

**ENNORE PORT LIMITED**

**THIRD ANNUAL REPORT**

**2002 – 2003**

# **ENNORE PORT LIMITED**

( A GOVERNMENT OF INDIA UNDERTAKING )

## **BOARD OF DIRECTORS**

**Shri M. Raman, I.A.S.**  
Chairman cum Managing Director

**Shri P. Baskaradoss, I.A.S.**  
Director

**Shri R. K. Jain, I.A.S.**  
Director

**Capt. K. Balachandran**  
Whole-time Director

**Dr. A. Rajagopalan**  
Whole-time Director

## **SECRETARY**

**Shri T.K. Arun**

## **AUDITORS**

**M/s. Sundaram & Narayanan**  
Chartered Accountants

## **BANKERS**

Andhra Bank  
State Bank of India  
Indian Bank  
Standard Chartered Bank  
UCO Bank  
Union Bank of India  
Indian Overseas Bank

**Registered Office** : 15, Kasturirangan Road, Alwarpet, Chennai – 600 018.

**Port Office** : Vallur (Post), Near NCTPS, Chennai – 600 120.

## ENNORE PORT LIMITED

Regd. Office: 15, Kasturirangan Road, Alwarpet, Chennai – 600 018.

### NOTICE TO SHAREHOLDERS

Notice is hereby given that the Third Annual General Meeting of the Company will be held on **Friday** the 26<sup>th</sup> day of **September 2003** at **11.30 a.m.** at the registered office of the Company at No.15, Kasturirangan Road, Alwarpet, Chennai – 600 018 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the Company for the year ending 31<sup>st</sup> March 2003 together with the Reports of the Directors and Auditors.
2. To appoint a Director in the place of Shri R.K. Jain, who is retiring by rotation and being eligible, offers himself for reappointment.

### SPECIAL BUSINESS

#### 3. To appoint Director on the Board of the Company

To consider and pass with or without modification, the following resolution as on ordinary resolution:

RESOLVED to appoint **Capt. K. Balachandran** as a Director, liable to retire by rotation, on the Board of Directors of the Company.

FURTHER RESOLVED that the retirement by rotation and reappointed of **Capt. K. Balachandran** as a Director liable to retire by rotation shall not be deemed to constitute a break in his appointment as whole time Director (**Marine Services**)

By Order of the Board

**M. RAMAN**

Chairman cum Managing Director

Place : Chennai

Dated : 29<sup>th</sup> August 2003.

**NOTES:**

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.
- b) All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, upto the date of the Annual General Meeting.
- c) An Explanatory Statement to the items of Special Business specified above is annexed.

**EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act, 1956.**

**Item No.3**

Article No.139 of the Company's Articles of Association stipulates that two thirds of the total number of Directors of the Company shall retire by rotation and shall be appointed in a General Meeting. The remaining Directors shall be appointed in accordance with the provision of the Articles. Article No. 140 stipulates that at every Annual General Meeting one third of the Directors liable to retire by rotation shall retire from Office. The Chairman and whole time Directors shall not be subject to retirement and shall not be taken in to account in determining the number of Directors retiring by rotation (Article No.140).

Article No. 164 stipulates that the whole time Directors including the Chairman shall be appointed by the Board in accordance with the provisions of the Act and the Articles. Article No.166 stipulates that subject to the provision of the Act and the Articles, the whole time Directors shall not be subject to retirement by rotation under the Act or the Articles. This Article also further stipulates that in the event of the number of Directors not subject to retirement by rotation exceeding one third of the total number of Directors, for the time being, then such whole-time Director or whole-time Directors, as the Directors, may from time to time select, shall be liable to retire by rotation to the intent that the Directors so liable to retirement by rotation shall not exceed one third of the total number of Directors for the time being.

As per the requirements of section 255 and Article 139 of the Articles of Association of the Company atleast three of the Directors out of the total strength of five should be Directors whose office is liable retirement by rotation and should also be appointed in a General Meeting pursuant to the requirements of section 255 (b). The two non-whole time Directors, viz. Shri P.Baskaradoss and Shri R.K. Jain have been appointed by the General Meeting as stated earlier. Accordingly one of the whole-time Directors should be appointed as a Director in the forthcoming Annual General Meeting. Article 166 of the Articles of Association of the Company stipulates that, in such an event, the whole-time Director or whole-time Directors who shall be liable to retire by rotation shall be selected by the Board of Directors.

Accordingly the Board of Directors of the Company at their meeting held on 19<sup>th</sup> July 2003 have selected **Capt. K. Balachandran** whole-time Director (**Marine Services**) as a Director who shall be liable to retire by rotation to the intent that the Directors so liable to retirement by rotation shall not exceed one third of the total number of Directors for the time being.

In order to comply with the requirements of Section 255 of the Act and the Articles of Association of the Company it is proposed to appoint **Capt. K. Balachandran** whole-time Director (**Marine Services**) as a Director of the Company at this Annual General Meeting.

**Capt. K. Balachandran** is interested in the resolutions. No other Director is concerned for interested in the resolutions.

## DIRECTORS' REPORT

To

### The Shareholders

Your Directors have pleasure in presenting the Third Annual Report of the Company together with the audited Statements of Accounts for the financial year ending 31<sup>st</sup> March 2003.

### OPERATIONS

During the first full year of operations, the Company has made substantial improvement in its operations. Coal handling at the Port as well as the revenue from operations increased by 186% over the previous nine months operation on an annualized basis.

While operating expenses increased by 3%, the operating surplus increased by 295% over the previous nine months on an annualized basis.

The summary of the port operations during the year 2002-03 (From 1<sup>st</sup> April 2002 to 31<sup>st</sup> March 2003) is furnished below:

|                                | During the year<br>2002 - 2003 | During the period<br>22 <sup>nd</sup> June 2001 to<br>31 <sup>st</sup> March 2002 |
|--------------------------------|--------------------------------|---|
| Thermal Coal handled for TNEB  | 8.411 Million Tonnes           | 3.399 Million Tonnes  |
| Other materials                | Nil                            | Nil   |
| Revenue earned from operations | Rs. 76.87 Crores               | Rs. 30.78 crores  |
| Operating expenses             | Rs. 9.46 Crores                | Rs. 4.10 crores   |
| Operating Surplus              | Rs. 67.41 Crores.              | Rs. 26.68 crores  |

### FINANCIAL RESULTS

|                      | During the year<br>2002 - 2003<br><br>(Rs. In Crores) | During the year ending<br>31 <sup>st</sup> March 2002<br><br>(Rs. In Crores) |
|----------------------|---|--|
| Income from services | 76.87   | 30.78  |
| Other Income         | 1.18  | 0.16   |
| <b>Total Income</b>  | <b>78.05</b>  | <b>30.94</b>   |

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| Operating Expenses                    | 9.46         | 4.10         |
| Interest                              | 47.14        | 49.59        |
| Depreciation                          | 13.14        | 12.02        |
| Other provision                       | 1.18         | 1.18         |
| <b>Total expenses &amp; provision</b> | <b>70.92</b> | <b>66.89</b> |
| Profit / (Loss) before Tax (PBT)      | 7.13         | (35.95)      |
| Reversal of Deferred Tax Asset        | 0.57         | 0.00         |
| Profit / (Loss) after Tax (PAT)       | 6.56         | (35.95)      |

