

BOARD OF DIRECTORS

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

STATUTORY AUDITORS

M/s. S.H. Bhandari & Co.  
Bhandari Towers, 824, EVR Periyar Road  
Kilpauk, Chennai – 600 010.

BANKERS

M/s. State Bank of India  
Industrial Finance Branch,  
Chennai – 600 002.

REGISTERED OFFICE

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

REGISTRARS AND SHARE  
TRANSFER AGENTS

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

## **TWENTY FIRST ANNUAL REPORT 2011 - 2012**

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### **NOTICE**

NOTICE is hereby given that the TWENTY FIRST Annual General Meeting of ELNET TECHNOLOGIES LIMITED will be held on Friday, the 22nd June 2012 at 10.00 A.M. at New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004 to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and the Statement of Profit and Loss of the Company for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend
3. To appoint Auditors and to fix their remuneration

To consider, and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT M/s S.H.Bhandari & Co, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on a remuneration of ₹ 3,25,000 /- plus service tax as applicable”.

4. To appoint a Director in place of Thiru C. Ramachandran who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Thiru G. Senrayaperumal who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Thir H. Karthik Seshadri who retires by rotation and is eligible for re-appointment.

By Order of the Board of Directors

Place : Chennai  
Date : 17.05.2012

**UNNAMALAI THIAGARAJAN**  
MANAGING DIRECTOR

## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of Annual General Meeting.
2. The explanatory Statement as required under Sec. 173(2) of the Companies Act 1956, in respect of the Ordinary Business set out above is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 15.06.2012 to 22.06.2012 (Both days inclusive).
4. The payment of dividend, upon declaration by the shareholders, at the ensuing Annual General Meeting will be made within one month from the date of Annual General Meeting.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their Bank details, change in address etc., to their Depository participant only and not to the Company's Registrar and Share Transfer Agent.

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

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

Financial Year Ended	Date of Declaration of Dividend	Due date of the proposed transfer to Investor Education and Protection Fund
31.03.2005	07.05.2005	06.05.2012 **
31.03.2006	06.05.2006	05.05.2013
31.03.2007	27.07.2007	26.07.2014
31.03.2008	30.07.2008	29.07.2015
31.03.2009	07.07.2009	06.07.2016
31.03.2010	21.07.2010	20.07.2017
31.03.2011	28.06.2012	27.06.2018

\*\* Please note that as per sec.205 (c) of the Companies Act, 1956, we have to transfer the pending amount lies 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.

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7. Members who are holding shares in physical form are requested to intimate to the Registrar and Transfer Agents (R&TA) of the Company immediately about change in their address, if any.
8. Members may contact the Company at Email: elnet@md4.vsnl.net.in for any query.
9. Members who are holding shares in more than one folio are requested to intimate to the Registrars the details of all their folio numbers for consolidation into a single folio. Members who hold shares in dematerialized form are requested to write their Client ID and DPID and those hold shares in physical form are requested to write their folio no. in the attendance slip while attending the meeting for easy identification of attendance at the meeting.
10. Members are requested to
  - i. Write to the Company at least seven days before the date of the Meeting, in case they desire any information as regards the Audited Accounts for the Financial year ended 31.03.2012, so as to enable the Company to keep the information ready.
  - ii. Quote registered folio number or Client ID in all the correspondence.
  - iii. Send all share transfer lodgments (physical mode) / correspondence to the Registrar and Share Transfer Agents of the Company.
11. Members are informed that trading and settlement of Company's shares through Stock Exchanges has been made compulsory in Demat (Electronic) form. In view of this mandatory requirement the members are requested in their own interest to dematerialize their shareholding in the Company.
12. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of the names will be entitled to vote.
13. Corporate Members are requested to forward a Certified Copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

### ANNEXURE TO THE NOTICE

#### EXPLANATORY STATEMENT U/S 173 (2) OF COMPANIES ACT 1956

##### Item No. 3. Appointment of Auditors

As more than 25% of the paid up capital is held by M/s Electronics Corporation of Tamil Nadu Limited, a Government of Tamil Nadu Undertaking, the appointment or reappointment at each Annual General Meeting of the Auditors of the Company shall be made by a Special Resolution as per Sec 224 A of the Companies Act, 1956. M/s S.H. Bhandari & Co., Chartered Accountants, who are the Statutory Auditors for the financial year ended 31.03.2012 is being proposed to be appointed as Auditors for the financial year ending 31.03.2013.

Directors recommend the passing of the resolution.

No Director is interested or concerned in this item of business

By Order of the Board of Directors

Place : Chennai  
Date : 17.05.2012

**UNNAMALAI THIAGARAJAN**  
MANAGING DIRECTOR

INFORMATION ON DIRECTORS RETIRING BY ROTATION SEEKING REAPPOINTMENT AND DIRECTORS PROPOSED TO BE APPOINTED AT THE ANNUAL GENERAL MEETING			
Name	Thiru C. Ramachandran	Thiru G.Senrayaperumal	Thiru H. Karthik Seshadri
Date of Birth and age	15.05.1938 & 74 Years	03.02.1946 & 66 Years	16.05.1973 & 39 Years
Appointed on	08.08.2003	25.10.2006	08.08.2003
Qualification	B.Sc (Hons) MA	B.Com.,	B.A. LLB (Hons.)
Experience in specific functional areas	Served in Government in various capacities. Worked in public sector companies and retired as Principal Secretary, Industries Dept., Has specialised in the area of Corporate Management	Had 23 Years of Service in CBCID, The State's leading Investigating Agency of Tamilnadu Government. During his tenure in Crime Branch CID he has handled number of important cases. Also has worked as a Liaison Officer in All India Police Duty Meets held in Srinagar, Delhi, Shimla, Ahmedabad, Bangalore, Chennai, etc. Has served in various cadres in Police Departments.	Extensive practice over the past 13 years with emphasis on commercial and corporate litigations, Mergers & Acquisitions, as also other Non litigation transactional work. Credited with arguing a number of cases before the High Court of Madras and other Tribunal, Customs, Excise & Service Tax Appellate Tribunal, Securities Appellate Tribunal, Mumbai and having a number of these cases reported in many law journals.
Directorship/ Chairmanship held in other public companies	Tamilnadu Petroproducts Ltd - Director		Einet Software City Ltd. - Director
	IG3 Infra Ltd (formerly Indian Green Grid Group Limited - Director		
	Einet Software City Ltd - Director		
	The Great Indian Linen & Textile Infrastructure Company Pvt. Ltd - Director		
	ETL Corporate Services Pvt. Ltd - Director		
	ETL Power Services Ltd - Director		
	Appu Hotels Ltd - Director		
	Tulsian NEC Ltd - Director		
	Grand Luxe Hotels Ltd.		

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Memberships/ Chairmanship of Committee across public companies	Audit Committee		
	Tamilnadu Petroproducts Limited - Chairman		
	IG3 Infra Ltd (formerly Indian Green Grid Group Ltd) - Member		
	Grand Luxe Hotels Ltd (Formerly ETL Hospitality Services Ltd) - Member		
	Appu Hotels Ltd - Member		
	Shareholders/Investors Grievance Committee		
	Tamilnadu Petroproducts Limited - Member		
	Remuneration Committee		
	Tamilnadu Petroproducts Limited - Chairman		
	Appu Hotels Ltd - Member		
	Appointment & Remuneration Committee		
	IG3 Infra Ltd (formerly Indian Green Grid Group Ltd) - Member		
	Dis-Investment Committee		
	Tamilnadu Petroproducts Limited - Member		
	Project Evaluation Committee		
Tamilnadu Petroproducts Limited - Member			
Share Allotment Committee			
Appu Hotels Ltd - Chairman			
Selection Committee			
IG3 Infra Ltd (formerly Indian Green Grid Group Ltd) - Chairman			

## DIRECTORS' REPORT

To  
The Members

Your Directors have great pleasure in presenting the TWENTY FIRST Annual Report together with the Audited Accounts of your Company for the Financial Year ended 31.03.2012.

Members would be happy to note that your company has had a successful year of operation, which has resulted in an after tax profit of ₹ 421.35 Lakhs.

## OPERATIONS

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

Sl. No.	Particulars	For the year ended 31.3.2012 ₹ in Lacs	For the year ended 31.3.2011 ₹ in Lacs
1	Income from operations	1,687.72	1,606.45
2	Non-operating income	59.68	62.03
3	Total expenditure (including financial charges and Depreciation)	1,111.88	1,097.60 *
4	Profit before Taxes	635.51	570.88 *
5	Provision for deferred tax	(15.84)	(21.72)
6	Provision for current tax	230.00	228.00
7	Net Profit	421.35	364.60
8	Dividend & tax thereon	55.79	55.78
9	Transfer to General Reserve	200.00	200.00
10	Balance carried forward to Balance Sheet	165.56	108.82
11	Paid up Equity Share Capital	400.00	400.00

\* Re-grouped based on revised Schedule VI presentation

## DIVIDEND

Your Directors are pleased to recommend a dividend of 12% on the Equity Share Capital of the Company for the year ended March 31, 2012. 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 22<sup>nd</sup> June 2012, being the record date and to those whose names appear as beneficial owners on the records of National Securities Depository Limited and Central Depository Services (I) Limited as on 22<sup>nd</sup> June 2012.

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### **FUTURE PROSPECTS**

Your Company currently enjoys 100% occupancy level. The company is expanding the lettable area to another 26000 sqft by modifying and refurbishing the erstwhile administrative block and the space will be operational from June 2012.

### **SUBSIDIARY COMPANY**

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

### **CORPORATE GOVERNANCE**

Your Company follows the principles of effective Corporate Governance Practices. The Company has taken steps to comply with the revised Clause 49 of the Listing Agreement with the Stock Exchanges. A report on Corporate Governance is given under separate section titled "Report on Corporate Governance" and forms part of the Annual Report.

The Management Discussion and Analysis Report also form part of the Annual Report.

### **LISTING OF SHARES**

Your Company's shares are listed presently in Madras Stock Exchange Limited and Bombay Stock Exchange Limited. Also, the Company's shares are traded on the National Stock Exchange.

### **DEMATERIALIZATION OF EQUITY SHARES**

As on 31.03.2012, 37,36,736 equity shares are held in Dematerialized Form, which constitutes 93.42% of total shareholding.

### **FIXED DEPOSITS**

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

### **DIRECTORS**

Under the provisions of the Articles of Association of the Company three of your Directors Thiru C. Ramachandran, Thiru G.Senrayaperumal and Thiru H. Karthik Seshadri retire by rotation at the forth coming Annual General Meeting. All of them, being eligible, offer themselves for reappointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2012, the applicable Accounting Standards have been followed and that there are no material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.



(iii) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of the adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) that they have prepared the annual accounts on a going concern basis.

### **AUDITORS**

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

### **INDUSTRIAL RELATIONS**

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

### **PARTICULARS OF EMPLOYEES**

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

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

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

**EARNINGS IN FOREIGN EXCHANGE : NIL**

**EXPENSES INCURRED IN FOREIGN CURRENCY DURING THE YEAR : NIL**

### **ACKNOWLEDGEMENT**

Your Directors wish to express their sincere thanks to the Government of Tamil Nadu, Electronics Corporation of Tamil Nadu Ltd., State Bank of India, Industrial Finance Branch, Chennai and the Company's customers for their support and co-operation extended to the Company. Your Directors also wish to place on record their appreciation for the good work put in by the employees of your Company.

For and on behalf of the Board of Directors,

Place : Chennai  
Date : 17.05.2012

**UNNAMALAI THIAGARAJAN,**  
MANAGING DIRECTOR

**K. PADMANABAN**  
DIRECTOR

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Dear Shareholder,

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

Recognizing the spirit of the circular issued by MCA, we propose to send documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report etc. for the year ended March 31, 2012, in electronic form, to the email address provided by you and made available to us by the Depositories.

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

Regards,

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

## 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 facing challenges due to worldwide recession and more particularly changing policies of western countries on outsourcing. Hence the demand for IT space is expected to be uncertain.

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

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

#### **SEGMENT WISE / PRODUCT WISE 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 13 employees and the rest of the operations are carried through outsourcing.

#### **FINANCIAL PERFORMANCE**

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

#### **CAUTIONARY STATEMENT**

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

## **CORPORATE GOVERNANCE REPORT**

### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

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

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

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

### **2. BOARD OF DIRECTORS**

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

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

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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, 2012

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

### Board Meetings:

During the Financial year 2011-12 the Board met five times on the following dates namely 12.05.2011, 03.06.2011, 29.07.2011, 31.10.2011 and 31.01.2012.

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

Sl. No.	Name of the Director	FY 2011-12 Attendance at		
		Board Meetings		Last AGM
		Attended	No. of meetings held during their tenure	
1.	Dr. Santhosh Babu, IAS	1	2	Yes
2.	Tr. Atul Anand IAS	1	4	No
3.	Tmt. Unnamalai Thiagarajan	3	5	Yes
4.	Tr. C. Ramachandran	5	5	No
5.	Tr. P.S. Kumar	1	5	Yes
6.	Tr. J. Ravi	5	5	Yes
7.	Tr. R. Ganapathi	1	5	No
8.	Tr. H. Karthik Seshadri	4	5	Yes
9.	Tr. K. Padmanaban	5	5	Yes
10.	Tr. S. Paulraj	1	5	No
11.	Dr. V. Dharmalingam	3	5	No
12.	Tr. G. Senrayaperumal	0	5	Yes
13.	Tr. K. Kasim	5	5	Yes

Thiru C. Ramachandran, Thiru G. Senrayaperumal and Thiru H. Karthik Seshadri, are liable to retire by rotation and being eligible, offer themselves for re-appointment. Information as required under Clause 49 IV of the Listing Agreement is annexed to the Notice of the AGM.

