investments ₹ 3,12,53,000

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<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>		
<b>NOTE 11 : LONG-TERM LOANS AND ADVANCES</b>		
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2014 ₹</b>	<b>As at 31<sup>st</sup> March, 2013 ₹</b>
<b>(a) Capital advances</b>		
Unsecured, considered good	-	100,000
<b>(b) Security deposits</b>		
Unsecured, considered good	3,683,057	3,355,247
<b>(c) Loans and advances to employees</b>		
Unsecured, considered good	16,846	125,932
<b>(d) Prepaid expenses</b>		
Unsecured, considered good	-	7,250
<b>(e) Balance with Revenue Authorities</b>		
Advance Income Tax {Net of provision for Tax for current year - ₹ 3,05,00,000 (Previous year ₹2,80,00,000)}	71,682	1,114,084
Net Off Advance Tax, TDS & Provision for Tax of previous years	21,711,629	20,636,561
Unsecured, considered good	21,783,311	21,750,645
<b>(f) CENVAT credit receivable</b>		
Secured, considered good	286,487	52,630
<b>Net Total</b>	<b>25,769,701</b>	<b>25,391,704</b>

<b>NOTE 12 : OTHER NON CURRENT ASSETS</b>		
<b>(i) Other Bank balances</b>		
(Bank Deposits with more than 12 months maturity)	15,500,000	-
<b>Total</b>	<b>15,500,000</b>	<b>-</b>

<b>NOTE 13 : TRADE RECEIVABLES</b>		
<b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b>	-	-
<b>Other Trade Receivables</b>		
Secured, considered good	17,140,040	18,630,997
<b>Total</b>	<b>17,140,040</b>	<b>18,630,997</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 14 : CASH AND CASH EQUIVALENTS**

Particulars	As at	As at
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
	₹	₹
<b>(a) Cash on hand</b>	46,070	50,903
<b>(b) Balances with banks</b>		
(i) In current accounts	2,551,423	3,317,807
(ii) In deposit accounts	114,500,000	66,500,000
(iii) Un paid dividend accounts	2,231,361	2,227,370
<b>Total</b>	<b>119,328,854</b>	<b>72,096,080</b>

**NOTE 15 : SHORT-TERM LOANS AND ADVANCES**

<b>(a) Loans and advances to employees</b>		
Unsecured, considered good	165,285	177,617
<b>(b) Advances to Suppliers</b>		
Unsecured, considered good	137,581	-
<b>(c) Prepaid expenses</b>		
Unsecured, considered good	1,981,391	1,861,148
<b>(d) Others</b>		
Unsecured, doubtful	356,582	356,582
<b>Total</b>	<b>2,640,839</b>	<b>2,395,347</b>

**NOTE 16 : OTHER CURRENT ASSETS**

<b>(a) Accruals</b>		
(i) Interest accrued but not due on deposits	6,360,060	3,981,661
<b>(b) Stores Stock</b>	745,618	-
<b>(c) Others</b>		
(i) Others (Gratuity Fund - Excess of fair value of plan assets over present value of obligations - Refer Note 22 - 3.1(ii))	-	42,556
<b>Total</b>	<b>7,105,678</b>	<b>4,024,217</b>



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<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>		
<b>NOTE 17 : REVENUE FROM OPERATIONS</b>		
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2014 ₹</b>	<b>For the year ended 31<sup>st</sup> March, 2013 ₹</b>
<b>Sale of Services comprises</b>		
(a) Compensation Income	156,827,033	148,835,711
(b) Other operating revenues	58,791,900	62,721,092
<b>Total</b>	<b>215,618,933</b>	<b>211,556,803</b>
<b>NOTE 18 : OTHER INCOME</b>		
(a) Interest income (Refer Note (i) below)	9,402,732	4,998,550
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	358,052	365,933
<b>Total</b>	<b>9,760,784</b>	<b>5,364,483</b>
<b>Note (i)</b> <b>Interest income comprises:</b>		
On Deposits	9,392,222	4,983,984
On loans to Employees	10,510	14,566
<b>Total - Interest income</b>	<b>9,402,732</b>	<b>4,998,550</b>
<b>Note (ii)</b> <b>Other non-operating income comprises:</b>		
Profit on sale of fixed assets	345,236	348,905
Other receipts	12,816	17,028
<b>Total - Other non-operating income</b>	<b>358,052</b>	<b>365,933</b>
<b>NOTE 19 : EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	12,538,411	11,790,830
Contributions to provident and other funds	939,867	884,778
Staff welfare expenses	464,174	416,050
<b>Total</b>	<b>13,942,452</b>	<b>13,091,658</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 20 : FINANCE COSTS**

Particulars	For the year ended 31 <sup>st</sup> March, 2014 ₹	For the year ended 31 <sup>st</sup> March, 2013 ₹
<b>Interest expense on:</b>		
(i) Borrowings	-	-
(ii) Others	39,649	215,909
<b>Total</b>	<b>39,649</b>	<b>215,909</b>

**NOTE 21 : OTHER EXPENSES**

Electricity	17,702,047	12,171,349
Diesel	29,121,730	34,930,492
Water	1,486,139	954,940
Rent including lease rentals	1	1
Repairs and maintenance - Buildings	19,932,040	23,162,124
Repairs and maintenance - Machinery	4,166,451	4,195,962
Repairs and maintenance - Others	10,422,220	7,682,665
Insurance	936,477	886,005
Rates and taxes	2,318,724	2,391,807
Communication	565,416	476,204
Travelling and conveyance	452,721	343,894
Printing and stationery	414,277	446,979
Business promotion	534,605	497,459
Legal and professional	572,035	930,406
Payments to auditors (Refer Note (i) below)	421,350	365,172
Sitting Fees	539,000	560,000
Miscellaneous expenses	848,100	816,105
<b>Total</b>	<b>90,433,333</b>	<b>90,811,564</b>
<b>Note (i)</b>		
<b>Payments to the auditors comprises</b>		
As auditors - statutory audit	280,900	224,720
For taxation matters	67,415	67,416
For other services	73,035	73,036
<b>Total</b>	<b>421,350</b>	<b>365,172</b>

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### NOTE 22: 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 Central Government, in consultation with National Advisory Committee on Accounting Standards ( 'NACAS' ) 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.

## **2.7 Investments**

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

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### 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.