### **DEVELOPMENT PLANS**

The Development Schemes proposed for implementation during the 10<sup>th</sup> Plan period and the present status are listed in the table below:

| Sl. No. | Name of the Scheme   | Capacity (in MTPA) | Project Cost (Rs. in Crores) | Present Status  |
|---------|--|--------------------|------------------------------|---|
| 1       | 2  | 4                  | 5                            | 6   |
| 1       | Construction of an Iron Ore Berth (including equipment) (On BOT basis)         | 12.00 MTPA         | 350                          | M/s. L&T Ramboll Consulting Engineers Ltd., have completed the Preparation of the Techno-Economic Feasibility Report (TEFR) for the construction of an Iron Ore Berth and submitted the Final Report in March 2003. EPL has engaged Crisil Advisory services to assist EPL for selection of a suitable Developer/Operator on BOT basis through tendering process for development and operation of the Iron ore terminal. Notice inviting applications for RFQ has been issued in newspapers and the last date for receipt of RFQ document is fixed as 21 <sup>st</sup> July 2003. |
| 2       | Construction of an alongside jetty for POL products/ Chemicals. (Marine Liquid | 3.00 MTPA          | 200                          | EPL has engaged Crisil Advisory services to assist EPL for selection of a suitable Developer/Operator on BOT basis through tendering process for development and  |



|   |  |           |     |  |
|---|--|-----------|-----|--|
|   | Terminal) (On BOT basis)   |           |     | <p>operation of the Marine Liquid Terminal.</p> <p>Evaluation of the Request For Qualification (RFQ) documents for selecting a suitable BOT Operator, received from four firms has been completed by the Consultants.</p> <p>The following firms have been short-listed to participate in the further bid process:</p> <p>(i) M/s. IMC Limited, Chennai.<br/> (ii) M/s. SICAL, Chennai.<br/> (iii) M/s. Indian Oiltanking Ltd., Navi Mumbai.<br/> (iv) M/s. Adani Exports Limited, Ahmedabad.</p> <p>Ministry of Shipping has been addressed to obtain security clearance from the competent authorities in respect of the shortlisted bidders.</p> <p>Preparation of RFP and draft Concession Agreement is in progress.</p> |
| 3 | Construction of a Coal berth for Users other than TNEB (Including equipment). (On BOT basis) | 8.00 MTPA | 300 | <p>EPL has engaged Crisil Advisory services to assist EPL for selection of a suitable Developer/Operator on BOT basis through tendering process for development and operation of the Coal Terminal.</p> <p>Evaluation of the Request for Qualification (RFQ) documents for selecting a suitable BOT Operator received from five firms</p>  |



|   |  |           |     |  |
|---|--|-----------|-----|--|
|   |  |           |     | <p>has been completed by the Consultants.</p> <p>The following firms have been shortlisted to participate in the further bid process:</p> <p>(i) M/s.Adani Exports Ltd.,<br/>Ahmedabad.<br/>(ii) M/s. SICAL<br/>(iii) M/s. RITES Ltd., New Delhi.<br/>(iv) M/s.Leighton Contractors<br/>(Asia) Ltd., Singapore</p> <p>The Ministry of Shipping has been addressed to obtain security clearance from the competent authority in respect of the shortlisted firms.</p> <p>Preparation of RFP and draft Concession Agreement is in progress.</p>                                  |
| 4 | Construction of a LNG Jetty (On BOT basis) | 2.50 MTPA | 200 | <p>Tamil Nadu Industrial Development Corporation (TIDCO) is the promoter of this project. The proposed LNG Jetty is to handle 2.5 Million Tonnes of LNG.</p> <p>The Tamilnadu LNG &amp; Power Co. Ltd., (TNLP) the prospective Captive User and Operator of LNG Terminal, held discussions with the Government of Tamil Nadu and TNEB with regard to the power off-take arrangements and payment support mechanism. TNEB has agreed to the level of off-take of power from this project as requested. Tamil Nadu Government has issued a payment support proposal. Further</p> |

|                 |   |      |   |  |                 |                |                |               |
|-----------------|---|------|---|--|-----------------|----------------|----------------|---------------|
|                 |   |      |   | discussions on payment support proposal between Tamil Nadu Government and TNLP were held. The project is expected to take off once an understanding on the above is reached between the Government of Tamil Nadu and TNLP.   |                 |                |                |               |
| 5               | Deepening of the approach channel and port basin to handle cape size vessels for Export of Iron Ore. [The original proposal was modified as per suggestion of the Ministry as VLCC jetty is not likely to come to Ennore Port). | ---- | 195.00* (Approx) (including capitalized interest of Rs.15 crores) | <p>The Detailed Feasibility Report and draft Memorandum for Expenditure Finance Committee are under finalization and would be sent to the Ministry for Government's approval.</p> <table border="1"><tr><td>Dredge quantity</td><td>17.5 Mil.Cu.M.</td></tr><tr><td>Estimated Cost</td><td>Rs.195 Crores</td></tr></table> <p>(including capitalized interest of Rs.15 Crores)</p> <p>Being a basic infrastructure, EPL would invest on this project. EPL proposes to request the Government of India to fund the project as a Grant, partially or fully. If the same does not materialize, EPL would raise funds from the banks / financial institutions as a loan.</p> | Dredge quantity | 17.5 Mil.Cu.M. | Estimated Cost | Rs.195 Crores |
| Dredge quantity | 17.5 Mil.Cu.M.  |      |   |  |                 |                |                |               |
| Estimated Cost  | Rs.195 Crores   |      |   |  |                 |                |                |               |

\* A provision of Rs.300 Crores is available in the approved 10<sup>th</sup> Play Outlay (2002-07) for Ennore Port.

#### **BOARD OF DIRECTORS**

During the year under review, the following changes were effected among the Board of Directors.

Capt. K. Balachandran, Deputy Conservator, Ennore Port Limited, was appointed as Full-time Director (Marine Services) of the Company with effect from 1<sup>st</sup> February 2003 in the Schedule "C" scale of 22,500-600-27,300 (revised) for the period of 5 years or till the date of his superannuation or until further orders from the Competent Authority, whichever is the earliest.

Dr. A. Rajagopalan, Group General Manager (Ports & Water Resources), M/s. RITES LTD., was appointed as Full-time Director (Operations) of the Company with effect from the fore noon of 3<sup>rd</sup> April 2003 in Schedule "C" scale of 22,500-600-27,300 on deputation basis for the period of 5 years or till the date of his superannuation or until further orders from the Competent Authority, whichever is the earliest.

In terms of Section 255 and 256 of the Companies Act, 1956 as well as Article No.139 and 140 of Articles of Association of the company, two-thirds of the total number of Directors of the company shall be persons whose period of office is liable to determination by retirement of Directors by rotation and at every Annual General Meeting one-third of such of the Directors for the time being as are liable to retire by rotation, shall retire from office. Though the company is a Government company, the provisions of Section 255 and 256 are applicable to the company as exemption has been granted from the provisions of these Sections only to "Wholly owned Government companies" which criteria EPL does not satisfy. In these circumstances, Shri R.K. Jain, Director would retire at the forthcoming Annual General Meeting to comply with requirements of section 256 of the Companies Act and is eligible for reappointment as a Director on the Board of Directors of the Company. Pursuant to Article 166 of the Articles of Association of the Company, the Board of Directors have selected Capt. K. Balachandran, whole-time Director (Marine Services) as a Director who shall be liable to retire by the rotation to comply with the requirements of section 255 of the Companies Act, 1956. Accordingly resolutions for the reappointment of Shri R.K. Jain and the appointment at the General Meeting of Capt. K. Balachandran, whole-time Director (Marine Services) as a Director is placed before the Annual General Meeting for approval.

#### **PARTICULARS OF THE EMPLOYEES**

None of the employees of the Company received, remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956. No employee of the Company is a relative of any Director or Manager of the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 217 (2AA) of the Companies Act 1956, the Directors of the Company confirm:

- 1) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 2) Appropriate accounting policies have been selected so as to give a true and fair view of the state of affairs of the Company at the end of the accounting period under consideration.
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act 1956

for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities.

- 4) The Annual Accounts have been prepared on a going concern basis.

**INFORMATION UNDER SECTION 217(1) (e) OF THE COMPANIES ACT 1956**

The other information in accordance with the Companies Act, 1956 is given under:

**A) Conservation of Energy :**

**(a) Energy conservation measures taken:**

| Energy consuming activities             | Conservation measures   |
|---|---|
| Handling of coal at two berths for TNEB | The mechanical handling systems for unloading coal at the two berths have been installed and are operated by TNEB. The company has no role in the energy consumption in these activities, which is controlled and managed by TNEB.  |
| Operation of harbour crafts.            | The company ensures proper maintenance of the harbour crafts and consequent appropriate fuel consumption.   |
| Illumination within the Port premises   | The EPL has commissioned the following studies to optimize electrical energy conservation:<br>Optimisation of Electrical Energy Conservation (By MECON Ltd.)<br>(ii) Detailed Electrical Energy Audit (By Institute for Energy Studies, Anna University, Chennai).<br>The suggestions / recommendations of the study have been taken note of and accordingly the lighting system within the port premises are being regulated and managed to ensure minimum energy consumption. |

**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

The following proposals as suggested in the above studies, which require additional investment, are under consideration for implementation in stages.

| Sl.No. | Energy Saving Proposals which require additional investments | Expected Annual Savings Rs. | Investment Required by EPL Rs. |
|--------|--|-----------------------------|--------------------------------|
| 1      | Use of Compact Fluorescent Lamps (CFLs) in                   | 24,975                      | 15,000                         |

|   |   |          |           |
|---|---|----------|-----------|
|   | place of conventional luminaries in identified locations.   |          |           |
| 2 | Replacement of 250 W metal Halide Lamp in Access Road with 150 W Sodium Vapour Lamps                            | 1,53,680 | 1,77,500  |
| 3 | Replacement of 250 W Metal Halide Lamp of Security Road with 150 W Sodium Vapour Lamps                          | 1,75,440 | 2,02,500  |
| 4 | Replacement of 250 W Sodium Vapour Lamps of Internal Street Lighting with 150 W Sodium Vapour lamps.            | 1,81,935 | 2,10,000  |
| 5 | Replacement of the existing 40W Fluorescent Tube Lights with Energy Efficient tube light (E+ 28W retrofit type) | 3,60,806 | 12,91,950 |

**(c) Impact of the measures at (a) and (b) above of reduction of energy consumption and consequent impact on the cost of production of goods:**

Impact of the energy conservation measures could be correctly quantified after implementation of the above proposals and monitoring the monthly energy consumption charges.