### Board procedure

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

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

- Operating plans, Capital budgets and updates and reviews thereof

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

### 3. AUDIT COMMITTEE

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

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

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



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

**Role:**

- Review of the Company’s financial reporting process and the disclosure of its financial information
- Reviewing with management the annual financial statements before submission to the Board, focussing primarily on (i) any change in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with the Listing requirements of the Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with external auditors before the audit commences nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the company’s various financial and risk management policies and practices

**Audit Committee Meetings:**

During the Financial Year 2011-12, Audit Committee met four times on the following dates namely, 10.05.2011, 19.07.2011, 12.10.2011 & 23.01.2012

Attendance of each member of the Audit Committee during the financial year 2011-12

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

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

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### 4. REMUNERATION COMMITTEE

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

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

The composition of the Remuneration Committee is given hereunder

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

Remuneration paid to Managing Director and Sitting Fees paid to Non-Executive Directors during the Financial Year 2011-12 are as under

#### I. Managing Director :

Total Remuneration paid to Tmt. Unnamalai Thiagarajan, Managing Director, during the financial year 2011-12 is Rs.14,00,000/-

#### II. Non-Executive Directors :

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Sitting Fees (Rs.)</b>
1.	Dr. Santhosh Babu, IAS	7,000 *
2.	Tr. Atul Anand, IAS	7,000 *
3.	Tr. K. Padmanaban	49,000 *
4.	Tr. S. Paularj	7,000 *
5.	Tr. C Ramachandran	91,000
6.	Tr. J Ravi	1,12,000
7.	Tr. P S Kumar	63,000
8.	Tr. R Ganapathi	35,000
9.	Tr. H Karthik Seshadri	1,61,000
10.	Dr. V.Dharamalingam	21,000
11.	Tr. G. Senrayaperumal	-
12.	Tr. K. Kasim	35,000

\* Paid to Electronics Corporation of Tamil Nadu Ltd.

## 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

A Shareholders/Investors Grievance Committee of Directors was re-constituted on 08/08/2003. It is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, transmission of shares and miscellaneous complaints. It also oversees the performance of Registrars and Share Transfer Agents and recommends measure for overall improvement in the quality of investor's services. During the year under review four Investors Grievance Committee meetings were held on 10.05.2011, 19.07.2011, 12.10.2011 & 23.01.2012. The Composition of the Committee and the Attendance at its meeting is given hereunder

### Composition:

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

## 6. PURCHASE COMMITTEE

A Purchase Committee of Directors was constituted on 25/10/2006 under the directions of the Board. It is empowered to identify the qualified vendors for taking advantage of competitive pricing. During the year under review, two meetings were held on 23.06.2011 and 21.01.2012 as it was necessitated. The Composition of the Committee is given hereunder

### COMPOSITION:

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

### Compliance Officer:

Tr. C. Venkataramanan, Compliance Officer

Ph : 044 - 22541098 Ext. : 215

Email : elnet@md4.vsnl.net.in

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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	-	92
Number resolved	-	92
Number of pending	-	Nil

### **Code of Conduct**

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

All the Board members and Senior Management personnel have affirmed compliance with the code of conduct for the year 2011-12 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 21.

## **7. SHARE TRANSFER COMMITTEE**

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

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

The meetings are held regularly. Transfer of shares are processed and registered within the stipulated time, provided all the documents are valid and complete in all respects. As on 31st March, 2012, there were no share transfers pending for registration for more than 30 days.

## **8. GENERAL BODY MEETINGS**

Location and time of General Meetings

Type	Year	Date	Time	Venue
AGM	2010-11	28/06/2011	11.00 a.m.	New Woodlands Hotel Pvt. Ltd., Chennai
AGM	2009-10	21/07/2010	11.00 a.m.	New Woodlands Hotel Pvt. Ltd., Chennai
AGM	2008-09	07/07/2009	11.00 a.m.	New Woodlands Hotel Pvt. Ltd., Chennai

## **Details of Special Resolutions passed :**

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

## **9. DISCLOSURE**

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

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

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

None of the transactions with any of the related parties were in conflict with the interests of the company. A statement of related party transaction is furnished under Item No 3.3 of Notes 21 relating to Notes on Accounts.

- b) Details of non-compliance by the Company, Penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter to capital markets, during the last three years. – No such instances.
- c) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.

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

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

The Company has duly complied with all the requirements.

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

- e) In preparation of the financial statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India the significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.
- f) During the financial year 2011-12 the company had no pecuniary relationship with any of the non-executive directors (other than payment of sitting fees as set out above.)

### 10. MEANS OF COMMUNICATION

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

The results are also published in The Financial Express and Malai Murasu. The Company also issues news releases on significant corporate decisions and activities. The Management's Discussion and Analysis Report is a part of the Annual Report.

## 11. GENERAL SHAREHOLDER INFORMATION

Date of Incorporation : 01.08.1990  
Registered Office : Elnet Software City, TS 140, Block 2&9,  
Rajiv Gandhi Salai, Taramani, Chennai – 600 113  
AGM Date and Time : 22-06-2012 at 10.00 A.M.  
Venue : New Woodlands Hotel Pvt. Ltd.  
No.72-75, Dr. Radhakrishnan Salai,  
Mylapore, Chennai 600 004

Financial Calendar 2012-13(Tentative and subject to change)

Financial Results for the quarter ending June 30, 2012 : Last week of July 2012  
Financial Results for the quarter ending September 30, 2012 : Last week of Oct 2012  
Financial Results for the quarter ending December 31, 2012 : Last week of Jan 2013  
Financial Results for the quarter ending March 31, 2013 : Before 15th May 2013  
Annual General Meeting for the year ending March 31, 2013 : During July 2013

Book Closure date : 15.06.2012 to 22-06-2012 (both days inclusive)

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

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

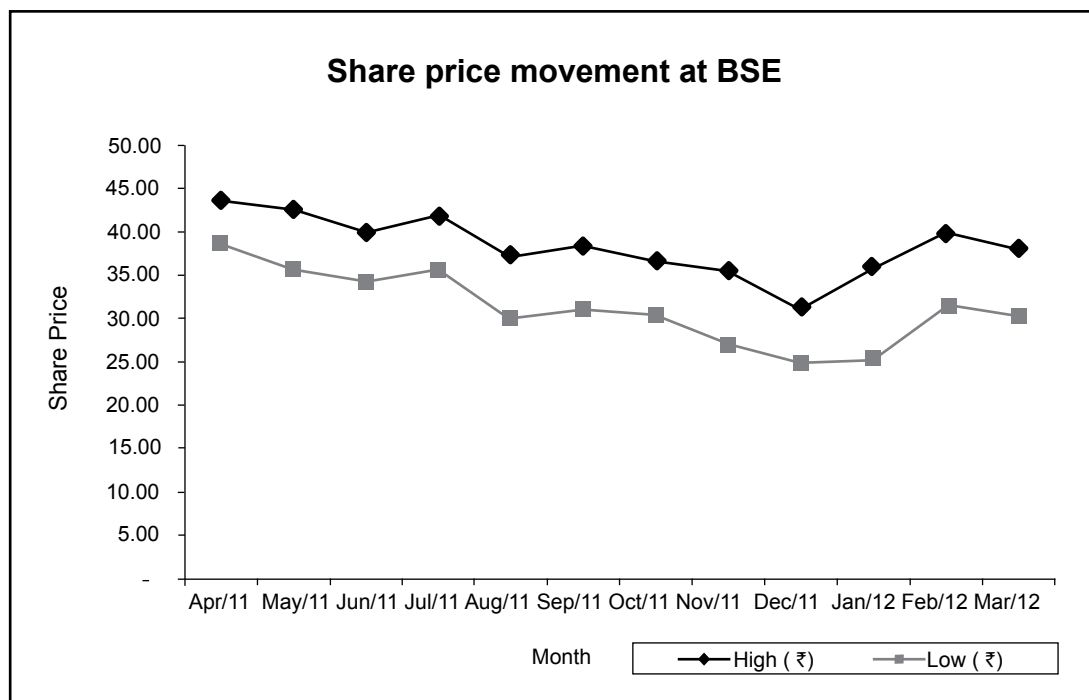
Demat ISIN Number in NSDL & CDSL : INE033C01019

Scrip Code – BSE : 517477 - ELNET TECHNO

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

Note: Annual Listing Fees for the year 2012-13 was duly paid within the time limit to the above Stock Exchanges pursuant to Clause 38 of Listing Agreement

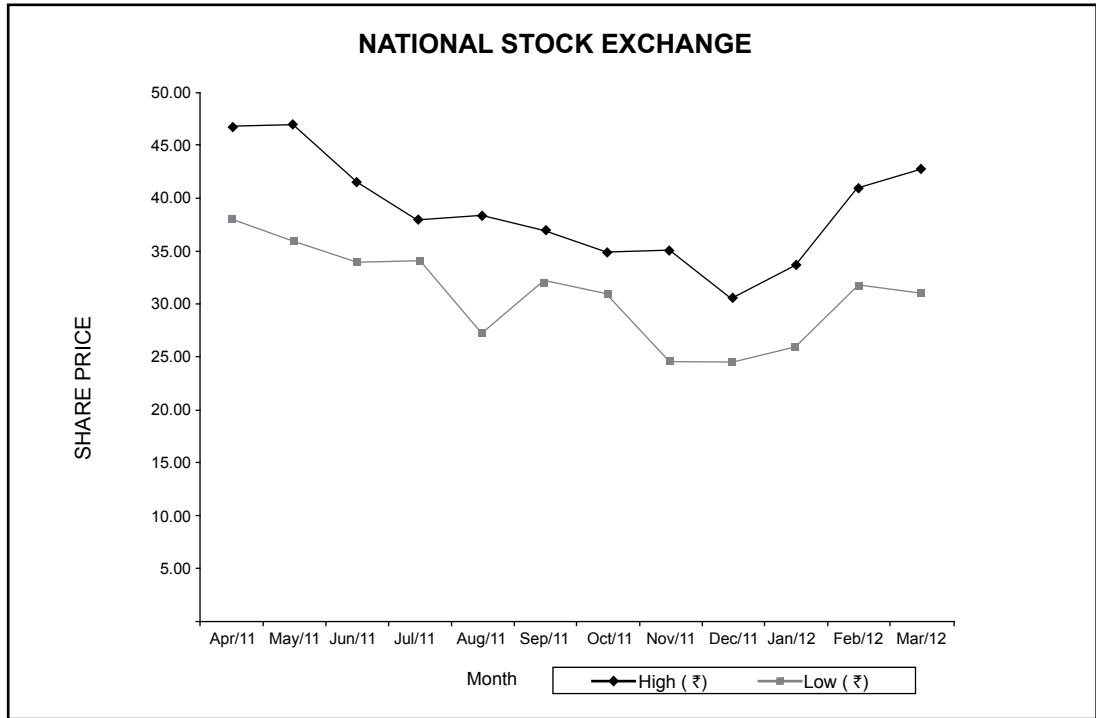
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### Stock Market Data

The Stock Exchange, Mumbai				
Month	High (₹)	Low (₹)	Highest Volume (Nos.)	Lowest Volume (Nos.)
Apr-11	43.65	38.65	8,008	169
May-11	42.55	35.60	5,456	71
Jun-11	40.00	34.15	24,235	190
Jul-11	41.90	35.65	4,479	40
Aug-11	37.20	30.00	15,875	22
Sep-11	38.40	31.25	3,687	1
Oct-11	36.70	30.45	3,337	41
Nov-11	35.45	27.05	40,610	1
Dec-11	31.25	24.95	9,188	2
Jan-12	35.85	25.30	2,408	1
Feb-12	39.90	31.45	8,450	5
Mar-12	38.00	30.30	11,289	2

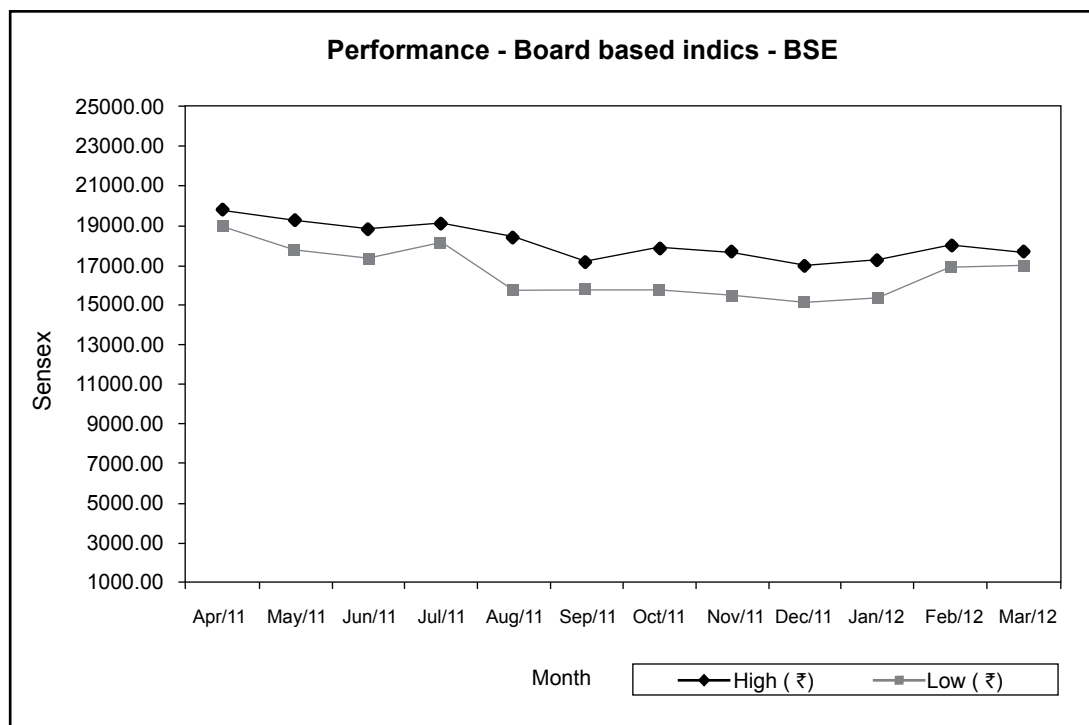




**NATIONAL STOCK EXCHANGE**

Month	High (₹)	Low (₹)	Highest Volume (Nos.)	Lowest Volume (Nos.)
Apr-11	46.75	37.90	9,074	3
May-11	47.00	36.00	25	6560
Jun-11	41.45	34.00	35,501	10
Jul-11	37.90	34.00	5,144	14
Aug-11	38.40	27.45	27,101	50
Sep-11	37.00	32.15	5,271	43
Oct-11	34.95	31.00	3,168	21
Nov-11	35.00	24.65	8,638	4
Dec-11	30.60	24.50	2,072	5
Jan-12	33.65	26.00	2,376	4
Feb-12	41.00	31.60	12,290	3
Mar-12	42.90	30.95	3,399	4

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Month	High	Low
Apr-11	19,811.14	18,976.19
May-11	19,253.87	17,786.13
Jun-11	18,873.39	17,314.38
Jul-11	19,131.70	18,131.86
Aug-11	18,440.07	15,765.53
Sep-11	17,211.80	15,801.01
Oct-11	17,908.13	15,745.43
Nov-11	17,702.26	15,478.69
Dec-11	17,003.71	15,135.86
Jan-12	17,258.97	15,358.02
Feb-12	18,040.69	16,920.61
Mar-12	17,664.10	17,010.16

### **Registrar and Transfer Agents**

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

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

### **Share Transfer System**

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

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

### **Dematerialisation of Shares**

An extent of 37,36,736 equity shares representing 93.42% of the issued share capital have been dematerialised as at 31st March, 2012.

