

**ENNORE PORT LIMITED**

**SECOND ANNUAL REPORT**

**2001-2002**

# ENNORE PORT LIMITED

(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*

## 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 Second Annual General Meeting of the Company will be held on Monday the 30<sup>th</sup> day of September 2002 at 4.00 p.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 2002 together with the Reports of the Directors and Auditors.
2. To appoint a director in the place of Shri P. Baskaradoss, who is retiring by rotation and being eligible, offers himself for reappointment.

By Order of the Board

**M. RAMAN**  
Chairman cum Managing Director

Place : Chennai

Dated : 24<sup>th</sup> September 2002

### 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 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.

## DIRECTORS' REPORT

To

**The Shareholders**

Your Directors have pleasure in presenting the Second Annual Report of the Company together with the audited Statements of Accounts for the financial year ending 31<sup>st</sup> March 2002.

### **TAKE OVER OF ASSETS AND LIABILITIES**

During the year under review, the company has taken over all the assets and liabilities relating to the Ennore Port Project from the Board of Trustees, Chennai Port Trust, through a Memorandum of Understanding (MoU) dated 30.3.2002. Accordingly, the assets and liabilities of Ennore Port Project as of 31<sup>st</sup> March 2002 have been reflected in the Books of Accounts of the company.

### **PROJECT COST AND FINANCIAL RESTRUCTURE**

The Ennore Port Project was originally estimated to cost Rs. 593.90 crores. A revised cost estimate of Rs.1058.52 crores was approved by the Govt. of India on 22.2.2001. As per the estimates provided by the Chennai Port Trust at the time of execution of the MoU for the expenditure incurred on the project upto 22.6.2001 (i.e. the date of commencement of commercial operations) was Rs. 907.54 crores. Initially the project was funded by the Govt. of India and the Chennai Port Trust entirely by way of debt. In April 2000 the Govt. of India directed that part of the funding to the extent of Rs. 300 crores be treated as Equity. The project cost estimates of ChPT were derived on the basis of treating the initial projections as equity only with effect from 1.4.2000, being the effective date of directions for treating the amount as equity by the Govt. of India. The company took up the matter with the Govt. of India representing the fact that as per standard project financing norms, the equity should be contributed first by the project promoters and no interest can be paid on such equity capital. After detailed examination of the above representation and the established accounting principles, Govt. of India have directed that initial contributions made by Govt. of India up to the limits prescribed, should be treated as equity contribution from the original date of the respective contributions. In the case of ChPT the effective date for this purpose is 1.4.2000. Based on the above principle, the actual project cost has been reworked as Rs. 823.08 crores. The above project cost has been financed as follows –

(Rs. in Crores)

	Equity	Debt	Total
Govt. of India	Rs. 200	Rs.128.80	Rs. 328.80
Chennai Port Trust	Rs. 100	Rs. 394.28*	Rs. 494.28
<b>Total</b>	<b>Rs. 300</b>	<b>Rs. 523.08</b>	<b>Rs. 823.08</b>

\* Includes contractual final payments yet to be disbursed.

The company is also exploring the possibility of swapping the relatively high cost debt (14% p.a.) obtained from Govt. of India and ChPT with lower interest bearing debt.

### OPERATIONS

The company commenced commercial operations on 22<sup>nd</sup> June 2001. The summary of the port operations during the period 22<sup>nd</sup> June 2001 to 31<sup>st</sup> March 2002 is furnished below –

Thermal coal handled for TNEB	3.399 million tonnes
Other material (styrene monomer)	0.00
Revenue earned from operations	Rs. 30.78 crores
Operating expenses	Rs. 4.10 crores
Operating surplus	Rs. 26.68 crores

During the current financial year, the port has handled 1.88 million tonnes of thermal coal for Tamil Nadu Electricity Board (TNEB) for the 1<sup>st</sup> quarter ending 30<sup>th</sup> June 2002 and has earned an operational revenue of Rs. 16.94 crores incurring operational expenses of Rs. 1.48 crores. During the current year the company has targeted to handle 8.4 million tonnes of coal for TNEB.