## **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

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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 (Fully Funded) ₹ in lakhs**

Particulars	Gratuity Plan 31.3.2014	Gratuity Plan 31.3.2013
Projected benefit obligation at the beginning of the year	16.44	15.26
Service Cost	1.82	1.98
Interest cost	1.32	1.22
Actuarial (gain)/loss	0.06	(1.10)
Benefits paid	-	(0.92)
Projected benefit obligation at the end of the year	19.64	16.44

**Change in plan assets: ₹ in lakhs**

Particulars	Gratuity Plan 31.3.2014	Gratuity Plan 31.3.2013
Plan assets at the beginning of the year at fair value	16.87	12.67
Expected return on plan assets	1.53	1.35
Actuarial (gain)/loss	-----	-----
Employer's Contributions	0.98	3.77
Benefits paid	0.00	(0.92)
Plan assets at the end of the year at fair value	19.38	16.87

**Reconciliation of present value of the obligation and the fair value of the plan assets ₹ in lakhs**

	31.3.2014	31.3.2013
Fair value of plan assets at the end of the year	19.38	16.87
Present value of the defined benefit obligations at the end of the period	19.64	16.44
( Liability ) / Asset	(0.26)	0.43

**Gratuity cost for the year ended March 31 2014 ₹ in lakhs**

Particulars	Gratuity Plan 31.03.2014	Gratuity Plan 31.03.2013
Service cost	1.82	1.98
Interest cost	1.32	1.22
Expected return on plan assets	(1.53)	(1.35)
Actuarial (gain)/ loss	0.06	(1.10)
Net cost	1.67	0.75



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The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended 31.3.2014	Year ended 31.3.2013
Investment with Insurer	100%	100%
Actual return on plan assets (Based on interest rate declared by the insurer)	8.75%	9%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

### Investment details of plan assets :

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

### Assumptions

Particulars	Gratuity Plan 31.03.2014	Gratuity Plan 31.03.2013
Discount rate	8%	8%
Salary escalation rate	5%	5%
Expected employers contribution next year	1,75,000	1,68,000

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 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. Leave salary is valued on basic salary, and basic salary is reckoned at the applicable rate in the year of encashment.

**3.2 Segment wise reporting as per standard AS 17 is not applicable to the company as the company collects only compensation from its tenants.**

### 3.3 Related Party transactions

#### Related Party Disclosures

<b>I. Name of the related party</b>	<b>Electronics Corporation of Tamil Nadu Ltd (ELCOT)</b>
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. (2013: ₹ 1) (b) Web hosting charges ₹ 8,427 (2013 : ₹ 8,427) (c) Sitting fees ₹ 77,000 (2013: ₹ 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 (2013: ₹ 11,03,25,537)
Amount written back during the year	Nil

<b>II Name of the related party</b>	<b>IG3 Infra Ltd (Formerly Indian Green Grid Group Ltd)</b>
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 ₹ 19,71,186/- (2013 : ₹ 32,13,635)
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	(b) ₹ NIL (2013: ₹ 7,67,215/-)
Amount written back during the year	NIL

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<b>III Name of the related party</b>	<b>Elnet Software City Limited</b>
Description of the relationship between the parties	Subsidiary Company
Description of the nature of transaction	(a) Investment in equity shares
Volume of transactions	NIL
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

<b>IV Name of the related party</b>	<b>Stur Technologies Pvt Ltd., (Formerly New Era Technologies Pvt Ltd)</b>
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
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/- (2013: ₹ 60,09,141/-) (b) ₹1,46,503/- (2013: ₹1,46,503)
Amount written back during the year	NIL

<b>V Name of the related party</b>	<b>Shri. Shanmugham Thiagarajan (Formerly Shri Thiagaraj S Chettiar)</b>
Description of the relationship between the parties	Spouse of Managing Director
Description of the nature of transaction	(a) Unsecured Loan of ₹ 3,66,24,742/- (2013: ₹ 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/- (2013: ₹ 3,66,24,742)
Amount written back during the year	NIL

### KEY MANAGEMENT PERSONNEL

<b>VI Name of the related party</b>	<b>Mrs. Unnamalai Thiagarajan</b>
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/- (2013: ₹ 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:

<b>Particulars</b>	<b>As at 31-03-2014 ( ₹ )</b>	<b>As at 31-03-2013 ( ₹ )</b>
Cost of Buildings leased	22,42,95,155	22,23,75,026
Depreciation provided during the year on Buildings leased	36,31,612	36,09,172
Accumulated depreciation on buildings leased	4,88,17,893	4,51,86,281
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	16,83,96,770	15,67,36,462
Later than one year and not later than five years	74,99,64,438	70,56,75,087
Later than five years	1,27,80,933	1,17,59,403

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3.5 Earnings per share	2013-14 (₹)	2012 -13 (₹)
a. Net Profit available for Equity Shareholders	5,83,90,567	5,38,90,084
b. Weighted average number of Equity Shares outstanding	40,00,007	40,00,007
c. Basic and diluted EPS	14.60	13.47

### 3.6 Deferred Tax Liability /Asset

As per the Accounting Standard "AS 22" issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS'), the Company is required to make a provision for "deferred tax liability/ asset". During the year an amount of ₹ 24,31,403/- has been recognized for deferred tax asset.

The balance deferred tax liability (net) outstanding as on 31.03.2014 is ₹2,39,70,236/- the details of which are as follows:

	As at 31.3.2013	Tax effect for the year	As at 31.3.2014
Deferred Tax ( Liability)			
Fixed Assets	(276.76)	22.95	(253.81)
Sub Total	(276.76)	22.95	(253.81)
Deferred Tax Asset			
Amortization of Land registration Charges	12.74	1.36	14.10
Sub Total	12.74	1.36	14.10
Deferred Tax Asset / ( Liability)	(264.02)	24.31	(239.71)

## 4. ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

### 4.1 Wind Mill

During the financial year the Company sold 10,20,467 units to Tamilnadu Electricity Board. (2013 : 13,15,030 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 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/- (2013: ₹ 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/- (2013: ₹ 10,00,000/-)

#### 4.4 Current Liabilities

- (i) The company continues to hold the amount of ₹1,46,503/- (2013: ₹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 31.3.2014. The balance amount lying under the Unpaid Dividend Account 2006–2007 declared on 27.07.2007 for the year 2006-07 falls due on 26.07.2014.

#### 4.5 Statement of Profit and Loss

Electricity Expenses have been reduced to the extent of ₹ 56,12,569/- (2013 ₹72,32,665/-) for sale of electricity generated from windmill. There is no impact on the statement of Profit and Loss.

- 4.6 Estimated amount of liability on capital contracts as on 31.03.2014 not provided for is ₹ Nil . (Previous year ₹ 7,50,000/-)

#### 4.7 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 ₹ 11,03,556/- as at 31.3.2014. The difference in claim amounting to ₹ 9,78,677/- is shown under "claims against the Company not acknowledged as debt".

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### (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 had 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, 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.

### (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 filed a fresh Writ Petition for stay and Orders are awaited. In view of this, there is a contingent liability of ₹ 282.64 Lakhs.

