

ENNORE PORT LIMITED

एन्नोर पोर्ट लिमिटेड

SEVENTH ANNUAL REPORT 2005 - 07

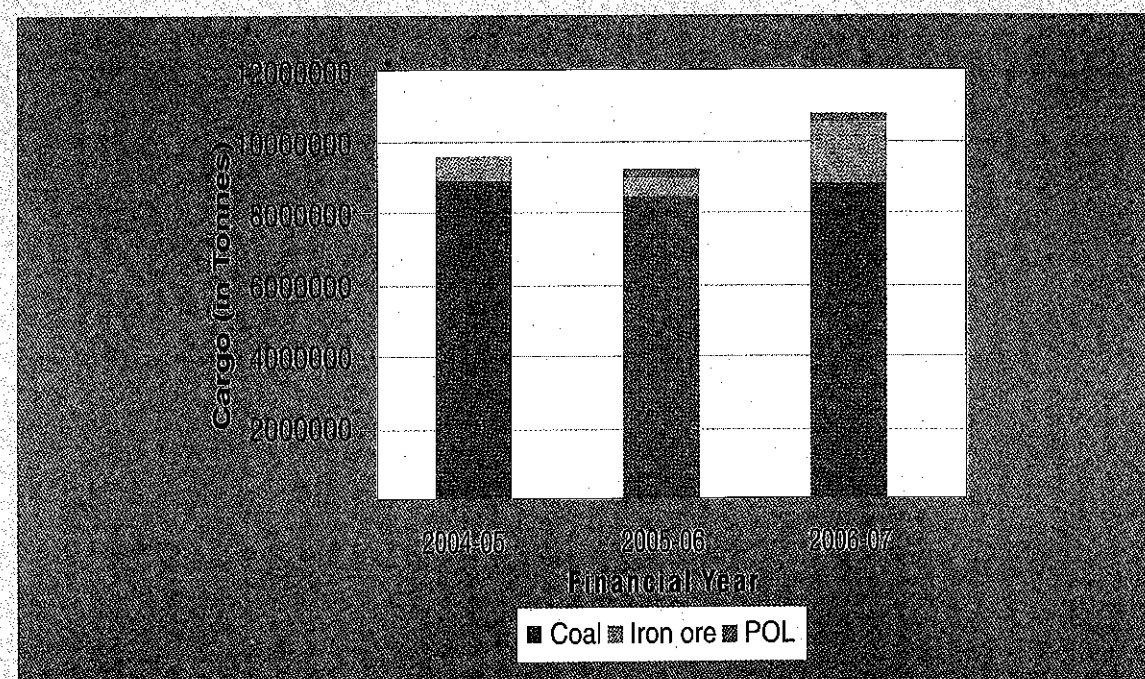
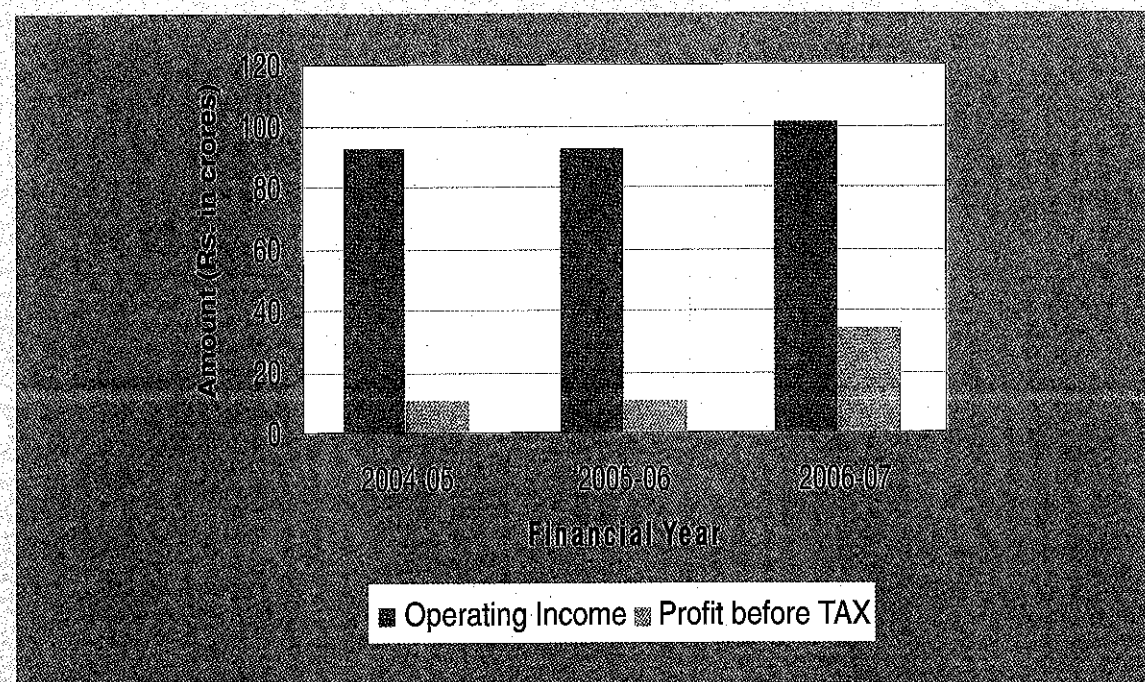
सातवाँ वार्षिक रिपोर्ट



India's Port of the Millennium...

इस मिलिनियम का भारतीय पोर्ट...

**Impressive Performance
Surging towards new heights**



ENNORE PORT LIMITED

SEVENTH ANNUAL REPORT

2006 - 07

ENNORE PORT LIMITED

(A GOVERNMENT OF INDIA UNDERTAKING)

BOARD OF DIRECTORS

Shri S. Velumani
Chairman cum Managing Director

Shri K. Suresh
Director

Shri Rakesh Srivastava
Director

Dr. A. Rajagopalan
Director (Operations)

Capt. D.K. Mohanty
Director (Marine Services)

Dy. GM (F) & SECRETARY
Shri M. Gunasekaran

AUDITORS

M/s Ganesan & Company
Chartered Accountants

PRINCIPAL BANKERS

Andhra Bank
Canara Bank
Union Bank of India

Regd. & Corporate Office : P.T. Lee Chengalvaraya Naicker Maaligai,
23, Rajaji Salai, Chennai – 600 001.

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

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Ennore Port Limited

Regd. & Corporate Office: P.T. Lee Chengalvaraya Naicker Maaligai,
No. 23, Rajaji Salai, Chennai - 600 001.

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the 7th Annual General Meeting of the Company will be held at **1200** hours on **Friday** the **31st** day of **August 2007** at the Regd. & Corporate Office of the Company at No.23, Rajaji Salai, Chennai - 600 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2007, the Balance Sheet as at that date and Directors' and Auditors' Reports thereon.
2. To appoint a Director in the place of Shri K. Suresh, who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS

Item No. 3

To appoint Director on the Board of the Company

To consider and if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Capt. D.K. Mohanty who was appointed as a Whole time Director (Marine Services) of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation, for a period of 5 years from the date of his initial appointment i.e. with effect from 1st May 2007.