**(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:**

Not applicable.

**B) Technology absorption:**

**(e) Efforts made in technology absorption as per Form B of the Annexure:**

The operation of the company during the year under review has not warranted any technology absorption.

**AUDITORS**

M/s. Sundaram & Narayanan, chartered Accountants were re-appointed as Statutory Auditors of the Company by the Comptroller & Auditor General, New Delhi for the period ended 31<sup>st</sup> March 2003. The Company is yet to receive the appointment advice for the financial year 2003-04 from the Comptroller & Auditor General of India, New Delhi.

### **AUDITORS REPORT**

The report submitted by the Statutory Auditors of the Company, M/s. Sundaram & Narayanan is circulated along with the Annual Accounts. In their report, M/s. Sundaram & Narayanan, the Statutory Auditors of the Company have drawn specific reference to Note No.4 of Schedule No.XII. The said note is self-explanatory. As the company is yet to receive confirmation of balance from the Ch.P.T, appropriate adjustments in the amounts would be made, upon the receipt of the confirmation from the Ch.P.T.

### **ACKNOWLEDGEMENT**

Your Directors wish to acknowledge gratefully the support and guidance received from Government of India & Chennai Port Trust.

Your Directors take this opportunity to acknowledge the support and co-operation of the Company's Statutory Auditors, the Comptroller and Auditor General of India, Bankers, Advisors and all the employees of the Company.

**For and on behalf of the Board**



**M. RAMAN**

**Chairman cum Managing Director**

Place : Chennai

Dated : 19<sup>th</sup> July, 2003

**SUNDARAM & NARAYANAN**  
**CHARTERED ACCOUNTANTS**

**49, FIVE FURLONG ROAD,**  
**GUINDY, CHENNAI-600032.**

The Members of Ennore Port Limited

We have audited the attached Balance Sheet of **ENNORE PORT LIMITED**, as at 31<sup>st</sup> March 2003 and also the Profit and Loss Account and the 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.

I. 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 examination, 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.

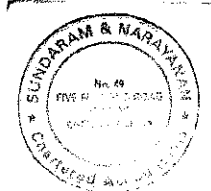
II. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.





Further to our comments in the Annexure referred to in paragraph II above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books of the Company;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
- d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the mandatory Accounting Standards referred to in sub – section (3C) section 211 of the Companies Act, 1956, to the extent applicable.
- e) As per Circular No. 2/5/2001 – CL.V; General Circular No.8/2002 dated 22.03.2002 issued by Ministry of Law, Justice & Company Affairs, Department of Company Affairs, the Provisions of clause (g) of sub-section (1) of the Section 274 of the Companies Act, 1956, relating to disqualification of directors is not applicable to this Company, which is a Government Company as per the provisions of Section 617 of the Companies Act, 1956.



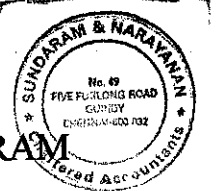
f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with Notes thereon, *and subject to Note number 4 of Schedule XII*, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

1. In the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March 2003.
2. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
3. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For SUNDARAM & NARAYANAN  
Chartered Accountants



K.MEENATCHI SUNDARAM  
Partner  
Membership Number 27073



Place : Chennai  
Date : 19.07.2003

**SUNDARAM & NARAYANAN  
CHARTERED ACCOUNTANTS**

**49, FIVE FURLONG ROAD,  
GUINDY, CHENNAI-600032.**

**ANNEXURE TO THE AUDITOR'S REPORT**

**Statement referred to in paragraph II of our report of even date to the Members of Ennore Port Limited on the Accounts for the year ended 31<sup>st</sup> March 2003.**

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. According to the information and explanations given to us, all the fixed assets have been physically verified during the year by the management in a phased programme, which in our opinion is reasonable, having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The capital stores and spares have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of capital stores and spares followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No discrepancy was noticed on such verification between the physical stocks (capital stores and spares) and book records.
6. The Company has taken loans, secured or unsecured from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. We are informed that there is no Company under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956. The terms and conditions of which are prima facie not prejudicial to the interests of the Company.



7. The Company has not given any loan to Companies, firms or other parties as per the Register maintained under Section 301 of the Companies Act, 1956 and / or to the companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
8. The employees to whom the loans or advances in the nature of loans have been given by the Company are generally repaying the principal amounts as stipulated and have also been generally regular in the payment of interest, wherever applicable.
9. 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 for the purchase of stores, equipments, spares, plant and machinery and other assets. The Company, being engaged in providing port services, has not purchased any raw materials and components during the year.
10. According to the records, and in accordance with the information and explanations given to us, there are no contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and hence requirement of reporting regarding the transactions of purchase of goods, materials and sale of goods, materials and services made in pursuance of such contracts aggregating during the year to Rs.50,000/- or more in respect of each party does not arise.
11. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and spares (capital) and no part of the stores or spares have been determined as unserviceable or damaged during the year.
12. In our opinion and according to the information and explanations given to us, the provisions of Section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits are not applicable to the Company for this year as the Company has not accepted any deposits from public.



13. The Company is engaged in providing port services and no by-product or scrap is generated by the Company.
14. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
15. The provisions of section 209 (1) (d) of the Companies Act, 1956 are not applicable to this Company.
16. As per the information and explanations given to us the provident fund dues have been regularly deposited with the parent organizations in case of employees working on deputation and with appropriate authorities for other employees. As per the information and explanations given to us the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company for the year.
17. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales tax, Customs Duty, Excise Duty were outstanding as on 31<sup>st</sup> March 2003 for a period more than six months from the date they became payable.
18. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practice in India, we have not come across any personal expenses of employees or directors charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
19. The Company is not a sick industrial Company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

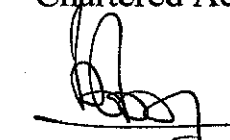


20. In respect of services rendered:-

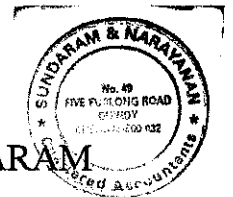
- (a) The Company has a reasonable system of recording receipts, issues and consumption of capital stores, spares and consumables commensurate with its size and nature of its business. However, considering the nature of services rendered adopting a system of allocation of consumption of materials to the relative jobs does not arise.
- (b) Considering the nature of services rendered adopting a system of allocation of man-hours utilized to the relative jobs does not arise.
- (c) In our opinion, there is a reasonable system of authorization at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business on issue of capital stores, spares and consumables.

Place: Chennai  
Date: 19.07.2003

For SUNDARAM & NARAYANAN  
Chartered Accountants



K. MEENATCHI SUNDARAM  
Partner



COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER  
SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ENNORE  
PORT LIMITED, CHENNAI FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2003

I have to state that the Comptroller and Auditor General of India has no comment upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956 on the accounts of Ennore Port Limited, Chennai for the year ended 31<sup>st</sup> March 2003.

(U. SANKAR)  
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND  
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Chennai  
Date: 28.08.2003



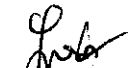

ENNORE PORT LIMITED  
No 15, KASTURIRANGAN ROAD, ALWARPET, CHENNAI 600 018.