### (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

**G. Chellakrishna**  
Director

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

Place : Chennai  
Date : 30.05.2014

**K. Padmanaban**  
Director

**Sreedhar Sreekakulam**  
Partner

M.No: 026474 FRN: 000438S

<b>CASH FLOW STATEMENT</b>		
<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March 2014 ₹</b>	<b>Year ended 31<sup>st</sup> March 2013 ₹</b>
<b>A. Cash flow from Operating Activities:</b>		
Net Profit before tax and extraordinary items	86,459,164	80,202,731
<b>Adjustments for:</b>		
Depreciation	34,505,119	32,599,424
Interest & Financial Charges Paid	39,649	215,909
Expenses written off	43,291	-
	<b>121,047,223</b>	<b>113,018,064</b>
Less: Interest income	9,392,222	4,983,984
Sale of Scrapped Assets	345,236	348,905
Provision written back	2,759	-
<b>Operating Profit Before Working Capital Changes</b>	<b>111,307,006</b>	<b>107,685,175</b>
<b>Adjustments for :</b>		
(Increase) / Decrease in Trade & Other Receivables	236,087	2,680,195
Increase / (Decrease) in Trade Payables & Other Liabilities	2,392,134	713,911
<b>Cash Generated from operations</b>	<b>113,935,227</b>	<b>111,079,281</b>
<b>Net income tax paid / (Net of Refunds )</b>	<b>30,571,682</b>	<b>29,022,102</b>
<b>Net Cash flow from Operating activities (A)</b>	<b>83,363,545</b>	<b>82,057,179</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(28,312,875)	(76,597,311)
Proceeds from sale of fixed assets	418,595	348,905
Interest Received	7,013,823	4,115,133
Increase in Long Term Fixed Deposits with Bank	(15,500,000)	-
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(36,380,457)</b>	<b>(72,133,273)</b>



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Particulars	Year ended 31 <sup>st</sup> March 2014 ₹	Year ended 31 <sup>st</sup> March 2013 ₹
<b>C. Cash flow from financing activities</b>		
Repayment of Compensation Deposits	(18,773,307)	(28,439,079)
Increase in Compensation Deposits	25,610,383	39,739,085
Interest & Bank charges Paid	(39,649)	(215,909)
Dividend Paid ( Including dividend Tax)	(6,547,741)	(5,476,241)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>249,686</b>	<b>5,607,856</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>47,232,774</b>	<b>15,531,762</b>
<b>Cash and cash equivalents at the beginning of the year</b>	72,096,080	56,564,318
<b>Cash and cash equivalents at the end of the year</b>	119,328,854	72,096,080

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Managing Director

**G. Chellakrishna**  
Director

Place : Chennai  
Date : 30.05.2014

**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, 2014. 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 : 30.05.2014

M.No: 026474 FRN: 000438S

**STATEMENT PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 2013  
RELATING TO SUBSIDIARY COMPANY**

<b>SI No.</b>	<b>Particulars</b>	
1	Name of the Subsidiary Company	Elnet Software City Limited
2	Financial year of the Subsidiary Company ended on	31.3.2014
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 : 30.05.2014

**Unnamalai Thiagarajan**  
Managing Director

**G. Chellakrishna**  
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, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended 31st March, 2014 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 2014. These financial Statements have been audited by other auditor, whose report has been furnished to us, and our opinion, in so far as it relates to the amount included in respect of the subsidiary, is based solely on the report 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 the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. 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, and based on the consideration of the reports of the other auditor on the financial statements 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, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit 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 : 30.05.2014

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

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

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<b>CONSOLIDATED BALANCE SHEET</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>As at 31<sup>st</sup> March, 2014 ₹</b>	<b>As at 31<sup>st</sup> March, 2013 ₹</b>
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	40,000,070	40,000,070
(b) Reserves and surplus	2	389,921,253	338,082,418
		<b>429,921,323</b>	<b>378,082,488</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	42,633,883	42,633,883
(b) Deferred tax liabilities (net)	22(3.6)	23,970,236	26,401,639
(c) Other long-term liabilities	4	119,456,815	112,709,310
(d) Long-term provisions	5	356,582	356,582
		<b>186,417,516</b>	<b>182,101,414</b>
<b>3 Current liabilities</b>			
(a) Trade payables	6	4,199,543	1,964,173
(b) Other current liabilities	7	3,626,361	3,753,477
(c) Short-term provisions	8	8,305,379	7,888,331
		16,131,283	13,605,982
<b>TOTAL</b>		<b>632,470,122</b>	<b>573,789,884</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	9	413,691,300	419,870,125
(ii) Intangible assets	9	33,210	119,988
(iii) Capital work-in-progress	9	305,462	271,944
		414,029,972	420,262,057
(b) Non-current investments	10	30,253,000	30,253,000
(c) Long-term loans and advances	11	25,769,701	25,391,704
(d) Other non current Assets	12	15,540,652	40,652
		<b>71,563,353</b>	<b>55,685,356</b>
<b>2 Current assets</b>			
(a) Trade receivables	13	17,140,040	18,630,997
(b) Cash and cash equivalents	14	119,990,240	72,791,911
(c) Short-term loans and advances	15	2,640,839	2,395,347
(d) Other current assets	16	7,105,678	4,024,216
		146,876,797	97,842,471
<b>TOTAL</b>		<b>632,470,122</b>	<b>573,789,884</b>
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

**G. Chellakrishna**  
Director

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

Place : Chennai  
Date : 30.05.2014

**K. Padmanaban**  
Director

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

<b>CONSOLIDATED STATEMENT OF PROFIT AND LOSS</b>			
Particulars	Note No.	For the	For the
		year ended	year ended
		31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
		₹	₹
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations	17	215,618,933	211,556,803
2 Other income	18	9,760,784	5,364,483
3 Total revenue		225,379,717	216,921,286
4 Expenses			
(a) Employee benefits expense	19	13,942,452	13,091,658
(b) Finance costs	20	39,649	215,909
(c) Depreciation and amortisation expense	9	34,505,119	32,599,424
(d) Other expenses	21	90,433,333	90,811,564
Total expenses		<b>138,920,553</b>	<b>136,718,555</b>
<b>5 Profit / (Loss) before tax</b>		<b>86,459,164</b>	<b>80,202,731</b>
6 Tax expense:			
(a) Current tax expense for current year		30,500,000	28,000,000
(b) Deferred tax		(2,431,403)	(1,687,353)
		28,068,597	26,312,647
<b>7 Profit / (Loss) for the year</b>		<b>58,390,567</b>	<b>53,890,084</b>
8 Earnings per share (of face value of ₹ 10/- each):	22(3.5)		
Basic & Diluted		14.60	13.47
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

**G. Chellakrishna**  
Director

Place : Chennai  
Date : 30.05.2014

**K. Padmanaban**  
Director

As per our Report attached

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

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

## TWENTY THIRD ANNUAL REPORT 2013 - 14

### NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1 SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of ₹ 10/- each with voting rights	5,000,000	50,000,000	5,000,000	50,000,000
<b>(b) Issued</b>				
Equity shares of ₹ 10/- each with voting rights	4,000,007	40,000,070	4,000,007	40,000,070
<b>(c) Subscribed and fully paid up</b>				
Equity shares of ₹ 10/- each with voting rights	4,000,007	40,000,070	4,000,007	40,000,070
Total	<b>4,000,007</b>	<b>40,000,070</b>	<b>4,000,007</b>	<b>40,000,070</b>