RESOLVED FURTHER that the retirement by rotation and reappointment of Capt.D.K.Mohanty 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)."

Item No. 4

To Amend Articles of Association

To consider and pass with or without modification, the following resolution as a special resolution:

RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the following Article be inserted as Article No. 160 (A) of the Articles of Association:

Article No. 160 (A) :

Notwithstanding anything contained in any other articles, prior approval of the Government of India should be obtained in respect of sale, transfer or disposal of land and waterfront of the Company.

By Order of the Board
Chairman cum Managing Director

Place : Chennai

Dated : 9th August 2007

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

Pursuant to the Government of India directions vide their letter No.A-11013/11/98-PE.II dated 2nd April 2007, the Board of Directors has appointed Capt. D.K. Mohanty as a Whole time Director of the Company with effect from 1st May 2007 and vacates his office of Directorship at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under

Section 257 of the said Act has been received from a member proposing the name of Capt. D.K. Mohanty as a candidate for the office of Director of the Company.

Capt. D.K. Mohanty is a Master Mariner (FG). He has rich work experience for more than 30 years in Shipping and Ports in various capacities. He lastly served as Deputy Conservator of Paradip Port Trust.

None of the Directors other than Capt. D.K. Mohanty to the extent of his appointment as Director, is concerned or interested in the above resolution.

Item No. 4

As the members are aware, our company was incorporated as a Public Limited Company. However, the entire paid-up share capital of the Company as on date is held by the Government of India and Chennai Port Trust an Autonomous Body owned by the Government of India. In view of this, the Company shall be treated as a Government Company under the Companies Act, 1956 and the provisions of the Act shall apply accordingly.

The Government has issued a direction to amend the Articles of Association to provide for the prior approval of Government of India for sale, transfer or disposal of land and waterfront of the Company. It is, therefore, proposed to alter the Articles of Association by inserting a new Article as applicable to a Government Company and adding Article to comply the direction of the Government. A brief summary of the changes are given hereunder:

Article No. 160 (A) :

Notwithstanding anything contained in any other articles, prior approval of the Government of India should be obtained in respect of sale, transfer or disposal of land and waterfront of the Company.

As per Section 31 of the companies Act, 1956, amendment of Articles of Association requires the approval of members by way of special resolution. Accordingly, the Board places the resolution for the approval of members. Copy of the amended Articles of Association shall be made available for inspection by members at the registered office and corporate office.

None of the Directors is, in any way, concerned or interested in this resolution.

The Board of Directors recommend the resolution for approval of the members.

★★★

DIRECTORS' REPORT

To

The Shareholders

Your Directors have pleasure in presenting the Seventh Annual Report of the Company together with the Audited Accounts for the financial year ended 31st March 2007.

OPERATIONS

Your Company has handled 10.714 million tonnes (MT) as compared to 9.168 MT handled during the previous year registering a growth of 16.86%. *It is a momentous year for your company as it has for the first time crossed 10 million tonnes mark.* The quantum of Thermal Coal handled for the Tamil Nadu Electricity Board (TNEB) was higher at 8.80 MT compared to 8.387 MT handled during the previous year. During the year under review, the iron ore handled increased to 1.724 MT from the previous year 0.537 MT. However, there was a slight reduction in the POL at 0.190 MT from 0.244 MT handled in the previous year.

The company surpassed the MoU target of 10.00 MT fixed for the year 2006-07. The summary of the cargo handled during the year under review is furnished below:

Cargo handled in million tonnes

Commodity	2006-07	2005-06
Thermal Coal	8.802	8.387
Iron ore	1.724	0.537
POL	0.188	0.244
Total	10.714	9.168

Highlights of physical performance during 2006-07 :

- ❖ 10.714 million tonnes of cargo handled as against 9.168 million tonnes in previous year, achieving 16.86% increase.
- ❖ 201 vessels were handled at this Port as against 173 vessels in the previous year.
- ❖ Average turn round time of vessels has been reduced to 1.771 days as against 2.061 days in the previous year.
- ❖ Average Pre Berthing Detention of vessels was just 18 minutes as against 22 minutes in the previous year.
- ❖ Berth output per day is 35,087 tonnes as against 33,622 tonnes in the previous year.

- ❖ Highest quantity of 1.04 lakh tonnes of Coal Discharged in one day (31-03-2007).
- ❖ Achieved highest throughput per day of 54552 tonnes of Thermal Coal by shore cranes in single berth (CB-I)
- ❖ Handled 1.72 million tonnes of Iron Ore exports by utilizing 115 percent of the temporary facility setup for the purpose compared to 0.54 million tonnes in 2005-06.

FINANCIAL PERFORMANCE

Particulars	2006 - 07	2005 - 06
	(Rs. in Crores)	
Income from services	101.04	92.32
Other Income	9.46	5.49
Total Income	110.50	97.81
Operating Expenses	30.02	28.44
Interest	34.81	42.74
Depreciation	11.05	11.07
Other provision & Loss	-	6.23
Total expenses & provision	75.88	88.49
Profit / (Loss) before Tax (PBT)	34.62	9.32
Tax / Deferred tax provision	3.98	0.25
Profit/(Loss) after Tax (PAT)	30.64	9.07

The overall performance during the financial year 2006-07 remained healthy with total revenues increased by 9.45% to Rs. 101.04 crs. from Rs.92.32 crs. in 2005-06. The profit before tax and after tax were Rs. 34.62 crs. and Rs.30.64 crs. respectively for the year 2006-07 as compared to Rs.9.32 crs. and Rs.9.07 crs. respectively in previous year. The carried forward loss has been fully wiped out and Cumulative Profit becomes positive for the first time.

Your Company signed Memorandum of Understanding with Government of India, Department of Shipping for the first time for the fiscal 2006-07 and achieved the performance rating of "Very Good".

DIVIDEND

Though the Company declared a profit for the year ended 31st March 2007, the Directors have decided not to recommend any dividend for the year as the Company needs to conserve capital resources for investment in growth opportunities.



Hon'ble Chief Minister of Tamil Nadu laying Foundation Stones for 3 BOT projects of EPL on 17.01.07

DEVELOPMENT PLANS

In pursuant to the Government directions, your Company has identified fourteen projects and included under National Maritime Development Programme (NMDP). Out of these fourteen projects, there are seven berth construction projects, three dredging projects and four connectivity projects. For three berth construction projects, Licenses have already been awarded to the selected developer cum operators through global bidding on BOT format. Foundation stones for these three Projects namely Marine Liquid Terminal, Coal Terminal and Iron Ore Terminal were laid by Hon'ble Chief Minister of Tamilnadu on 17th January 2007.