BALANCE SHEET AS AT 31st MARCH 2003


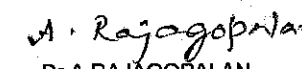
(in Rupees)

| PARTICULARS   | Sch. No. | AS AT 31.03.2003 |                      | AS AT 31.3.2002 |                      |
|---|----------|------------------|----------------------|-----------------|----------------------|
| <b>SOURCES OF FUNDS</b>   |          |                  |                      |                 |                      |
| OWN FUNDS   |          |                  |                      |                 |                      |
| a) Share Capital  | I        | 3,000,000,000    | 3,000,000,000        | 3,000,000,000   | 3,000,000,000        |
| LOAN FUNDS  |          |                  |                      |                 |                      |
| a) Unsecured Loans  | II       | 4,674,753,677    | 4,674,753,677        | 5,539,604,522   | 5,539,604,522        |
| Total   |          |                  | <b>7,674,753,677</b> |                 | <b>8,539,604,522</b> |
| <b>APPLICATION OF FUNDS</b>   |          |                  |                      |                 |                      |
| <b>Fixed Assets</b>   |          |                  |                      |                 |                      |
| Gross Block   | III      | 7,393,177,649    |                      | 8,243,674,955   |                      |
| Less : Depreciation Reserve   |          | 251,586,996      |                      | 120,165,071     |                      |
| Net Block   |          | 7,141,590,653    |                      | 8,123,509,884   |                      |
| Capital Work in Progress - Phase II   |          | 60,322,071       |                      | 49,948,509      |                      |
|   |          |                  | 7,201,912,724        |                 | 8,173,458,393        |
| <b>Current assets, Loans and Advances</b>                                       |          |                  |                      |                 |                      |
| Sundry Debtors  | IV       | 9,618,362        |                      | 84,586,744      |                      |
| Cash and Bank balances  |          | 254,475,001      |                      | 195,110,711     |                      |
| Deferred Tax Asset  |          | 3,754,584        |                      | -               |                      |
| Loans and Advances  |          | 478,403,251      |                      | 469,915,399     |                      |
|   |          | 746,251,198      |                      | 749,612,854     |                      |
| Less : Current Liabilities and Provisions                                       | V        |                  |                      |                 |                      |
| Current Liabilities   |          | 586,393,697      |                      | 780,651,313     |                      |
| Provisions  |          | 6,997,261        |                      | 9,733,715       |                      |
|   |          | 593,390,958      |                      | 790,385,028     |                      |
| Net Current Assets  |          |                  | 152,860,240          |                 | (40,772,174)         |
| <b>Miscellaneous Expenditure</b><br>(to the extent not written off or adjusted) |          |                  |                      |                 |                      |
| Preliminary Expenses  |          | 4,801,188        |                      | 6,401,584       |                      |
| Deferred Revenue Expenditure  |          | 30,772,958       |                      | 41,030,613      |                      |
| Profit and Loss account   |          | 284,406,567      |                      | 359,486,106     |                      |
|   |          |                  | 319,980,713          |                 | 406,918,303          |
| <b>Accounting Policies and Notes on Accounts</b>                                | XII      |                  |                      |                 |                      |
| Total   |          |                  | <b>7,674,753,677</b> |                 | <b>8,539,604,522</b> |



For ENNORE PORT LIMITED

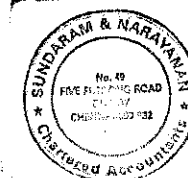
  
M. RAMAN  
Chairman cum Managing Director  
  
K. BALACHANDRAN  
Director

Place: Chennai  
Date : 19.07.2003

  
P. BASKARADOSS  
Director  
  
Dr. A. RAJAGOPALAN  
Director

As per our report of even date annexed  
For SUNDARAM & NARAYANAN  
Chartered Accountants

  
K. MEENATCHI SUNDARAM  
Partner  
  
T. K. ARUN  
Company Secretary



ENNORE PORT LIMITED  
No 15, KASTURIRANGAN ROAD, ALWARPET, CHENNAI 600 018.


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003

(in Rupees)

| PARTICULARS  | Sch.<br>No. | YEAR ENDED<br>31.03.2003 | PERIOD ENDED<br>31.03.2002 |
|--|-------------|--------------------------|----------------------------|
| <b>INCOME</b>                                      |             |                          |                            |
| Income from Services                               | VI          | 768,727,128              | 307,780,965                |
| Other Income                                       | VII         | 11,811,498               | 1,647,298                  |
| Total  |             | 780,538,626              | 309,428,263                |
| <b>EXPENDITURE</b>                                 |             |                          |                            |
| Port Operating Expenses                            | VIII        | 51,473,888               | 14,772,372                 |
| Administrative Expenses                            | IX          | 35,902,339               | 14,599,039                 |
| Establishment Charges                              | X           | 7,157,572                | 11,591,062                 |
| Finance Charges                                    | XI          | 471,397,751              | 495,928,775                |
| Depreciation                                       | III         | 131,424,071              | 120,165,071                |
| Deferred Revenue Expenses written off              |             | 10,257,654               | 10,257,654                 |
| Preliminary Expenses written off                   |             | 1,600,396                | 1,600,396                  |
| Deferred Tax                                       |             | 5,708,415                | -                          |
| Total  |             | 714,922,086              | 668,914,369                |
| <b>PROFIT / (LOSS) FOR THE YEAR</b>                |             | 65,616,540               | (359,486,106)              |
| Adjustment for Deferred Tax                        |             | 9,462,999                | -                          |
| Profit / (Loss) brought forward from Previous Year |             | (359,486,106)            | -                          |
| <b>PROFIT / (LOSS) CARRIED FORWARD</b>             |             | (284,406,567)            | (359,486,106)              |


For ENNORE PORT LIMITED

  
M. RAMAN  
Chairman cum  
Managing Director


  
K. BALACHANDRAN  
Director

Place: Chennai  
Date : 19.07.2003

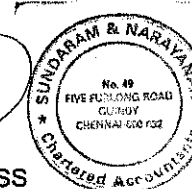
  
P. BASKARADOSS  
Director

  
Dr. A. RAJAGOPALAN  
Director

As per our report of even date annexed  
For SUNDARAM & NARAYANAN  
Chartered Accountants

  
K. MEENATCHI SUNDARAM  
Partner

  
T. K. ARUN  
Company Secretary



**ENNORE PORT LIMITED**

No 15, KASTURIRANGAN ROAD, ALWARPET, CHENNAI 600 018.

**SCHEDULES TO THE BALANCE SHEET**

(In Rupees)

| Sch.<br>No. | PARTICULARS  | AS AT                |                      |
|-------------|--|----------------------|----------------------|
|             |  | 31.03.2003           | 31.03.2002           |
| <b>I</b>    | <b>SHARE CAPITAL</b>   |                      |                      |
|             | Authorised Share Capital<br>500,000,000 equity shares of Rs. 10/- each<br>(Previous year : 500,000,000 equity shares of Rs. 10/- each)                                       | 5,000,000,000        | 5,000,000,000        |
|             | Issued, Subscribed and Paid up Share Capital<br>300,000,000 equity shares of Rs. 10/- each fully paid up.<br>(Previous year: 7 equity shares of Rs. 10/- each fully paid up) | 3,000,000,000        | 70                   |
|             | Share Advance Pending Allotment  | -                    | 2,999,999,930        |
|             |  | <b>3,000,000,000</b> | <b>3,000,000,000</b> |
| <b>II</b>   | <b>UNSECURED LOANS</b>   |                      |                      |
|             | Government of India  |                      |                      |
|             | * Interest bearing Loan  | 1,278,497,800        | 1,205,035,056        |
|             | * Accrued Interest   | -                    | 176,092,391          |
|             | Chennai Port Trust   |                      |                      |
|             | * Interest bearing Loan  | 2,723,091,441        | 3,333,529,929        |
|             | * Non Interest bearing Loan  | 462,485,622          | 462,486,622          |
|             | * Accrued Interest   | 210,678,814          | 362,460,524          |
|             |  | <b>4,674,753,677</b> | <b>5,539,604,522</b> |
| <b>IV</b>   | <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>  |                      |                      |
|             | <b>1. SUNDRY DEBTORS</b><br>(Unsecured and considered good)  |                      |                      |
|             | Debts Outstanding over six months  | -                    | -                    |
|             | Other Debts  | 9,618,362            | 84,586,744           |
|             |  | <b>9,618,362</b>     | <b>84,586,744</b>    |
|             | <b>2. CASH AND BANK BALANCES</b>   |                      |                      |
|             | Cash on hand   | 33,353               | 52,103               |
|             | Balances with Scheduled Banks  |                      |                      |
|             | in Current Accounts  | 4,387,650            | 7,794,875            |
|             | in Deposit Accounts  | 250,053,998          | 187,263,733          |
|             |  | <b>254,475,001</b>   | <b>195,110,711</b>   |

ENNORE PORT LIMITED, No. 15 KASTURIRANGAN ROAD, ALWARPET, CHENNAI 600 018.

