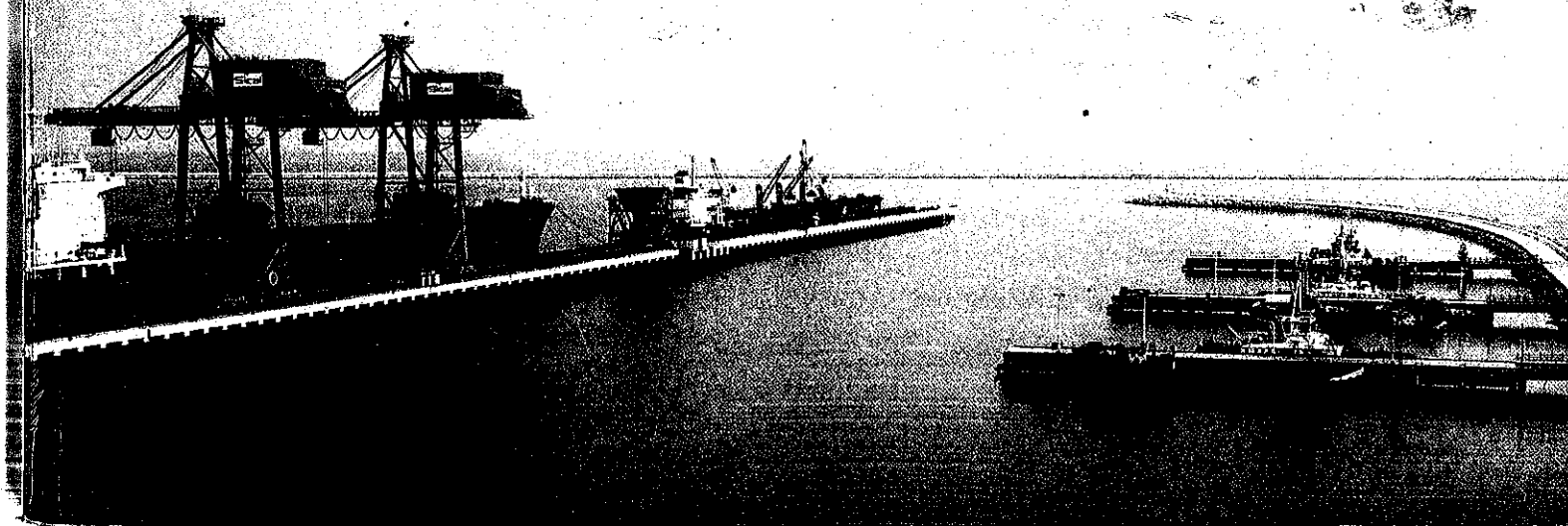
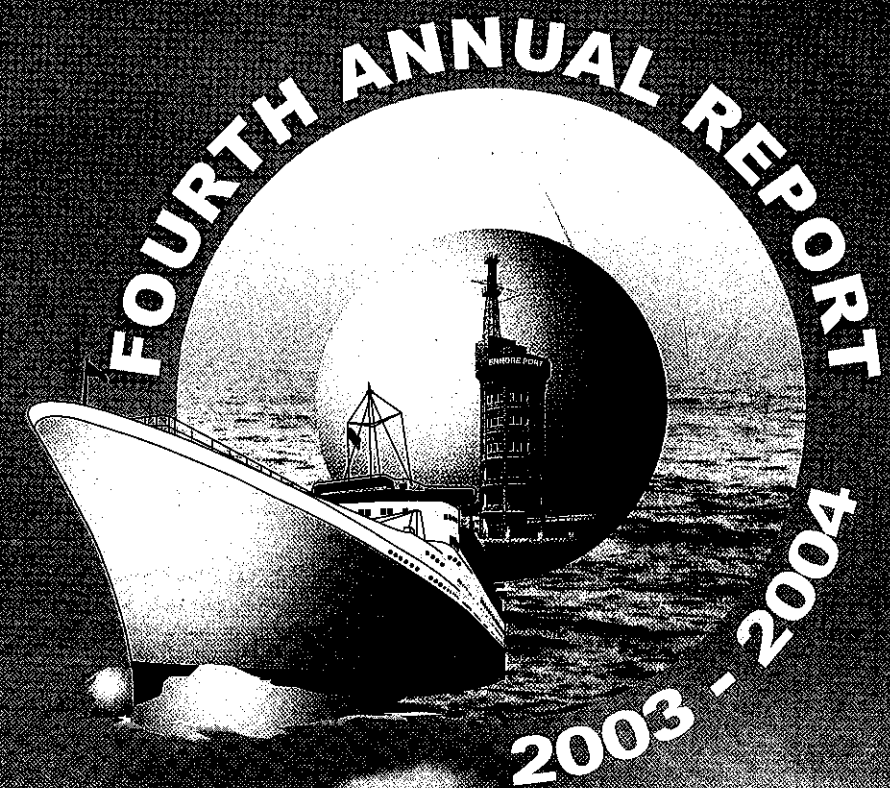
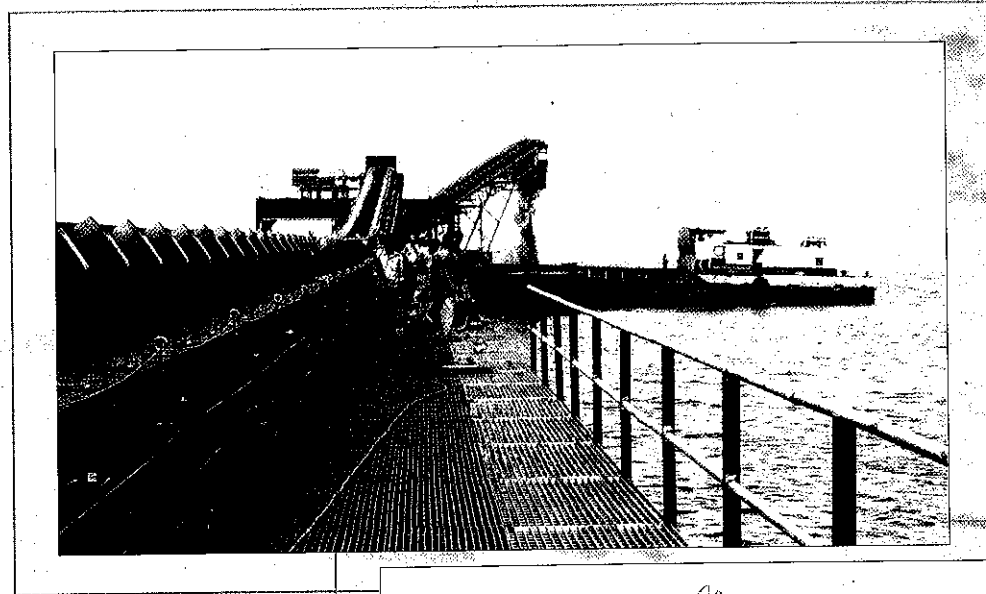