Marine Liquid Terminal (3 MTPA): The License Agreement was signed during November 2004 with Ennore Tank Terminals Private Limited (SPV of IMC Limited and L & T Limited). The Zero Date for the project is 09th June 2006, the date of communication of the Environment Clearance to the Licensee. The period for completion of construction is 24 months from the Zero Date. The construction work is in progress. The approved project cost is Rs. 196 crores and the private operator has invested Rs.66.87 crores in this project till 31st May 2007.

Coal Terminal (8 MTPA for non-TNEB users): The License Agreement was signed with M/s Chettinad International Coal Terminal Pvt Ltd. on 14th September 2006 for the development of a Coal Terminal with an approved project cost of Rs. 348 crores. The Licensee submitted the Detailed Project Report (DPR) to the Independent Engineer on 30th November 2006.

The DPR was approved by the Independent Engineer on 29th December 2006. The Financial Closure document is awaited from the Licensee. The zero date of the project will commence after handing over of the land to Licensee. The project has a construction period of 30 months from the zero date.

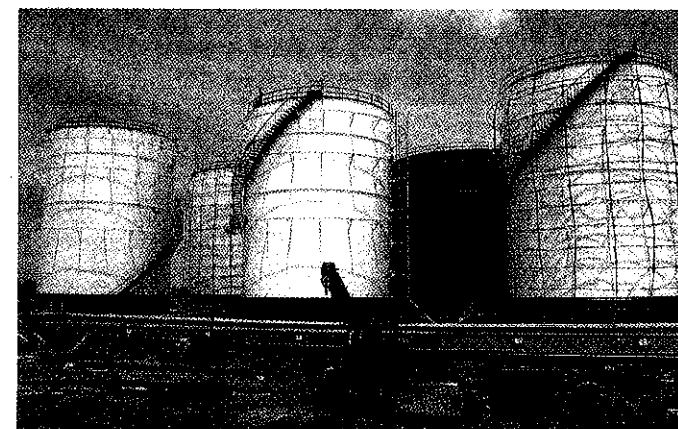
Iron Ore Terminal (12 MTPA): The License Agreement was signed with M/s SICAL Iron Ore Terminals Ltd. on 23rd September 2006 for the development of Iron Ore Terminal with an approved project cost of Rs. 480 crores. The Licensee submitted the Detailed Project Report (DPR) to the Independent Engineer on 22nd January 2007 for approval. The revised DPR considering Independent Engineer's comments was submitted on 10th April 2007. Independent Engineer has conveyed the approval on 19th June 2007. The Financial Closure document is awaited from the Licensee. The zero date of the project will commence after handing over of the land to Licensee. The project has a construction period of 30 months from the zero date.

Container Terminal (1.5MTEUs / 18 MTPA): The process of getting approval from the competent authority for the development of Container Terminal was initiated during the year under review. All required documents for obtaining the 'in-principle' approval of the Public Private Partnership Appraisal Committee (PPPAC) were forwarded to Department of Shipping for onward transmission to PPPAC as per the procedure approved by CCEA. The Environmental Clearance for 700 m quay length was received from MoEF in May 2006 and action has been initiated by your company for obtaining

Environmental Clearance for the additional quay length of 300 m.

LNG Terminal (5 MTPA): It was informed in the previous report that based on the proposal from the Indian Oil Corporation Ltd., your Company sought and obtained in-principle approval of the Government for pursuing the development of an LNG Terminal at Ennore Port in association with IOCL in July 2005. The implementation of the project depends on IOCL's final decisions and programme. According to IOCL, further progress on the project is constrained due to a very tight long term LNG supply situation in the market and it is essential to identify long term LNG supply before proceeding with the project.

Capital Dredging Phase-I: Your company has sought and obtained the approval of competent authority for Capital Dredging - Phase-I - needed for the second stage development of Ennore Port Limited at a cost of Rs. 91 crores. This project cost has to be met by your company through internal resources and external borrowings. Your company has shortlisted seven dredging companies through RFQ process. The tender document was issued to the qualified bidders and pre-bid meeting with the bidders was held. The dredging programme will be synchronized with the construction of MLT, Coal and Iron Ore berths.

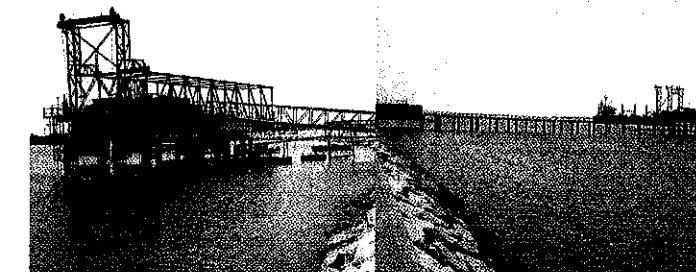


Construction of the Tank Farms for Marine Liquid by the BOT Operator M/s Ennore Tank Terminals Pvt. Ltd.

Your Company is also drawing up and crystallizing plans for improving the Road and Rail connectivity to the Port. The SPV promoted by Chennai Port Trust and NHAI has already taken up four laning of the TPP road for which the company has committed to contribute Rs. 17.50 crores (the differential cost of two lane and four lane configuration), out of which Rs.8.75 crores has already paid.

A new Northern Port Access Road has been proposed by your Company and it was taken up by NHAI under the 'Port

Connectivity to the Golden Quadrilateral or North-South & East-West Corridors' programme. NHAI has awarded the consultancy services assignment for carrying out Feasibility Study for this project to Wilbur Smith Associates Private Limited. The construction work will be carried out in two phases, Northern Gate of Ennore Port to TPP Road in Phase-I and upto Tachur on NH-5 in Phase-II.



Construction of Pile Foundation for Marine Liquid Berth by the BOT Operator M/s Ennore Tank Terminals Pvt. Ltd.

Your Company has obtained the 'in-principle' approval from Southern Railways and Government of India for Rail Connectivity between Ennore Port and Main Lines of Indian Railways (Ennore Port to Attipattu Railway station) for servicing coal, iron ore and container terminal. The Detailed Project Report was submitted to Southern Railways for obtaining the approval. The construction work will be synchronized with the construction of Coal and Iron Ore berths.

Your Company has taken up the works of internal road connectivity and common electrical sub-station required for operations of the terminals for which Licenses have been awarded.

Port's ambient air quality, work zone air quality, marine & ground water quality are being monitored monthly by Richardson & Cruddas (1972) Ltd., a Government of India Undertaking and the results are found to be within the prescribed limits.