#### 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

(c) Dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting except in the case of interim dividend

#### 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
<b>Equity shares with voting rights</b>		
Year ended 31st March, 2014		
- Number of shares	4,000,007	4,000,007
- Amount (₹)	40,000,070	40,000,070
Year ended 31st March, 2013		
- 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 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Electronics 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 Thiyagarajan	369,483	9.24%	369,483	9.24%

<b>NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>		
<b>NOTE 2 : RESERVES AND SURPLUS</b>		
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2014 ₹</b>	<b>As at 31<sup>st</sup> March, 2013 ₹</b>
<b>(a) General reserve</b>		
Opening balance	216,905,976	196,000,000
Add : Additions during the year	-	905,976
Transferred from surplus in Statement of Profit and Loss	20,000,000	20,000,000
<b>Closing balance</b>	<b>236,905,976</b>	<b>216,905,976</b>
<b>(b) Other reserve</b>		
<b>(i) Opening balance: Subsidy from SIPCOT</b>	2,575,000	2,575,000
<b>Closing balance</b>	<b>2,575,000</b>	<b>2,575,000</b>
<b>(ii) Surplus in Statement of Profit and Loss</b>		
<b>Opening balance</b>	118,601,442	91,263,090
Add : Profit for the year	58,390,567	53,890,084
Less : <b>Final Dividend</b>		
Dividends proposed to be distributed & Distributed to equity sharholders (₹1.40 per share respectively)	5,600,010	5,600,010
Tax on Dividend	951,722	951,722
Less : <b>Transferred to General Reserve</b>	20,000,000	20,000,000
<b>Closing balance</b>	<b>150,440,277</b>	<b>118,601,442</b>
<b>Total</b>	<b>389,921,253</b>	<b>338,082,418</b>

<b>NOTE 3 : LONG-TERM BORROWINGS</b>		
<b>(a) Loans and advances from related parties</b>		
Unsecured	42,633,883	42,633,883
<b>Total</b>	<b>42,633,883</b>	<b>42,633,883</b>

No Specific Terms and Conditions



## TWENTY THIRD ANNUAL REPORT 2013 - 14

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 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
		Secured ₹	Unsecured ₹	Secured ₹	Unsecured ₹
<b>Loans and advances from related parties:</b>					
Shanmugham Thiagarajan	Spouse of Managing Director	-	36,624,742	-	36,624,742
Stur Technologies Pvt Ltd.,	Promoter	-	6,009,141	-	6,009,141
<b>Total - Loans and advances from related parties</b>		-	<b>42,633,883</b>		<b>42,633,883</b>

<b>NOTE 4 : OTHER LONG-TERM LIABILITIES</b>	<b>As at 31<sup>st</sup> March, 2014</b> ₹	<b>As at 31<sup>st</sup> March, 2013</b> ₹
<b>(a) Others:</b>		
(i) Trade / security deposits received	855,489	952,695
(ii) Others : Compensation deposits and Token Deposits	118,601,326	111,756,615
<b>Total</b>	<b>119,456,815</b>	<b>112,709,310</b>

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

<b>NOTE 6 : TRADE PAYABLES</b>		
<b>(a) Trade payables:</b>		
(i) Acceptances	4,199,543	1,964,173
<b>Total</b>	<b>4,199,543</b>	<b>1,964,173</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>NOTE 7 : OTHER CURRENT LIABILITIES</b>	<b>As at 31<sup>st</sup> March, 2014 ₹</b>	<b>As at 31<sup>st</sup> March, 2013 ₹</b>
<b>(a) Unpaid dividends</b>	2,231,361	2,227,370
<b>(b) Other payables</b>		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)	141,440	308,945
(ii) Department of Telecommunication, Interest on Disputed Dividend	1,250,059	1,217,162
(iii) Others - Advance from customers	3,501	-
<b>Total</b>	<b>3,626,361</b>	<b>3,753,477</b>

**NOTE 8 : SHORT-TERM PROVISIONS**

<b>(a) Provision for employee benefits:</b>		
(i) Provision for bonus & Ex-Gratia	987,351	893,049
(ii) Provision for compensated absences	740,076	443,550
(iii) Provision for gratuity - Refer Note 22-3.1 (ii)	26,220	-
Sub total	<b>1,753,647</b>	<b>1,336,599</b>
<b>(b) Provision - Others:</b>		
(i) Provision for proposed equity dividend	5,600,010	5,600,010
(ii) Provision for tax on proposed dividends	951,722	951,722
Sub total	<b>6,551,732</b>	<b>6,551,732</b>
<b>Total</b>	<b>8,305,379</b>	<b>7,888,331</b>

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<b>NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>											
<b>NOTE 9 (i) TANGIBLE ASSETS</b>											
(Amount in ₹)											
ASSET GROUP	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	Assets as on 31st March 2013	Addition During the year	Deletion During the year	Balance as at 31st March 2014	Dep as at 31st March 2013	Dep for the year	Dep on Deletion	Dep as at 31st March 2014	Balance as at 31st March 2014	Balance as at 31st March 2013	
<b>LAND</b>											
Land	675,000	1,673,620	-	2,348,620	-	-	-	-	2,348,620	675,000	
Lease Hold Land	115,041,537	-	-	115,041,537	4,244,610	471,670	-	4,716,280	110,325,257	110,796,927	
<b>BUILDINGS</b>											
Building	222,375,026	1,920,129		224,295,155	45,186,281	3,631,612		48,817,893	175,477,262	177,188,745	
Plant & Machinery	29,529,810	1,206,427		30,736,237	6,410,855	3,056,927		9,467,782	21,268,455	23,118,955	
Wind Mill	27,625,000			27,625,000	24,283,525	2,856,425		27,139,950	485,050	3,341,475	
Electrical Fittings	59,277,821	6,482,119	668,885	65,091,055	27,949,763	2,724,971	595,526	30,079,208	35,011,847	31,328,058	
Furniture & Fixture	30,329,623	1,929,343	964,906	31,294,061	23,485,990	3,268,341	964,906	25,789,425	5,504,637	6,843,633	
FITOUTS	54,944,865	11,862,136	-	66,807,001	12,344,991	13,913,181		26,258,172	40,548,829	42,599,874	
<b>OFFICE EQUIPMENTS</b>											
Computers	822,811	248,042	26,200	1,044,653	336,258	184,204	26,200	494,262	550,391	486,553	
Air Conditioner	22,754,129	1,689,224		24,443,353	13,276,341	2,338,608		15,614,949	8,828,404	9,477,788	
UPS	10,256,996			10,256,996	10,150,738	36,467		10,187,205	69,791	106,258	
Others	15,309,797	213,200		15,522,997	14,852,217	191,703		15,043,920	479,077	457,580	
Xerox Machine	332,620			332,620	21,490	15,799		37,289	295,331	311,130	
Multilevel car park	20,348,801			20,348,801	7,553,547	1,509,882		9,063,429	11,285,372	12,795,254	
Vehicle	2,608,495	1,088,635		3,697,130	2,265,597	218,551		2,484,148	1,212,982	342,898	
<b>Total</b>	<b>612,232,331</b>	<b>28,312,875</b>	<b>1,659,991</b>	<b>638,885,216</b>	<b>192,362,204</b>	<b>34,418,341</b>	<b>1,586,632</b>	<b>225,193,914</b>	<b>413,691,300</b>	<b>419,870,126</b>	
<b>Total Of Previous Year</b>	<b>538,318,576</b>	<b>78,120,561</b>	<b>4,206,807</b>	<b>612,232,330</b>	<b>164,075,468</b>	<b>32,493,543</b>	<b>4,206,807</b>	<b>192,362,204</b>	<b>419,870,126</b>		