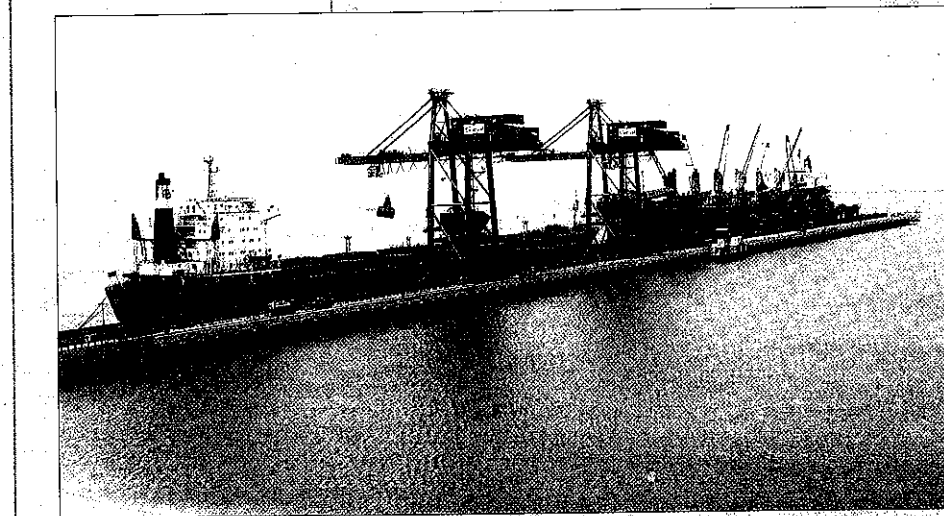
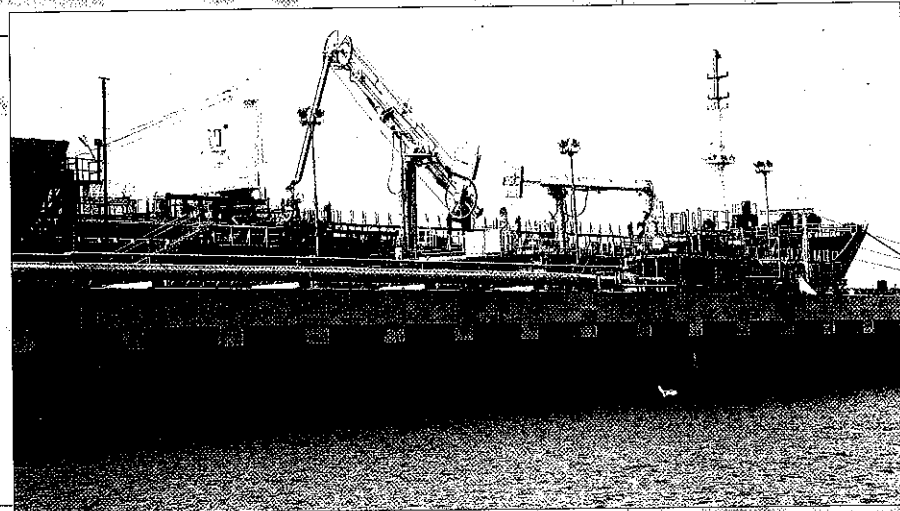
# EPL ENNORE PORT LIMITED



IRON - ORE EXPORT THROUGH ENNORE PORT BY BARGING METHOD.



HANDLING POL  
THROUGH  
MOBILE - UN - LOADER  
AT CB2 - ENNORE PORT



ENNORE PORT - COAL BERTH - 1 GEARLESS VESSEL M.V. APJ SRIDEVI  
COAL BERTH - 2 - SELF UNLOADING VESSEL M.V. GEM OF ENNORE - DISCHARGING COAL

# ENNORE PORT LIMITED

## FOURTH ANNUAL REPORT

2003-2004

# **ENNORE PORT LIMITED**

(A GOVERNMENT OF INDIA UNDERTAKING)

## **BOARD OF DIRECTORS**

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

**Shri A. Balraj, I.A.S. (Retd.)**  
Director

**Capt. K. Balachandran**  
Whole-time Director (Marine Services)

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

**Shri N. Kumar**  
Director

**Dr. A. Rajagopalan**  
Whole-time Director (Operations)

**Shri K. Suresh, 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 **Adjourned Fourth Annual General Meeting** of the Company will be held on **Wednesday the 15<sup>th</sup> day of December 2004 at 12.00 noon** at the registered office of the Company at No.15, Kasturirangan Road, Alwarpet, Chennai – 600 018 to transact the business deferred by the Members at the Fourth Annual General Meeting held on 30<sup>th</sup> September 2004.

The Annual Accounts of the Company for the year ending 31<sup>st</sup> March 2004 together with the reports of the Directors and Auditors are enclosed.

By Order of the Board

**M. RAMAN**  
Chairman cum Managing Director

Place : Chennai  
Dated : 24.11.2004

### 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.

## **ENNORE PORT LIMITED**

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

### **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Fourth Annual General Meeting of the Company will be held on **Thursday** the **30<sup>th</sup>** day of **September 2004** at **12.00 noon** 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 2004 together with the Reports of the Directors and Auditors.
2. To appoint a Director in the place of Shri R.K. Jain, who is retiring by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri K. Suresh, who is retiring by rotation and being eligible, offers himself for reappointment.