BUSINESS PLAN

With the view to facilitating development of world class port facilities well suited to meet the present and future needs of the trade, your Company has awarded the contract to prepare a Business Plan for Ennore Port to HPC Hamburg Consulting GmbH together with the Consulting Engineering Services (India) Pvt. Ltd. in July, 2006. The Business Plan shows the roadmap for capacity addition and broadly indicates company's strategy for development through own funding and by mobilizing investments through PPP. A Financial Plan with

estimates of cash flow has also been developed in the Business Plan. The negative cash flow during the development phase and methods to handle the same are indicated. The Business Plan also envisages a through put of 43MT by 2013-14 at the low scenario with corresponding revenue by Rs. 403 crores. Business Plan aims to achieve growth with provision of world class port services. To achieve the above strategy, a capex of about Rs.3324.30 crores has been planned out of which Rs.748 crores for company's own investment and Rs. 2576.30 crores through BOT /SPV. The Business Plan is directional in nature and will be updated periodically to make necessary changes, considering business dynamics of Indian Economy particularly EXIM trade.

RECOVERY OF SPACE CAPSULE BY ISRO THROUGH ENNOREPORT

Your Company is proud to announce that the Company was part of Indian Space Research Organisation (ISRO)'s Space



Recovery of Space Capsule SRE 1 by ISRO on 22.01.07 at Ennore Port, SRE 1, a 550 kg. capsule completed its mission in sunsynchronous orbit and was de-orbited and Maneuvered back to atmosphere. CMD, EPL, in discussion with Chairman, ISRO

Capsule Recovery Experiment (SRE-I) carried out in January 2007. The Space Capsule weighing of 550 Kgs. had been put in circular polar sun synchronous orbit on 10th January 2007 by PSLV-37 launched from Sriharikota along with three other satellites. After completion of experiments, the Capsule was de-orbited and maneuvered back to atmosphere. The

Capsule splashed into the Bay of Bengal at 80 nautical miles (160 km) off the coast of Ennore on 22nd January 2007. The Capsule was recovered by Coast Guard vessel "Sarang" and arrived at Ennore Port for transporting the Capsule back to Sriharikota.

INDUSTRIAL RELATIONS

During the year cordial and harmonious Industrial Relations were maintained in the Company and no man days were lost.

COMMUNITY SERVICES



Free Medical Camp conducted by Ennore Port at Kattupalli Village on 7-4-2007.

Your company has implemented various community services to benefit neighbouring villages to the Port, salient features of which are as under:

- ❖ Organised medical camps to benefit people in the neighbouring villages.
- ❖ Donated computers to a primary school run by local Panchayat.
- ❖ Provided employment opportunities through self help group women of the local Panchayat area.



Computer donated to the School at Kattupalli Village

DIRECTORS

Subsequent to the last Directors' Report, the following changes were effected in the Board of Directors:

Capt. K. Balachandran, Director (Marine Services) ceased to be Director with effect from 30th June 2006 consequent to his pre-mature retirement from the service of the Company.

Shri S. Velumani has been appointed as Chairman cum Managing Director of the Company with effect from 30th July 2006.

Shri A. Balraj, Non-Official Part-Time Director of EPL ceased to be Director with effect from 20th November 2006 on completion of tenure.

Shri N. Kumar, Non-Official Part-Time Director of EPL ceased to be Director with effect from 15th February 2007 on completion of tenure.

Capt. D.K. Mohanty has been appointed as Director (Marine Services) of the Company with effect from 1st May 2007.

Shri A.K. Bhalla, Joint Secretary (Ports), Ministry of Shipping, Road Transport & Highways ceased to be Director with effect from 21st May 2007, consequent to his transfer and Shri Rakesh Srivastava, Joint Secretary (Ports) has been appointed as Director in his place.

Your Directors place on record the appreciation of the valuable contributions made by S/Shri K. Balachandran, A. Balraj, N.Kumar & A.K. Bhalla during their respective tenures.

In accordance with provisions of Articles of Association of your Company, Shri K.Suresh retire by rotation, at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

AUDIT COMMITTEE

The company has duly constituted Audit Committee. The Audit Committee has overseen the company's financial reporting process and disclosure of financial information, internal control systems and accounting policies. Three meetings of the Audit Committee were held during the financial year ended 31st March 2007.

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.

REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

Information 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 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given at Annexure - I to this report.

AUDITORS

M/s. Ganesan & Company, Chartered Accountants were appointed as Statutory Auditors of the Company by the Comptroller & Auditor General, New Delhi for the period ended 31st March 2007. The Company is yet to receive the appointment advice for the Financial Year 2007-08 from the Comptroller & Auditor General of India, New Delhi.

AUDITORS REPORT

The report submitted by the Statutory Auditors of the Company M/s Ganesan and company for the financial year ended 31st March 2007, is circulated along with the Annual Financial Statements.

ACKNOWLEDGEMENT

Your Directors wish to acknowledge gratefully the support and guidance received from the Ministry of Shipping, Road Transport and Highways, Government of India and Chennai Port Trust.

Your Directors take this opportunity to thank the Port Users, Contractors and Bankers for their continued support during the year. The Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels. The Directors also place on record their gratitude to the shareholders for their continued support and confidence.

For and on behalf of the Board of Directors

Sd/-
S. Velumani
Chairman cum Managing Director

Place : Chennai
Dated : 29th June 2007

ANNEXURE - I

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:

To ensure effective utilization of electrical energy, your Company is regulating and managing the lighting and other electrical systems within the Port premises based on the suggestions and recommendations of the Energy audit report undertaken in 2005-06. During the year 2006-07 your Company has entrusted an assignment to M/s Dynaspade Integrated System to conduct the Energy audit at the Port premises. The report with several recommendations has been received in April 2007. These are being considered for implementation in the year 2007-08.

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

No additional investments were made during 2006-07.

(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:

Not applicable.

(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.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF ENNORE PORT LTD. FOR THE YEAR ENDED 31 MARCH 2007

The preparation of financial statements of Ennore Port Ltd., for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 June 2007.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act 1956 of the financial statements of Ennore Port Ltd., for the year ended 31 March, 2007. This supplementary audit has been carried out independently with access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Place : Chennai
Date : 06-08-07

Sd/-
(H. PRADEEP RAO)
PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT AND EX-OFFICIO MEMBER
AUDIT BOARD, CHENNAI- 34.

AUDITORS' REPORT

To the Members of Ennore Port Limited

We have audited the attached Balance Sheet of Ennore Port Limited as at 31st March 2007 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.

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.

As required by the Companies (Auditors' Report) Order, 2003 issued by the 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.

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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement 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) As per the Notification No.GSR 829 (E) dated 21.10.2003, issued under section 620 of the Companies Act, 1956 (1 of 1956), Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to the company;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes on accounts thereon 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 :
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2007;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For GANESAN AND COMPANY
Chartered Accountants

S. SWAMINATHAN
Partner
M. No. 23998.

Place: Chennai
Date : 29.06.2007

Annexure referred to in our audit report of even date to the members of Ennore Port Limited.