### FINANCIAL RESULTS

The Financial Results for the year ending 31<sup>st</sup> March 2002 have been tabulated below:

	(Rs. in crores)
Income from services	30.78
Other Income	0.16
<b>Total Income</b>	<b>30.94</b>
Operating expenses	4.10
Interest	49.59
Depreciation	12.02
Other provision	1.18
<b>Total expenses &amp; provision</b>	<b>66.89</b>
Profit/ (Loss) before Tax (PBT)	(35.95)
Provision for Tax	0.00
Profit/ (Loss) after Tax (PAT)	(35.95)

## DEVELOPMENT PLANS

The Board of Directors of the company are actively formulating and pursuing programmes to expedite the development of the Ennore Port. The company initiated dialogue with potential users of the Ennore Port and devised a development strategy that would synchronize with market demands. Some of the resultant initiatives are listed below -

### Alongside VLCC Jetty :

Chennai Petroleum Corporation Ltd. (CPCL) have evinced keen interest in associating with Ennore Port for establishing an alongside Very Large Crude Carrier (VLCC) jetty. The company engaged in detailed discussions with CPCL on their requirements and the feasibility of establishing an alongside VLCC berthing facility at Ennore Port. Currently the indications are in favour of developing such a facility. CPCL would derive substantial financial benefits by importing crude through VLCCs, on account of substantial savings in freight charges. The company engaged the services of international consulting firm, M/s KPMG to examine and recommend an appropriate tariff that could be charged by Ennore Port for handling crude through VLCC at the proposed jetty. Based on the tariff band recommended by M/s KPMG and discussions with CPCL the Board of Directors have offered a tariff of Rs. 27/- per tonne as wharfage charges for handling crude through VLCCs. CPCL is currently evaluating various options for handling of imported crude such as (i) continue operations at ChPT (ii) establishing an SPM at Ennore or Kattupalli and (iii) establishing an alongside VLCC jetty at Ennore Port. EPL has also indicated the likely tariff for handling crude at the proposed SPM at Ennore Port. The alongside VLCC jetty would provide a draught of 22.5 mtrs. for handling 9.5 million tonnes of crude imports for CPCL.

### Iron Ore Terminal :

The Govt. of India have directed that handling of iron ore at ChPT should be discontinued effective from April 2005. In these circumstances, the iron ore exporters have to find an alternate port for their iron ore exports. The Ennore Port offers an excellent alternative to the iron ore exporters. In view of the proposal for establishing alongside VLCC facility at the port, which requires deepening of the channel to 26.5 mtr. depth providing 22.5 mtr. draught and an extension of the channel from 3.7 kms. to 8 kms., the company had examined the possibility of handling Super cape size vessels (2,50,000 DWT) for the iron ore exports. The establishment of the alongside VLCC facility and iron ore berth for handling Super cape size vessels as twin projects, would substantially improve the viability of the estimated capital investment of Rs. 350 crores required for capital dredging. The proposed iron ore terminal would have an initial capacity for handling 12 million tonnes of iron ore exports through Super cape size vessels and can be expanded upto 20 million tonnes capacity. The facility to export iron ore through Super cape size vessels would substantially improve the global competitiveness of Indian exports because of the savings in freight charges. The company has engaged the services of M/s L&T Ramboll, who have been selected through a competitive tendering process to prepare a Techno Economic Feasibility Report

(TEFR) for the proposed iron ore terminal. The TEFR is expected to be completed by November, 2002.

#### Third Coal Berth and Marine Liquid Terminal :

Based on potential market for handling coal for users other than TNEB, the company has proposed establishing a coal terminal for handling 8 million tonnes of coal. Similarly, the company also proposes to establish a Marine liquid terminal to handle 3 million tonnes of POL products and chemicals. The company has received very good response for the expression of interest sought for establishing these two facilities. The company has engaged M/s CRISIL Advisory Services, who have been selected through competitive process, to act as Advisors for developing the third coal terminal and the Marine liquid terminal on BOT basis.

Preparatory work in the form of various studies and surveys have also been initiated to realise these potential development opportunities.

#### ORGANISATION STRUCTURE

The company has retained an optimally lean organisational structure and has outsourced various services, such as manning of harbour crafts, signal station, mooring activities, engineering services, operation and maintenance of electrical systems and installations, maintenance dredging and environment management.

#### AUDIT COMMITTEE

Pursuant to the Section 292 A of the Companies Act, 1956 the Board of Directors have constituted an Audit Committee with the following persons –

1. Shri M. Raman, Chairman cum Managing Director
2. Shri P. Baskaradoss, Director
3. Shri R.K. Jain, Director

#### BOARD OF DIRECTORS

During the year under review until the date of this report there have been no changes among the Board of Directors of the company. 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 Govt. 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 Govt. companies" which criteria EPL does not satisfy. In these circumstances, Shri P. Baskaradoss, Director would retire at the forthcoming Annual General meeting and is eligible for reappointment as a Director on the Board of Directors of the company. Accordingly resolutions for reappointment of Shri P. Baskaradoss, Chairman, Chennai

Port Trust as a Director on the Board of Directors of the company 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 :*

<b>Energy consuming activities</b>	<b>Conservation measures</b>
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 lighting system within the port are monitored and managed to ensure minimum energy consumption.



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

The present operations have been optimised to ensure minimum energy consumption.