### **SPECIAL BUSINESS**

#### **Item No.4**

#### **To appoint Director on the Board of the Company**

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

RESOLVED to appoint Shri A. Balraj, IAS (Retd.), Chairman, Tamil Nadu Electricity Regulatory Commission, as a Director, liable to retire by rotation, on the Board of Directors of the Company.

FURTHER RESOLVED that Shri A. Balraj shall continue to remain a Director on the Board of Ennore Port Limited till 20<sup>th</sup> November 2006 or until orders from the Government of India, whichever is earlier.

#### **Item No.5**

#### **To appoint Director on the Board of the Company**

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

RESOLVED to appoint Shri N. Kumar, Vice Chairman, Sanmar Group, as a Director, liable to retire by rotation, on the Board of Directors of the Company.

FURTHER RESOLVED that Shri N. Kumar shall continue to remain a Director on the Board of Ennore Port Limited till 15<sup>th</sup> February 2007 or until orders from the Government of India, whichever is earlier.

**To Amend Articles of Association**

**Item No. 6**

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 Article No.128 of the Articles of Association of the Company be and is hereby deleted and substituted with the following article:

**Article No.128: The persons who have the right to nominate and appoint the directors to the Board shall also have the right to remove and replace such directors”.**

**Item No. 7**

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 added to Articles of Association as Article No.227

**Article No. 227: As long as the Company remains a Government Company as defined in Section 617 of the Companies Act, 1956, notwithstanding anything to the contrary contained in the Articles of Association of the Company, the Company shall be exempted from such of those provisions of the Companies Act, as notified by Government, from time to time, to be not applicable or exempted to Government Companies. In the event of any conflict or ambiguity between the provisions of such notifications / exemptions and the Articles, the provisions of the notifications issued under Section 620 of the Companies Act, 1956, shall prevail. All such notifications issued under Section 620 of the Companies Act, 1956, as applicable shall have retrospective effect and shall be deemed to be effective from the date of incorporation of the Company.**

By Order of the Board

**M. RAMAN**  
Chairman cum Managing Director

Place : Chennai  
Dated : 28.09.2004

**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.4 & 5**

Government of India (GOI), vide Memorandum No.9 (24)/2000-GM, Ministry of Heavy Industries & Public enterprises, Department of Public Enterprises dated 7.3.2001 have inter alia directed that the composition of Board of Directors shall include an expert in the field of maritime/port matters and a representative of trade and industry as non-official Directors.

The Government of India vide letter No.A-11013/11/98-PE.II, Ministry of Shipping, dated 8<sup>th</sup> August 2003 have appointed Shri A.Balraj, Chairman, Tamil Nadu Electricity Regulatory Commission as a Director on the Board of Directors of the Company for a period of three years. Shri A. Balraj, IAS (Retd.), Chairman, Tamil Nadu Electricity Regulatory Commission was appointed by the Board of Directors as a Director with effect from 21<sup>st</sup> November 2003.

The Government of India vide letter No.A-11013/11/98-PE.II, Ministry of Shipping, dated 9<sup>th</sup> January 2004 have appointed Shri N. Kumar, Vice Chairman, Sanmar Group as a Director on the Board of Directors of the Company for a period of three years. Shri N. Kumar, Vice Chairman, Sanmar Group, was appointed by the Board of Directors as a Director with effect from 16<sup>th</sup> February 2004.

Under Section 255 of the Companies Act 1956, unless the Articles of Association, provides for retirement of all the Directors, not less than two thirds of the total number of Directors are to be appointed in the General Meeting.

As per Article 139 of the Article of Association Ennore Port Limited two thirds of the total number of Directors shall be the persons liable to retire by rotation and save as otherwise provided in the Act and Articles be appointed in the General Meeting. The remaining one third shall be appointed in accordance with the provisions of the Articles of Association.

The Company is a Government Company in which the shares are held by the Central Government and by the Board of Trustees of Chennai Port Trust. The Board of Trustees holds the shares in the Company for and on behalf of the Central Government and hence the entire shareholding of the Company would be treated as being held by the Central Government. In which event, the provisions of Sections 255 to 257 would not apply to the Company. However as a matter of abundant caution, the Company has followed these provisions as regards appointment and retirement of Directors.

Accordingly, it is proposed to appoint Shri A. Balraj, IAS (Retd.), Chairman, Tamil Nadu Regulatory Commission and Shri N. Kumar, Vice Chairman, Sanmar Group, as Directors of the Company at this the Annual General Meeting.



**Item No. 6**

As per Article 128 of the Articles of Association of the Company, the Directors of the Company shall be appointed for a term of three years or till the Annual General Meeting of the Company held after the lapse of the said period of three years whichever is later. The Articles of Association of the Company expressly stipulates that the Whole-time Directors shall not be liable to retire and shall be appointed by the Board of Directors. Further, the Government while appointing the Whole-time Directors including the Chairman cum Managing Director have stipulated a period of 5 years for their appointment and in the case of Part-time Directors (Non-Official) have stipulated a period of 3 years for their appointment. However, for the Directors representing the Government of India and Chennai Port Trust (ex-officio part time Directors), the Government have not stipulated any time limit for their appointment. Therefore, it can be concluded that the intention of Article 128 of the Articles of Association is that it should be applied to only to Directors who are liable to retire by rotation and not to Wholetime Directors. However, the Article has not been happily worded and it is proposed to amend the same.

Since the existing Article No.128 of the Articles of Association of the Company is contradicting the administrative orders issued by the Government relating to appointment of Directors on the Board of Directors of the Company and is also in conflict with the subsequent Articles, it is proposed to delete this Article. Further, since the administrative directions of the Government relating to appointment of Directors on the Board of the Company, stipulate that the Directors will continue to hold office for the period specified by the Government or until further orders issued by the Government, it is proposed to retain only the following wordings in the said Article. "The persons who have the right to nominate and appoint the directors to the Board shall also have the right to remove and replace such directors."