Distribution of Shareholding as on 31st March, 2012

<b>No. of Shares held</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>No. of Shares</b>	<b>% of Shareholding</b>
Upto 100	4,304	64.93	3,45,387	8.63
101 – 500	1,812	27.33	4,97,452	12.44
501 – 1,000	269	4.06	2,19,605	5.49
1,001 – 2,000	120	1.81	1,82,454	4.56
2,001 – 3,000	44	0.66	1,08,938	2.72
3,001 – 4,000	27	0.41	94,401	2.36
4,001 – 5,000	16	0.24	75,706	1.89
5,001 – 10,000	20	0.30	1,53,864	3.85
10,001 & above	17	0.26	23,22,200	58.06
<b>Total</b>	<b>6,629</b>	<b>100.00</b>	<b>40,00,007</b>	<b>100.00</b>

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Shareholding Pattern as at 31st March 2012

Category	No. of Shareholders	No. of Shares Held	% of shareholding
Promoter	1	3,14,927	7.87
Promoters - Bodies Corporate	2	17,44,378	43.61
Other Bodies Corporate	155	1,44,959	3.62
Indian Public	6,444	17,78,297	44.46
NRIs	20	16,400	0.41
Others - clearing members	7	1,046	0.03
<b>TOTAL</b>	<b>6,629</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

Secretarial Department,

M/s Elnet Technologies Limited,

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

Taramanai, Chennai – 600 113, Tamil Nadu.

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

### NON-MANDATORY REQUIREMENTS

#### The Board

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

#### Remuneration Committee

Please refer Item No. 4 under Corporate Governance Report.

#### Shareholders Rights

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

**Audit Qualification**

There are no qualifications in the Auditor's report

**Training of Board Members**

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

**Mechanism for evaluating Non-Executive Board Members**

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

**Whistle Blower Policy**

The Company does not have Whistle Blower Policy.

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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 2012, as stipulated in clause 49 of the Listing Agreement entered into by the Company with stock exchange(s).

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

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

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

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

Place : Chennai  
Date : 17.05.2012

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

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

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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 Notes and Notes on Accounts, as well as the Cash Flow Statement, in respect of the year 2011-12.
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  
Date : 17.05.2012

**UNNAMALAI THIAGARAJAN**  
MANAGING DIRECTOR

**P.S.SUBRAMANIAN**  
AGM (F&A)

## **AUDITORS' REPORT**

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

1. We have audited the attached Balance Sheet of Elnet Technologies Limited ('the Company') as at 31st March, 2012 and also the Statement of Profit and Loss, Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet and the Statement of Profit and Loss dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the Directors, as on March 31st, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31st, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

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- a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st, March 2012;
- 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 31st, March 2012.

Place : Chennai  
Date : 17.05.2012

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 3 of the Auditors' Report of even date to the members of Elnet Technologies Limited on the financial statements for the year ended March 31, 2012]

#### 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. According to the information and explanation given to us, the Company closed its secured loan with State Bank of India, Industrial Finance Branch on 8.3.2012 and filed Form 17 on the MCA portal was approved on 25.4.2012. The Company has an unsecured loan of ₹ 3,66,24,742/- from a party listed in the register maintained u/s. 301 of the Companies Act, 1956. In pursuance of a joint venture agreement as Promoter's contribution for the company's project. The rate of interest and other terms and conditions are not prima-facie prejudicial to the interest of the company.



- b. The company has not granted any loan to parties covered in the register maintained u/s. 301 of the Companies Act, 1956.

#### **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**

To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products / services of the Company.

#### **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 the appropriate authorities on account of disputes as at March 31, 2012:

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Name Of the Statute	Nature of the dues	Period [A.Y]	Amount (In ₹)	Forum where dispute is pending
Income-tax Act, 1961	Income Tax	1996-1997*	11,96,191	Madras High Court
Income-tax Act, 1961	Income Tax	1998-1999*	12,21,223	Madras High Court
Income-tax Act, 1961	Income Tax	2000-2001*	5,24,847	Madras High Court
Income-tax Act, 1961	Income Tax	2001-2002*	1,35,15,737	Madras High Court
Income-tax Act, 1961	Income Tax	2003-2004*	2,54,07,618	Madras High Court
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 dtd 31.03.2010	1,49,07,141	Office of the Commissioner of Service Tax, Chennai
Finance Act, 1994	Service tax on Electricity	Notice dtd 30.09.2010	20,45,540	Office of the Commissioner of Service Tax, Chennai.
Finance Act, 1994	Service tax on Electricity	Notice dtd 19.07.2011	22,71,949	Office of the Commissioner of Service Tax, Chennai
Finance Act, 1994	Service tax on Electricity	Notice dtd 13.02.2012	21,10,178	Office of the Commissioner of Service Tax, Chennai.

### Note:

\*For these assessment years, the issues have been decided in favour of the company, however the Income Tax Department has preferred appeal at higher levels.

### 10. ACCUMULATED LOSSES

The Company has no accumulated losses as at 31.03.2012 and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

### 11. LIABILITY TO BANKS & FINANCIAL INSTITUTIONS

Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

### 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, 2012.

**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 no funds raised on Short term basis 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 Companies Act, 1956.

**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 : 17.05.2012

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

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

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

<b>BALANCE SHEET</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>As at 31 March, 2012 ₹</b>	<b>As at 31 March, 2011 ₹</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	289,838,090	253,281,460
		<b>329,838,160</b>	<b>293,281,530</b>
<b>2 Non-current liabilities</b>			
(a) Long term borrowings	3	42,633,883	87,344,133
(b) Deferred tax liabilities (net)		28,088,992	29,672,569
(c) Other Long term liabilities	4	101,370,169	93,031,211
(d) Long term provisions	5	356,582	356,582
		<b>172,449,626</b>	<b>210,404,495</b>
<b>3 Current liabilities</b>			
(a) Trade payables	6	899,037	2,192,279
(b) Other current liabilities	7	3,746,278	4,458,403
(c) Short term provisions	8	8,846,234	8,403,068
		<b>13,491,549</b>	<b>15,053,750</b>
<b>TOTAL</b>		<b>515,779,335</b>	<b>518,739,775</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	9	374,243,104	379,554,002
(ii) Intangible assets	9	225,870	392,214
(iii) Capital work-in-progress	9	1,523,250	-
		<b>375,992,224</b>	<b>379,946,216</b>
(b) Non-current investments	10	31,253,000	31,253,000
(c) Long term loans and advances	11	29,165,293	25,723,663
		<b>60,418,293</b>	<b>56,976,663</b>
<b>2 Current assets</b>			
(a) Trade receivables	12	17,514,987	14,420,760
(b) Cash and cash equivalents	13	56,564,318	64,600,835
(c) Short term loans and advances	14	909,051	455,021
(d) Other current assets	15	4,380,462	2,340,280
		<b>79,368,818</b>	<b>81,816,896</b>
<b>TOTAL</b>		<b>515,779,335</b>	<b>518,739,775</b>

Note 21 is an integral part of these financial statements

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Managing Director

**P.S. Kumar**  
Director

As per our report attached

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

Place : Chennai  
Date : 17.05.2012

**K. Padmanaban**  
Director

**Sreedhar Sreekakulam**  
Partner

M.No: 026474 FRN: 000438S

<b>STATEMENT OF PROFIT AND LOSS</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>For the year ended 31 March, 2012 ₹</b>	<b>For the year ended 31 March, 2011 ₹</b>
<b>CONTINUING OPERATIONS</b>			
<b>1 Revenue from operations</b>	16	168,771,544	160,645,271
<b>2 Other income</b>	17	5,968,489	6,203,552
<b>3 Total revenue</b>		<b>174,740,033</b>	<b>166,848,823</b>
<b>4 Expenses</b>			
(a) Employee benefits expense	18	11,802,442	11,008,211
(b) Finance costs	19	3,530,639	9,849,797
(c) Depreciation and amortisation expense	9	26,594,783	29,102,902
(d) Other expenses	20	69,260,427	59,799,582
Total expenses		<b>111,188,291</b>	<b>109,760,492</b>
<b>5 Profit / (Loss) before tax</b>		<b>63,551,742</b>	<b>57,088,331</b>
<b>6 Tax expense:</b>			
(a) Current tax expense for current year		23,000,000	22,800,000
(b) Deferred tax		(1,583,577)	(2,172,454)
		<b>21,416,423</b>	<b>20,627,546</b>
<b>7 Profit / (Loss) for the year</b>		42,135,319	36,460,785
<b>8 Earnings per share</b>			
(a) Basic			
(i) Continuing operations		10.53	9.12
(b) Diluted			
(i) Continuing operations		10.53	9.12

Note 21 is an integral part of these financial statements

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Managing Director

**P.S. Kumar**  
Director

As per our report attached

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

Place : Chennai  
Date : 17.05.2012

**K. Padmanaban**  
Director

**Sreedhar Sreekakulam**  
Partner

M.No: 026474 FRN: 000438S

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>				
<b>NOTE 1: SHARE CAPITAL</b>				
<b>Particulars</b>	<b>As at 31 March, 2012</b>		<b>As at 31 March, 2011</b>	
	<b>Number of shares</b>	<b>Amount in ₹</b>	<b>Number of shares</b>	<b>Amount in ₹</b>
<b>(a) Authorised</b>	5,000,000	50,000,000	5,000,000	50,000,000
Equity shares of ₹ 10/- each with voting rights	5,000,000	50,000,000	5,000,000	50,000,000
<b>(b) Issued</b>	4,000,007	40,000,070	4,000,007	40,000,070
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>	4,000,007	40,000,070	4,000,007	40,000,070
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>

<b>(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>								
<b>Particulars</b>	<b>Opening Balance</b>	<b>Fresh issue</b>	<b>Bonus</b>	<b>ESOP</b>	<b>Conversion</b>	<b>Buy back</b>	<b>Other changes</b>	<b>Closing Balance</b>
Equity shares with voting rights								
Year ended 31 March, 2012								
- Number of shares	4,000,007	-	-	-	-	-	-	4,000,007
- Amount ( ₹ )	40,000,070	-	-	-	-	-	-	40,000,070
Year ended 31 March, 2011								
- Number of shares	4,000,007	-	-	-	-	-	-	4,000,007
- Amount ( ₹ )	40,000,070	-	-	-	-	-	-	40,000,070

<b>(ii) Details of shares held by each shareholder holding more than 5% shares:</b>				
<b>Class of shares / Name of shareholder</b>	<b>As at 31 March, 2012</b>		<b>As at 31 March, 2011</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>				
Electronic Corporation of Tamil Nadu Ltd	1,040,006	26.00	1,040,006	26.00
Stur Technologies Pvt Ltd	450,000	11.25	450,000	11.25
Southern Projects Management Pvt Ltd	254,371	6.36	254,371	6.36
Shanmugham Thiyagarajan	314,927	7.87	314,927	7.87
Other - Public	1,940,703	48.52	1,940,703	48.52
<b>Total</b>	<b>4,000,007</b>	<b>100.00</b>	<b>4,000,007</b>	<b>100.00</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 2: RESERVES AND SURPLUS

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>(a) General reserve</b>		
<b>Opening balance</b>	176,000,000	156,000,000
Add: Transferred from surplus in Statement of Profit and Loss	20,000,000	20,000,000
<b>Closing balance</b>	<b>196,000,000</b>	<b>176,000,000</b>
<b>(b) Other reserves</b>		
(i) Opening balance: Subsidy from SIPCOT	2,575,000	2,575,000
<b>Closing balance</b>	<b>2,575,000</b>	<b>2,575,000</b>
(ii) Opening balance: Surplus / (Deficit) in Statement of Profit and Loss		
<b>Opening balance</b>	74,706,460	63,824,364
Add: Profit / (Loss) for the year		
Amounts transferred from Statement of Profit and Loss	42,135,319	36,460,785
Less: Final Dividend		
Dividends proposed to be distributed & Distributed to equity shareholders (Rs. 1.20 & Rs. 1.20 per share respectively)	4,800,008	4,800,008
Tax on dividend	778,681	778,681
Transferred to:		
General reserve	20,000,000	20,000,000
<b>Closing balance</b>	<b>91,263,090</b>	<b>74,706,460</b>
<b>Total</b>	<b>289,838,090</b>	<b>253,281,460</b>