SCHEDULE - III FIXED ASSETS AND DEPRECIATION

| SCHEDULE - III FIXED ASSETS AND DEPRECIATION |  |                  |   |                  |              |                  |               |           |                 |                  |               |
|--|--|------------------|---|------------------|--------------|------------------|---------------|-----------|-----------------|------------------|---------------|
| Sl.  | PARTICULARS  | GROSS BLOCK      |   |                  | DEPRECIATION |                  |               |           | NET BLOCK AS AT |                  |               |
| No.  |  | AS AT 01.04.2002 | Additions / (Deletions) / (Adjustments) | AS AT 31.03.2003 | RATE in %    | AS AT 01.04.2002 | (Adjustments) | Withdrawn | For the Year    | AS AT 31.03.2003 | 31.03.2002    |
| 1  | <u>Capital Dredging.</u>                               |                  |   |                  |              |                  |               |           |                 |                  |               |
| 2  | Port Basin and Channel Dredging                        | 1,095,621,811    | (73,362,936)                            | 1,022,258,875    | 1.00         | 8,483,089        | (557,082)     |           | 10,222,589      | 18,148,596       | 1,004,110,279 |
|  | <u>Buildings, Sheds &amp; Other Structures</u>         |                  |   |                  |              |                  |               |           |                 |                  |               |
|  | Administrative Building                                | 49,306,829       | 7,139,313                               | 56,446,142       | 2.00         | 764,594          | 110,708       |           | 1,128,923       | 2,004,225        | 54,441,917    |
|  | Electrical Substation                                  | 2,278,938        | (123,622)                               | 2,155,316        | 2.00         | 35,339           | (1,917)       |           | 43,106          | 76,528           | 2,078,788     |
|  | Horticulture and Landscaping                           | 16,161,094       | (2,483,883)                             | 13,677,211       | -            |                  | 0             |           |                 |                  | 13,677,211    |
| 3  | <u>Wharves, Roads and Boundaries</u>                   |                  |   |                  |              |                  |               |           |                 |                  |               |
|  | Port Access Roads                                      | 274,261,225      | (26,484,820)                            | 247,776,405      | 2.50         | 5,316,159        | (513,370)     |           | 8,194,410       | 10,997,199       | 236,779,206   |
|  | Wharves  | 832,909,767      | (45,910,468)                            | 786,999,299      | 2.50         | 16,129,491       | (874,642)     |           | 19,674,982      | 34,929,831       | 752,099,468   |
|  | Boundary Walls   | 25,250,204       | (1,057,438)                             | 24,192,766       | 2.50         | 489,439          | (20,497)      |           | 604,819         | 1,073,761        | 23,119,005    |
| 4  | <u>Floating Crafts</u>                                 |                  |   |                  |              |                  |               |           |                 |                  |               |
|  | Tugs   | 768,479,825      | (36,994,719)                            | 731,485,106      | 5.00         | 29,791,752       | (1,434,179)   |           | 36,574,255      | 64,931,828       | 666,553,278   |
|  | Pilot Launches   | 66,331,333       | (3,193,199)                             | 63,138,134       | 5.00         | 2,571,475        | (123,791)     |           | 3,156,907       | 5,604,591        | 57,533,543    |
|  | Mooring Launches                                       | 9,073,366        | (178,875)                               | 8,894,491        | 5.00         | 351,748          | (6,934)       |           | 444,725         | 789,539          | 8,104,952     |
| 5  | <u>Railway and Rolling Stocks</u>                      |                  |   |                  |              |                  |               |           |                 |                  |               |
|  | Railway Sidings  | 196,728,801      | (2,755,115)                             | 193,973,686      | 1.67         | 2,547,288        | (35,674)      |           | 3,239,361       | 5,750,975        | 188,222,711   |
| 6  | <u>Docks, Seawalls, Piers &amp; Nav. Aids</u>          |                  |   |                  |              |                  |               |           |                 |                  |               |
|  | Breakwater Construction                                | 4,828,924,045    | (663,691,445)                           | 4,165,232,600    | 1.33         | 49,692,134       | (6,740,027)   |           | 55,397,594      | 98,349,701       | 4,066,882,899 |
|  | Navigational Aids                                      | 25,558,296       | (900,611)                               | 24,655,685       | 10.00        | 1,981,488        | (69,828)      |           | 2,465,569       | 4,377,229        | 20,278,456    |
| 7  | <u>Cranes &amp; Vehicles</u>                           |                  |   |                  |              |                  |               |           |                 |                  |               |
|  | Diesel Lifting Truck                                   | 300,000          | 0                                       | 300,000          | 12.50        | 29,075           | (0)           |           | 37,500          | 66,575           | 233,425       |
|  | Vehicles - Four wheelers                               | 2,140,000        | 0                                       | 2,140,000        | 16.67        | 276,594          | (0)           |           | 356,738         | 633,332          | 1,506,668     |
|  | Vehicles - Two wheelers                                | 61,214           | 46,144                                  | 107,358          | 9.50         | 1,947            | 0             |           | 8,649           | 10,596           | 96,762        |
| 8  | <u>Installation of Water, Elec. Telecom &amp; Fire</u> |                  |   |                  |              |                  |               |           |                 |                  |               |
|  | Water & Communication Facilities                       | 2,761,921        | 15,207                                  | 2,777,128        | 14.29        | 312,560          | (18,198)      |           | 395,391         | 689,753          | 2,087,375     |
|  | Internal Electrical Facilities                         | 27,234,518       | (342,912)                               | 26,891,606       | 2.86         | 603,920          | (7,604)       |           | 769,100         | 1,365,416        | 25,526,190    |
|  | External Electrical Facilities                         | 16,908,130       | (1,120,705)                             | 15,787,425       | 5.00         | 655,480          | (67,189)      |           | 769,824         | 1,358,115        | 14,429,310    |
| 9  | <u>Other Assets</u>                                    |                  |   |                  |              |                  |               |           |                 |                  |               |
|  | Electrical Appliances                                  | 1,033,811        | 37,590                                  | 1,071,401        | 5.00         | 28,294           | 0             |           | 52,451          | 80,745           | 990,656       |
|  | Office Equipments                                      | 613,065          | 489,191                                 | 1,102,256        | 5.00         | 21,116           | 0             | (2,145)   | 41,575          | 60,546           | 1,041,710     |
|  | Furniture & Fittings                                   | 985,713          | 256,758                                 | 1,242,471        | 6.33         | 36,234           | 0             |           | 69,460          | 105,604          | 1,136,777     |
|  | Computers  | 753,050          | 119,239                                 | 872,289          | 16.21        | 45,855           | 0             |           | 136,367         | 182,222          | 690,067       |
|  |  | 8,243,674,955    | (850,497,306)                           | 7,393,177,649    |              | 120,165,071      | (10,360,224)  | (2,145)   | 141,784,295     | 251,586,996      | 7,141,590,653 |
|  | Additions with retrospective effect                    |                  |   |                  |              |                  |               |           |                 |                  |               |
|  | Additions  |                  | 27,315,203                              |                  |              |                  |               |           |                 |                  | 131,424,071   |
|  | (Deletions)  |                  | 1,711,695                               |                  |              |                  |               |           |                 |                  |               |
|  | (Adjustments)  |                  | (30,000)                                |                  |              |                  |               |           |                 |                  |               |
|  |  |                  | (879,494,204)                           |                  |              |                  |               |           |                 |                  |               |

131,424,071

**ENNORE PORT LIMITED**

No 15, KASTURIRANGAN ROAD, ALWARPET, CHENNAI 600 018.