**Item No. 7**

The Company has been incorporated as a Government Company and continues as a Government Company as defined under the Companies Act, 1956. Accordingly the Company is exempted from several provisions of the Companies Act, 1956 by virtue a notifications issued by the Government of India under Section 620 of the Companies Act 1956. Therefore, to avoid conflict with the notifications exempting Government Companies from various provisions of the Companies Act 1956, it is proposed to include the said new Article No. 227, to ensure that the Articles by the Company and business are conducted in accordance with notifications issued by the Government, as applicable to Government companies.

\* \* \*

## DIRECTORS' REPORT

To

### The Shareholders

Your Directors have pleasure in presenting the Fourth Annual Report of the Company together with the audited Statements of Accounts for the financial year ending 31<sup>st</sup> March 2004.

### OPERATIONS

During the year the Company has made substantial improvement in its operations. Coal handling at the Port as well as the revenue from operations increased by 11.41% over the previous year's operations.

However, operating expenses increased by 190.70%, the operating surplus decreased by 13.75% over the previous year.

The summary of the port operations during the year under review is furnished below:

	During the year 2003-04	During the year 2002 - 2003
Thermal Coal handled for TNEB (Million Tonnes)	9.277	8.411
Revenue earned from operations (Rs. in Crores)	85.64	76.87
Operating expenses (Rs. in Crores)	27.50	9.46
Operating Surplus (Rs. in Crores)	58.14	67.41

### FINANCIAL RESULTS

	During the year 2003 - 04  (Rs. in Crores)	During the year 2002 - 2003  (Rs. In Crores)
Income from services	85.64	76.87
Other Income	1.68	1.18
<b>Total Income</b>	<b>87.32</b>	<b>78.05</b>

Operating Expenses	26.13	9.46
Interest	46.07	47.14
Depreciation	11.63	13.14
Other provision	1.19	1.18
Impairment Loss	1.37	--
Loss on Sale of Fixed Assets	6.72	--
<b>Total expenses &amp; provision</b>	<b>93.11</b>	<b>70.92</b>
<b>Profit / (Loss) before Tax (PBT)</b>	<b>(5.79)</b>	<b>7.13</b>
Tax / Deferred tax	0.00	0.57
<b>Profit / (Loss) after Tax (PAT)</b>	<b>(5.79)</b>	<b>6.56</b>

Though, the revenue from operations increased by Rs.8.77 crores, the Company had incurred a net loss of Rs.5.79 crores against a net profit of Rs.6.56 crores earned in the previous year. This was mainly due to substantial increase in the operating expenses, booking of loss on sale of harbour crafts and writing off impairment loss on account of horticulture and landscaping.

During the initial years of operation the Company owned the harbour crafts and only the operations and maintenance cost of the vessels as actually incurred during the year were being booked. These expenses did not include the costs of major repairs and costs of dry docking, which would be booked as and when the same was carried out. During the financial year 2003 – 04 the harbour crafts were sold and re-chartered as per the policy directions of the Government. The hire charges in the charter agreement takes into account all costs including major repairs and dry docking and spreads these costs over the charter period of twelve years and reflects it in the payments to be made to the service provider over the charter period. Further, the successful bidder's pricing was such that the hire charges were high during the initial five years but reduced substantially during the remaining seven years of the charter agreement. This factor coupled with the book loss of Rs.6.72 crores shown on account of sale of harbour crafts as well as impairment loss of Rs.1.38 crores on account of horticulture and landscaping, have resulted in showing a net loss of Rs.5.79 crores as against the net profit of Rs.6.56 crores during the previous year.

#### **DEVELOPMENT PLANS**

As reported in the previous year, Ennore Port has initiated action in the development of additional Coal, Liquid Cargo and Iron Ore berths. Based on the RFQ, a number of bidders have been shortlisted. As required, the required Security Clearance have been obtained. It is hoped that during the current financial year, the Port would be in a position to award the concession of the Liquid Cargo, Coal and Iron Ore berths. The Port is also taking effective action to develop a state of Art container berth on a BOT basis. The E.O.I. released in the press had evoked enthusiastic response and nine leading players in the field have responded to the Advertisement. With the award of concession

to the four aforesaid terminals, the expansion of the Port capacity would be augmented by 35 MTPA in the next 3 to 4 years.

To augment the existing infrastructure, the Port has awarded handling of Iron Ore on Temporary basis to MMTC. Reliance Industries Limited have also laid their liquid cargo pipelines for transporting POL. These two temporary facilities would become fully operational in the coming year.

#### **BOARD OF DIRECTORS**

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

Shri P. Baskaradoss, Chairman, Chennai Port Trust who was a Director on the Board of EPL, ceased to be a Director with effect from 16<sup>th</sup> February 2004 consequent to his transfer from the post of Chairman, Chennai Port Trust and based on Government directives Shri M. Raman, Chairman-cum-Managing Director was holding additional charge as Chairman, Chennai Port Trust. Subsequently Shri K. Suresh, was appointed as Chairman of Chennai Port. In line with Government directions, Shri K. Suresh was appointed as a director on the Board of the company in the place of Shri P. Baskaradoss, at the Board meeting held on 10<sup>th</sup> September 2004.

Pursuant to directions of the Government in letter No. A-11013/11/98-PE.II, Ministry of Shipping, dated 8<sup>th</sup> August 2003, Shri A. Balraj, Chairman, Tamil Nadu Electricity Regulatory Commission, was appointed as a Non-official part-time Director of the Company with effect from 21<sup>st</sup> November 2003, liable to retire by rotation, for a period of three years, or until further orders in this regard, from the Government of India, whichever is earlier.

Pursuant to directions of the Government in letter No. A-11013/11/98-PE.II, Ministry of Shipping, dated 9<sup>th</sup> January 2004, Shri N. Kumar, Vice Chairman, Sanmar Group, was appointed as a Non-official part-time Director of the Company with effect from 16<sup>th</sup> February 2004, liable to retire by rotation, for a period of three years, or until further orders in this regard, from the Government of India, whichever is earlier.