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 at this stage.

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.

C) **Foreign Exchange earned and outgo :**

Foreign Exchange used	:	Rs. 402.82 lakhs
Foreign Exchange earned	:	NIL

#### **AUDITORS**

M/s Sundaram & Narayanan, Chartered Accountants were appointed as statutory auditors of the company by the Comptroller and Auditor General of India, New Delhi for the period from 1<sup>st</sup> April 2001 to 31<sup>st</sup> March 2002. The shareholders at the last Annual General meeting have already fixed remuneration for the statutory auditors for the financial year 2001-02 as Rs. 50,000/- inclusive of out of pocket expenses.

#### **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, the Statutory Auditors have drawn specific reference to Note No.5 of Schedule XII. The said note is self explanatory. Based on the available records and correspondence, adjustments for contract recoveries based on audit observations by the Comptroller and Auditor General of India have been taken into account while working out the pre and post construction period interest on the loans deployed by the promoter. The company is yet to receive confirmation of balance from the ChPT and would make appropriate adjustments in the amounts, if necessary, based on the confirmation to be received from ChPT. Similarly, as observed by the Comptroller and Auditor General of India, the sum of Rs.46.25 crores said to have been paid in excess of the contractual obligations have been treated as

advance recoverable from the contractors and therefore no interest has been charged on the above amount.

**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**

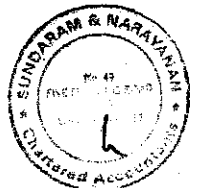
Place : Chennai

Dated : 5<sup>th</sup> September 2002

**To the Shareholders of Ennore Port Limited**

We have audited the attached Balance Sheet of **Ennore Port Limited** as at 31<sup>st</sup> March 2002 and also the annexed Profit and Loss Account of the Company for the period ended on that date and 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 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 misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
- III. 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 it appears from our examination of the books of the Company;
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts of the Company;



- d) In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) 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 Section 274 (1) (g) 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 explanations given to us, the said accounts, read together with notes thereon, and **subject to note number 5 of Schedule No 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:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2002 and
- (ii) In the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date.

Place : Chennai  
Date: September 5, 2002

For SUNDARAM & NARAYANAN  
Chartered Accountants

  
K.MEENATCHI SUNDARAM  
Partner



**ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE**

**Statement referred to in paragraph II of our report of even date to the Members of Ennore Port Limited on the Accounts for the period ended 31<sup>st</sup> March 2002**

1. The Company is in the process of updating of fixed assets register 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 have been revalued during the year.
3. The stocks of stores, spares and raw material and finished goods 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 stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on such verification between the physical stocks and book records, were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles.
7. 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 are no Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956. The terms and conditions of such loans are prima facie not prejudicial to the interests of the Company.



8. 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 section 370(1B) of the Companies Act, 1956.
9. The parties and 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, where applicable.
10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of Raw materials including equipments, stores, spares, plant and machinery, and other assets.
11. 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.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and spares and no part of the stores or spares have been determined as unserviceable or damaged during the year.
13. 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 is not applicable to the Company for this year as the Company has not accepted any deposits from public.
14. The Company is engaged in port services and no by-product or scrap is generated by the Company.
15. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
16. The provisions of section 209 (1) (d) of the Companies Act, 1956 are not applicable to this Company.



17. As per the explanation given to us the Provident fund and Employees' State Insurance have been regularly deposited with the appropriate authorities/parent organizations in case of the employees working on deputation.
18. According to the information and explanation 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 2002 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. 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.
21. In our opinion, the Company has a reasonable system of allocating man-hours utilized to the relative jobs, commensurate with its size and nature of its business.
22. In our opinion, there is a reasonable system of authorization at proper levels and adequate system of internal control commensurate with the size of the Company and the nature of its business, on issue of stores and allocation of stores and labour to jobs.

For SUNDARAM & NARAYANAN  
Chartered Accountants

  
K.MEENATCHI SUNDARAM  
Partner

Place : Chennai  
Date: September 5, 2002



Grams : DIRCOMIT

Phone : 8274797



भारतीय लेखा तथा लेखा परीक्षा विभाग  
कार्यालय प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा  
तथा पदेन सदस्य, लेखा परीक्षा बोर्ड, चेन्नै.  
Indian Audit and Accounts Department  
Office of the Principal Director of Commercial Audit  
and Ex-Officio Member Audit Board, Chennai,

दिनांक /Dated.....  
23.09.2002

CONFIDENTIAL

सं / No. PDCA/CA-Cord-IV/EPL-4-116/2001-02/2002-03/82

सेवा में / To.