**SCHEDULES TO THE BALANCE SHEET**

(In Rupees)

| Sch.<br>No. | PARTICULARS   | AS AT              |                    |
|-------------|---|--------------------|--------------------|
|             |   | 31.03.2003         | 31.03.2002         |
|             | <b>3. LOANS &amp; ADVANCES</b><br>( Unsecured, considered good recoverable in cash or<br>in kind or for value to be received) |                    |                    |
|             | Deposits  | 8,954,660          | 7,083,200          |
|             | Advance to Contractors  | 462,485,621        | 462,485,621        |
|             | Prepaid Income Tax  | 2,398,872          | 296,578            |
|             | Prepaid Expenses  | 4,480,963          | -                  |
|             | Other Advances  | 83,135             | 50,000             |
|             |   | <b>478,403,251</b> | <b>469,915,399</b> |
| <b>V</b>    | <b>CURRENT LIABILITIES AND PROVISIONS</b>   |                    |                    |
|             | <b>1. CURRENT LIABILITIES</b>   |                    |                    |
|             | Statutory Liabilities   | 23,150,412         | 9,506,996          |
|             | Contract Liabilities  | 354,108,407        | 670,590,782        |
|             | Deposits from Customers   | 109,156,194        | 4,060,456          |
|             | Retention Money Payable to Contractors  | 99,978,684         | 96,493,079         |
|             | Due to SSI Units (over 30 days)   | -                  | -                  |
|             |   | <b>586,393,697</b> | <b>780,651,313</b> |
|             | <b>2. PROVISIONS</b>  |                    |                    |
|             | Provision for Terminal Benefits   | 392,624            | 96,792             |
|             | Provision for Provident Fund  | 17,022             | -                  |
|             | Provision for Expenses  | 6,587,615          | 9,636,923          |
|             | Provision for Income Tax  | -                  | -                  |
|             |   | <b>6,997,261</b>   | <b>9,733,715</b>   |

**ENNORE PORT LIMITED**

No 15, KASTURIRANGAN ROAD, ALWARPET, CHENNAI 600 018.

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003

(In Rupees)

| Sch. No.    | PARTICULARS   | Year Ended 31.03.2003 | Period Ended 31.03.2002 |
|-------------|---|-----------------------|-------------------------|
| <b>VI</b>   | <b>INCOME FROM SERVICES</b><br>(Net of Service Tax)   |                       |                         |
|             | Composite Tariff on Coal  | 757,015,020           | 305,942,940             |
|             | Wharfage chemicals  | -                     | 39,320                  |
|             | Way Leave Charges   | 9,448,515             | -                       |
|             | Vessel Income   | 370,370               | 932,928                 |
|             | Berth Hire Charges  | 1,233,528             | 843,777                 |
|             | Anchorage Charges   | 482,936               | -                       |
|             | Pilotage Charges  | 161,759               | -                       |
|             | Launch Hire Charges   | 15,000                | 22,000                  |
|             |   | <b>768,727,128</b>    | <b>307,780,965</b>      |
| <b>VII</b>  | <b>OTHER INCOME</b>   |                       |                         |
|             | Interest on Bank Deposits<br>(including Tax deducted at source of Rs.21,02,294 ; Previous Year Rs.2,96,578) | 11,539,353            | 1,456,098               |
|             | Sale of Tender Documents  | 220,000               | 171,200                 |
|             | Profit on Sale of Asset   | 42,145                | -                       |
|             | Sundry Income   | 10,000                | 20,000                  |
|             |   | <b>11,811,498</b>     | <b>1,647,298</b>        |
| <b>VIII</b> | <b>PORT OPERATING EXPENSES</b>  |                       |                         |
|             | Fuel Expenses   | 3,414,978             | 1,289,253               |
|             | Lubricants  | 207,171               | 448,453                 |
|             | Marine Services   | 10,186,435            | 10,234,267              |
|             | Repairs and Maintenance: Buildings  | 1,428,189             | 17,691                  |
|             | Machinery   | 1,650,519             | 1,074,104               |
|             | Others  | 25,704,006            | -                       |
|             | Stores and Spares Consumed  | 1,245,765             | 408,774                 |
|             | Electricity Charges   | 7,636,825             | 1,299,830               |
|             |   | <b>51,473,888</b>     | <b>14,772,372</b>       |

**No 15, KASTURIRANGAN ROAD, ALWARPET, CHENNAI 600 018.**

( In Rupees )

| Sch. No.                       | PARTICULARS                            | Year Ended<br>31.03.2003 | Period Ended<br>31.03.2002 |
|--------------------------------|--|--------------------------|----------------------------|
| IX                             | ADMINISTRATIVE EXPENSES                |                          |                            |
|                                | Advertisement and Publicity            | 1,205,310                | 1,106,656                  |
|                                | Audit Fee                              | 75,600                   | 73,500                     |
|                                | Bank Charges                           | 3,895                    | 4,893                      |
|                                | Books and Periodicals                  | 47,824                   | 41,367                     |
|                                | Electricity Charges                    | 233,333                  | 73,910                     |
|                                | Hospitality                            | 369,339                  | 153,789                    |
|                                | Housekeeping                           | 274,050                  | 292,392                    |
|                                | Insurance                              | 3,451,725                | 1,056,720                  |
|                                | Landscape Maintenance                  | 1,962,228                | 164,023                    |
|                                | Legal & Arbitration Expenses           | 4,995,022                | 1,043,011                  |
|                                | Professional Charges                   | 9,030,613                | 1,166,296                  |
|                                | Membership Fees and Subscription       | 1,000,000                | 1,012,862                  |
|                                | Seminar Fee, Subscription              | 114,117                  | -                          |
|                                | Gifts & Presentations                  | 63,467                   | -                          |
|                                | Pantry Expenses                        | 224,738                  | 116,704                    |
|                                | Postage, Telephone and Fax Charges     | 836,752                  | 396,751                    |
|                                | Printing and Stationery                | 353,906                  | 158,070                    |
|                                | Rent                                   | 720,000                  | 464,100                    |
|                                | Rates & Taxes                          | 68,474                   | 40,157                     |
|                                | Security Expenses                      | 6,654,771                | 5,042,550                  |
|                                | Sundry Expenses                        | 108,070                  | 90,284                     |
|                                | Travelling and Conveyance              | 1,249,879                | 830,166                    |
| Vehicle Fuel and Maintenance   | 2,631,280                              | 1,061,384                |                            |
| Repairs & Maintenance - Office | 227,947                                | 144,484                  |                            |
| Safety Expenses                | -                                      | 9,970                    |                            |
| Software Expenses              | -                                      | 55,000                   |                            |
|                                | 35,902,339                             | 14,599,039               |                            |
| X                              | ESTABLISHMENT CHARGES                  |                          |                            |
|                                | Salary and Allowances                  | 5,563,106                | 2,120,101                  |
|                                | Staff Welfare Expenses                 | 846,172                  | 27,538                     |
|                                | Contribution to PF and Statutory Funds | 220,031                  | -                          |
|                                | Terminal Benefits                      | 487,854                  | 96,792                     |
|                                | Special Establishment Charges          | 40,409                   | 9,346,631                  |
|                                | 7,157,572                              | 11,591,062               |                            |
| XI                             | FINANCE CHARGES                        |                          |                            |
|                                | Interest on Term Loans                 |                          |                            |
|                                | * Government Loan                      | 190,684,458              | 128,950,202                |
|                                | * Others                               | 280,713,293              | 366,978,573                |
|                                | 471,397,751                            | 495,928,775              |                            |

MARCH 2003

(In Rupees)

Year Ended  
4.03.2003

Period Ended  
31.03.2002

220

305,942,940  
39,320

39,320

932,928  
843,777

843,777

000



**ENNORE PORT LIMITED**

**No.15, KASTURIRANGAN ROAD, ALWARPET, CHENNAI 600 018.**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**SCHEDULE – XII**

**1. Accounting Policies**

The books of account are maintained using mercantile system of accounting and financial statements have been prepared in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India.

- a. Income is recognized upon completion of services rendered and no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service.
- b. The expenses are accounted on accrual basis and expenditure directly identified to capital assets are capitalized in the respective assets.
- c. Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation. Depreciation is provided on Straight Line method, on pro rata basis, (1) at the rates as determined in accordance with the life of those assets as per the practice prevailing in Major Port Trusts in India, (2) Notification No: PP-24021/28/98-PG dated 19.08.1998 issued by the Ministry of Surface Transport, Ports Wing, Government of India and (3) as specified in Schedule XIV to the Companies Act, 1956.
- d. The capitalized value of fixed assets is based on the information, records and explanations given by the Executing Agency, the Chennai Port Trust (ChPT).
- e. The Project liabilities and the Retention money payable to the contractors have been provided for in the books as per Project Cell of Executing Agency and Engineering Cell of the Company.
- f. Preliminary Expenses and Deferred Revenue Expenses are written off over a period of 5 years equally from the year of commencement of operations.
- g. Revised interest workings on Loan from ChPT and Government of India (GoI), variation in project liabilities and credits from ChPT during the period pertaining to construction period and crystallized during the year are considered as adjustments in the value of fixed assets with retrospective effect.