Shri A. Balraj and Shri N. Kumar will be appointed as Directors at the forthcoming AGM.

Shri R.K. Jain, will retire and be reappointed at the forthcoming AGM. Shri K. Suresh, appointed in the place of Shri P. Baskaradoss will retire and be reappointed at the forthcoming AGM.

### PARTICULARS OF THE EMPLOYEES

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 2) Appropriate accounting policies have been selected so as to give a true and fair view of the state of affairs of the Company at the end of the accounting period under consideration.
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) The Annual Accounts have been prepared on a going concern basis.

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

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

#### A) Conservation of Energy :

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

Energy consuming activities	Conservation measures
Handling of coal at two berths for TNEB	The mechanical handling systems for unloading coal at the two berths have been installed and are operated by TNEB. The company has no role in the energy consumption in these activities, which is controlled and managed by TNEB.
Operation of harbour crafts.	The company ensures proper maintenance of the harbour crafts and consequent appropriate fuel consumption.

Illumination within the Port premises	<p>EPL has commissioned the following studies to optimize electrical energy conservation:</p> <p>(i) Optimisation of Electrical Energy Conservation (By MECON Ltd.)</p> <p>(ii) Detailed Electrical Energy Audit (By Institute for Energy Studies, Anna University, Chennai).</p> <p>The suggestions / recommendations of the study have been taken note of and accordingly the lighting system within the port premises are being regulated and managed to ensure minimum energy consumption.</p>
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**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

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

Sl.No.	Energy Saving Proposals which require additional investments	Expected Annual Savings Rs.	Investment Required by EPL Rs.
1	Replacement of 250 W metal Halide Lamp in Access Road with 150 W Sodium Vapour Lamps	1,78,698	1,77,500
2	Replacement of 250 W Metal Halide Lamp of Security Road with 150 W Sodium Vapour Lamps* <i>*[As a short-term measure, 50% of the lamps are being switched off manually to save energy.]</i>	2,04,000	2,02,500
3	Replacement of 250 W Sodium Vapour Lamps of Internal Street Lighting with 150 W Sodium Vapour lamps.* <i>*[As a short-term measure, 50% of the lamps are being switched off manually to save energy.]</i>	2,11,552	2,10,000
4	Replacement of the existing 40W Fluorescent Tube Lights with Energy Efficient tube light (E+ 28W retrofit type) <i>(This will be implemented in a phased manner)</i>	5,63,754	12,91,950

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

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

However, as a result of the short term measure of switching off 50% of the lights (Item Nos. 3 and 4), an average of Rs.2.0 lakhs (approximate) is being saved.

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

Not applicable.

**B) Technology absorption:**

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

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

**AUDITORS**

M/s. Sundaram & Narayanan, chartered Accountants were re-appointed as Statutory Auditors of the Company by the Comptroller & Auditor General, New Delhi for the period ended 31<sup>st</sup> March 2004. The same firm has been appointed as the statutory Auditors of the Company for the financial year 2004-05 by the Comptroller & Auditor General of India, New Delhi, vide their communication No. CA.V/COY/Central Govt.ENPORT(1)/118 dated 26.8.2004.

**AUDITORS REPORT**

The report submitted by the Statutory Auditors of the Company, M/s. Sundaram & Narayanan is circulated along with the Annual Accounts. In their report, M/s. Sundaram & Narayanan, the Statutory Auditors of the Company have drawn specific reference to Notes No.21 and 22 of Schedule No.XII. The said notes are self-explanatory. The Company is following up with TNEB for recovery of the way leave charges due from TNEB. During the year the Company has changed accounting policy and has started charging depreciation at rate specified at schedule XIV of the companies Act 1956 in compliance with Section 205 of the said Act in respect of all assets except ports specified as such to which rates have not been specified in the said schedule. For these assets, the depreciation rates adopted in other major ports has been followed.

Sale and Recharter of harbour crafts: During the year under review, keeping in conformity with the privatisation policy of the Government of India and based on recommendations of ICRA, the Company's advisor on this proposal, Company had sold harbour crafts under sale and re-charter arrangement. The sale had taken place after the company had operated the crafts for over two years. The sale price was fixed at Rs.67.00 crores against the original cost of Rs.65.45 crores. During the said period the Company has earned a revenue of Rs. 25 crores using the tugs. The capitalised cost stood at Rs. 84.39 crores after loading the interest and apportioned indirect project expenses incurred during construction stage of the Ennore Port in compliance with the mandatory Accounting Standards. After the deduction of accumulated depreciation up to the date of sale, the transaction has resulted in a book loss of Rs.6.72 crores. Capitalising interest and proportionate indirect project expenses of Rs.18.94 Crores is in compliance with the mandatory Accounting Standards which could not be passed on to the owner, for the reason it being a sale and re-charter contract the owner would have passed on the entire burden to EPL by way of increased Charter hire charges. As against the book value (I.T) of Rs 45.19 Crores on 31.03.2003 the Company has made a surplus of Rs.21.81 Crores.

As per the Auditor's interpretation of the provisions of the Companies Act, the Chairman cum Managing Director and a Wholtime Director have been appointed only as additional Directors, and cease to hold office at the subsequent Annual General Meeting as per Section 260 of the Companies Act, 1956 and in the light of the above, the Auditors are unable to express their opinion on its financial implications.

Even prior to the appointment of the wholtime Directors in the year 2003, the Company conducted a due diligence. Legal advice was also obtained from the Company's Legal Advisors on this issue. The Company had thereafter acted as per the legal advice. Thereafter, on the Auditors raising this issue, clarifications were sought for from the Company's Legal Advisors who were of the opinion that there would be no violation of the provisions of the Companies Act.

The Company has also obtained legal advice from a Senior Counsel who has confirmed that the procedure adopted by the Company was in compliance with the requirements of the provisions of the Companies Act.