The Chairman-cum-Managing Director,  
Ennore Port Limited,  
New No.15, (old No.8) Kasthurirangan Road,  
Alwarpet,  
Chennai - 18

Sir,

Sub: 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 31st March 2002.

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I am to forward herewith the Comment 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 2002.

The receipt of this letter may kindly be acknowledged.

Yours faithfully,

*h. Sankar*

(U. SANKAR)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND  
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI-34.

Encl: Nil Comment Certificate

इंडियन ऑयल भवन, पहली माला, 139, महात्मा गांधी रोड, चेन्नै - 600 034  
Indian Oil Bhavan, I Floor, 139, Mahatma Gandhi Road, Chennai - 600 034.  
फैक्स/Fax: 044-8278618



**COMMENTS 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 2002**

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 2002.

*h. Sankar*

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

Chennai  
Date: 23.09.2002

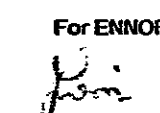

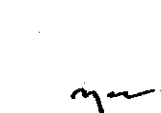
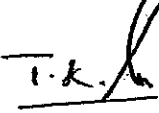

**ENNORE PORT LIMITED**  
No 15, KASTURI RANGAN ROAD, ALWARPET, CHENNAI 600 018.

**BALANCE SHEET AS AT 31st MARCH 2002**

(in Rupees)

PARTICULARS	SCH NO	31st MARCH 2002		31st MARCH 2001	
<b>SOURCES OF FUNDS</b>					
<b>OWN FUNDS</b>					
a) Share Capital	I	3,000,000,000	3,000,000,000	70	70
<b>LOAN FUNDS</b>					
a) Secured Loan	II	-	-	-	-
b) Unsecured Loans		5,539,604,522	5,539,604,522	-	-
<b>Total</b>			<b>8,539,604,522</b>		<b>70</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	III	8,243,674,955	-	-	-
Less : Depreciation Reserve		120,165,071	-	-	-
Net Block		8,123,509,884	-	-	-
Capital Work in Progress - Phase II		2,048,509	8,125,558,393	-	-
<b>Investments</b>					
<b>Current assets, Loans and Advances</b>					
Inventories	IV	47,900,000	-	-	-
Sundry Debtors		84,586,744	-	-	-
Cash and Bank balances		195,110,711	-	-	-
Loans and Advances		469,432,443	-	-	-
		797,029,898	-	-	-
<b>Less : Current Liabilities and Provisions</b>					
Current Liabilities	V	780,201,748	8,007,230	-	-
Provisions		9,700,324	-	-	-
		789,902,072	8,007,230	-	-
<b>Net Current Assets</b>			<b>7,127,826</b>		<b>(8,007,230)</b>
<b>Miscellaneous Expenditure (to the extent not written off or adjusted)</b>					
Preliminary Expenses	VI	6,401,584	8,001,980	-	-
Deferred Revenue Expenditure		41,030,613	-	-	-
Pre-Operative Expenses		-	5,320	-	-
Profit and Loss account		359,486,106	406,918,303	-	-
<b>Total</b>			<b>8,539,604,522</b>		<b>70</b>
<b>Accounting Policies and Notes on Accounts</b>					
	XII				

As per our report of even date annexed

For ENNORE PORT LIMITED  <b>M. RAMAN</b> Chairman and Managing Director		For ENNORE PORT LIMITED  <b>P. BASKARADOSS</b> Director		For ENNORE PORT LIMITED  <b>R. K. JAIN</b> Director		For ENNORE PORT LIMITED  <b>T. KARUN</b> Secretary		For SUNDARAM & NARAYANAN Chartered Accountants  <b>K. MEENATCHI SUNDARAM</b> Partner	
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Date: 05.09.2002  
Place: Chennai



**ENNORE PORT LIMITED**  
**No 15, KASTURI RANGAN ROAD, ALWARPET, CHENNAI 600 018.**

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2002**

(in Rupees)

PARTICULARS	SCH NO	31.03.2002
<b>INCOME</b>		
Income from Services	VI	307,780,965
Other Income	VII	1,647,298
Total		309,428,263
<b>EXPENDITURE</b>		
Port Operating Expenses	VIII	14,772,372
Administrative Expenses	IX	14,599,039
Establishment Charges	X	11,591,062
Finance Charges	XI	495,928,775
Depreciation	III	120,165,071
Deferred Revenue Expenses written off		10,257,654
Preliminary Expenses written off		1,600,396
Total		668,914,369
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>(359,486,106)</b>
Profit or Loss brought forward from Previous Year		-
<b>BALANCE PROFIT/(LOSS) CARRIED FORWARD TO BALANCE SHEET</b>		<b>(359,486,106)</b>