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 9 (ii) INTANGIBLE ASSETS

(Amount in ₹)

ASSET GROUP	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Assets as on 31st March 2013	Addition During the year	Deletion During the year	Balance as at 31st March 2014	Dep as at 31st March 2013	Dep for the year	Dep on Deletion	Dep as at 31st March 2014	Balance as at 31st March 2014	Balance as at 31st March 2013
Computer Software	506,242	-	-	506,242	386,254	86,778	-	473,032	33,210	119,988
<b>Total</b>	<b>506,242</b>	<b>-</b>	<b>-</b>	<b>506,242</b>	<b>386,254</b>	<b>86,778</b>	<b>-</b>	<b>473,032</b>	<b>33,210</b>	<b>119,988</b>
<b>Total Of Previous Year</b>	<b>506,242</b>	<b>-</b>	<b>-</b>	<b>506,242</b>	<b>280,372</b>	<b>105,882</b>	<b>-</b>	<b>386,254</b>	<b>119,988</b>	

### NOTE 9 (iii) CAPITAL WORK IN PROGRESS

Capital Work In Progress	271,944	33,518	-	305,462	-	-	-	305,462	271,944
<b>Total</b>	<b>271,944</b>	<b>33,518</b>	<b>-</b>	<b>305,462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>305,462</b>	<b>271,944</b>
<b>Total Of Previous Year</b>	<b>1,772,037</b>	<b>23,157</b>	<b>1,523,250</b>	<b>271,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>271,944</b>	

### NOTE 10 : NON-CURRENT INVESTMENTS

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Quoted ₹	Unquoted ₹	Quoted ₹	Unquoted ₹
<b>Investments (At cost):</b>				
(i) <b>Others</b>				
30,25,300 Equity Shares (As at 31st March 2013: 30,25,300)				
of ₹ 10 each fully paid up in IG3 Infra Ltd (Formerly known as Indian Green Grid Group Ltd)	-	30,253,000	-	30,253,000
<b>Total</b>	<b>-</b>	<b>30,253,000</b>	<b>-</b>	<b>30,253,000</b>

Aggregate amount of unquoted investments ₹ 3,02,53,000

## TWENTY THIRD ANNUAL REPORT 2013 - 14

<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>		
<b>NOTE 11 : LONG-TERM LOANS AND ADVANCES</b>		
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2014 ₹</b>	<b>As at 31<sup>st</sup> March, 2013 ₹</b>
<b>(a) Capital advances</b> Unsecured, considered good	-	100,000
<b>(b) Security deposits</b> Unsecured, considered good	3,683,057	3,355,247
<b>(c) Loans and advances to employees</b> Unsecured, considered good	16,846	125,932
<b>(d) Prepaid expenses</b> Unsecured, considered good	-	7,250
<b>(e) Balance with Revenue Authorities</b> Advance Income Tax {Net of provision for Tax for current year - ₹ 3,05,00,000 (Previous year ₹2,80,00,000)}	71,682	1,114,084
Net Off Advance Tax, TDS & Provision for Tax of previous years	21,711,629	20,636,561
Unsecured, considered good	21,783,311	21,750,645
<b>(f) CENVAT credit receivable</b> Unsecured, considered good	286,487	52,630
<b>Net Total</b>	<b>25,769,701</b>	<b>25,391,704</b>

<b>NOTE 12 : OTHER NON CURRENT ASSETS</b>		
<b>(a) Others - Other Bank Balances</b> <b>(Bank Deposits with more than 12 months maturity)</b>	15,500,000	-
<b>(b) Miscellaneous Expenses not written off</b>	40,652	40,652
<b>Total</b>	<b>15,540,652</b>	<b>40,652</b>

<b>NOTE 13 : TRADE RECEIVABLES</b>		
<b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b>		
<b>Other Trade Receivables</b> Secured, considered good	17,140,040	18,630,997
<b>Total</b>	<b>17,140,040</b>	<b>18,630,997</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 14 : CASH AND CASH EQUIVALENTS**

Particulars	As at	As at
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
	₹	₹
<b>(a) Cash on hand</b>	46,070	50,903
<b>(b) Balances with banks</b>		
(i) In current accounts	3,212,809	4,013,638
(ii) In deposit accounts	114,500,000	66,500,000
(iii) Un paid dividend accounts	2,231,361	2,227,370
<b>Total</b>	<b>119,990,240</b>	<b>72,791,911</b>

**NOTE 15 : SHORT-TERM LOANS AND ADVANCES**

<b>(a) Loans and advances to employees</b>		
Unsecured, considered good	165,285	177,617
<b>(b) Advances to Suppliers</b>		
Unsecured, considered good	137,581	-
<b>(c) Prepaid expenses - Unsecured, considered good</b>	1,981,391	1,861,148
<b>(d) Others - Unsecured, doubtful</b>	356,582	356,582
<b>Total</b>	<b>2,640,839</b>	<b>2,395,347</b>

**NOTE 16 : OTHER CURRENT ASSETS**

<b>(a) Accruals</b>		
(i) Interest accrued on deposits	6,360,060	3,981,661
<b>(b) Stores Stock</b>	745,618	-
<b>(c) Others</b>		
(i) Others (Gratuity Fund - Excess of fair value of plan assets over present value of obligations) - Refere Note 22 - 3.1 (ii)	-	42,556
<b>Total</b>	<b>7,105,678</b>	<b>4,024,217</b>