The Chairman cum Managing Director and Wholtime Directors of the Company have not been appointed as additional Directors as interpreted by the Auditors. The Wholtime Directors were appointed in accordance with Section 255(2) of the Companies Act, 1956, read with Articles 139(b) and 164 of the Articles, in terms of which, 1/3rd of the Directors can be appointed as provided in the Articles of Association and the Board is empowered to appoint Wholtime Directors who are in this 1/3rd category. The Wholtime Directors are non-retiring Directors as per the Company's Articles of Association. The Chairman cum Managing Director and Wholtime Directors not having been appointed as Additional Directors, the issue of their ceasing to hold office at the subsequent Annual General Meeting would not arise.



Further, the Company is a Government Company. Its shares are held by the Central Government and by the Board of Trustees of Chennai Port Trust. The Board of Trustees, being a "Trust" holds the shares in the Company for and on behalf of the Central Government. Hence the entire shareholding of the Company would be treated as being held by the Central Government. In which event, the provisions of Sections 255 to 257 would not apply to the Company as per the notification No. GSR 906 dated 30.7.1981 issued by the Government of India. Despite this, by way of abundant caution, the Company has followed the relevant provisions of the Companies Act and the Articles as regards the appointment and retirement of Directors.

The constitution of the Board of the Company is strictly as per the directions of the Central Government. All the Directors of the Company are appointed only by the Central Government. The Central Government has appointed the Chairman cum Managing Director and the Wholetime Directors.

It has also specified the tenure of office and terms and conditions of their services including the remuneration payable to such Directors. The remuneration paid to the Wholetime Directors including the Chairman cum Managing Director is in accordance with the orders passed by the Central Government.

As, the appointment of the Chairman cum Managing Director and Wholetime Directors have been made by the Board, based on the orders of the Central Government and remuneration has been paid as fixed by the Central Government, in accordance with the Articles of the Company and the Act, issue of obtaining approval of the shareholders at subsequent General Meeting would not arise. Accordingly, payment of remuneration to the said Directors are therefore in order.

#### **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 Ministry of Shipping, Government of India, the Comptroller and Auditor General of India, Company's Statutory Auditors, Bankers, Advisors and all the employees of the Company.

**For and on behalf of the Board**

*Sd/-*

**M. RAMAN**

**Chairman cum Managing Director**

Place : Chennai

Dated : 10<sup>th</sup> September 2004

**Addendum to the Directors' Report dated 10<sup>th</sup> September 2004**

**Comments of the Comptroller and Auditor General of India**

The Board noted that the Comptroller and Auditor General of India have not issued any adverse comments or observations on the accounts of Ennore Port Limited for the year ended 31<sup>st</sup> March 2004. The Board also noted that the Comptroller and Auditor General of India have affirmed and concurred that the Company has complied with the requirements of the Companies Act, 1956 with regard to appointment of Directors by Ennore Port Limited and have stated that the Auditors' qualification that Section 260 of the Companies Act, 1956 has not been complied with, is not correct.

**For and on behalf of the Board**

**M. RAMAN**  
**Chairman cum Managing Director**

Place : Chennai.

Date : 24<sup>th</sup> November 2004.

**Auditor's Report to the Members of the Ennore Port Limited**

To the Members of Ennore Port Limited

1. We have audited the attached balance sheet of Ennore Port Limited, as at 31<sup>st</sup> March 2004, the profit and loss account and also the cash flow statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the Company 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) On the basis of written representations received from the directors and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2004 from the being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi) In our Opinion and to the best of our information and according to the explanations given to us, the said accounts 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 **subject to Note 21 regarding claim on a debtor remaining unconfirmed and Note 22 regarding change in depreciation policy which result in decrease of loss by Rs.22.93 lakhs**

(a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2004;

(b) in the case of the profit and loss account, of the loss 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.

*The Chairman cum Managing Director and a Whole-time Director, were initially appointed by the Board and not by members in subsequent Annual General meeting in terms of section 257 of the Companies Act, 1956. Based on the circulars issued by the Department of Company Affairs and various Court judgments, we are of the opinion that, pursuant to section 260 of the Companies Act, 1956, both the Chairman cum Managing Director and the said Whole-time Director have ceased to be Directors since 23.03.02 and 26.09.03. They have continued to act as Managing Director and a Whole-time Director respectively and drawn remuneration without securing the approval in the subsequent Annual General meeting. In the light of the above, we are unable to express our opinion with regard to financial implications, if any, arising out of non-compliance of the provisions of section 260 of the Companies Act, 1956.*

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

Place: Chennai  
Date :10.9.2004

**L.NARAYANAN**  
Partner  
Membership No. 27004

**Annexure referred to in our audit report of even date**

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) During the year, the Company has disposed off harbour crafts. According to the information and explanations given to us, we are of the opinion that the sale of the said assets has not affected the going concern status of the company.
- (ii) (a) The inventory of consumables maintained had been physically verified during the year by the management. In our opinion, the frequency of verification was reasonable.
- b) The procedures of physical verification of inventory of capital stores 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 capital stores. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company had taken loan from a party covered in register maintained under section 301 of the Companies Act, 1956 amounting to Rs.327 Crores. The maximum amount outstanding during the year was Rs.327 Crores. The company has not granted any loan to any company, firm or other party covered in the said register.
- b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- c) The loan availed by the company is under moratorium period and the company has been regular in the payment of interest.
- d) There is no overdue amount of loan taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, and fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from Public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.03.2004 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- (xi) The company has not availed loan from any financial institution and bank and has not issued any debenture.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi, mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's report) Order, 2003 are not applicable to the Company.
- (xv) The Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) The company has not availed any term loan from any institution during the year.
- (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 the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanation given to us, during the period covered by our audit report, the Company had not issued any debenture.
- (xx) The company has not raised monies by public issue.
- (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 **SUNDARAM & NARAYANAN**  
Chartered Accountants

Place: Chennai  
Date :10.9.2004

**L.NARAYANAN**  
Partner  
Membership No. 27004

ENNORE PORT LIMITED  
 KASTURIRANGAN ROAD, ALWARPET, CHENNAI 600 018.