As per our report of even date annexed

For ENNORE PORT LIMITED

For SUNDARAM & NARAYANAN

Chartered Accountants

Date: 05.09.2002

M.RAMAN

P.BASKARADOSS

R.K.JAIN T.K.KARUN

K.MEENATCHISUNDARAM

Place : Chennai

Chairman  
and Managing Director

Director

Director Secretary

Partner



**ENNORE PORT LIMITED**  
**No 15, KASTURI RANGAN ROAD, ALWARPET, CHENNAI 600 018.**

**SCHEDULES TO THE BALANCE SHEET**

( In Rupees )

SCH NO	PARTICULARS	AS AT	
		31.03.2002	31.03.2001
I	<b>SHARE CAPITAL</b>		
	<b>Authorised Share Capital</b> 50,00,00,000 equity shares of Rs. 10/- each (Previous year : 50,00,00,000 equity shares of Rs. 10/- each)	5,000,000,000	5,000,000,000
	<b>Issued, Subscribed and Paid up Share Capital</b> 7 equity shares of Rs. 10/- each fully paid up. (Previous year: 7 equity shares of Rs. 10/- each fully paid up)	70	70
	Share Advance Pending Allotment	2,999,999,930	-
		3,000,000,000	70
II	<b>UNSECURED LOANS</b>		
	Government of India		
	* Interest bearing Loan	1,205,035,056	-
	* Accrued Interest	206,674,342	-
	Chennai Port Trust		
	* Interest bearing Loan	3,333,529,929	-
	* Non Interest bearing Loan	462,486,622	-
* Accrued Interest	331,878,573	-	
		5,539,604,522	-
IV	<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
	<b>1. INVENTORIES</b> (As valued and certified by the management)		
	Stores and Spares	47,900,000	-
		47,900,000	-
	<b>2. SUNDRY DEBTORS</b> (Unsecured and considered good)		
	Debts Outstanding over six months	-	-
	Other Debts	84,586,744	-
		84,586,744	-
	<b>3. CASH AND BANK BALANCES</b>		
	Cash on hand	52,103	-
Balances with Scheduled Banks in Current Accounts in Deposit Accounts	7,794,875 187,263,733	- -	
	195,110,711	-	

**ENNORE PORT LIMITED**  
**No 15, KASTURI RANGAN ROAD, ALWARPET, CHENNAI 600 018.**

**SCHEDULES TO THE BALANCE SHEET**

( In Rupees )

SCH NO	PARTICULARS	AS AT	
		31.03.2002	31.03.2001
	<b>4. LOANS &amp; ADVANCES</b> ( Unsecured, considered good recoverable in cash or in kind or for value to be received)		
	Deposits	7,083,200	-
	Advance to Contractors	462,002,665	-
	Prepaid Income Tax	296,578	-
	Other advances	50,000	-
		<b>469,432,443</b>	<b>-</b>
<b>V</b>	<b>CURRENT LIABILITIES AND PROVISIONS</b>		
	<b>1. CURRENT LIABILITIES</b>		
	Statutory Liabilities	9,506,996	-
	Contract Liabilities	670,590,782	-
	Deposits from Customers	3,577,500	-
	Retention Money Payable to Contractors	96,493,079	-
	Other Liabilities	33,391	8,007,230
	Due to SSI Units (over 30 days)	-	-
		<b>780,201,748</b>	<b>8,007,230</b>
	<b>2. PROVISIONS</b>		
	Provision for Terminal benefits	96,792	-
	Provision for Expenses	9,603,532	-
	Provision for Income Tax	-	-
		<b>9,700,324</b>	<b>-</b>

**ENNORE PORT LIMITED**

No 15, KASTURI RANGAN ROAD, ALWARPET, CHENNAI 600 018.

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2002

( In Rupees )

SCH NO	PARTICULARS	
VI	<b>INCOME FROM SERVICES</b> (Net of Service Tax)	
	Composite Tariff on Coal	305,942,940
	Import Wharfage - Chemical	39,320
	Vessel Income	932,928
	Berth Hire Charges	843,777
	Launch Hire Charges	22,000
		<b>307,780,965</b>
VII	<b>OTHER INCOME</b>	
	Interest on Bank Deposits (including Tax deducted at source of Rs.2,96,578)	1,456,098
	Sale of Tender Documents	171,200
	Sundry Income	20,000
	<b>1,647,298</b>	
VIII	<b>PORT OPERATING EXPENSES</b>	
	Fuel Expenses	1,289,253
	Lubricants	448,453
	Marine Services	10,234,267
	Repairs and Maintenance	1,091,795
	Stores and Spares Consumed	408,774
	Electricity and Water Charges	1,299,830
	<b>14,772,372</b>	