- h. As per the terms of Contracts, interest is payable by the Company (EPL) for delayed payment of contractual obligations and retention money held beyond the due date(s). This interest / penalty is recognized as expenditure upon the accepted award of the Dispute Redressal System. Where such interest / penalty is disputed by EPL, it is not considered as expenditure of the Company and consequently reduced from the Loan from the Executing Agency. Disputes between the ChPT and EPL have been mutually agreed to be referred to the Ministry of Shipping (MoS) for its decision and direction. Suitable effect will be given in the accounts after the receipt of decision / direction of MoS in this regard.
  - i. The amounts becoming payable by EPL on account of accepted awards of the Dispute Redressal System relating to claims are capitalized retrospectively excluding interest.
  - j. Revenue expenditure are segregated into current year and prepaid wherever the prepaid portion exceeds Rs.20,000.
  - k. Accounting for Taxes on Income:
    - a) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
    - b) Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). On evaluation of reasonable certainty, deferred tax assets are recognized to the extent of estimated realization value of the deferred tax assets.
2. The installments of principal and interest paid by ChPT / the Company to GoI have been adjusted to reflect the net borrowings from GoI. Amounts paid to GoI are first adjusted towards the outstanding interest accrued till that date and the balance, if any, is adjusted towards the principal outstanding. As per the statements from the GoI received during the year, in case of pre payments, the interest on the Loan from GoI has been worked out at the rate of 14.00 % p.a. on daily product method, at the earlier of Transaction Date or Annual Rests on the net out standings, instead of on annual rests till previous year end. The impact on the profit and loss account on account of this difference is grouped under Extra Ordinary Items as per Note No. 9. The impact of this revised working, resulting in adjustment of depreciation and interest on loan from GoI relating to earlier year, is grouped under extraordinary item as per Note No.9. The initial investments by GoI, net of repayments, have been taken as equity up to Rs. 200 Crores. The Loan from GoI, as on the date of Balance Sheet, has been confirmed by the GoI.

3. The Loan from ChPT has been worked out, in accordance with various communication from ChPT and directions / clarifications from GoI, on the following factors. (a) Front Loading of equity (b) Rate of Interest at 13.50 % p.a. up to 23.01.2003 (c) Interest calculation on annual rests (on 21<sup>st</sup> June) on the Month End Balance of preceding month (d) Treating the C&AG audit para amount of Rs.46.25 Crores as non -interest bearing and (e) Payments amounting to Rs.1.49 Crores by EPL during the year pursuant to arbitration award are under dispute with ChPT and deducted from the loan from ChPT. The impact on the profit and loss account on account of these difference is grouped under Extra Ordinary Items as per Note No. 9. The impact of this revised working, resulting in withdrawal of depreciation and interest on loan from ChPT relating to earlier year, is grouped under extraordinary item as per Note No.9.
4. The Loan from ChPT as on the date of Balance Sheet has been reconciled and is subject to confirmation by ChPT. The summary of differences in the reconciliation statement is : -
  - a) Differences amounting to Rs.1.85 Crores, if not accepted by ChPT, will have the impact of reducing the profit for the year ended 31.03.2003 and increasing Miscellaneous Expenditure as on 31.03.2003 by similar amount.
  - b) Differences amounting to Rs.0.08 Crores, if not accepted by ChPT, will have the impact of increasing the Gross value of Fixed Assets and Loan from ChPT as on 31.03.2003. The impact of this on the profit for the year is not considered material.
5. The Cost of Project has been adjusted by a net amount of Rs.85.22 Crores during the year, effective from 22.06.2001, on account of the following factors pertaining to the period up to 21.06.2001:-
  - a) Difference in treatment, between EPL and GoI, of payments effected towards Loan from GoI having the impact of increasing the interest on Loan from GoI and the Cost of Project by Rs.0.99 Crores;
  - b) Revised working of interest on the Loan from ChPT, and front loading of equity having the impact of reducing the Interest During Construction Period and corresponding Loan Outstanding to ChPT and the Cost of Project by Rs.49.75 Crores;
  - c) Variation in the project out standings as certified by the Executing Agency and the Engineering Cell of the Company having the impact of reducing the Cost of Project by Rs.33.49 Crores.
  - d) Payments made pursuant to arbitration awards on claims and increased cost of assets amounting to Rs.2.73 Crores having the impact of increasing the cost of the project by similar amount.
  - e) Credits from ChPT pertaining to recoveries amounting to Rs.5.70 Crores having the impact of reducing the cost of the project by similar amount.

6. Capital Work in Progress includes the unutilized quarried stones of Rs.4.79 Crores having the utility value for future capital and maintenance expenses as certified by Government approved Valuer.
7. The formalities of transferring the ownership of certain vehicles taken possession of by the Company from the contractors are in process. Depreciation on such assets has been provided based on possession rights.
8. In the absence of any document executed by the Company securing its assets in favour of GoI and ChPT, the loans from them, including accrued interest thereon, have been classified as unsecured loans.
9. The following extraordinary items relating to earlier year have been adjusted against the corresponding items in the Profit and Loss Account for the year ended 31.3.2003. (Figures are given in Rupees and figures within brackets represents withdrawal of expenditure)

| Particulars                    | For the year | Extraordinary | Net Amount  |
|--------------------------------|--------------|---------------|-------------|
| Depreciation                   | 141,784,295  | (10,360,224)  | 131,424,071 |
| Interest On Loan from GoI      | 180,443,353  | 10,241,105    | 190,684,458 |
| Interest On ChPT Loan (others) | 354,676,215  | (73,962,922)  | 280,713,293 |
| Total                          |              | (74,082,041)  |             |

10. Fixed deposit with banks include interest accrued but not due amounting to Rs. 12,35,688 (Previous Year Rs.2,63,733). Repairs and Maintenance – Others consists of Rs.2,55,42,118 towards revenue dredging incurred during the year.

11. Establishment expenses include remuneration paid to Directors. (In Rupees)

|  | 2002-03  | 2001-02  |
|--|----------|----------|
| a. Salary and Allowances                   | 5,58,790 | 3,32,686 |
| b. Contribution to Pension & Gratuity Fund | 99,841   | 48,151   |
| c. Contribution towards leave salary       | 29,135   | 23,468   |

12. Details of remuneration to Auditors(in Rupees)  
(Excluding Service tax)

|                        | 2002-03 | 2001-02 |
|------------------------|---------|---------|
| a. For Statutory Audit | 50,000  | 50,000  |
| b. For Tax Audit       | 20,000  | 20,000  |
| c. For Other services  | -       | -       |

tied stores of Rs.4.79 Crores  
 ice expenses as certified by  
 vides taken possession  
 Depreciation on such  
 ing its assets in  
 interest thereon,  
 adjusted  
 r ended  
 esents

|   |         |         |
|---|---------|---------|
| 13. Transactions in Foreign Currency (Rupees in lakhs)  | 2002-03 | 2001-02 |
| Earnings in foreign currency                            | Nil     | Nil     |
| Outgo in foreign currency towards capital expenditure   | Nil     | 400.83  |
| Outgo in foreign currency towards revenue expenditure   | 2.85    | 1.99    |
| 14. Information on Quantity, Cargo and No. of Vessels : | 2002-03 | 2001-02 |

|                           |         |         |
|---------------------------|---------|---------|
| Quantity (in Metric Tons) | 8411278 | 3399366 |
| Cargo                     | Coal    | Coal    |
| No. of Vessels            | 154     | 71      |

15. Security Expenses, grouped under Administrative Expenses, includes a sum of Rs.3,31,285 relating to earlier year. Way Leave Charges, grouped under Income from Services, includes a sum of Rs.27,19,493 relating to earlier year.

16. Loan dues from directors: Rs. Nil ( Previous Year: Rs.Nil) ; Maximum amount outstanding from them at any time during the year is Rs.Nil. ( Previous Year: Rs.Nil)

17. Contingent Liabilities (as certified by the Management):

a) Claims against the Company not acknowledged as debts : Rs.11,183.44 lakhs (Previous Year: Rs.9,639.19 lakhs.)

b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs.97.00 lakhs (Previous Year Rs.7.60 lakhs)

18. Segment reporting:

The Company has only one Segment of revenue, namely providing Port services with its Port at Ennore in the State of Tamilnadu. Hence, the Profit and Loss account represents the operating results from providing Port services at Ennore and the Balance Sheet represents the state of affairs relating to providing Port services at Ennore.

ried stones of Rs.4.79 Crores  
ice expenses as certified by  
icles taken possession  
preciation on such  
ing its assets in  
terest thereon,  
adjusted  
r ended  
resents

19. Related Party Disclosure is given in the Annexure.

20. Provision for gratuity, pension, leave salary and terminal benefits have been made only for those employees who are on deputation from other Organizations as per the advices received from the respective Organizations and no provision, on this account, has been made for other employees as service rules are not framed by the Company.