## TWENTY THIRD ANNUAL REPORT 2013 - 14

<b>NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>		
<b>NOTE 17 : REVENUE FROM OPERATIONS</b>		
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2014 ₹</b>	<b>For the year ended 31<sup>st</sup> March, 2013 ₹</b>
<b>Sale of Services comprises</b>		
(a) Compensation Income	156,827,033	148,835,711
(b) Other operating revenues	58,791,900	62,721,092
<b>Total</b>	<b>215,618,933</b>	<b>211,556,803</b>
<b>NOTE 18 : OTHER INCOME</b>		
(a) Interest income (Refer Note (i) below)	9,402,732	4,998,550
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	358,052	365,933
<b>Total</b>	<b>9,760,784</b>	<b>5,364,483</b>
<b>Note (i)</b> <b>Interest income comprises:</b>		
On Deposits	9,392,222	4,983,984
On loans to Employees	10,510	14,566
<b>Total - Interest income</b>	<b>9,402,732</b>	<b>4,998,550</b>
<b>Note (ii)</b> <b>Other non-operating income comprises:</b>		
Profit on sale of fixed assets	345,236	348,905
Other receipts	12,816	17,028
<b>Total - Other non-operating income</b>	<b>358,052</b>	<b>365,933</b>
<b>NOTE 19 : EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	12,538,411	11,790,830
Contributions to provident and other funds	939,867	884,778
Staff welfare expenses	464,174	416,050
<b>Total</b>	<b>13,942,452</b>	<b>13,091,658</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 20 : FINANCE COSTS**

Particulars	For the year ended 31 <sup>st</sup> March, 2014 ₹	For the year ended 31 <sup>st</sup> March, 2013 ₹
<b>Interest expense on:</b>		
(i) Borrowings	-	-
(ii) Others	39,649	215,909
<b>Total</b>	<b>39,649</b>	<b>215,909</b>

**NOTE 21 : OTHER EXPENSES**

Electricity	17,702,047	12,171,349
Diesel	29,121,730	34,930,492
Water	1,486,139	954,940
Rent including lease rentals	1	1
Repairs and maintenance - Buildings	19,932,040	23,162,124
Repairs and maintenance - Machinery	4,166,451	4,195,962
Repairs and maintenance - Others	10,422,220	7,682,665
Insurance	936,477	886,005
Rates and taxes	2,318,724	2,391,807
Communication	565,416	476,204
Travelling and conveyance	452,721	343,894
Printing and stationery	414,277	446,979
Business promotion	534,605	497,459
Legal and professional	572,035	930,406
Payments to auditors (Refer Note (i) below)	421,350	365,172
Sitting Fees	539,000	560,000
Miscellaneous expenses	848,100	816,105
<b>Total</b>	<b>90,433,333</b>	<b>90,811,564</b>
<b>Note (i)</b>		
<b>Payments to the auditors comprises</b>		
As auditors - statutory audit	280,900	224,720
For taxation matters	67,415	67,416
For other services	73,035	73,036
<b>Total</b>	<b>421,350</b>	<b>365,172</b>



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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 Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') 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

## TWENTY THIRD ANNUAL REPORT 2013 - 14

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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.

### **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

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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.

### **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 (Fully Funded) ₹ in lakhs**

Particulars	Gratuity Plan 31.3.2014	Gratuity Plan 31.3.2013
Projected benefit obligation at the beginning of the year	16.44	15.26
Service Cost	1.82	1.98
Interest cost	1.32	1.22
Actuarial (gain)/loss	0.06	(1.10)
Benefits paid	-	(0.92)
Projected benefit obligation at the end of the year	19.64	16.44

**Change in plan assets: ₹ in lakhs**

Particulars	Gratuity Plan 31.3.2014	Gratuity Plan 31.3.2013
Plan assets at the beginning of the year at fair value	16.87	12.67
Expected return on plan assets	1.53	1.35
Actuarial (gain)/loss	-----	-----
Employer's Contributions	0.98	3.77
Benefits paid	-	(0.92)
Plan assets at the end of the year at fair value	19.38	16.87

**Reconciliation of present value of the obligation and the fair value of the plan assets ₹ in lakhs**

	31.3.2014	31.3.2013
Fair value of plan assets at the end of the year	19.38	16.87
Present value of the defined benefit obligations at the end of the period	19.64	16.44
( Liability ) / Asset	(0.26)	0.43

**Gratuity cost for the year ended March 31 2014 ₹ in lakhs**

Particulars	Gratuity Plan 31.03.2014	Gratuity Plan 31.03.2013
Service cost	1.82	1.98
Interest cost	1.32	1.22
Expected return on plan assets	(1.53)	(1.35)
Actuarial (gain)/ loss	0.06	(1.10)
Net cost	1.67	0.75

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The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Investment with Insurer	100%	100%
Actual return on plan assets (Based on interest rate declared by the insurer)	8.75%	9%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

### Investment details of plan assets :

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

### Assumptions

Particulars	Gratuity Plan 31.03.2014	Gratuity Plan 31.03.2013
Discount rate	8%	8%
Salary escalation rate	5%	5%
Expected employer contribution next year	1,75,000	1,68,000

The estimates of future salary increases, considered in actual valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 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. Leave Salary is valued on basic salary, and basic salary is reckoned at the applicable rate in the year of encashment.

**3.2 Segment wise reporting as per standard AS 17 is not applicable to the company as the company collects only compensation from its tenants.**

### 3.3 Related Party transactions

#### Related Party Disclosures

<b>I. Name of the related party</b>	<b>Electronics Corporation of Tamil Nadu Ltd (ELCOT)</b>
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. (2013: ₹ 1) (b) Web hosting charges ₹ 8,427 (2013 : ₹ 8,427) (c) Sitting fees ₹ 77,000 (2013: ₹ 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 (2013: ₹ 11,03,25,537)
Amount written back during the year	Nil

<b>II Name of the related party</b>	<b>IG3 Infra Ltd (Formerly Indian Green Grid Group Ltd)</b>
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 ₹ 19,71,186/- (2013 : ₹ 32,13,635)
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	(b) ₹ Nil (2013: ₹ 7,67,215/-)
Amount written back during the year	NIL



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<b>III Name of the related party</b>	<b>Elnet Software City Limited</b>
Description of the relationship between the parties	Subsidiary Company
Description of the nature of transaction	(a) Investment in equity shares
Volume of transactions	NIL
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

<b>IV Name of the related party</b>	<b>Stur Technologies Pvt Ltd., (Formerly New Era Technologies Pvt Ltd)</b>
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
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/- (2013: ₹ 60,09,141/-) (b) ₹1,46,503/- (2013: ₹1,46,503)
Amount written back during the year	NIL

<b>V Name of the related party</b>	<b>Shri. Shanmugham Thiagarajan (Formerly Shri Thiagaraj S Chettiar)</b>
Description of the relationship between the parties	Spouse of Managing Director
Description of the nature of transaction	(a) Unsecured Loan of ₹ 3,66,24,742/- (2013: ₹ 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/- (2013: ₹ 3,66,24,742)
Amount written back during the year	NIL