- (i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) The management has physically verified the fixed assets of the company during the year. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the Company has not disposed substantial part of fixed assets during the year.
- (ii)
 - (a) The inventory of unutilized quarried stones has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventory of unutilized quarried stones followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper record of inventory of unutilized quarried stones. No material discrepancies were noticed on physical verification.
- (iii)
 - (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) As the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 reporting requirements under clause 4(iii) (b), (c) & (d) of the order do not arise.
 - (c) The Company has taken unsecured loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year and the amount outstanding as at 31.03.2007 is Rs.295,18,74,942/-.
 - (d) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are prima facie, not prejudicial to the interest of the Company.
 - (e) The loan availed by the Company is under moratorium period and the Company has been regular in payment of the interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) In our opinion and according to the information and explanations given to us, there are no transactions which need to be entered into the register maintained under section 301 of the Companies Act, 1956. Hence the requirements of clause 4(v)(b) of the order are not applicable to this Company.
- (vi) The Company has not accepted any deposit from the Public within the meaning of section 58A of the Companies Act, 1956 and the Rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records for the Company under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix)
 - (a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Investor education and protection fund, Employees' state insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and any other statutory

dues with the appropriate authorities to the extent applicable and there is no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period more than six months from the date they became payable.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we were not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs, duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company does not have any accumulated losses as at March 31, 2007 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks. There are no borrowings from financial institutions or through debentures during the year.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, 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) According to the information and explanations given to us, 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 are not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the company has not raised any term loans during the year under audit. Hence, the provisions of paragraph 4(xvi) of the Order are not applicable to the company.
- (xvii) 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.
- (xviii) During the year, the company has not made any preferential allotment of shares.
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For GANESAN AND COMPANY
Chartered Accountants

S. SWAMINATHAN
Partner
M. No. 23998.

Place: Chennai
Date : 29.06.2007

BALANCE SHEET AS AT 31 st MARCH 2007					
(in Rupees)					
PARTICULARS	Sch. No.	AS AT 31.03.2007		AS AT 31.03.2006	
SOURCES OF FUNDS					
(1) Shareholders' Funds	I	3,000,000,000		3,000,000,000	
a) Capital	II	148,484,970	3,148,484,970	-	3,000,000,000
b) Reserves & Surplus					
(2) Loan Funds	III	1,235,192,444		1,250,000,000	
a) Secured Loans	IV	2,951,874,942	4,187,067,386	2,951,874,942	4,201,874,942
b) Unsecured Loans					
Total			7,335,552,356		7,201,874,942
APPLICATION OF FUNDS					
(1) Fixed Assets	V				
a) Gross Block		6,826,293,922		6,816,458,534	
b) Less : Depreciation		621,029,407		510,948,718	
c) Net Block		6,205,264,515		6,305,509,816	
d) Add : Capital WIP		173,702		2,682,757	
(2) Investments	VI		6,205,438,217		6,308,192,573
(3) Current Assets,	VII		100,000,000		10,000,000
Loans and Advances					
a) Inventories		47,900,000		47,900,000	
b) Sundry Debtors		3,212,427		628,194	
c) Cash and Bank balances		777,153,970		567,807,261	
d) Other current assets		2,471,584		3,090,632	
e) Loans and Advances		848,296,069		815,771,253	
Less : Current Liabilities and Provisions	VIII	1,679,034,050		1,435,197,340	
a) Liabilities		603,911,153		703,839,366	
b) Provisions		45,008,758		5,617,331	
Net Current Assets		648,919,911	1,030,114,139	709,456,698	725,740,643
(4) (a) Miscellaneous Expenditure to the extent not written off or adjusted		-	-	157,941,726	157,941,726
(b) Profit and Loss account Accounting Policies and Notes on Accounts	XV				
Total			7,335,552,356		7,201,874,942

Schedules referred to above form an integral part of the Accounts

In terms of our report of even date attached

For ENNORE PORT LIMITED

For GANESAN AND COMPANY,
Chartered Accountants

S. VELUMANI
Chairman cum Managing Director

S. SWAMINATHAN
Partner
M. No. 23998

Dr. A. RAJAGOPALAN
Director
Place: Chennai
Date : 29.06.2007

M. GUNASEKARAN
Dy. GM (Fin) & Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 st MARCH 2007 (in Rupees)			
PARTICULARS	Sch. No.	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
INCOME			
Income from Services	IX	1,010,479,121	923,218,907
Other Income	X	94,554,998	54,883,488
Total		1,105,034,119	978,102,395
EXPENDITURE			
Port Operating Expenses	XI	222,038,639	218,285,778
Establishment Charges	XII	13,385,658	29,992,699
Administrative Expenses	XIII	64,770,733	36,146,892
Deferred Revenue Expenses written off		-	9,937,651
Preliminary Expenses written off		-	1,600,396
Common road and railway sidings - Expenditure written off		-	50,778,436
Total		300,195,030	346,741,852
Profit Before Interest and Depreciation		804,839,088	631,360,543
Interest and Finance Charges	XIV	348,170,516	427,488,320
Depreciation		110,474,876	110,699,726
Profit / (Loss) Before Tax		346,193,696	93,172,497
Provision for Taxation - Current Tax		39,000,000	1,900,000
- Deferred Tax		-	-
- Fringe Benefit Tax		767,000	617,439
PROFIT / (LOSS) AFTER TAX		306,426,696	90,655,059
Profit / (Loss) brought forward from Previous year		(157,941,726)	(248,596,785)
PROFIT / (LOSS) CARRIED FORWARD		148,484,970	(157,941,726)
Earnings Per Share - Basic & Diluted		1.02	0.30
Accounting Policies and Notes on Accounts	XV		