### NOTE 3: LONG TERM BORROWINGS

(a) Term loans		
From banks		
Secured	-	44,710,250
(b) Loans and advances from related parties		
Unsecured	42,633,883	42,633,883
<b>Total</b>	<b>42,633,883</b>	<b>87,344,133</b>

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

<b>(i) Details of terms of repayment for the other Long term borrowings and security provided in respect of the secured other Long term borrowings:</b>					
<b>Particulars</b>	<b>Terms of repayment and security</b>	<b>As at 31 March, 2012</b>		<b>As at 31 March, 2011</b>	
		<b>Secured Amount In ₹</b>	<b>Unsecured Amount In ₹</b>	<b>Secured Amount In ₹</b>	<b>Unsecured Amount In ₹</b>
<b>Term loans from banks:</b>					
State Bank Of India - Industrial Finance Branch, Chennai	Loan was closed on 08.03.2012. Satisfaction of charges approved on 25.04.2012	-	-	44,710,250	-
<b>Total - Term loans from banks</b>		-	-	<b>44,710,250</b>	-
<b>Loans and advances from related parties:</b>					
Shanmugham Thiagarajan	Spouse of Managing Director	-	36,624,742	-	36,624,742
Stur Technologies Pvt Ltd.,	Promotor	-	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>Particulars</b>	<b>As at 31 March 2012 ₹</b>	<b>As at 31 March 2011 ₹</b>
(a) Others:		
(i) Trade / security deposits received	913,560	911,761
(ii) Others: Compensation Deposits	100,456,609	92,119,450
<b>Total</b>	<b>101,370,169</b>	<b>93,031,211</b>
<b>NOTE 5: LONG TERM PROVISIONS</b>		
(a) Provision - Others:		
(i) Provision - Bad Debts	356,582	356,582
<b>Total</b>	<b>356,582</b>	<b>356,582</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 6: TRADE PAYABLES**

<b>Particulars</b>	<b>As at 31 March 2012 ₹</b>	<b>As at 31 March 2011 ₹</b>
Trade payables:		
Acceptances	899,037	2,192,279
<b>Total</b>	<b>899,037</b>	<b>2,192,279</b>

**NOTE 7: OTHER CURRENT LIABILITIES**

(a) Unpaid dividends	2,124,922	1,983,986
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	365,691	1,258,049
(ii) Department of Telecommunication, Interest on Disputed Dividend & Token Deposits	1,255,665	1,216,368
<b>Total</b>	<b>3,746,278</b>	<b>4,458,403</b>

**NOTE 8: SHORT TERM PROVISIONS**

<b>(a) Provision for employee benefits:</b>		
(i) Provision for bonus & Ex- Gratia	764,250	637,271
(ii) Provision for compensated absences	977,228	744,319
(iii) Provision for gratuity	1,526,067	1,442,789
	<b>3,267,545</b>	<b>2,824,379</b>
<b>(b) Provision - Others:</b>		
(i) Provision for proposed equity dividend	4,800,008	4,800,008
(ii) Provision for tax on proposed dividends	778,681	778,681
	<b>5,578,689</b>	<b>5,578,689</b>
<b>Total</b>	<b>8,846,234</b>	<b>8,403,068</b>

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>											Amount in ₹
<b>NOTE 9 - TANGIBLE ASSETS</b>											
ASSET GROUP	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	Assets as at 31st March 2011	Addition During the year	Deletion During the year	Balance as at 31st March 2012	Dep as at 31st March 2011	Dep. for the year	Dep. on Deletion	Dep. as at 31st March 2012	Balance as at 31st March 2012	Balance as at 31st March 2012	
<b>LAND</b>											
Free Hold	675,000	-	-	675,000	-	-	-	-	675,000	675,000	
Lease Hold	115,041,537	-	-	115,041,537	3,301,270	471,670	-	3,772,940	111,268,597	111,740,267	
<b>BUILDINGS</b>											
Buildings	218,717,052	-	-	218,717,052	38,012,017	3,565,092	-	41,577,109	177,139,943	180,705,035	
Plant&Machinery	12,145,360	5,562,502	208,207	17,499,655	7,569,788	847,826	208,207	8,209,407	9,290,248	4,575,572	
WindMill	27,625,000	-	-	27,625,000	18,570,675	2,856,425	-	21,427,100	6,197,900	9,054,325	
Electrical Fittings	54,799,737	1,243,923	-	56,043,660	22,571,314	2,636,673	-	25,207,987	30,835,673	32,228,422	
Furniture&Fixture	37,237,278	3,568,807	13,321,018	27,485,067	24,067,783	7,924,542	13,321,018	18,671,307	8,813,760	13,169,493	
Fitouts	-	9,581,294	-	9,581,294	-	1,350,786	-	1,350,786	8,230,508	-	
<b>OFFICE EQUIPMENTS</b>											
Computer	564,372	97,820	283,130	379,062	440,249	79,571	283,130	236,690	142,372	84,339	
Air Conditioner	16,302,446	870,881	319,064	16,854,263	9,676,396	1,713,930	319,064	11,071,262	5,783,001	6,626,049	
UPS	14,100,451	145,865	3,989,320	10,256,996	13,333,344	770,247	3,989,320	10,114,271	142,725	767,106	
Others	15,390,612	-	520,537	14,870,075	12,268,453	2,548,297	520,537	14,296,213	573,862	3,122,159	
Xerox	398,740	252,000	318,120	332,620	99,537	18,723	112,569	5,691	326,929	299,204	
Multilevel car park	20,348,801	-	-	20,348,801	4,533,783	1,509,882	-	6,043,665	14,305,136	15,815,018	
Vehicle	2,708,905	-	100,410	2,608,495	2,016,891	174,558	100,410	2,091,039	517,456	692,016	
<b>Total</b>	<b>536,055,291</b>	<b>21,323,092</b>	<b>19,059,806</b>	<b>538,318,577</b>	<b>156,461,500</b>	<b>26,468,222</b>	<b>18,854,255</b>	<b>164,075,467</b>	<b>374,243,104</b>	<b>379,554,005</b>	
Total of Previous Year	533,192,531	5,242,698	2,352,000	536,055,290	129,636,241	29,049,334	2,184,286	156,501,285	379,554,002	403,556,290	

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in ₹

### NOTE 9 - INTANGIBLE ASSETS

ASSET GROUP	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK	
	Assets as at 31st March 2011	Addition During the year	Deletion During the year	Balance as at 31st March 2012	Dep as at 31st March 2011	Dep. for the year	Dep. on March 2012	Balance as at 31st March 2012	Balance as at 31st March 2012
Computer Software	506,242	-	-	506,242	153,811	126,561	280,372	225,870	392,214
<b>Total</b>	<b>506,242</b>	<b>-</b>	<b>-</b>	<b>506,242</b>	<b>153,811</b>	<b>126,561</b>	<b>280,372</b>	<b>225,870</b>	<b>392,214</b>
Total of Previous Year	159,130	347,112	-	506,242	60,460	53,568	114,028	392,214	98,670

### NOTE 9 - CAPITAL WORK IN PROGRESS

Capital Work In Progress	-	1,523,250	-	1,523,250	-	-	-	1,523,250	-
<b>Total</b>	<b>-</b>	<b>1,523,250</b>	<b>-</b>	<b>1,523,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,523,250</b>	<b>-</b>
Total of Previous Year	-	-	-	-	-	-	-	-	-
<b>NET TOTAL</b>	<b>536,561,533</b>	<b>22,846,342</b>	<b>19,059,806</b>	<b>540,348,069</b>	<b>156,615,311</b>	<b>26,594,783</b>	<b>164,355,839</b>	<b>375,992,224</b>	<b>379,946,219</b>

### NOTE 10: NON CURRENT INVESTMENTS

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted ₹	Unquoted ₹	Total ₹	Quoted ₹	Unquoted ₹	Total ₹
Investments (At cost):						
<b>A. Trade @</b>						
(a) Investment in equity instruments						
(i) of subsidiaries						
1,00,000 Equity shares (As at 31 March, 2011: 1,00,000) of ₹ 10. each fully paid up in Einet Software City Ltd.		1,000,000	1,000,000		1,000,000	1,000,000
<b>Total - investments (A)</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>
(ii) of associates						
(i) of other entities - 30,25,300 Equity Shares (As at 31 March, 2011: 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 - investments (B)</b>	<b>-</b>	<b>30,253,000</b>	<b>30,253,000</b>	<b>-</b>	<b>30,253,000</b>	<b>30,253,000</b>
<b>Total (A+B)</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>

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

<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 March 2012</b>		<b>As at 31 March 2011</b>
		<b>₹</b>	<b>₹</b>
(a) Capital advances			
Unsecured, considered good		4,423,563	1,651,878
(b) Security deposits			
Unsecured, considered good		3,011,043	3,352,573
(c) Loans and advances to employees			
Unsecured, considered good		264,390	74,713
(d) Prepaid expenses - Unsecured, considered good (Insurance premium, Annual maintenance contracts, etc.)		1,635,288	1,643,723
(e) Income Tax			
Unsecured, Considered Good Balance with Revenue Authority Net Off Advance Tax, TDS Asst Year 2012-13 & Provision for Tax	821,791		-
Net Off Advance Tax, TDS Asst Year 2011-12 & Provision for Tax		-	418,814
Advance Tax & TDS previous years	19,000,776		18,581,962
		19,822,567	19,000,776
(f) CENVAT credit receivable			
Unsecured, considered good		8,442	-
<b>Total</b>		<b>29,165,293</b>	<b>25,723,663</b>

<b>NOTE 12: TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	24,630	1,511
Other Trade receivables		
Secured, considered good	17,490,357	14,419,249
<b>Total</b>	<b>17,514,987</b>	<b>14,420,760</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 13: CASH AND CASH EQUIVALENTS**

<b>Particulars</b>	<b>As at 31 March 2012 ₹</b>	<b>As at 31 March 2011 ₹</b>
(a) Cash on hand	53,388	11,496
(b) Balances with banks		
(i) In current accounts	9,386,008	5,105,353
(ii) In deposit accounts	45,000,000	57,500,000
(iii) Unpaid dividend accounts	2,124,922	1,983,986
<b>Total</b>	<b>56,564,318</b>	<b>64,600,835</b>

**NOTE 14: SHORT TERM LOANS AND ADVANCES**

(a) Others		
Secured, considered good	552,469	78,411
Unsecured, considered good	-	-
Doubtful	356,582	376,610
<b>Total</b>	<b>909,051</b>	<b>455,021</b>

**NOTE 15: OTHER CURRENT ASSETS**

(a) Accruals		
(i) Interest accrued on deposits	3,112,809	952,792
(b) Others		
(i) Others ( Gratuity LIC Fund)	1,267,653	1,387,488
<b>Total</b>	<b>4,380,462</b>	<b>2,340,280</b>

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<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>		
<b>NOTE 16: REVENUE FROM OPERATIONS</b>		
<b>Particulars</b>	<b>For the year ended 31 March 2012 ₹</b>	<b>For the year ended 31 March 2011 ₹</b>
<b>1 Sale of services comprises:</b>		
(a) Compensation Income	127,308,658	118,789,509
(b) Other operating revenue	41,462,886	41,855,762
<b>Total - Sale of services</b>	<b>168,771,544</b>	<b>160,645,271</b>
<b>NOTE 17: OTHER INCOME</b>		
(a) Interest income (Refer Note (i) below)	5,240,190	4,354,651
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	728,299	1,848,901
<b>Total</b>	<b>5,968,489</b>	<b>6,203,552</b>
<b>Note : (i)</b> Interest income comprises:		
Deposits	5,236,853	4,354,651
Interest on loans and advances	3,337	-
<b>Total - Interest income</b>	<b>5,240,190</b>	<b>4,354,651</b>
<b>Note : (ii)</b> Profit on sale of fixed assets	461,033	432,692
Liabilities / provisions no longer required written back	267,266	1,416,209
<b>Total - Other non-operating income</b>	<b>728,299</b>	<b>1,848,901</b>
<b>NOTE 18: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	10,113,860	9,690,061
Contributions to provident and other funds	1,251,579	1,046,288
Staff welfare expenses	437,003	271,862
<b>Total</b>	<b>11,802,442</b>	<b>11,008,211</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 19: FINANCE COSTS**

Particulars	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
<b>Interest expense on:</b>		
(i) Borrowings	3,452,940	9,787,406
(ii) Others	77,699	62,391
<b>Total</b>	<b>3,530,639</b>	<b>9,849,797</b>

**NOTE 20: OTHER EXPENSES**

Power and fuel	32,464,746	27,572,839
Water	1,275,945	930,675
Rent including lease rentals	1	1
Repairs and maintenance - Buildings	19,683,171	17,758,318
Repairs and maintenance - Machinery	2,973,683	2,326,345
Repairs and maintenance - Others	6,224,824	5,310,929
Insurance	917,788	892,156
Rates and taxes	2,055,846	1,919,656
Communication	460,746	431,353
Travelling and conveyance	362,044	202,887
Printing and stationery	494,781	358,417
Business promotion	341,256	579,765
Legal and professional	203,232	176,240
Payments to auditors (Refer Note (i) below)	519,869	392,855
Loss on fixed assets sold / scrapped / written off	185,551	55,650
Sitting Fees	588,000	560,000
Miscellaneous expenses	508,944	331,496
<b>Total</b>	<b>69,260,427</b>	<b>59,799,582</b>
<b>(i) Payments to the auditors comprises</b>		
As auditors - statutory audit	196,630	193,025
For taxation matters	249,205	133,650
For other services	74,034	66,180
<b>Total</b>	<b>519,869</b>	<b>392,855</b>

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### **NOTES 21 ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

#### **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 Gandhis Salai, Taramani, Chennai. ETL's core competence is to develop and manage Software Technology Park. ETL has pioneered the concept of Software Technology Park in India and also providing infrastructure to IT and ITES.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of Preparation of Financial Statements**

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

##### **2.2 Accounting Estimates**

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

##### **2.3 Revenue Recognition**

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

Interest Income is also accounted on accrual basis.