### KEY MANAGEMENT PERSONNEL

<b>VI Name of the related party</b>	<b>Mrs. Unnamalai Thiagarajan</b>
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/- (2013: ₹ 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 <sup>st</sup> March 2014 (₹)	As at 31 <sup>st</sup> March 2013 (₹)
Cost of Buildings leased	22,42,95,155	22,23,75,026
Depreciation provided during the year on Buildings leased	36,31,612	36,09,172
Accumulated depreciation on buildings leased	4,88,17,893	4,51,86,281
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	16,83,96,770	15,67,36,462
Later than one year and not later than five years	74,99,64,438	70,56,75,087
Later than five years	1,27,80,933	1,17,59,403

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<b>3.5 Earnings per share</b>	<b>2013-14</b>	<b>2012 -13</b>
	<b>(₹)</b>	<b>(₹)</b>
a. Net Profit available for Equity Shareholders	5,83,90,567	5,38,90,084
b. Weighted average number of Equity Shares outstanding	40,00,007	40,00,007
c. Basic and diluted EPS	14.60	13.47

### 3.6 Deferred Tax Liability /Asset

As per the Accounting Standard "AS 22" issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS'), the Company is required to make a provision for "deferred tax liability / asset". During the year an amount of ₹ 24,31,403/- has been recognized for deferred tax asset.

The balance deferred tax liability (net) outstanding as on 31.03.2014 is ₹ 2,39,70,236/- the details of which are as follows:

	As at 31 <sup>st</sup> March 2013	Tax effect for the year	As at 31 <sup>st</sup> March 2014
Deferred Tax ( Liability)			
Fixed Assets	(276.76)	22.95	(253.81)
Sub Total	(276.76)	22.95	(253.81)
Deferred Tax Asset			
Amortization of Land registration Charges	12.74	1.36	14.10
Sub Total	12.74	1.36	14.10
Deferred Tax Asset / ( Liability)	(264.02)	24.31	(239.71)

## 4. ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

### 4.1 Wind Mill

During the financial year the Company sold 10,20,467 units to Tamilnadu Electricity Board. (2013 : 13,15,030 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 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/- (2013: ₹ 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/- (2013: ₹ 10,00,000/-)

#### 4.4 Current Liabilities

- i. The company continues to hold the amount of ₹ 1,46,503/- (2013: ₹ 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 31.3.2014. The balance amount lying under the Unpaid Dividend Account 2006–2007 declared on 27.07.2007 for the year 2006 07 falls due on 26.07.2014.

#### 4.5 Statement of Profit and Loss

Electricity Expenses have been reduced to the extent of ₹ 56,12,569/- (2013 : ₹ 72,32,665/-) for sale of electricity generated from windmill. There is no impact on the statement of Profit and Loss.

**4.6** Estimated amount of liability on capital contracts as on 31.03.2014 not provided for is ₹ Nil. (Previous year ₹ 7,50,000/-)

#### 4.7 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 ₹ 11,03,556/- as at 31.03.2014. The difference in claim amounting to ₹ 9,78,677/- 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.

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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, 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.

### (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 a fresh Writ Petition for stay and Orders are awaited. In view of this, there is a contingent liability of ₹ 282.64 lakhs.

### (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 31.03.2014 as detailed below:-

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest as at 31st March 2014	Proportion of ownership interest as at 31st March 2013
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

**G. Chellakrishna**  
Director

As per our report attached

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

Place : Chennai  
Date : 30.05.2014

**K. Padmanaban**  
Director

**Sreedhar Sreekakulam**  
Partner

M.No: 026474 FRN: 000438S

<b>CONSOLIDATED CASH FLOW STATEMENT</b>		
<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March 2014 ₹</b>	<b>Year ended 31<sup>st</sup> March 2013 ₹</b>
<b>A. Cash flow from Operating Activities:</b>		
Net Profit before tax and extraordinary items	86,459,164	80,202,731
<b>Adjustments for:</b>		
Depreciation	34,505,119	32,599,424
Interest & Financial Charges Paid	39,649	215,909
Expenses Written off	43,291	-
	<b>121,047,223</b>	<b>113,018,064</b>
Less : Interest income	9,392,222	4,983,984
Sale of Scrapped Assets	345,236	348,905
Provision written back	2,759	-
<b>Operating Profit Before Working Capital Changes</b>	<b>111,307,006</b>	<b>107,685,175</b>
<b>Adjustments for :</b>		
(Increase) / Decrease in Trade & Other Receivables	202,569	2,657,038
Increase / (Decrease) in Trade Payables & Other Liabilities	2,391,207	713,911
<b>Cash Generated from operations</b>	<b>113,900,782</b>	<b>111,056,124</b>
Net income tax paid / (Net of Refunds )	30,571,682	29,022,102
<b>Net Cash flow from Operating activities (A)</b>	<b>83,329,100</b>	<b>82,034,022</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(28,312,875)	(76,597,311)
Proceeds from sale of fixed assets	418,595	348,905
Interest Received	7,013,823	4,115,133
Increase in Long Term Fixed Deposits with bank	(15,500,000)	-
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(36,380,457)</b>	<b>(72,133,273)</b>

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Particulars	Year ended 31 <sup>st</sup> March 2014 ₹	Year ended 31 <sup>st</sup> March 2013 ₹
<b>C. Cash flow from financing activities</b>		
Repayment of Compensation Deposits	(18,773,307)	(28,439,079)
Increase in Compensation Deposits	25,610,383	39,739,085
Interest & Bank charges Paid	(39,649)	(215,909)
Dividend Paid ( Including dividend Tax)	(6,547,741)	(5,476,241)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>249,686</b>	<b>5,607,856</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>47,198,329</b>	<b>15,508,605</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>72,791,911</b>	<b>57,283,306</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>119,990,240</b>	<b>72,791,911</b>

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Managing Director

**G. Chellakrishna**  
Director

Place : Chennai  
Date : 30.05.2014

**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, 2014. 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 : 30.05.2014

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

## **SUBSIDIARY COMPANY'S ACCOUNTS ELNET SOFTWARE CITY LIMITED**

### **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 2014.

### **OPERATIONS**

The Company is yet to commence its operation.