Schedules referred to above form an integral part of the Accounts

In terms of our report of even date attached

For ENNORE PORT LIMITED

For GANESAN AND COMPANY,
Chartered Accountants

S.VELUMANI
Chairman cum Managing Director

S.SWAMINATHAN
Partner
M. No.23998

Dr. A. RAJAGOPALAN
Director

M. GUNASEKARAN
Dy. GM (Fin) & Secretary

Place: Chennai
Date : 29.06.2007

SCHEDULES TO THE BALANCE SHEET AS AT 31 st MARCH 2007 (In Rupees)			
Sch. No.	PARTICULARS	AS AT	
		31.03.2007	31.03.2006
I	SHAREHOLDER'S FUNDS		
	<u>Share Capital :</u>		
	Authorised :		
	500,000,000 equity shares of Rs. 10 each	5,000,000,000	5,000,000,000
	(Previous year : 500,000,000 equity shares of Rs. 10 each)		
	Issued, Subscribed and Paid up :		
	300,000,000 equity shares of Rs. 10 each fully paid up.	3,000,000,000	3,000,000,000
	(Previous year: 300,000,000 equity shares of Rs.10 each fully paid up)	3,000,000,000	3,000,000,000
II	<u>Reserves & Surplus</u>		
	Profit & Loss Account		
	Loss brought forward from previous year	(157,941,726)	(248,596,785)
	Add: Transfer from Profit & Loss account	306,426,696	90,655,059
		148,484,970	(157,941,726)
III	LOAN FUNDS		
	<u>Secured Loans from Banks</u>		
	Term Loan from Banks	1,235,192,444	1,250,000,000
	(Secured by hypothecation of specific assets of the Company ranking pari passu with other term loan lender(s))	1,235,192,444	1,250,000,000
IV	<u>Unsecured Loans</u>		
	Chennai Port Trust	2,951,874,942	2,951,874,942
		2,951,874,942	2,951,874,942
VI	INVESTMENTS		
	<u>UNQUOTED - LONG TERM (AT COST) - TRADE</u>		
	Sethusamudram Corporation Limited	100,000,000	10,000,000
	10,000,000 Equity shares of Rs.10/- each	100,000,000	10,000,000
VII	CURRENT ASSETS, LOANS & ADVANCES		
	a) INVENTORIES		
	(As taken, valued and certified by the management)		
	Stock - Quarried Rock	47,900,000	47,900,000
		47,900,000	47,900,000

SCHEDULE - V FIXED ASSETS									
SL No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK AS AT	
		As at 01.04.2006	Additions	Deletions / Adjustments	As at 31.03.2007	Rate in %	As at 01.04.2006	Deletions	As at 31.03.2007
1	Port Basin and Entrance Channel	1,040,399,618	-	-	1,040,399,618	1.00	49,195,188	10,403,996	980,800,434
2	Port Basin and Entrance Channel	84,271,396	-	-	84,271,396	1.04	876,423	876,423	82,518,550
	Buildings, Sheds & Other Structures	54,640,895	-	-	54,640,895	1.63	4,253,061	890,847	49,497,187
	Administrative Building	115,125	-	-	115,125	100.00	115,125	-	115,125
	Security Cabins	878,229	-	-	878,229	1.63	42,945	14,315	820,969
	Rest House	2,315,345	-	-	2,315,345	1.63	167,994	37,740	2,147,351
	Electrical Substation	91,303	-	-	91,303	1.63	974	1,488	88,841
	Security Watch Tower	-	745,878	-	745,878	1.63	-	7,528	738,342
	Tide Gauge	-	1,683,107	-	1,683,107	1.63	-	5,337	1,677,770
	Fire Station Building	-	41,500	-	41,500	1.63	-	41,500	-
	Temporary Shed	-	-	-	-	-	-	-	-
3	Wharves, Roads and Boundaries	220,388,719	-	-	220,388,719	1.63	16,509,047	3,592,336	200,287,336
	Port Access Roads	787,296,264	-	-	787,296,264	2.50	93,990,231	19,662,407	673,623,626
	Wharves	9,198,612	-	-	9,198,612	2.56	942,583	235,484	8,256,029
	Boundary Walls	32,986,173	-	-	32,986,173	1.63	2,193,092	537,875	30,793,081
4	Railway and Rolling Stocks	205,659,841	-	-	205,659,841	4.75	44,651,298	9,768,842	151,239,701
5	Docks, Seawalls, Piers & Nav. Aids	4,263,230,916	-	-	4,263,230,916	1.33	270,037,366	56,700,971	3,996,492,549
	Breakwater Construction	7,762,824	-	-	7,762,824	1.39	215,807	107,903	7,549,114
	Breakwater Construction	3,138,331	-	-	3,138,331	1.41	44,250	44,250	88,500
	Navigation Aids	24,681,612	-	-	24,681,612	10.00	11,776,765	2,466,161	14,242,926
6	Cranes & Vehicles	300,000	-	-	300,000	11.31	162,027	33,330	195,957
	Diesel Lifting Truck	4,006,863	959,332	360,000	4,606,195	9.50	840,363	415,756	1,069,932
	Vehicles - Motor Cars	200,000	-	-	200,000	11.31	108,018	22,620	130,638
	Vehicles - Mini Bus	107,358	-	-	107,358	9.50	41,183	10,199	51,382
	Vehicles - Two wheelers	11,790,564	-	78,194	11,712,370	4.75	1,418,297	552,003	1,970,300
7	Installation of Water, Elec. Telecom & Fire	26,986,208	208,356	-	27,172,564	4.75	6,102,639	1,283,505	7,986,144
	Water & Communication Facilities	15,798,831	-	-	15,798,831	4.75	3,583,628	750,444	4,334,072
8	Other Assets	2,909,098	842,385	-	3,751,483	4.75	467,993	233,828	701,821
	Electrical Appliances	5,385,750	2,508,839	225,650	7,678,939	4.75	601,918	423,005	970,285
	Office Equipments	8,960,967	2,755,544	127,800	11,598,740	6.33	1,480,548	783,747	2,220,230
	Furniture & Fittings	2,987,662	1,007,450	123,350	3,871,762	16.21	1,129,925	550,836	1,571,474
	Computers	-	-	-	-	-	-	-	-
	Total	6,816,458,534	10,750,382	914,994	6,826,293,922		510,948,716	110,474,876	6,205,264,515
	Previous Year	6,752,077,722	64,380,812	-	6,816,458,534		403,678,721	110,699,726	6,305,509,816
									6,348,399,001

SCHEDULES TO THE BALANCE SHEET AS AT 31st MARCH 2007

(In Rupees)

Sch. No.	PARTICULARS	AS AT	
		31.03.2007	31.03.2006
VIII	b) SUNDRY DEBTORS (Unsecured and considered good) Debts Outstanding over six months Other Debts	170,271 3,042,156	- 628,194
		3,212,427	628,194
	c) CASH AND BANK BALANCES Cash on hand Balances with Scheduled Banks in Current Accounts in Deposit Accounts	42,632 15,098,333 762,013,005	10,094 15,128,227 552,668,940
		777,153,970	567,807,261
	e) LOANS & ADVANCES (Advance recoverable in cash or in kind or for value to be received - Unsecured, considered good) Deposits Advance for capital works Advance towards Equity Contribution Income Tax Fringe Benefit Tax Prepaid Expenses Other Advances Service Tax Credit	8,160,231 542,912,975 132,750,000 54,505,088 617,266 332,203 106,729,498 2,288,807	8,247,310 542,912,975 132,750,000 28,448,225 617,439 545,701 100,216,390 2,033,213
		848,296,069	815,771,253
	CURRENT LIABILITIES AND PROVISIONS		
	a) CURRENT LIABILITIES Sundry Creditors Contract Liabilities Other Liabilities	19,865,208 344,180,436 239,865,509	41,808,082 355,025,482 307,005,802
		603,911,153	703,839,366
	b) PROVISIONS Provision for Terminal Benefits Provision for Taxation	724,339 44,284,419	466,225 5,151,106
		45,008,758	5,617,331