STATEMENT OF FINANCE SHEET AS AT 31st MARCH 2004

(in Rupees)

PARTICULARS	Sch. No.	AS AT 31.03.2004		AS AT 31.3.2003	
<b>SOURCES OF FUNDS</b>					
<b>Own Funds</b>					
Share Capital	I	3,000,000,000		3,000,000,000	3,000,000,000
			3,000,000,000		3,000,000,000
<b>Loan Funds</b>					
Unsecured Loans	II	4,035,128,263		4,666,920,126	4,666,920,126
			4,035,128,263		4,666,920,126
<b>Total</b>			<b>7,035,128,263</b>		<b>7,666,920,126</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	III	6,727,751,152		7,393,177,650	
Less: Depreciation Reserve		293,263,314		251,586,997	
Net Block		6,434,487,838		7,141,590,653	
Capital Work in Progress			6,434,487,838	12,422,071	7,154,012,724
Deferred Tax Asset			13,263,561		3,754,584
<b>Current Assets, Loans and Advances</b>					
undry Debtors	IV	18,624,484		9,618,362	
Cash and Bank balances		127,416,935		254,475,001	
Stock		47,900,000		47,900,000	
Loans and Advances		583,028,135		478,403,251	
		776,969,554		790,396,614	
Less: Current Liabilities and Provisions	V				
Current Liabilities		515,422,313		586,393,697	
Provisions		30,691,853		14,830,812	
Net Current Assets		546,114,166	230,855,388	601,224,509	189,172,105
<b>Miscellaneous Expenditure</b>					
(to the extent not written off or adjusted)					
Preliminary Expenses		3,200,792		4,801,188	
Deferred Revenue Expenditure		20,515,305		30,772,958	
Profit and Loss account		332,445,379		284,406,567	
			356,161,476		319,980,713
<b>Accounting Policies and Notes on Accounts</b>	XII				
<b>Total</b>			<b>7,035,128,263</b>		<b>7,666,920,126</b>

For ENNORE PORT LIMITED

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

RAMAN I.A.S  
 Chairman cum Managing Director

L.NARAYANAN  
 Partner

BALACHANDRAN  
 Director

Dr.A.RAJAGOPALAN  
 Director

K.ARUN  
 Company Secretary

Office: Chennai  
 Date: 10.09.2004



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

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004**

(in Rupees)

<b>PARTICULARS</b>	<b>Sch. No.</b>	<b>YEAR ENDED 31.03.2004</b>	<b>YEAR ENDED 31.03.2003</b>
<b>INCOME</b>			
Income from Services	VI	856,400,282	768,727,128
Other Income	VII	16,771,009	11,811,498
<b>Total</b>		<b>873,171,291</b>	<b>780,538,626</b>
<b>EXPENDITURE</b>			
Port Operating Expenses	VIII	202,240,862	51,473,888
Establishment Charges	IX	9,432,029	7,157,572
Administrative Expenses	X	49,650,835	35,902,339
Finance Charges	XI	460,665,100	471,397,751
Depreciation		116,305,494	131,424,071
Impairment Loss		13,682,812	-
Loss on sale of Fixed Assets		67,243,898	-
Deferred Revenue Expenses written off		10,257,654	10,257,654
Preliminary Expenses written off		1,600,396	1,600,396
Deferred Tax		-	5,708,415
<b>Total</b>		<b>931,079,080</b>	<b>714,922,086</b>
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(57907789)</b>	<b>65616540</b>
Adjustment for Deferred Tax		9868977	9462999
Profit / (Loss) brought forward from Previous Year		(284406567)	(359486106)
<b>PROFIT / (LOSS) CARRIED FORWARD</b>		<b>(332445379)</b>	<b>(284406567)</b>

**For ENNORE PORT LIMITED**

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

**M.RAMAN I.A.S.**  
Chairman cum Managing Director

**L.NARAYANAN**  
Partner

**K.BALACHANDRAN**  
Director

**Dr.A.RAJAGOPALAN**  
Director

**T.K.Arun**  
Company Secretary  
Place: Chennai  
Date: 10.09.2004

**ENNORE PORT LIMITED**

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

**SCHEDULES TO THE BALANCE SHEET**

(In Rupees)

Sch. No.	PARTICULARS	AS AT	
		31.03.2004	31.03.2003
I	<b>SHARE CAPITAL</b>		
	<b>Authorised Share Capital</b> 500,000,000 equity shares of Rs. 10/- each (Previous year : 500,000,000 equity shares of Rs. 10/- each)	5,000,000,000	5,000,000,000
	<b>Issued, Subscribed and Paid up Share Capital</b> 300,000,000 equity shares of Rs. 10/- each fully paid up. (Previous year:300,000,000 equity shares of Rs. 10/- each fully paid up)	3,000,000,000	3,000,000,000
		<b>3,000,000,000</b>	<b>3,000,000,000</b>
II	<b>UNSECURED LOANS</b>		
	Government of India		
	* Interest bearing Loan	678,497,800	1,278,497,800
	* Accrued Interest	136,033	-
	Chennai Port Trust		
	* Interest bearing Loan	2,809,831,135	2,723,091,441
* Non Interest bearing Loan	462,485,621	462,485,622	
* Accrued Interest	84,177,674	202,845,263	
		<b>4,035,128,263</b>	<b>4,666,920,126</b>
IV	<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
	<b>1. SUNDRY DEBTORS</b> (Unsecured and considered good)		
	Debts Outstanding over six months	11,217,279	-
	Other Debts	7,407,205	9,618,362
		<b>18,624,484</b>	<b>9,618,362</b>
<b>2. CASH AND BANK BALANCES</b>			
Cash on hand	39,152	33,353	
Balances with Scheduled Banks			
in Current Accounts	6,049,941	4,387,650	
in Deposit Accounts	121,327,842	250,053,998	
	<b>127,416,935</b>	<b>254,475,001</b>	

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

**SCHEDULES TO THE BALANCE SHEET**

(In Rupees)