21. Deferred Tax Expenditure has been provided as per the provisions of the Income Tax Act, 1961 read with the Accounting Standard on Accounting for Taxes on Income. Accordingly, adjustments for Rs.94,62,999 has been made in the Profit and Loss account as at 31.03.2002 for creation of Deferred Tax Asset (DTA) as at 31.03.2002. The Current year Tax expenses of Rs.57,08,415 has been adjusted in the Deferred Tax Asset as given below.

|                                      |              |
|--------------------------------------|--------------|
| Deferred Tax Asset as at 31.03.2002  | Rs.94,62,999 |
| Deferred Tax Asset as at 31.03.2003  | Rs.37,54,584 |
|                                      | -----        |
| Realisable Deferred Tax for the year | Rs.57,08,415 |
|                                      | -----        |

22. The Company, engaged in the business of developing, operating and maintaining an "infrastructure facility", is eligible for 100 % deduction under Section 80-IA the Income Tax Act, 1961, in respect of its Total Income for 10 consecutive assessment years out of 15 years (assessment years 2002-03 to 2016-17), at its option. Considering combined effects of estimation of Income by the Company the eligibility for deduction, the prospects, expansion plans and capacity of the Company and the difference in the rates of depreciation between the accounts and tax laws, the life of carried forward tax benefits, it is expected that the Company will opt for taxation benefits under Section 80-IA for 10 years with effect from the assessment year 2007-2008. Consequently, it is expected that the deferred tax assets could be realized only to the extent provided in Clause (iii) of Explanation to Section 115JB of the Income Tax Act, 1961.


23. Cash Flow Statement is given in the Annexure.

24. Insurance cover is available for Office Equipments, Floating crafts and Motor vehicles.
25. As per the directions of the GOI, title to the Land is not transferred to the Company. Accordingly the cost of land paid by ChPT is not considered in the Balance Sheet. Since there is no express contract between ChPT and the Company, no provision has been made for usage charges for land.
26. The amounts payable to Contractors is accounted as per the values certified by Executing Agency and independent Engineer. Accordingly, the outstanding as on the date of balance sheet represents the certified amount(s) net of payments made to them and subject to confirmation.
27. Balances in Sundry Debtors is subject to confirmation.
28. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

SIGNATURES TO THE BALANCE SHEET AS AT 31.03.2003, THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE AND THE SCHEDULES I TO XII.


For ENNORE PORT LIMITED


For SUNDARAM & NARAYANAN  
Chartered Accountants

  
M. RAMAN  
Chairman cum  
Managing Director

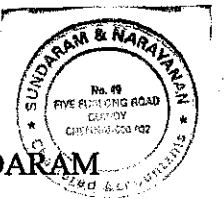
  
K BALACHANDRAN  
Director

  
P. BASKARADOSS  
Director

  
Dr. A. RAJAGOPALAN  
Director

  
K. MEENATCHI SUNDARAM  
Partner

  
T.K. ARUN  
Company Secretary



Place: Chennai  
Date :19.07.2003



# Related Parties Disclosures

(Related party disclosures as required under Accounting Standard 18 prescribed by ICAI)

## I Related Parties

|                        |                                |
|------------------------|--------------------------------|
| 1 Government of India  | Promoter Shareholder           |
| 2 Chennai Port Trust   | Promoter Shareholder           |
| 3 Mr. M Raman          | Chairman cum Managing Director |
| 4 Mr. P Baskaradoss    | Director                       |
| 5 Mr. R.K Jain         | Director                       |
| 6 Cap.K. Balachandaran | Director                       |

## II Enterprises over which the related parties can exercise significant influence and which had transactions with the reporting enterprises during the relevant financial year:

- a) Chennai Port Trust
- b) Government of India

## III Disclosures of transaction between the Company and Related Parties during the year ended 31.03.2003.

|   |  |
|---|--|
| a) Name of the related party                | Government of India  |
| b) Nature of relationship                   | Promoter shareholder   |
| c) Extent of Interest<br>(as on 31.03.2003) | Investment In Equity Rs.200,00,00,000<br>Investment by way of Loan and Others<br>Rs. 127,84,97,800 |
| d) Repayment of Loan                        | Rs. 7,19,73,339  |
| e) Repayment of Interest                    | Rs. 26,16,85,651 (Includes Rs.8,00,88,837 relating to previous year)                               |
| f) Guarantees issued                        | Rs. Nil  |
| g) Provision for Doubtful Debts             | Rs. Nil  |
| h) Written off or Written Back              | Rs. Nil  |

|   |  |
|---|--|
| a) Name of the related party                | Chennai Port Trust   |
| b) Nature of relationship                   | Promoter shareholder   |
| c) Extent of Interest<br>(as on 31.03.2003) | Investment In Equity Rs.100,00,00,000<br>Investment by way of Loan and Others<br>Rs. 339,62,55,876         |
| d) Repayment of Loan                        | Rs.2,27,20,915   |
| e) Repayment of Interest                    | Rs. 39,52,54,000 (Includes Rs.27,00,27,549 relating to previous years)<br>(Net of Tax Deducted at Sources) |
| f) Guarantees issued                        | Rs. Nil  |
| g) Provision for Doubtful Debts             | Rs. Nil  |
| h) Written off or Written Back              | Rs. 49,75,33,597   |

i) Expenses on contracts including Deputation: Rs. 8,06,250

(Amount in Rs)

| Name of the Parties  | Nature of Transaction   | For the Year | Paid    | Outstanding as on 31.03.2003 |
|----------------------|-------------------------|--------------|---------|------------------------------|
| Mr. M Raman          | Managerial Remuneration | 623,896      | 494,920 | 128,976                      |
| Mr. R.K Jain         |                         | -            | -       | -                            |
| Mr. P Baskaradoss    |                         | -            | -       | -                            |
| Capt.K. Balachandran | Managerial Remuneration | 63,870       | 31,935  | 31,935                       |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2003**

(Amount in Rupees)

|  |             |                      |
|--|-------------|----------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>            |             |                      |
| Net Profit Before Tax                                    |             | 65,616,540           |
| Less: Extraordinary Item                                 |             | (74,082,041)         |
|  |             | (8,465,501)          |
| Adjustment for:  |             |                      |
| Depreciation   |             | 131,424,071          |
| DRE & Preliminary Expenses Written off                   |             | 11,858,050           |
| Interest Expenses  |             | 471,397,751          |
| Deferred Tax Liability                                   |             | 5,708,415            |
| Interest Income  |             | (11,811,498)         |
| Extraordinary Item                                       |             | 74,082,041           |
| Operating Profit before working capital changes          |             | 674,193,329          |
| Adjustment for:  |             |                      |
| (Increase) / Decrease Operating Receivables              |             | 74,968,382           |
| Increase /(Decrease) Operating Loans & Advance           |             | (8,487,852)          |
| Increase (Decrease) Operating Payable                    |             | 119,488,305          |
| <b>Cash Generated From Operations</b>                    |             | <b>860,162,164</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>            |             |                      |
| Sale of Fixed Assets                                     |             | 30,000               |
| Purchase of Fixed Assets                                 |             | (29,026,898)         |
| Capital WIP  |             | (10,373,562)         |
| Interest Received  |             | 11,811,498           |
| <b>Net Cash Used in Investing Activities</b>             |             | <b>(27,558,962)</b>  |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>            |             |                      |
| Repayment of Loans                                       |             | (94,694,254)         |
| Interest Paid  |             | (656,939,651)        |
| Payment of Project Liabilities                           |             | (21,605,007)         |
| <b>Net Cash Used in Financing Activities</b>             |             | <b>(773,238,912)</b> |
| <b>Net Increase in Cash and Cash Equivalents (A+B+C)</b> |             | <b>59,364,290</b>    |
| Cash and Cash equivalents as at 01.04.2002               | 195,110,711 |                      |
| Cash and Cash equivalents as at 31.03.2003               | 254,475,001 | 59,364,290           |

We have verified the above Cash Flow Statement of ENNORE PORT LIMITED derived from the Audited Financial Statement for the year ended March 31, 2003 and certify that in our opinion and according to the information and explanations given to us, the Cash Flow Statement is in accordance therewith.

For SUNDARAM & NARAYANAN  
Chartered Accountants



Place : Chennai  
Date : 19.07.2003

K MEENATCHI SUNDARAM  
Partner