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31* MARCH 2007			
(In Rupees)			
Sch. No.	PARTICULARS	Year Ended 31.03.2007	Year Ended 31.03.2006
IX	INCOME FROM SERVICES (Net of Service Tax)		
	Composite Tariff on Coal	881,170,966	834,213,254
	Composite Tariff on Iron Ore	34,380,680	10,976,580
	Import Wharfage - POL	7,023,060	9,599,370
	Port Dues	21,050,511	15,928,539
	Berth Hire Charges	18,358,138	11,323,533
	Anchorage Charges	11,437,159	8,312,004
	Pilotage Charges	35,241,673	26,701,137
	Way Leave Charges	249,850	4,847,678
	Other Services	1,567,084	1,316,812
		1,010,479,121	923,218,907
X	OTHER INCOME		
	Interest on Bank Deposits (including Tax deducted at source of Rs.86,91,447; Previous Year Rs.54,84,764)	46,687,048	31,443,888
	Other Income	47,867,950	23,439,600
		94,554,998	54,883,488
XI	PORT OPERATING & MAINTENANCE EXPENDITURE		
	Power, Fuel & Water Charges	14,389,872	10,984,472
	Manning Expenditure	5,608,408	4,193,432
	Time Charter Payments	197,113,140	197,113,140
	Repairs and Maintenance: Machinery	1,157,330	2,138,776
	Others	3,769,889	3,855,958
		222,038,639	218,285,778

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31* MARCH 2007			
(In Rupees)			
Sch. No.	PARTICULARS	Year Ended 31.03.2007	Year Ended 31.03.2006
XII	ESTABLISHMENT CHARGES		
	Salaries and Allowances	10,635,559	11,773,436
	Staff Welfare Expenses	1,221,478	603,000
	Contribution to Provident Fund	501,148	399,389
	Terminal Benefits	1,027,473	295,020
	Special Establishment charges	-	16,921,854
		13,385,658	29,992,699
XIII	ADMINISTRATIVE EXPENSES		
	Rent, Rates & Taxes	2,233,086	1,309,087
	Electricity & Water Charges	388,601	346,750
	Postage, Telephone & Fax Charges	1,029,958	976,221
	Printing and Stationery	972,075	678,787
	Insurance	3,557	9,249
	Office Maintenance	5,983,480	1,431,359
	Security & Safety Expenses	7,848,012	7,247,588
	Entertainment Expenses	1,172,287	890,741
	Membership Fees & Subscription	2,793,725	2,674,015
	Seminar Fees & Exhibition	1,144,200	685,654
	Travelling and Conveyance	2,530,312	1,096,903
	Vehicle Fuel and Maintenance	5,382,850	5,157,204
	Advertisement and Publicity	2,601,646	882,833
	Legal & Arbitration Expenses	6,931,761	5,169,900
	Professional Charges	13,667,847	7,091,192
	Donations & Contributions	9,000,150	-
	Audit Fees	95,000	75,000
	Bank Charges	9,335	8,445
	Sundry Expenses	484,751	95,141
	Loss on sale of Fixed Assets	-	14,318
	Social Overheads	137,385	306,506
	Business Promotion	266,715	-
	Sitting Fees	94,000	-
		64,770,733	36,146,892
XIV	INTEREST AND FINANCE CHARGES		
	Term Loans	346,796,338	409,834,321
	Others	1,374,178	17,653,999
		348,170,516	427,488,320

SCHEDULE - XV

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. ACCOUNTING POLICIES

a. GENERAL:

The financial statements are prepared on historical cost convention and on mercantile system of accounting in accordance with generally accepted accounting principles.

b. REVENUE RECOGNITION:

Income is recognized upon completion of services rendered and no significant uncertainty exists regarding the amount of consideration that would be derived after rendering the service. Upfront fee received from the BOT operator is treated as Revenue in the year in which zero date of the Project is fixed.

c. FIXED ASSETS:

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. Expenses capitalised also include applicable borrowing costs. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. All upgradation/enhancements are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

The amounts becoming payable by the company on account of uncontested arbitral awards on project claims are capitalized in the year of award as additions during the year in the respective asset. The interest on such awards payable to the contractors is treated as revenue expenditure in the year of award.

d. DEPRECIATION:

Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956. Where no rates are specified for any port specific asset, the depreciation is charged at the rate as determined in accordance with the life of those assets as per the practice prevailing in Major Ports in India. Depreciation on addition in value of assets due to arbitral awards is claimed over the remaining useful life of the assets from the start of the financial year in which such award is passed and accepted.

e. INVESTMENTS:

Long Term Investments are stated at cost except where there is a diminution in value other than temporary, in which case the carrying value is reduced to recognize the decline. Current investments are stated at lower of cost or fair market value.

f. DEFERRED REVENUE EXPENDITURE:

Preliminary Expenses and Deferred Revenue Expenses are written off over a period of five years equally.

g. ACCOUNTING FOR TAXES ON INCOME:

- Current tax is determined as the amount of tax payable in respect of taxable income for the period.
- Deferred tax is recognized, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not determined on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

h. RETIREMENT BENEFITS:

Provision for gratuity, pension and leave salary have been made for those employees who are on deputation from other organizations as per the advice received from the respective organizations and for other employees of the Company, provided as per the service conditions and on the basis of other than actuarial valuation.

I. FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are recorded in Indian currency at the exchange rates prevailing on the respective dates of transactions. Monetary items are denominated in foreign currencies at the year-end are restated at year-end rates. Non-monetary foreign currency items are carried at cost. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

j. PREPAID EXPENSES:

Revenue expenditure under each head are segregated into current year and prepaid wherever the amount exceeds Rs.20,000/-.

k. PREMIA FOR FORECLOSURE:

Premia for foreclosure of loans or any part thereof is charged to revenue in the year in which the foreclosure is effected.

l. BORROWING COSTS:

Borrowing Cost are capitalised as part of the cost of a qualifying asset when it will result in future economic benefits to the company. Other borrowing costs are recognised as an expense in the period in which they are incurred.