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

##### **2.4 Fixed Assets and Intangibles**

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



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

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

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

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

The Company has classified Accounting Software as Intangible.

## **2.5 Impairment of Assets**

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

## **2.6 Depreciation**

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

Depreciation on fixed assets is applied on the straight line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for less than ₹ 5,000) are depreciated within the year of acquisition. Intangible Assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date of the asset is available to the Company for its use. From 2008-09 onwards the management estimates the useful life of certain assets like Computer, Furniture and Fixtures, Office Equipment, UPS, Plant and Machinery and Vehicles and revised and adopted higher rate of depreciation @ 25% on straight line method to the extent unavailed, instead of the rate as per the Schedule XIV of the Companies Act, 1956.

## **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. DISCLOSURES UNDER ACCOUNTING STANDARDS

### 3.1 Retirement benefits to employees

#### (i) Defined Contribution Plan

##### Provident fund

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

The Company recognized ₹ 5,44,911/= (2011 : ₹ 4,99,151/-) for provident fund contribution in the statement of profit & loss. Further an additional contribution of ₹1,87,103/- (2011 : ₹ 2,51,675/-) has been made to the Trust to meet the shortfall in managing the trust, being the "excess of expenditure over income". The Company has registered with the Regional Provident Fund Organisation with effect from March 2012.

#### (ii) Defined benefit plan

##### Gratuity

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

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

**Change in benefit obligations:** ₹ in lakhs

Particulars	Gratuity Plan 31.03.2012	Gratuity Plan 31.03.2011
Projected benefit obligation at beginning of the year	14.43	16.53
Service Cost	1.90	0.51
Interest cost	1.15	1.32
Actuarial (gain)/loss	1.04	0.81
Benefits paid	(3.26)	(4.74)
Projected benefit obligation, end of the year	15.26	14.43

**Change in plan assets:** ₹ in lakhs

Particulars	Gratuity Plan 31.03.2012	Gratuity Plan 31.03.2011
Plan assets at beginning of the year at fair value	13.87	16.17
Expected return on plan assets	1.14	1.25
Actuarial (gain)/loss	-----	-----
Employer's Contributions	0.92	1.20
Benefits paid	(3.26)	(4.74)
Plan assets at end of the year at fair value	12.67	13.87

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

₹ in lakhs

	31.03.2012	31.03.2011
Fair value of plan assets at the end of the year	12.67	13.87
Present value of the defined benefit obligations at the end of the period	15.26	14.43
( Liability ) / Asset	(2.59)	(0.56)

**Gratuity cost for the year ended March 31st 2012**

₹ in lakhs

Particulars	Gratuity Plan	Gratuity Plan
Service cost	1.90	0.51
Interest cost	1.15	1.32
Expected return on plan assets	(1.14)	(1.25)
Actuarial (gain)/ loss	1.04	0.81
Net cost	2.95	0.81

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### Investment details of plan assets :

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

### Assumptions

Particulars	Gratuity Plan 31.03.2012	Gratuity Plan 31.03.2012
Discount rate	8%	8%
Salary escalation rate	8%	8%
Estimated rate of return on plan assets	8%	8%

### iii Leave encashment

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

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

### 3.3 Related Party transactions

#### Related Party Disclosures

I. Name of the related party	Electronic Corporation of Tamil Nadu Ltd (ELCOT)
Description of the relationship between the parties	Joint venture partner holding 26% Equity capital of the company
Description of the nature of transaction	Lease of land presently occupied by the Company. Land Lease Rentals
Volume of transactions	₹ 1/- towards lease rent (2011 : ₹ 1)
Any other element of the transaction necessary for understanding the transaction	Nil
Amount outstanding at the balance sheet date	₹ 11,03,25,537 (2011 : ₹ 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 & electricity Charges for Space occupied by them in Elnet Software City. c) Purchase of Car
Volume of transactions	a) ₹ 3,02,53,000/- (2011 : ₹ 3,02,53,000/-) b) ₹10,83,035/- (2011 : ₹1,78,537/-) c) Nil (2011 : ₹ 6,98,231/-)
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	₹ 10,07,000/- (2011 : ₹ 1,78,537/-)
Amount written back during the year	NIL
<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 b) Payment for preoperative and other expenses
Volume of transactions	a) ₹10,00,000/- (2011 : ₹ 10,00,000/-) b) ₹ 1,573/- (2011 : ₹ 120/-)
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL
<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	₹ 1,46,503/- (2011 : ₹ 1,46,503/-)

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Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	a) ₹ 60,09,141/- (2011 : ₹ 60,09,141/-) b) ₹ 1,46,503/- (2011 : ₹ 1,46,503/-)
Amount written back during the year	NIL

<b>V Name of the related party</b>	<b>Shri. Shanmugam Thiagarajan (Formerly Shri Thiagaraj S Chettiar)</b>
Description of the relationship between the parties	Spouse of Director
Description of the nature of transaction	Unsecured Loan of ₹ 3,66,24,742/- (2011 : ₹ 3,66,24,742/-)
Volume of transactions	₹ 3,66,24,742/- (2011 : ₹ 3,66,24,742/-)
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	₹ 3,66,24,742/- (2011 : ₹ 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	Remuneration
Volume of transactions	₹ 14,00,000/- (2011 ₹ 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 March 2012 (₹)	As at 31 March 2011 (₹)
Cost of Buildings leased	21,87,17,054	21,87,17,054
Depreciation providing during year on Buildings leased	35,65,092	35,54,603
Accumulated depreciation on buildings leased	4,15,77,109	3,80,12,017
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	14,63,33,682	12,33,06,866
Later than one year and not later than five years	67,46,38,502	16,84,58,983
Later than five years	1,11,99,431	1,75,12,260

### 3.5 Earnings per share

	2011-12 (₹)	2010 -11 (₹)
a. Net Profit available for Equity Shareholders	4,21,35,319	3,64,60,785
b. Number of Equity Shares	40,00,007	40,00,007
c. Basic & adjusted EPS	10.53	9.12

### 3.6 Deferred Tax Liability /Asset

As per the Accounting Standard “AS 22” issued by the Institute of Chartered Accountants of India (ICAI), the Company is required to make a provision for “deferred tax liability/ asset”. During the year an amount of ₹15,83,577/- has been recognized for deferred tax asset.

The balance deferred tax liability (net) outstanding as on 31.03.2012 is ₹ 2,80,88,992/- the details of which are as follows: ₹ in lakhs

	As at 31.3.2011	Tax effect for the year	As at 31.3.2012
Deferred Tax ( Liability)			
Fixed Assets	(306.76)	14.31	(292.45)
Sub Total	(306.76)	14.31	(292.45)
Deferred Tax Asset			
Amortization of Land registration Charges	10.03	1.53	11.56
Sub Total	10.03	1.53	11.56
Deferred Tax Asset / ( Liability)	(296.73)	15.84	(280.89)

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### 4. ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

#### 4.1 Secured Loans

The Company closed its secured loan on 8th March 2012. The Company filed Form 17 in respect of Satisfaction of Charges with the Registrar of Companies through the Ministry of Company Affairs portal and got the same approved.

#### 4.2 Wind Mill

During the financial year the Company sold 10,98,647 units to Tamilnadu Electricity Board. (2011 : 13,11,299 units).

#### 4.3 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.

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

Particulars	2011 –12 (₹)	2010–11 (₹)
1. Statutory Audit	1,75,000	1,75,000
2. Tax Audit Fees	50,000	50,000
3. Certification	60,000	60,000
4. Taxation Matters	1,50,000	-

#### 4.5 Investments

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/- (2011 : ₹ 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/- (2011 : ₹ 10,00,000/-)

#### **4.6 Current Liabilities**

- (i) The company continues to hold the amount of ₹1,46,503/- (2011 : ₹ 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 31.3.2012. The balance amount lying under the Unpaid Dividend Account 2004–2005 declared on 7.5.2005 for the year 2004-05 falls due on 6.5.2012.
- (iii) Provision for taxation has been netted off against advance tax paid and tax deducted at source.

#### **4.7 Statement of Profit and Loss**

Electricity Expenses have been reduced to the extent of ₹ 43,94,588/- (2011 : ₹ 48,64,920/) from sale of electricity generated from windmill. There is no impact on the Statement of Profit and Loss.

- 4.8** Estimated amount of liability on capital contracts as on 31.03.2012 not provided for is ₹ 45,19,886/- (2011 : ₹ 28,48,967/-)

#### **4.9 Contingent Liabilities in respect of:**

Claims against the Company not acknowledged as debts.

- (i) Claim by Department of Telecommunications

The Department of Telecommunications (DoT) filed a claim against the company for ₹ 20,82,233/- (2011 : ₹ 20,82,233/-) before the Sole Arbitrator in the matter of payment towards license fees and interest thereon. The Arbitrator's award was made in June 2005 according to which a sum of ₹5,48,288 and interest there on is payable by the company to DoT. The company accepted the award and decided to effect the payment after waiting for the appeal period. However DoT has filed an appeal in the High Court of Delhi against the Arbitrator's award. The Company accordingly recognized the total liability at ₹10,37,762/- as at 31.3.2012. The difference in claim amounting to ₹ 10,44,471/- is shown under "claims against the Company not acknowledged as debts".

- (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. In the event the High Court reverses the Order of the Income Tax Appellate Tribunal, there will be a contingent liability of ₹ 415.56 lakhs (2011 : ₹ 264.23 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. In view of this, there is a contingent liability of ₹ 2,13,34,807/- (2011 : ₹ 1,69,52,681/-).

(iv) 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.

(v) Other pending items under dispute - Nil (2011 : Nil)

5. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Managing Director

**P.S. Kumar**  
Director

Place : Chennai  
Date : 17.05.2012

**K. Padmanaban**  
Director

As per our report attached

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

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

<b>CASH FLOW STATEMENT FOR THE YEAR 2011 - 2012</b>		
<b>PARTICULARS</b>	<b>Year ended 31 March 2012 ₹</b>	<b>Year ended 31 March 2011 ₹</b>
<b>A. Cash flow from Operating activities:</b>		
Net Profit before tax and extraordinary items	63,551,742	57,088,331
<b>Adjustments for:</b>		
Add: Depreciation	26,594,783	29,102,902
Interest & Financial Charges paid	3,530,639	9,849,797
Advance FBT	20,028	-
Loss on sale of Fixed Assets	185,551	55,650
	<b>93,882,743</b>	<b>96,096,680</b>
Less : Interest income	5,236,853	4,354,651
Sale of Scrapped Assets	461,033	432,692
<b>Operating Profit Before Working Capital Changes</b>	<b>88,184,857</b>	<b>91,309,337</b>
<b>Adjustments for:</b>		
(Increase) / Decrease in Trade & Other receivables	(6,209,256)	(2,955,372)
Increase / (Decrease) in Trade Payables & other liabilities	(1,560,370)	2,488,976
<b>Cash Generated from Operations</b>	<b>80,415,231</b>	<b>90,842,941</b>
Income tax paid( Net of Refunds)	23,821,792	17,044,081
<b>Net Cash from Operating Activities</b>	<b>56,593,439</b>	<b>73,798,860</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(22,846,342)	(5,589,810)
Proceeds from Sale of Fixed Assets	481,033	572,692
Interest received	3,076,836	4,310,627
<b>Net cash from Investing activities</b>	<b>(19,288,473)</b>	<b>(706,491)</b>

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

PARTICULARS	Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
<b>C: Cash flow from Financing Activities</b>		
Repayment of Compensation Deposit	(11,262,193)	(15,396,000)
Increase in Compensation Deposits	19,599,352	23,194,000
Repayment of Secured Loans	(44,710,250)	(50,818,506)
Interest Paid	(3,530,639)	(9,849,797)
Dividend Paid (Including dividend tax)	(5,437,753)	(5,597,241)
<b>Net Cash from Financing Activities</b>	<b>(45,341,483)</b>	<b>(58,467,544)</b>
<b>Net Increase in Cash and Cash Equivalents ( A+B+C )</b>	<b>(8,036,517)</b>	<b>14,624,825</b>
Cash and cash equivalents at the beginning of the year	64,600,835	49,976,010
<b>Cash and cash equivalents at the end of the year</b>	<b>56,564,318</b>	<b>64,600,835</b>

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Managing Director

Place : Chennai  
Date : 17.05.2012

**P.S. Kumar**  
Director

**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 period ended 31st March, 2012. 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 : 17.05.2012

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

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

<b>Sl.No.</b>	<b>Particulars</b>
1	Name of the Subsidiary Company Elnet Software City Limited
2	Financial year of the Subsidiary Company ended on 31.03.2012
3	Holding Company's Interest
	a) No. of Shares (₹ 10/- each) (Including Nominees) 1,00,000
	b) Extent of holding (%) 100.00%
4	Net aggregate amount of the Subsidiary's Profit / (Losses) not dealt with in the Holding Company's accounts
	i) for the Subsidiary's Financial Year NIL
	ii) for its Previous Financial Year NIL
5	Net aggregate amount of the Subsidiary's Profit / (Losses) not 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 : 17.05.2012

**Unnamalai Thiagarajan**  
Managing Director

**C. Ramachandran**  
Director

**K.Padmanaban**  
Director

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

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### CONSOLIDATED ACCOUNTS

#### AUDITORS' REPORT

TO THE MEMBERS OF M/S. ELNET TECHNOLOGIES LTD., on the consolidated Financial Statements of ELNET TECHNOLOGIES LTD., and its subsidiary, ELNET SOFTWARE CITY LIMITED.