**ENNORE PORT LIMITED**  
**No 15, KASTURI RANGAN ROAD, ALWARPET, CHENNAI 600 018.**

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2002**  
(In Rupees)

SCH NO	PARTICULARS	
<b>IX</b>	<b>ADMINISTRATIVE EXPENSES</b>	
	Advertisement and Publicity	1,106,656
	Audit Fee	73,500
	Bank Charges	4,893
	Books and Periodicals	41,367
	Electricity Charges	73,910
	Hospitality	153,789
	Housekeeping	292,392
	Insurance	1,056,720
	Landscape Maintenance	164,023
	Legal and Professional Charges	2,209,307
	Membership Fees and Subscription	1,012,862
	Office Expenses	40,000
	Office Repairs and Maintenance	104,484
	Pantry Expenses	116,704
	Postage, Telephone and Fax Charges	396,751
	Printing and Stationery	158,070
	Rent, Rates and Taxes	504,257
	Safety Expenses	9,970
	Security Expenses	5,042,550
	Software Expenses	55,000
	Sundry Expenses	90,284
	Travelling and Conveyance	830,166
	Vehicle Fuel and Maintenance	1,061,384
		<b>14,599,039</b>
<b>X</b>	<b>ESTABLISHMENT CHARGES</b>	
	Office Establishment Charges	143,330
	Terminal Benefits	96,792
	Special Establishment Charges	9,346,631
	Salary and Allowances	1,976,771
	Staff welfare expenses	27,538
		<b>11,591,062</b>
<b>XI</b>	<b>FINANCE CHARGES</b>	
	Interest on Term Loans	128,950,202
	* Government Loans	366,978,573
	* Others	
		<b>495,928,775</b>

ENNORE PORT LIMITED, 16, KASTURI RANGAN ROAD, ALWARPET, CHENNAI 600 016.  
 SCHEDULE - III FIXED ASSETS AND DEPRECIATION

Sl No	PARTICULARS	GROSS BLOCK AS AT		RATE	DEPRECIATION FOR THE YEAR			NET BLOCK AS AT	
		21.06.2001	ADDN / (DELN)		31.03.2002	21.06.2001	31.03.2002	21.06.2001	31.03.2002
1	Capital Dredging.								
2	Port Basin and Channel Dredging Buildings, Sheds & Other Structures	1,094,108,699	1,513,112	1.00	1,095,621,811	8,483,089	8,483,089	1,094,108,699	1,087,138,722
3	Administrative Building Electrical Substation Horticulture and Landscaping Wharves, Roads and Boundaries	49,306,829 2,278,938 16,161,094	- - -	2.00 2.00 -	49,306,829 2,278,938 16,161,094	764,594 35,339 -	764,594 35,339 -	49,306,829 2,278,938 16,161,094	48,542,235 2,243,599 16,161,094
4	Port Access Roads Wharves Boundary Walls Floating Crafts	274,261,225 832,122,131 25,250,204	787,635 -	2.50 2.50 2.50	274,261,225 832,909,766 25,250,204	5,316,159 16,129,491 489,439	5,316,159 16,129,491 489,439	274,261,225 832,122,131 25,250,204	288,945,066 816,780,275 24,760,765
5	Tugs Pilot Launches Mooring Launches Railway and Rolling Stocks	768,479,824 66,331,334 9,073,366	- - -	5.00 5.00 5.00	768,479,824 66,331,334 9,073,366	29,791,752 2,571,475 351,748	29,791,752 2,571,475 351,748	768,479,824 66,331,334 9,073,366	738,688,072 63,759,659 8,721,618
6	Railway Sidings Docks, Seawalls, Piers & Nav. Aids Breakwater Construction	196,728,801	-	1.67	196,728,801	2,547,288	2,547,288	196,728,801	194,181,513
7	Navigation Aids Cranes & Vehicles Diesel Lifting Truck Vehicles - Four wheelers Vehicles - Two wheelers	4,818,837,936 25,556,296 300,000 2,140,000	10,086,109 -	1.33 10.00	4,828,924,045 25,556,296	49,692,134 1,981,488	49,692,134 1,981,488	4,818,837,936 25,556,296	4,779,231,911 23,574,808
8	Installation of Water, Elec. Telecom & Fire Water & Communication Facilities Internal Electrical Facilities External Electrical Facilities Other Assets	300,000 2,140,000 -	61,214	12.50 16.67 9.50	300,000 2,140,000 61,214	29,075 276,594 1,947	29,075 276,594 1,947	300,000 2,140,000 -	270,925 1,863,406 59,268
9	Electrical Appliances Office Equipments Furniture & Fittings Computers	2,685,229 27,234,518 18,635,000 482,300 283,600 488,150 123,350	76,692 - (1,726,870) 551,511 329,465 497,563 629,700	14.29 2.86 5.00 5.00 5.00 6.33 16.21	2,761,921 27,234,518 16,908,130 1,033,811 613,065 985,713 753,050	312,560 603,920 655,480 28,294 21,116 36,234 45,855	312,560 603,920 655,480 28,294 21,116 36,234 45,855	2,685,229 27,234,518 18,635,000 482,300 283,600 488,150 123,350	2,449,361 26,630,598 16,252,650 1,005,517 591,949 949,479 707,195
		8,230,868,824	12,806,131		8,243,674,955	120,165,071	120,165,071	8,230,868,824	8,123,509,884