### **FIXED DEPOSITISTS**

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

### **DIRECTORS**

Tmt Unnamalai Thiagarajan 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. 134 clause (C) of sub-section (3) of the Companies Act, 2013, the Directors confirm:

The Directors' Responsibility Statement shall state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of 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;



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- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **AUDITORS**

Shri N. Ramamoorthy, Chartered Accountant, 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

**Unnamalai Thiagarajan**

**C. Ramachandran**

Date : 12.05.2014

Director

Director

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF M/S. ELNET SOFTWARE CITY LIMITED**

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of M/S. ELNET SOFTWARE CITY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014 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 and financial performance in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I 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 appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion and to the best of my information and according to the explanations given to me, the financial statements 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:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2014;

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### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government in terms of Sub-Section 4A of Section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Companies Act, 1956, I report that:
  - a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
  - b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
  - c) The Balance Sheet dealt with by this Report is in agreement with the books of account;
  - d) In my opinion, the Balance Sheet complies with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1) (g) 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 : 12.05.2014

**Ramamoorthy N**  
Chartered Accountant  
Membership No. 227125

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### ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELNET SOFTWARE CITY LIMITED FOR THE YEAR ENDED MARCH 31, 2014

(Referred to in my report of even date)

- (i) The Company has no fixed assets. Therefore, the provisions of Clause 4(i) of the Order are not applicable to the Company.
- (ii) The Company is yet to commence its operations; hence Clause 4(ii) of the Order 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 my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the course of my audit, I 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 Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) According to the information and explanations given to me, the provisions of Clause 4(vii) of the Order relating to Internal audit system are not applicable to the Company.
- (viii) According to the information and explanations given to me, the Central Government has not prescribed 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 its operations, hence there are no accumulated losses.
- (xi) According to information and explanations given to me, the Company did not have any dues to banks or financial institutions during the year.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- (xiii) The Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not availed any long term loan during the year ended March 31, 2014.
- (xvii) According to the information and explanations given to me, the Company has not raised funds during the year.
- (xviii) According to the information and explanations given to me, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not made any public issue of shares during the year.
- (xxi) According to the information and explanations given to me, no fraud on or by the Company has been noticed or reported during the course of my audit.

Place : Chennai  
Date : 12.05.2014

**Ramamoorthy N**  
Chartered Accountant  
Membership No. 227125

## TWENTY THIRD ANNUAL REPORT 2013 - 14

<b>BALANCE SHEET</b>			
<b>Particulars</b>	<b>Note No</b>	<b>As at 31<sup>st</sup> March 2014 ₹</b>	<b>As at 31<sup>st</sup> March 2013 ₹</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	1,000,000	1,000,000
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-Current Liabilities</b>		-	-
<b>(4) Current Liabilities</b>			
(a) Short-term provisions	2	7,500	8,427
<b>Total</b>		<b>1,007,500</b>	<b>1,008,427</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
Capital work-in-progress	3	305,462	271,944
(b) Other non-current assets	4	40,652	40,652
<b>(2) Current assets</b>			
Cash and cash equivalents	5	661,386	695,831
<b>Total</b>		<b>1,007,500</b>	<b>1,008,427</b>
Summary of Significant Accounting Policies	6		

The notes attached form an integral part of the financial statement

This is the Balance Sheet referred to in my report of even date

For and behalf of the Board of Directors

**Ramamoorthy N**  
Chartered Accountant  
M. No. 227125

**Unnamalai Thiagarajan**  
Director

**C. Ramachandran**  
Director

Place : Chennai  
Date : 12.05.2014

## NOTES TO THE BALANCE SHEET

Note No	Particulars	As at	As at
		31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
		₹	₹
<b>1</b>	<b>Share Capital</b>		
	<b>Equity Share Capital</b>		
	Authorised Share capital 1,00,000 (Previous Year: 1,00,000) Equity Shares of ₹ 10/- each Issued, subscribed & fully paid-up share capital 1,00,000 (Previous Year: 1,00,000) Equity Shares of ₹ 10/- each	1,00,000	1,00,000
	<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>

### a) Reconciliation of Number of Shares

Equity Shares	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Balance as at the beginning of the year	100,000	1,00,000	100,000	1,00,000
Add: Equity Shares issued during the year	-	-	-	-
Balance as at the end of the year	<b>100,000</b>	<b>1,00,000</b>	<b>100,000</b>	<b>1,00,000</b>

### b) Rights, preferences & restrictions attached to Equity Shares:

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets after distribution of all preferential amounts, in proportion to their shareholding.

### c) Details of shares held by Holding Company

Equity Shares	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Number of shares	Share holding %	Number of shares	Share holding %
Elnet Technologies Limited	99,994	99.99%	99,994	99.99%

## TWENTY THIRD ANNUAL REPORT 2013 - 14

### d) Details of shares held by shareholders holding more than 5% of aggregate shares in company

Equity Shares	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Number of shares	Share holding %	Number of shares	Share holding %
Elnet Technologies Limited	99,994	99.99%	99,994	99.99%

		As at 31 <sup>st</sup> March, 2014 ₹	As at 31 <sup>st</sup> March, 2013 ₹
<b>2</b>	<b>Short-term provisions</b>		
	Provision for employee benefits	-	-
	Others	7,500	8,427
	<b>Total</b>	<b>7,500</b>	<b>8,427</b>
<b>3</b>	<b>Non-current assets</b>		
	Capital work-in-progress	305,462	271,944
	<b>Total</b>	<b>305,462</b>	<b>271,944</b>
<b>4</b>	<b>Other non-current assets</b>		
	Miscellaneous Expenses not written off	40,652	40,652
	<b>Total</b>	<b>40,652</b>	<b>40,652</b>
<b>5</b>	<b>Cash and cash equivalents</b>		
	Balance with banks	661,386	695,831
	Cash on hand	-	-
	<b>Total</b>	<b>661,386</b>	<b>695,831</b>

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 1. General Information

Elnet Software City Limited was incorporated in March 2005 as a Public Limited Company having its Registered Office in IT Corridor, Taramani, Chennai. The Company is a Wholly-owned subsidiary of Elnet Technologies Limited.

### 2. Significant Accounting Policies

#### 2.1 Basis of Preparation of Financial Statements

The Financial Statement has been prepared and presented under the historical cost convention and the mercantile basis of accounting system is being adopted and complies with the provisions of the Companies Act, 1956 and the Accounting Standards issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') and the relevant provisions of the Companies Act, 1956 to the extent applicable.

## 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 in accounting estimates is recognized prospectively in current and future periods.

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

### 4. Payment to Auditors

Particulars	2013-14 ₹	2012-13 ₹
Statutory Audit Fees	7,500	7,500
Service Tax	Nil	927

5. 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.

### 6. RELATED PARTY TRANSACTIONS

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 behalf of the Board of Directors

**Ramamoorthy N**  
Chartered Accountant  
M. No. 227125

**Unnamalai Thiagarajan**  
Director

**C. Ramachandran**  
Director

Place : Chennai  
Date : 12.05.2014







**ELNET TECHNOLOGIES LIMITED**

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

**PROXY FORM**

I/We .....of.....being a member/members of Elnet Technologies Ltd., hereby appoint.....of .....or failing him/her..... of .....as my/our proxy to vote for me / us on my / our behalf at the 23rd 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 17th July, 2014 at 11.00 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2014

Regd. Folio No. .... or



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

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



**ELNET TECHNOLOGIES LIMITED**

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

**ATTENDANCE SLIP**

23rd Annual General Meeting 17th July, 2014

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 23rd 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 17th July 2014 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.*