We have audited the attached Consolidated Balance Sheet of M/s. ELNET TECHNOLOGIES LTD., and its subsidiary, ELNET SOFTWARE CITY LIMITED as at 31st March 2012, consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year ended on that date, annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial Statement of the subsidiary whose financial statements reflects total assets of ₹ 10,08,427/- as at 31st March 2012. These financial Statements have been audited by other auditor, whose report have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of the subsidiary, is based solely on the reports of other auditor.
3. We report that the consolidated financial statements have been prepared by the company in accordance with requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the company and its subsidiary included in the consolidated financial statements.
4. On the basis of information and explanations given to us and on the consideration of separate audit report on individual audited financial statements of the company and its subsidiary, we are of the opinion that the said consolidated financial statements gives a true and fair view in conformity with the accounting principles generally accepted in India:



- i) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiary as at 31st March 2012.
- ii) in the case of the Consolidated Statement of Profit and Loss, consolidated result of operation of the company and its subsidiary for the year ended 31st March 2012.
- iii) in the case of the Consolidated Cash Flow Statement, of the consolidated Cash Flows of the company and its subsidiary for the year ended 31st March 2012.

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

Place : Chennai  
Date : 17.05.2012

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

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

<b>CONSOLIDATED BALANCE SHEET</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>As at 31 March 2012 ₹</b>	<b>As at 31 March 2011 ₹</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	289,838,090	253,281,460
		<b>329,838,160</b>	<b>293,281,530</b>
<b>2 Non-current liabilities</b>			
(a) Long term borrowings	3	42,633,883	87,344,133
(b) Deferred tax liabilities (net)		28,088,992	29,672,569
(c) Other Long term liabilities	4	101,370,169	93,031,211
(d) Long term provisions	5	356,582	356,582
		<b>172,449,626</b>	<b>210,404,495</b>
<b>3 Current liabilities</b>			
(a) Trade payables	6	906,621	2,206,505
(b) Other current liabilities	7	3,747,121	4,459,153
(c) Short term provisions	8	8,846,234	8,403,068
		13,499,976	15,068,726
<b>TOTAL</b>		<b>515,787,762</b>	<b>518,754,751</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	374,243,104	379,554,002
(ii) Intangible assets	9	225,870	392,214
(iii) Capital work-in-progress	9	1,772,037	231,269
		376,241,011	380,177,485
(b) Non-current investments	10	30,253,000	30,253,000
(c) Long term loans and advances	11	29,165,293	25,723,663
(d) Other non-current assets	12	40,652	40,652
		<b>59,458,945</b>	<b>56,017,315</b>
<b>2 Current assets</b>			
(a) Trade receivables	13	17,514,987	14,420,760
(b) Cash and cash equivalents	14	57,283,306	65,343,890
(c) Short term loans and advances	15	909,051	455,021
(c) Other current assets	16	4,380,462	2,340,280
		80,087,806	82,559,951
<b>TOTAL</b>		<b>515,787,762</b>	<b>518,754,751</b>

Note 22 is an integral part of these financial statements

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**

Managing Director

Place : Chennai

Date : 17.05.2012

**P.S. Kumar**

Director

**K. Padmanaban**

Director

As per our report attached

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

Chartered Accountants

**Sreedhar Sreekakulam**

Partner

M.No: 026474 FRN: 000438S

<b>CONSOLIDATED STATEMENT OF PROFIT AND LOSS</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>For the year ended 31 March 2012 ₹</b>	<b>For the year ended 31 March 2011 ₹</b>
<b>CONTINUING OPERATIONS</b>			
1 Revenue from operations	17	168,771,544	160,645,271
2 Other income	18	5,968,489	6,203,552
3 Total revenue		174,740,033	166,848,823
4 Expenses			
(a) Employee benefits expense	19	11,802,442	11,008,211
(b) Finance costs	20	3,530,639	9,849,797
(c) Depreciation and amortisation expense	9	26,594,783	29,102,902
(d) Other expenses	21	69,260,427	59,799,582
Total expenses		<b>111,188,291</b>	<b>109,760,492</b>
5 Profit / (Loss) before tax		63,551,742	57,088,331
6 Tax expense:			
(a) Current tax expense for current year		23,000,000	22,800,000
(b) Deferred tax		(1,583,577)	(2,172,454)
		21,416,423	20,627,546
7 Profit / (Loss) for the year		42,135,319	36,460,785
8 Earnings per share			
(a) Basic			
(i) Continuing operations		10.53	9.12
(b) Diluted			
(i) Continuing operations		10.53	9.12

Note 22 is an integral part of these financial statements

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**

Managing Director

Place : Chennai

Date : 17.05.2012

**P.S. Kumar**

Director

**K. Padmanaban**

Director

As per our report attached

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

Chartered Accountants

**Sreedhar Sreekakulam**

Partner

M.No: 026474 FRN: 000438S

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

<b>NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>				
<b>NOTE 1: SHARE CAPITAL</b>				
<b>Particulars</b>	<b>As at 31 March, 2012</b>		<b>As at 31 March, 2011</b>	
	<b>Number of shares</b>	<b>Amount in ₹</b>	<b>Number of shares</b>	<b>Amount in ₹</b>
<b>(a) Authorised</b>	5,000,000	50,000,000	5,000,000	50,000,000
Equity shares of ₹ 10/- each with voting rights	5,000,000	50,000,000	5,000,000	50,000,000
<b>(b) Issued</b>	4,000,007	40,000,070	4,000,007	40,000,070
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>	4,000,007	40,000,070	4,000,007	40,000,070
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>

<b>(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>								
<b>Particulars</b>	<b>Opening Balance</b>	<b>Fresh issue</b>	<b>Bonus</b>	<b>ESOP</b>	<b>Conversion</b>	<b>Buy back</b>	<b>Other changes</b>	<b>Closing Balance</b>
Equity shares with voting rights								
Year ended 31 March, 2012								
- Number of shares	4,000,007	-	-	-	-	-	-	4,000,007
- Amount ( ₹ )	40,000,070	-	-	-	-	-	-	40,000,070
Year ended 31 March, 2011								
- Number of shares	4,000,007	-	-	-	-	-	-	4,000,007
- Amount ( ₹ )	40,000,070	-	-	-	-	-	-	40,000,070

<b>(ii) Details of shares held by each shareholder holding more than 5% shares:</b>				
<b>Class of shares / Name of shareholder</b>	<b>As at 31 March, 2012</b>		<b>As at 31 March, 2011</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>				
Electronic Corporation of Tamil Nadu Ltd	1,040,006	26.00	1,040,006	26.00
Stur Technologies Pvt Ltd	450,000	11.25	450,000	11.25
Southern Projects Management Pvt Ltd	254,371	6.36	254,371	6.36
Shanmugham Thiagarajan	314,927	7.87	314,927	7.87
Other - Public	1,940,703	48.52	1,940,703	48.52
<b>Total</b>	<b>4,000,007</b>	<b>100.00</b>	<b>4,000,007</b>	<b>100.00</b>

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

**NOTE 2: RESERVES AND SURPLUS**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>(a) General reserve</b>		
<b>Opening balance</b>	176,000,000	156,000,000
Add: Transferred from surplus in Statement of Profit and Loss	20,000,000	20,000,000
<b>Closing balance</b>	<b>196,000,000</b>	<b>176,000,000</b>
<b>(b) Other reserves</b>		
(i) Opening balance: Subsidy from SIPCOT	2,575,000	2,575,000
<b>Closing balance</b>	<b>2,575,000</b>	<b>2,575,000</b>
(ii) Opening balance: Surplus / (Deficit) in Statement of Profit and Loss		
<b>Opening balance</b>	74,706,460	63,824,364
Add: Profit / (Loss) for the year		
Amounts transferred from Statement of Profit and Loss	42,135,319	36,460,785
Less: Final Dividend		
Dividends proposed to be distributed & Distributed to equity shareholders (Rs. 1.20 & Rs. 1.20 per share respectively)	4,800,008	4,800,008
Tax on dividend	778,681	778,681
Transferred to:		
General reserve	20,000,000	20,000,000
<b>Closing balance</b>	<b>91,263,090</b>	<b>74,706,460</b>
<b>Total</b>	<b>289,838,090</b>	<b>253,281,460</b>

**NOTE 3: LONG TERM BORROWINGS**

(a) Term loans		
From banks		
Secured	-	44,710,250
(b) Loans and advances from related parties		
Unsecured	42,633,883	42,633,883
<b>Total</b>	<b>42,633,883</b>	<b>87,344,133</b>

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

(i) Details of terms of repayment for the other Long term borrowings and security provided in respect of the secured other Long term borrowings:

Particulars	Terms of repayment and security	As at 31 March, 2012		As at 31 March, 2011	
		Secured Amount In ₹	Unsecured Amount In ₹	Secured Amount In ₹	Unsecured Amount In ₹
<b>Term loans from banks:</b>					
State Bank Of India - Industrial Finance Branch, Chennai	Loan was closed on 08.03.2012. Satisfaction of charges approved on 25.04.2012	-	-	44,710,250	-
<b>Total - Term loans from banks</b>		-	-	<b>44,710,250</b>	-
<b>Loans and advances from related parties:</b>					
Shanmugham Thiagarajan	Spouse of Managing Director	-	36,624,742	-	36,624,742
Stur Technologies Pvt Ltd.,	Promotor	-	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>

### NOTE 4: OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
(a) Others:		
(i) Trade / security deposits received	913,560	911,761
(ii) Others: Compensation Deposits	100,456,609	92,119,450
<b>Total</b>	<b>101,370,169</b>	<b>93,031,211</b>

### NOTE 5: LONG TERM PROVISIONS

(a) Provision - Others:		
(i) Provision - Bad Debts	356,582	356,582
<b>Total</b>	<b>356,582</b>	<b>356,582</b>

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

**NOTE 6: TRADE PAYABLES**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Trade payables:		
Acceptances	899,037	2,192,279
<b>Total</b>	<b>899,037</b>	<b>2,192,279</b>

**NOTE 7: OTHER CURRENT LIABILITIES**

(a) Unpaid dividends	2,124,922	1,983,986
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	366,534	1,258,799
(ii) Department of Telecommunication, Interest on Disputed Dividend & Token Deposits	1,255,665	1,216,368
<b>Total</b>	<b>3,747,121</b>	<b>4,459,153</b>

**NOTE 8: SHORT TERM PROVISIONS**

<b>(a) Provision for employee benefits:</b>		
(i) Provision for bonus & Ex- Gratia	764,250	637,271
(ii) Provision for compensated absences	977,228	744,319
(iii) Provision for gratuity	1,526,067	1,442,789
	<b>3,267,545</b>	<b>2,824,379</b>
<b>(b) Provision - Others:</b>		
(i) Provision for proposed equity dividend	4,800,008	4,800,008
(ii) Provision for tax on proposed dividends	778,681	778,681
	<b>5,578,689</b>	<b>5,578,689</b>
<b>Total</b>	<b>8,846,234</b>	<b>8,403,068</b>

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

<b>NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>										Amount in ₹
<b>NOTE 9 - TANGIBLE ASSETS (CONSOLIDATED)</b>										
ASSET GROUP	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Assets as at 31/03/2011	Addition During the year	Deletion During the year	Balance as at 31/03/2012	Dep as at 31/03/2011	Dep. for the year	Dep. on Deletion	Dep. as at 31/03/2012	Balance as at 31/03/2012	Balance as at 31/03/2011
<b>LAND</b>										
Free Hold	675,000	-	-	675,000	-	-	-	-	675,000	675,000
Lease Hold	115,041,537	-	-	115,041,537	3,301,270	471,670	-	3,772,940	111,268,597	111,740,267
<b>BUILDINGS</b>										
Buildings	218,717,052	-	-	218,717,052	38,012,017	3,565,092	-	41,577,109	177,139,943	180,705,035
Plant&Machinery	12,145,360	5,562,502	208,207	17,499,655	7,569,788	847,826	208,207	8,209,407	9,290,248	4,575,572
WindMill	27,625,000	-	-	27,625,000	18,570,675	2,856,425	-	21,427,100	6,197,900	9,054,325
Electrical Fittings	54,799,737	1,243,923	-	56,043,660	22,571,314	2,636,673	-	25,207,987	30,835,673	32,228,422
Furniture&Fixture	37,237,278	3,568,807	13,321,018	27,485,067	24,067,783	7,924,542	13,321,018	18,671,307	8,813,760	13,169,493
Fitouts	-	9,581,294	-	9,581,294	-	1,350,786	-	1,350,786	8,230,508	-
<b>OFFICE EQUIPMENTS</b>										
Computer	564,372	97,820	283,130	379,062	440,249	79,571	283,130	236,690	142,372	84,339
Air Conditioner	16,302,446	870,881	319,064	16,854,263	9,676,396	1,713,930	319,064	11,071,262	5,783,001	6,626,049
UPS	14,100,451	145,865	3,989,320	10,256,996	13,333,344	770,247	3,989,320	10,114,271	142,725	767,106
Others	15,390,612	-	520,537	14,870,075	12,268,453	2,548,297	520,537	14,296,213	573,862	3,122,159
Xerox	398,740	252,000	318,120	332,620	99,537	18,723	112,569	5,691	326,929	299,204
Multilevel car park	20,348,801	-	-	20,348,801	4,533,783	1,509,882	-	6,043,665	14,305,136	15,815,018
VEHICLE	2,708,905	-	100,410	2,608,495	2,016,891	174,558	100,410	2,091,039	517,456	692,016
<b>Total</b>	<b>536,055,291</b>	<b>21,323,092</b>	<b>19,059,806</b>	<b>538,318,577</b>	<b>156,461,500</b>	<b>26,468,222</b>	<b>18,854,255</b>	<b>164,075,467</b>	<b>374,243,104</b>	<b>379,554,002</b>
Total of Previous Year	533,192,531	5,242,698	2,352,000	536,055,290	129,636,241	29,049,334	2,184,286	156,501,285	379,554,002	403,556,290