**ENNORE PORT LIMITED**

**No. 15, KASTURI RANGAN ROAD, ALWARPET, CHENNAI 600 018.**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**SCHEDULE - XII**

**1. Accounting Policies**

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

- (a) Income is recognized as and when services are rendered and no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service. The income during construction period is capitalized by reducing the same from the project expenditure.
- (b) The expenses are accounted on accrual basis and expenditure directly identified to capital assets are capitalized in the respective assets. Expenses not directly identified to specific assets are allocated to all the assets based on their direct cost.
- (c) Interest during construction period on borrowings from Government of India (GoI) has been allocated based on the annual funds utility to the specific asset(s) for which loans were sanctioned. The interest during construction period on loan from Chennai Port Trust (ChPT) has been allocated to all the eligible assets based on the funds utilized every year.
- (d) Fixed assets are valued at historical cost less depreciation. Depreciation is provided on Straight Line method at the rates applicable to Port specific assets as determined in accordance with the life of those assets as per practice prevailing in Major Port Trusts in India vide Notification No.: PP-24021/28/98-PG dated 19.08.1998 issued by the Ministry of Surface Transport, Ports Wing, Government of India and for other assets at the rates specified in Schedule XIV to the Companies Act, 1956 on pro-rata basis.
- (e) The transactions in foreign exchange are accounted at the rates prevailed on the date(s) of transaction and necessary adjustments are given in the assets differentiating the transaction between revenue and capital to reflect the liabilities in rupee value(s) converted at TT Selling rates on the date of Balance Sheet.
- (f) Preliminary expenses and Deferred Revenue expenses are written off over a period of five years equally from the year of commencement of Commercial operation.

2. During the year the ChPT has handed over the assets and liabilities relating to Ennore Coal Port Project hitherto handled by them, to the Company, in terms of the Memorandum of Understanding dated 30.03.2002 entered into between ChPT and the Company. The effective date of capitalization is taken as 22<sup>nd</sup> June 2001 being the date of commencement of commercial operation.
3. In terms of GoI directions, the investments over the total equity component of Rs. 200 Crores and Rs. 100 Crores in the Project by GoI and ChPT respectively, have been treated as long-term loans. The repayment terms for borrowings from GoI are governed by specific terms and conditions attached to the loans as per the Government of India directive vide Lr.No.PW-12012/18/2000-POI dated April 20,2001. Confirmation of balance is awaited.
4. The installments of principal repayment and interest payments on due dates are paid by ChPT to GoI and the same have been adjusted to reflect the net borrowings from GoI. The interest has been worked out at the rate of 14% p.a, on daily product method, on annual rests on the net outstandings. The initial investments by GoI, net of repayments, have been taken as equity up to Rs. 200 Crores
5. Pending GoI directives regarding the terms and conditions attached to the loan from ChPT, the debt component including interest thereon has been worked out on the following basis:
  - (a) The loan component of ChPT represents their investment over Rs. 100 Crores in Equity and the interest on such loan has been worked out at the rates applicable from time to time on Government loans for the period of investment upto 21.6.2001 on monthly products of cash resources deployed and at the rate of 14% p.a on monthly products of cash resources deployed from 22.6.2001 as per MoU dated 30.3.2002 signed between the Company and ChPT. Due adjustments for contract recoveries and audit observations by C&AG have been considered while working out pre and post construction period interests. Upon receipt of confirmation of balance by ChPT, appropriate adjustments will have to be made in the accounts.
  - (b) The excess payments to contractors amounting to Rs.46.25 Crores over the contractual obligations as observed by the C&AG have been treated as advance recoverable from the Contractors based on legal opinion and the loan from ChPT to the same extent is treated as non-interest bearing from the date of respective disbursements to the Contractors. Due to non-capitalization of this amount the loss for the year and Miscellaneous Expenditure are under stated to the extent of Rs. 45.97 Lacs being the depreciation not provided for in addition to interest on this treatment which will have the effect of increasing the cost of fixed assets and loan from ChPT.
6. Stores and Spares represent the unutilized quarried stones having the utility value for future capital and maintenance expenses. Value as certified by government approved Valuer has been adopted for all moveable assets handed over by ChPT relating to the Ennore Port Project.