II. NOTES ON ACCOUNTS

1 Chennai Port Trust (ChPT) Loan Account :

- The loan from ChPT as on the date of Balance Sheet is reconciled with a difference of Rs.13,08,25,077 which represents interest on interest claimed by the ChPT during the project execution period and the same is referred as a dispute to Ministry of Shipping, Road & Transport, Government of India for further direction. Pending final decision from the Government, the aforesaid disputed amount is shown under 'Contingent Liability'.
 - Stock represents the unutilized quarried stones of Rs.4.79 Crores having the utility value for construction / maintenance of Breakwater. These stocks have been valued at Net Realizable value or Cost whichever is lower.
 - Sundry Creditors includes Book overdraft of Rs.1,98,61,893.
 - Term deposits with banks include interest accrued but not due amounting to Rs. 201.30 Lakhs. (Previous Year Rs.142.99 Lakhs).
5. Managerial Remuneration :

- Salaries and Allowances
- Contribution to PF & Pension Fund
- Sitting Fees
- Contribution towards leave salary

2006-07	2005-06
(in Rupees)	
15,88,644	22,27,536
1,63,072	1,39,612
94,000	...
75,700	1,59,619

6. Payment to Statutory Auditors
(Excluding Service tax)
- Statutory Audit

2006-07	2005-06
(in Rupees)	
75,000	75,000

7. Transactions in Foreign Currency

Earnings in foreign currency
Outgo in foreign currency towards capital expenditure
Outgo in foreign currency towards revenue expenditure

2006-07	2005-06
(Rupees in lakhs)	
0.30	Nil
Nil	Nil
1.54	1.92

8. Information on Quantity, Cargo and No. of Vessels :

Quantity (Million Tons)

Cargo

No. of Vessels

2006-07	2005-06
10.713	9.196
Coal, Iron	Coal, Iron
Ore & POL	Ore & POL
201	173

9. 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).

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

Claims against the Company not acknowledged as debts: Rs.194.69 Crores. (Previous Year: Rs.214.32 Crores).

11. Capital commitments (net of advances) not provided for :

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs.21.98 lakhs (Previous Year : 27.07 lakhs).

Amount remaining to be paid consequent to the commitment made by the Company towards equity participation in the following companies :

Name of the Company (Rupees in Crores)

Sethusamudram Corporation Ltd. 15.50 (Previous Year : Rs.24.50crs.)
Chennai Ennore Port Road Ltd. 8.75 (Previous Year: Rs.8.75 crs.)

12. Segment Reporting :

Since the Company primarily operates in one segment - Port Services, segment reporting as required under Accounting Standard 17 on Segment Reporting issued by Institute of Chartered Accountants of India is not applicable. There is no reportable Geographical Segment either.

13. Related Party Disclosure:Key Management Personnel

- Mr. K. Suresh, Chairman cum Managing Director (In charge up to 29.07.2006)
- Mr. S. Velumani, Chairman cum Managing Director (from 30.07.2006)
- Capt. K. Balachandran, Director (Marine Services) - (Up to 30.06.2006)
- Dr.A. Rajagopalan, Director (Operations)

Details of transaction:

Remuneration to Directors

2006-07	2005-06
(In Rupees)	
15,88,644	25,26,767
2006-07	2005-06
30,64,26,696	9,06,55,058
30,00,00,000	30,00,00,000
1.02	0.30

14. Earnings per share (EPS) as per Accounting Standard - 20

Profit after tax

No. of shares outstanding of Rs.10/- each

Earnings Per Share (Rs.) - Basic & Diluted

15. As a matter of prudence, Deferred tax assets (net) is not recognised in the financial statements.

- The Company is in possession of 2,083.74 acres of lands. The title to the lands in possession of the Company would be decided by Government of India. Since the Company has not received any advice from Government of India in this regard the amount of Rs.10 crores paid by the Company to TNEB towards this purpose is grouped under Other Advances.
- Contract Liabilities include amounts due on unpaid certified bills of project taken over in an earlier year where claims and counter claims are under dispute, remain unconfirmed by the creditors. In view of certain payments to the contractors being disputed to be in excess, the interest due on such unpaid certified bills held beyond the due dates would be recognised as expenditure upon payment.

18. Loans and advances includes the following advance payments made towards equity contribution pending allotment :

a. Sethusamudram Corporation Limited	-	Rs.4.50 crs.
b. Chennai-Ennore Ports Road Limited	-	Rs.8.75 crs.
c. Ennore SEZ Company Limited	-	Rs.2.50 lakhs

19. Profit and Loss account includes the following prior period Expense / Income.

Prior Period Income :

Way Leave Charges

Office Space - Licence Fee

Total

Prior Period Expenses :

Postage, Telephone & Fax

Landscape Maintenance

Security & Safety

Telephone Reimbursement

Fuel Reimbursement

Travelling & Conveyance

Electricity - Port

Legal & Arbitration Expenses

Professional Charges

Vehicle Fuel & Maintenance

Marine Manning Contracts

Terminal Benefits

Interest & Finance Charges

Total

- There is no amount owed by the Company, on the date of balance sheet, to small scale industrial undertakings.
- Previous year's figures have been regrouped, wherever necessary, to conform to the current year's classification.

For ENNORE PORT LIMITED

S.VELUMANI
Chairman cum Managing Director

Dr. A. RAJAGOPALAN
Director
Place: Chennai
Date : 29.06.2007

For GANESAN AND COMPANY,
Chartered Accountants

S.SWAMINATHAN
Partner
M. No.23998

M. GUNASEKARAN
Dy. GM (Fin) & Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2007					
		Rs.	2006 - 07	Rs.	2005 - 06
A.	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit after tax and extraordinary items		306,426,696		90,655,059
	Adjustment for:				
	Depreciation		110,474,876		110,699,726
	DRE & Preliminary Expenses Written off		-		11,538,047
	Contribution to common road & rail		-		50,778,436
	Interest charges		348,170,516		427,488,320
	Loss/ (-) Profit on Sale of Fixed assets		(895)		14,318
	Income Tax		39,767,000		2,517,439
	Operating Profit before working capital changes		804,838,193		693,691,344
	Adjustment for:				
	(Increase) / Decrease Current Assets		(32,827,942)		(22,774,397)
	Increase /(Decrease) Current Liabilities		(101,068,453)		(1,479,910)
	Income Tax paid				(3,242,393)
	Net Cash Generated From Operating Activities		670,941,799		666,194,644
B.	CASH FLOW FROM INVESTING ACTIVITIES				
	Sale of Fixed Assets		443,508		1,200
	Purchase of Fixed Assets		(9,363,065)		8,752,416
	Investments		(90,000,000)		(132,500,000)
	Net Cash generated from Investing Activities		(98,919,557)		(123,746,384)
C.	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds from Borrowings		-		-
	Repayment of Loans		(16,892,857)		-
	Interest Paid		(345,782,675)		(322,654,096)
	Net Cash Used in Financing Activities		(362,675,532)		(322,654,096)
	Net Increase in cash and cash equivalents (A+B+C)		209,346,709		219,794,164
	Cash and Cash equivalents as at (OB)	567,807,261		348,013,097	
	Cash and Cash equivalents as at (CB)	777,153,970	209,346,709	567,807,261	219,794,164

(as per monetary terms)

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For GANESAN AND COMPANY,
Chartered Accountants

S.SWAMINATHAN
Partner
M. No.23998

M. GUNASEKARAN
Dy. GM (Fin) & Secretary



**Sethu Samudram project activities review at Corporate Office of EPL
by Thiru T.R. Baalu, Hon'ble Union Minister for
Shipping, Road Transport & Highways on 23-4-2007.**



ENNORE PORT LIMITED

(A Government of India Undertaking)

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