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS** Amount in ₹

**NOTE 9 - INTANGIBLE ASSETS (CONSOLIDATED)**

ASSET GROUP	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	Assets as at 31/03/2011	Addition During the year	Deletion During the year	Balance as at 31/03/2012	Dep as at 31/03/2011	Dep. for the year	Dep. on Deletion	Dep. as at 31/03/2012	Balance as at 31/03/2012	Balance as at 31/03/2011
Computer Software	506,242	-	-	506,242	153,811	126,561	-	280,372	225,870	392,214
<b>Total</b>	<b>506,242</b>	<b>-</b>	<b>-</b>	<b>506,242</b>	<b>153,811</b>	<b>126,561</b>	<b>-</b>	<b>280,372</b>	<b>225,870</b>	<b>392,214</b>
Total of Previous Year	159,130	347,112	-	506,242	60,460	53,568	-	114,028	392,214	392,214

**NOTE 9 - CAPITAL WORK IN PROGRESS (CONSOLIDATED )**

Capital Work In Progress	231,269	1,540,768	-	1,772,037	-	-	-	-	1,772,037	231,269
<b>Total</b>	<b>231,269</b>	<b>1,540,768</b>	<b>-</b>	<b>1,772,037</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,772,037</b>	<b>231,269</b>
Total of Previous Year	206,926	24,343	-	231,269	-	-	-	-	231,269	231,269

**NOTE 10: NON CURRENT INVESTMENTS**

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted Amount In ₹	Unquoted Amount In ₹	Total Amount In ₹	Quoted Amount In ₹	Unquoted Amount In ₹	Total Amount In ₹
<b>Investments (At cost):</b>						
(i) of Associates						
(i) of other entities - 30,25,300 Equity Shares (As at 31 March, 2011: 30,25,300) of Rs. 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 Investments</b>	<b>-</b>	<b>30,253,000</b>	<b>30,253,000</b>	<b>-</b>	<b>30,253,000</b>	<b>30,253,000</b>

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<b>NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>			
<b>NOTE 11: LONG TERM LOANS AND ADVANCES</b>			
<b>Particulars</b>	<b>As at 31 March 2012 ₹</b>		<b>As at 31 March 2011 ₹</b>
(a) Capital advances			
Unsecured, considered good		4,423,563	1,651,878
(b) Security deposits			
Unsecured, considered good		3,011,043	3,352,573
(c) Loans and advances to employees			
Unsecured, considered good		264,390	74,713
(d) Prepaid expenses - Unsecured, considered good (Insurance premium, Annual maintenance contracts, etc.)		1,635,288	1,643,723
(e) Income Tax			
Unsecured, Considered Good			
Balance with Revenue Authority			
Net Off Advance Tax, TDS Asst Year 2012-13 & Provision for Tax	821,791		-
Net Off Advance Tax, TDS Asst Year 2011-12 & Provision for Tax		-	418,814
Advance Tax & TDS previous years	19,000,776		18,581,962
		19,822,567	19,000,776
(f) CENVAT credit receivable			
Unsecured, considered good		8,442	-
<b>Total</b>		<b>29,165,293</b>	<b>25,723,663</b>

<b>NOTE 12: OTHER NON CURRENT ASSETS</b>		
(i) Miscellaneous Expenses not written off	40,652	40,652
<b>Total</b>	<b>40,652</b>	<b>40,652</b>

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

**NOTE 13: TRADE RECEIVABLES**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	24,630	1,511
Other Trade receivables		
Secured, considered good	17,490,357	14,419,249
<b>Total</b>	<b>17,514,987</b>	<b>14,420,760</b>

**NOTE 14: CASH AND CASH EQUIVALENTS**

(a) Cash on hand	53,388	11,496
(b) Balances with banks		
(i) In current accounts	10,104,996	5,848,408
(ii) In deposit accounts	45,000,000	57,500,000
(iii) Unpaid dividend accounts	2,124,922	1,983,986
<b>Total</b>	<b>57,283,306</b>	<b>65,343,890</b>

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

(a) Others		
Secured, considered good	552,469	78,411
Unsecured, considered good	-	-
Doubtful	356,582	376,610
<b>Total</b>	<b>909,051</b>	<b>455,021</b>

**NOTE 16: OTHER CURRENT ASSETS**

(a) Accruals		
(i) Interest accrued on deposits	3,112,809	952,792
(b) Others		
(i) Others ( Gratuity LIC Fund)	1,267,653	1,387,488
<b>Total</b>	<b>4,380,462</b>	<b>2,340,280</b>

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<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 March 2012 ₹</b>	<b>For the year ended 31 March 2011 ₹</b>
<b>1 Sale of services comprises:</b>		
(a) Compensation Income	127,308,658	118,789,509
(b) Other operating revenue	41,462,886	41,855,762
<b>Total - Sale of services</b>	<b>168,771,544</b>	<b>160,645,271</b>
<b>NOTE 18: OTHER INCOME</b>		
(a) Interest income (Refer Note (i) below)	5,240,190	4,354,651
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	728,299	1,848,901
<b>Total</b>	<b>5,968,489</b>	<b>6,203,552</b>
<b>Note : (i)</b> Interest income comprises:		
Deposits	5,236,853	4,354,651
Interest on loans and advances	3,337	-
<b>Total - Interest income</b>	<b>5,240,190</b>	<b>4,354,651</b>
<b>Note : (ii)</b>		
Profit on sale of fixed assets	461,033	432,692
Liabilities / provisions no longer required written back	267,266	1,416,209
<b>Total - Other non-operating income</b>	<b>728,299</b>	<b>1,848,901</b>
<b>NOTE 19: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	10,113,860	9,690,061
Contributions to provident and other funds	1,251,579	1,046,288
Staff welfare expenses	437,003	271,862
<b>Total</b>	<b>11,802,442</b>	<b>11,008,211</b>
<b>NOTE 20: FINANCE COSTS</b>		
Interest expense on:		
(i) Borrowings	3,452,940	9,787,406
(ii) Others	77,699	62,391
<b>Total</b>	<b>3,530,639</b>	<b>9,849,797</b>

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

**NOTE 21: OTHER EXPENSES**

<b>Particulars</b>	<b>For the year ended 31 March 2012 ₹</b>	<b>For the year ended 31 March 2011 ₹</b>
Power and fuel	32,464,746	27,572,839
Water	1,275,945	930,675
Rent including lease rentals	1	1
Repairs and maintenance - Buildings	19,683,171	17,758,318
Repairs and maintenance - Machinery	2,973,683	2,326,345
Repairs and maintenance - Others	6,224,824	5,310,929
Insurance	917,788	892,156
Rates and taxes	2,055,846	1,919,656
Communication	460,746	431,353
Travelling and conveyance	362,044	202,887
Printing and stationery	494,781	358,417
Business promotion	341,256	579,765
Legal and professional	203,232	176,240
Payments to auditors (Refer Note (i) below)	519,869	392,855
Loss on fixed assets sold / scrapped / written off	185,551	55,650
Sitting Fees	588,000	560,000
Miscellaneous expenses	508,944	331,496
<b>Total</b>	<b>69,260,427</b>	<b>59,799,582</b>
<b>(i) Payments to the auditors comprises</b>		
As auditors - statutory audit	196,630	193,025
For taxation matters	249,205	133,650
For other services	74,034	66,180
<b>Total</b>	<b>519,869</b>	<b>392,855</b>

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### **NOTES 22 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

#### **BASIS OF CONSOLIDATION**

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

#### **1. GENERAL INFORMATION**

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

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of Preparation of Financial Statements**

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

##### **2.2 Accounting Estimates**

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

##### **2.3 Revenue Recognition**

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

Interest Income is also accounted on accrual basis.

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

## **2.4 Fixed Assets and Intangibles**

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

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

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

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

The Company has classified Accounting Software as Intangible.

## **2.5 Impairment of Assets**

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

## **2.6 Depreciation**

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

Depreciation on fixed assets is applied on the straight line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for less than ₹ 5,000) are depreciated within the year of acquisition. Intangible Assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date of the asset is available to the Company for its use. From 2008-09 onwards the management estimates the useful life of certain assets like Computer, Furniture and Fixtures, Office Equipment, UPS, Plant and Machinery and Vehicles and revised and adopted higher rate of depreciation @ 25% on straight line method to the extent unavailed, instead of the rate as per the Schedule XIV of the Companies Act, 1956.

## **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. DISCLOSURES UNDER ACCOUNTING STANDARDS

### 3.1 Retirement benefits to employees

#### (i) Defined Contribution Plan

##### Provident fund

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

The Company recognized ₹ 5,44,911/= (2011 : ₹ 4,99,151/-) for provident fund contribution in the statement of profit & loss. Further an additional contribution of ₹1,87,103/- (2011 : ₹ 2,51,675/-) has been made to the Trust to meet the shortfall in managing the trust, being the "excess of expenditure over income". The Company has registered with the Regional Provident Fund Organisation with effect from March 2012.

#### (ii) Defined benefit plan

##### Gratuity

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

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

**Change in benefit obligations:** ₹ in lakhs

Particulars	Gratuity Plan 31.3.2012	Gratuity Plan 31.3.2011
Projected benefit obligation at beginning of the year	14.43	16.53
Service Cost	1.90	0.51
Interest cost	1.15	1.32
Actuarial (gain)/loss	1.04	0.81
Benefits paid	(3.26)	(4.74)
Projected benefit obligation, end of the year	15.26	14.43

**Change in plan assets:** ₹ in lakhs

Particulars	Gratuity Plan 31.03.2012	Gratuity Plan 31.03.2011
Plan assets at beginning of the year at fair value	13.87	16.17
Expected return on plan assets	1.14	1.25
Actuarial (gain)/loss	-----	-----
Employer's Contributions	0.92	1.20
Benefits paid	(3.26)	(4.74)
Plan assets at end of the year at fair value	12.67	13.87

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

₹ in lakhs

	31.03.2012	31.03.2011
Fair value of plan assets at the end of the year	12.67	13.87
Present value of the defined benefit obligations at the end of the period	15.26	14.43
( Liability ) / Asset	(2.59)	(0.56)

**Gratuity cost for the year ended March 31st 2012**

₹ in lakhs

Particulars	Gratuity Plan	Gratuity Plan
Service cost	1.90	0.51
Interest cost	1.15	1.32
Expected return on plan assets	(1.14)	(1.25)
Actuarial (gain)/ loss	1.04	0.81
Net cost	2.95	0.81

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### Investment details of plan assets :

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

### Assumptions

Particulars	Gratuity Plan 31.03.2012	Gratuity Plan 31.03.2011
Discount rate	8%	8%
Salary escalation rate	8%	8%
Estimated rate of return on plan assets	8%	8%

### iii Leave encashment

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

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

### 3.3 Related Party transactions

#### Related Party Disclosures

<b>I. Name of the related party</b>	<b>Electronic 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. Land Lease Rentals
Volume of transactions	₹ 1/- towards lease rent (2011 : ₹ 1)
Any other element of the transaction necessary for understanding the transaction	Nil
Amount outstanding at the balance sheet date	₹ 11,03,25,537 (2011 : ₹ 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 & electricity Charges for Space occupied by them in Elnet Software City. c) Purchase of Car
Volume of transactions	a) ₹ 3,02,53,000/- (2011 : ₹ 3,02,53,000/-) b) ₹10,83,035/- (2011 : ₹1,78,537/-) c) Nil (2011 : ₹ 6,98,231/-)
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	₹ 10,07,000/- (2011 : ₹ 1,78,537/-)
Amount written back during the year	NIL
<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 b) Payment for preoperative and other expenses
Volume of transactions	a) ₹10,00,000/- (2011 : ₹ 10,00,000/-) b) ₹ 1,573/- (2011 : ₹ 120/-)
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	NIL
Amount written back during the year	NIL
<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	₹ 1,46,503/- (2011 : ₹ 1,46,503/-)

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Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	a) ₹ 60,09,141/- (2011 : ₹ 60,09,141/-) b) ₹ 1,46,503/- (2011 : ₹ 1,46,503/-)
Amount written back during the year	NIL

<b>V Name of the related party</b>	<b>Shri. Shanmugam Thiagarajan (Formerly Shri Thiagaraj S Chettiar)</b>
Description of the relationship between the parties	Spouse of Director
Description of the nature of transaction	Unsecured Loan of ₹ 3,66,24,742/- (2011 : ₹ 3,66,24,742/-)
Volume of transactions	₹ 3,66,24,742/- (2011 : ₹ 3,66,24,742/-)
Any other element of the transaction necessary for understanding the transaction	None
Amount outstanding at the balance sheet date	₹ 3,66,24,742/- (2011 : ₹ 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	Remuneration
Volume of transactions	₹ 14,00,000/- (2011 ₹ 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 March 2012 (₹)</b>	<b>As at 31 March 2012 (₹)</b>
Cost of Buildings leased	21,87,17,054	21,87,17,054
Depreciation providing during year on Buildings leased	35,65,092	35,54,603
Accumulated depreciation on buildings leased	4,15,77,109	3,80,12,017
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	14,63,33,682	12,33,06,866
Later than one year and not later than five years	67,46,38,502	16,84,58,983
Later than five years	1,11,99,431	1,75,12,260

### 3.5 Earnings per share

	2011-12 (₹)	2010 -11 (₹)
a. Net Profit available for Equity Shareholders	4,21,35,319	3,64,60,785
b. Number of Equity Shares	40,00,007	40,00,007
c. Basic & adjusted EPS	10.53	9.12

### 3.6 Deferred Tax Liability /Asset

As per the Accounting Standard “AS 22” issued by the Institute of Chartered Accountants of India (ICAI), the Company is required to make a provision for “deferred tax liability/ asset”. During the year an amount of ₹15,83,577/-has been recognized for deferred tax asset.