7. The GoI in their letter dated 14.02.2002 have directed the Company to allot shares to the Promoters as on 31.03.2002. However, due to administrative reasons, the Company has allotted the equity shares only on 29.05.2002, which has been ratified by the GoI. Accordingly, the equity component of Promoters' contribution as on 31.03.2002 has been shown as share advance for pending allotment.
8. The Project construction was started during the financial year 1993-94. The project was partly funded by Asian Development Bank (ADB) intermediated through GoI. The funding to the Project was extended as rupee loans at various stages through ChPT, the Executing Agency cum Promoter. The cost of the Project exceeding the GoI funding was met out of the resources of ChPT. The total outlay of funds deployed under various assets work out to Rs.823.08 Crores including Rs. 123.25 Crores being the amount of interest during construction period.
9. The formalities of transferring the ownership of vehicles taken possession of by the Company from the Contractors are in process. Depreciation on such assets has been claimed based on possession rights.
10. In the absence of any document executed by the Company securing its assets in favour of GoI or ChPT, the loans from them have been classified as unsecured loans.

11. Establishment expenses include remuneration paid to Chairman cum Managing Director:

(a) Salary and allowances	Rs. 332,686
(b) Contribution to Pension Fund	Rs. 48,151
(c) Contribution towards leave salary (For the period from 11.6.2001)	Rs. 23,468

12. Details of remuneration to Auditors:  
( Excluding Service Tax )

	2001-2002	2000-01
(a) For Audit fees to Statutory Auditors	Rs. 50,000	Rs. 5,000
(b) For Tax Audit	Rs. 20,000	—
(c) For other services	—	—
(d) For reimbursement of out of pocket expenses	—	—

13. Earnings in foreign Currency:

Outgo in foreign currency towards Capital Expenditure: (through Chennai Port Trust)	Rs. Nil Rs. 400.83 lakhs
Outgo in foreign currency towards Revenue Expenditure:	Rs. 1.99 lakhs

14. No provision for gratuity has been made under the Payment of Gratuity Act, 1972 since no employee has completed five years of service with the Company. However due provision for the terminal benefits has been made for those employees who are on deputation from other organizations.

15. Loan dues from Directors: Rs. Nil (Last year: Rs. Nil)  
Maximum amount outstanding from them at any time during the year is Rs. Nil. (Last year: Rs. Nil)

**16. Contingent Liabilities:**

(As certified by the Management)

(a) Claims against the Company not acknowledged as debts: Rs. 9639.19 lakhs  
(Last year: Rs. Nil)

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

**17. Related Party Disclosure:**

I	(a) Name of the related party:	Government of India
	(b) Nature of relationship:	Promoter shareholder
	(c) Extent of interest:	Investment in Equity Rs. 10 Equity pending allotment Rs. 199,99,99,990 Investment by way of Loan and others: Rs. 120,50,35,056
	(d) Guarantees issued	Rs. Nil
II	(a) Name of the related party:	Chennai Port Trust
	(b) Nature of relationship:	Promoter shareholder
	(c) Extent of interest:	Investment in Equity Rs. 10 Equity pending allotment Rs. 99,99,99,990 Investment by way of Loan and others: Rs. 379,60,16,551
	(d) Guarantees issued	Rs. Nil
	(e) Expenses on contracts including Deputation:	Rs. 93.47 Lakhs

18. Insurance cover is available for Office Equipments, Floating Crafts and Motor Vehicles.

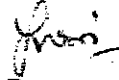

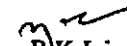
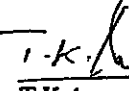
19. Foreign currency liabilities in respect of fixed assets have been restated in rupee terms at the exchange rates prevailing on the date of Balance Sheet and the increase or decrease arising out of it is adjusted to the cost of fixed assets.

20. No provision for taxation is considered necessary and provided for.

21. 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.

22. The amounts payable to Contractors is accounted as per the values certified by Chief Engineer and independent Engineer. Accordingly, the outstanding as on the date of balance sheet represents the certified amount(s) net of payments made to them.
23. This being the first year of commercial operations, previous year's figures for Profit and Loss account are not furnished.
24. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

SIGNATURES TO THE BALANCE SHEET AS AT 31.03.2002, THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE AND THE SCHEDULES I TO XII.

	For ENnore PORT LIMITED		For SUNDARAM & NARAYANAN Chartered Accountants
			
M. Raman Chairman and Managing Director	P. Baskaradoss Director	RK Jain Director	T.K. Arun Secretary Partner K. Meenatchi sundaram

Place: Chennai  
Date : September 5, 2002