The balance deferred tax liability (net) outstanding as on 31.03.2012 is ₹ 2,80,88,992/- the details of which are as follows: ₹ in lakhs

	As at 31.03.2011	Tax effect for the year	As at 31.03.2012
Deferred Tax ( Liability)			
Fixed Assets	(306.76)	14.31	(292.45)
Sub Total	(306.76)	14.31	(292.45)
Deferred Tax Asset			
Amortization of Land registration Charges	10.03	1.53	11.56
Sub Total	10.03	1.53	11.56
Deferred Tax Asset / ( Liability)	(296.73)	15.84	(280.89)

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### 4. ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

#### 4.1 Secured Loans

The Company closed its secured loan on 8th March 2012. The Company filed Form 17 in respect of Satisfaction of Charges with the Registrar of Companies through the Ministry of Company Affairs portal and got the same approved.

#### 4.2 Wind Mill

During the financial year the Company sold 10,98,647 units to Tamilnadu Electricity Board. (2011 : 13,11,299 units).

#### 4.3 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.

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

Particulars	2011 -12 (₹)	2010-11 (₹)
1. Statutory Audit	1,75,000	1,75,000
2. Tax Audit Fees	50,000	50,000
3. Certification	60,000	60,000
4. Taxation Matters	1,50,000	-

#### 4.5 Investments

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/- (2011 : ₹ 3,02,53,00/-)
In Subsidiary Company - 1,00,000 Equity Shares of ₹10/- each in Elnet Software City Ltd fully paid up.	₹ 10,00,000/- (2011 : ₹ 10,00,000/-)



#### **4.6 Current Liabilities**

- (i) The company continues to hold the amount of ₹1,46,503/- (2011 : ₹ 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 31.3.2012. The balance amount lying under the Unpaid Dividend Account 2004–2005 declared on 7.5.2005 for the year 2004-05 falls due on 6.5.2012.
- (iii) Provision for taxation has been netted off against advance tax paid and tax deducted at source.

#### **4.7 Statement of Profit and Loss**

Electricity Expenses have been reduced to the extent of ₹ 43,94,588/- (2011 : ₹ 48,64,920/) from sale of electricity generated from windmill. There is no impact on the Statement of Profit and Loss.

- 4.8** Estimated amount of liability on capital contracts as on 31.03.2012 not provided for is ₹ 45,19,886/- (2011 : ₹ 28,48,967/-)

#### **4.9 Contingent Liabilities in respect of:**

Claims against the Company not acknowledged as debts

- (i) Claim by Department of Telecommunications

The Department of Telecommunications (DoT) filed a claim against the company for ₹ 20,82,233/- (2011 : ₹ 20,82,233/-) before the Sole Arbitrator in the matter of payment towards license fees and interest thereon. The Arbitrator's award was made in June 2005 according to which a sum of ₹5,48,288 and interest there on is payable by the company to DoT. The company accepted the award and decided to effect the payment after waiting for the appeal period. However DoT has filed an appeal in the High Court of Delhi against the Arbitrator's award. The Company accordingly recognized the total liability at ₹10,37,762/- as at 31.3.2012. The difference in claim amounting to ₹ 10,44,471/- is shown under "claims against the Company not acknowledged as debts".

- (ii) Income Tax demand

There is a dispute with regard to the treatment of income of the company by the Income Tax Department as "Income from House Property", whereas in the opinion of the Company, the income should be treated as "Income from Business", which has been confirmed by the Income Tax Appellate Tribunal.

In respect of assessment years 1996-97, 1998-99, 2000-01, 2001-02 and 2003-04, the Income Tax Department has preferred appeal before the High Court of Madras against

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

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the orders issued Income Tax Appellate Tribunal. In the event the High Court reverses the Order of the Income Tax Appellate Tribunal, there will be a contingent liability of ₹ 415.56 lakhs (2011 : ₹ 264.23 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. In view of this, there is a contingent liability of ₹ 2,13,34,807/- (2011 : ₹ 1,69,52,681/-).

(iv) 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.

(v) Other pending items under dispute - Nil (2011 : Nil)

### Disclosure in pursuance of AS 21

The Company having a wholly owned subsidiary as on 31.03.2012 as detailed below:-

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest as at 31st March 2012	Proportion of ownership interest as at 31st March 2011
Elnet Software City Ltd	India	100%	100%
Elnet Software City Ltd was incorporated on 22.03.2005 as a 100% subsidiary of Elnet Technologies Ltd			

5. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Managing Director

**P.S. Kumar**  
Director

As per our report attached

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

Place : Chennai  
Date : 17.05.2012

**K. Padmanaban**  
Director

**Sreedhar Sreekakulam**  
Partner

M.No: 026474  
FRN: 000438S

<b>CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011 - 2012</b>		
<b>PARTICULARS</b>	<b>Year ended 31 March 2012 ₹</b>	<b>Year ended 31 March 2011 ₹</b>
<b>A. Cash flow from Operating activities:</b>		
Net Profit before tax and extraordinary items	63,551,742	57,088,331
<b>Adjustments for:</b>		
Add: Depreciation	26,594,783	29,102,902
Interest & Financial Charges paid	3,530,639	9,849,797
Advance FBT	20,028	
Loss on sale of Fixed Assets	185,551	55,650
	<b>93,882,743</b>	<b>96,096,680</b>
Less : Interest income	5,236,853	4,354,651
Sale of Scrapped Assets	461,033	432,692
<b>Operating Profit Before Working Capital Changes</b>	<b>88,184,857</b>	<b>91,309,337</b>
<b>Adjustments for:</b>		
(Increase) / Decrease in Trade & Other receivables	(6,226,774)	(2,979,715)
Increase / (Decrease) in Trade Payables & other liabilities	(1,566,919)	2,495,678
Cash Generated from Operations	80,391,164	90,825,300
Income tax paid( Net of Refunds)	23,821,792	17,044,081
<b>Net Cash from Operating Activities</b>	<b>56,569,372</b>	<b>73,781,219</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(22,846,342)	(5,589,810)
Proceeds from Sale of Fixed Assets	481,033	572,692
Interest received	3,076,836	4,310,627
<b>Net cash from Investing activities</b>	<b>(19,288,473)</b>	<b>(706,491)</b>

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

PARTICULARS	Year ended 31 March 2012 ₹	Year ended 31 March 2011 ₹
<b>C: Cash flow from Financing Activities</b>		
Repayment of Compensation Deposit	(11,262,193)	(15,396,000)
Increase in Compensation Deposits	19,599,352	23,194,000
Repayment of Secured Loans	(44,710,250)	(50,818,506)
Interest Paid	(3,530,639)	(9,849,797)
Dividend Paid (Including dividend tax)	(5,437,753)	(5,597,241)
<b>Net Cash from Financing Activities</b>	<b>(45,341,483)</b>	<b>(58,467,544)</b>
<b>Net Increase in Cash and Cash Equivalents ( A+B+C )</b>	<b>(8,060,584)</b>	<b>14,607,184</b>
Cash and cash equivalents at the beginning of the year	65,343,890	50,736,706
<b>Cash and cash equivalents at the end of the year</b>	<b>57,283,306</b>	<b>65,343,890</b>

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Managing Director

Place : Chennai  
Date : 17.05.2012

**P.S. Kumar**  
Director

**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 period ended 31st March, 2012. 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 : 17.05.2012

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

## **SUBSIDIARY COMPANY'S ACCOUNTS**

## **TWENTY FIRST ANNUAL REPORT 2011 - 2012**

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### **DIRECTORS' REPORT**

To the Shareholders

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts of the Company for the year ended 31st March 2012.

### **OPERATIONS**

The Company is yet to commence its operation.

### **FIXED DEPOSITISTS**

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

### **DIRECTORS**

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

### **COMPLIANCE CERTIFICATE**

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

### **DIRECTORS RESPONSIBILITY STATEMENT**

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2012 the applicable Accounting Standards have been followed and that there are no material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- (iii) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of the adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that they have prepared the annual accounts on a going concern basis.

## **AUDITORS**

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

## **PARTICULARS OF EMPLOYEES**

The Company has not made any recruitment of staff during the year.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

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

**EARNINGS IN FOREIGN EXCHANGE : NIL**

**EXPENSES INCURRED IN FOREIGN CURRENCY DURING THE YEAR : NIL**

## **ACKNOWLEDGEMENT**

Your Directors wish to express their sincere thanks to the Bankers for their support and co-operation extended to the Company.

For and on behalf of the Board of Directors

Place : Chennai  
Date : 07.05.2012

**Unnamalai Thiagarajan**  
Managing Director

**C. Ramachandran**  
Director

## **TWENTY FIRST ANNUAL REPORT 2011 - 2012**

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### **AUDITORS' REPORT**

#### **TO THE MEMBERS OF ELNET SOFTWARE CITY LIMITED,**

1. We have audited the attached balance sheet of ELNET SOFTWARE CITY LIMITED, as at 31st March 2012. This financial statement is the responsibility of the company's management. Our responsibility is to express an opinion on this financial statement based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company in so far as it appears from examination of those books.
  - (iii) The Balance Sheet dealt with by this report is in agreement with the books of account
  - (iv) In our opinion, the balance sheet dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representation received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2012 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



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

In the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2012.

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

**P R Venkatagopalakrishnan**

Place : Chennai

Partner

Date : 07.05.2012

M.No: 200/18507

FRN: 2509S

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## **ANNEXURE TO THE AUDITORS' REPORT**

**Re: ELNET SOFTWARE CITY LIMITED,**

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

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

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

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- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public within the meaning Section 58A and hence the directives issued by Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Act and rules framed there under, are not applicable.
- (vii) According to the information and explanations given to us, the provisions of Clause 4 (vii) of the Companies (Auditor's Report) Order 2003 relating to internal audit system are not applicable to the company
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
- (ix) Since there have been no business transactions and no recruitment of employees during the year, payment of any kind of statutory dues does not arise.
- (x) The company has not started the operations; hence there are no accumulated losses.
- (xi) The company has not taken any loan from financial institutions or bank or issued any debentures. Accordingly, clause 4(xi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore the provisions of clause 4(xv) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.

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

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

**P R Venkatagopalakrishnan**

Partner

M.No: 200/18507

FRN: 2509S

Place : Chennai

Date : 07.05.2012

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

<b>BALANCE SHEET AS AT 31 March 2012</b>			
<b>Particulars</b>	<b>Note No</b>	<b>As at 31 March 2012 ₹</b>	<b>As at 31 March 2011 ₹</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	1,000,000	1,000,000
(b) Reserves and Surplus		-	-
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions		-	-
<b>(4) Current Liabilities</b>			
(a) Short term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities		-	-
(d) Short term provisions	2	8,427	14,976
<b>Total</b>		<b>1,008,427</b>	<b>1,014,976</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capital work-in-progress	3	248,787	231,269
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances		-	-
(e) Other non-current assets	4	40,652	40,652
<b>(2) Current assets</b>			
(a) Current investments			
(b) Inventories			
(c) Trade receivables		-	-
(d) Cash and cash equivalents	5	718,988	743,055
(e) Short term loans and advances			
(f) Other current assets			
<b>Total</b>		<b>1,008,427</b>	<b>1,014,976</b>

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Director

**C. Ramachandran**  
Director

As per our audit report attached

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

Place : Chennai  
Date : 07.05.2012

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

<b>NOTES TO THE BALANCE SHEET AS AT 31.3.2012</b>			
<b>Note No</b>	<b>Particulars</b>	<b>As at 31 March 2012 ₹</b>	<b>As at 31 March 2011 ₹</b>
<b>1</b>	<b>SHARE CAPITAL</b>		
	Equity Share Capital		
	Authorised Share capital	1,000,000	1,000,000
	<b>Issued, subscribed &amp; fully paid share capital</b>	<b>1,000,000</b>	<b>1,000,000</b>
	Calls unpaid	-	-
	Forfeited shares	-	-
	Preference Share Capital	-	-
	Authorised Share capital	-	-
	Issued, subscribed & fully paid share capital	-	-
	Calls unpaid	-	-
	Forfeited shares	-	-
	<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>2</b>	<b>SHORT TERM PROVISIONS</b>		
	Provision for employee benefits	-	-
	Others	8,427	14,976
	<b>Total</b>	<b>8,427</b>	<b>14,976</b>
<b>3</b>	<b>OTHER NON-CURRENT ASSETS</b>		
	Capital work-in-progress	248,787	231,269
	<b>Total</b>	<b>248,787</b>	<b>231,269</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>		
	Balances with banks	718,988	743,055
	Cheques, drafts on hands	-	-
	Cash on hand	-	-
	Others	-	-
	<b>Total</b>	<b>718,988</b>	<b>743,055</b>

## TWENTY FIRST ANNUAL REPORT 2011 - 2012

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### NOTE NO 6 : NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012.

#### 1. Significant Accounting Policies :

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

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

#### 3. Payment to Auditors

Particulars	2011 - 2012 (₹)	2010 - 2011 (₹)
Statutory Audit Fees	7,500	7,500
Service Tax	843	773

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

#### 5. GENERAL

Name of the of the related party	ELNET TECHNOLOGIES LTD
Description of the relationship between the parties	Holding Company
Description of the nature of transaction	Amount advanced by the Holding Company towards preoperative and other expenses, since refunded
Volume of transactions	₹ 1,573/-
Any other element of the transaction necessary for understanding the transaction	NIL
Amount outstanding at the balance sheet date	NIL

For and on behalf of the Board of Directors

**Unnamalai Thiagarajan**  
Director

**C. Ramachandran**  
Director

As per our audit report attached

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

Place : Chennai  
Date : 07.05.2012

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



**ELNET TECHNOLOGIES LIMITED**

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

**PROXY FORM**

I/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 21st Annual General Meeting to be held at New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004 on Friday, the 22nd June, 2012 at 10.00 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2012

Affix  
Re.1/-  
Revenue  
Stamp

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**

21st Annual General Meeting 22nd June, 2012

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 20th Annual General Meeting of the Company held at New Woodlands Hotel Pvt. Ltd. No.72-75, Dr.RadhakrishnanSalai, Mylapore, Chennai 600 004 on Friday, the 22nd June 2012 at 10.00 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.