Sch. No.	PARTICULARS	AS AT	
		31.03.2004	31.03.2003
	<b>3. LOANS &amp; ADVANCES</b> ( Unsecured, considered good recoverable in cash or in kind or for value to be received)		
	Deposits	9,064,110	8,954,660
	Advance to Contractors	462,485,621	462,485,621
	Advance Income Tax	6,524,739	2,398,872
	Prepaid Expenses	3,066,675	4,480,963
	Other Advances	101,886,990	83,135
		<b>583,028,135</b>	<b>478,403,251</b>
<b>V</b>	<b>CURRENT LIABILITIES AND PROVISIONS</b>		
	<b>1. CURRENT LIABILITIES</b>		
	Statutory Liabilities	4,448,419	23,150,412
	Contract Liabilities	408,296,174	354,108,407
	Deposits from Customers	153,956	109,156,194
	Retention Money Payable to Contractors	102,523,764	99,978,684
		<b>515,422,313</b>	<b>586,393,697</b>
	<b>2. PROVISIONS</b>		
	Provision for Terminal Benefits	650,196	392,624
	Provision for Provident Fund	19,584	17,022
	Provision for Expenses	30,022,073	14,421,166
		<b>30,691,853</b>	<b>14,830,812</b>

**ENNORE PORT LIMITED**

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

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004**

(In Rupees)

Sch. No.	PARTICULARS	Year Ended 31.03.2004	Year Ended 31.03.2003
<b>VI</b>	<b>INCOME FROM SERVICES</b> (Net of Service Tax)		
	Composite Tariff on Coal	841,554,631	757,015,020
	Way Leave Charges	7,480,486	9,448,515
	Vessel Income	28,578	370,370
	Berth Hire Charges	3,461,412	1,233,528
	Anchorage Charges	1,996,702	482,936
	Pilotage Charges	1,395,756	161,759
	Craft Hire Charges	482,717	15,000
		<b>856,400,282</b>	<b>768,727,128</b>
<b>VII</b>	<b>OTHER INCOME</b>		
	Interest on Bank Deposits (including Tax deducted at source of Rs.31,21,980 ; Previous Year Rs.21,02,294)	16,575,925	11,539,353
	Sale of Tender Documents	67,000	220,000
	Profit on Sale of Asset	-	42,145
	Sundry Income	128,084	10,000
		<b>16,771,009</b>	<b>11,811,498</b>
<b>VIII</b>	<b>PORT OPERATING EXPENSES</b>		
	Fuel Expenses	4,479,056	3,622,149
	Marine Expenses	2,137,387	10,186,435
	Time Charter payments	181,437,444	-
	Repairs and Maintenance:		
	Machinery	206,033	1,650,519
	Others	5,934,982	27,132,195
	Stores and Spares Consumed	791,500	1,245,765
	Electricity & Water Charges	7,254,460	7,636,825
		<b>202,240,862</b>	<b>51,473,888</b>

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

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004**

( In Rupees )

Sch. No.	PARTICULARS	Year Ended 31.03.2004	Year Ended 31.03.2003
IX	<b>ESTABLISHMENT CHARGES</b>		
	Salaries and Allowances	7,640,932	5,563,106
	Staff Welfare Expenses	614,831	846,172
	Contribution to PF and Pension Funds	354,998	220,031
	Terminal Benefits	821,268	487,854
	Special Establishment Charges	-	40,409
	<b>9,432,029</b>	<b>7,157,572</b>	
X	<b>ADMINISTRATIVE EXPENSES</b>		
	Rent, Rates & Taxes	853,518	788,474
	Electricity Charges	275,874	233,333
	Postage, Telephone & Fax Charges	921,387	836,752
	Printing and Stationery	577,593	353,906
	Books & Periodicals	61,155	47,824
	Insurance	334,928	3,451,725
	Housekeeping	165,667	274,050
	Landscape Maintenance	929,509	1,962,228
	Repairs & Maintenance - Office	290,549	227,947
	Security & Safety Expenses	6,271,980	6,654,771
	Entertainment	576,893	594,077
	Gifts & Presentations	89,784	63,467
	Membership Fees & Subscription	4,625,267	1,000,000
	Seminar Fees & Subscription	427,743	114,117
	Travelling and Conveyance	1,245,217	1,249,879
	Vehicle Fuel and Maintenance	3,406,392	2,631,280
	Advertisement and Publicity	4,462,141	1,205,310
	Legal & Arbitration Expenses	8,382,050	4,995,022
	Professional Charges	15,570,443	9,030,613
Audit Fees	122,600	75,600	
Bank Charges	10,380	3,895	
Sundry Expenses	49,763	108,070	
	<b>49,650,835</b>	<b>35,902,339</b>	
XI	<b>FINANCE CHARGES</b>		
	Term Loans	423,196,964	471,397,751
	Others	37,468,136	-
	<b>460,665,100</b>	<b>471,397,751</b>	

ENMORE PORT LIMITED, No. 15 KASTURIBANGAN ROAD, ALWARPET, CHENNAI 600 018.  
 SCHEDULE - III - FIXED ASSETS

Sl. No.	PARTICULARS	GROSS BLOCK		RATE in %	DEPRECIATION		NET BLOCK AS AT			
		AS AT 01.04.2003	Additions / (Deletions) / (Adjustments)		AS AT 31.03.2004	AS AT 01.04.2003	For the Op. Bal	Total for the year	AS AT 31.03.2004	31.03.2003
1	Capital Dredging, Port Basin and Channel Dredging	1022258875	379112	1.00%	18146586	10222589	10233111	26381707	1004110279	994256280
2	Buildings Sheds & Other Structures Administrative Building Rest House Electrical Substation Horticulture and Landscaping Wharves, Roads and Boundaries Port Access Roads Wharves Boundary Walls Floating Cranes Tugs Pilot Launches Mooring Launches Railway and Rolling Stocks Railway Sidings Docks, Seawalls, Piers & Nav. Aids Breakwater Construction Navigational Aids	56446142 0 2155316 13677211 247776405 78699299 24192766	5579 878229 814 (13677211) 3263722 298965 8708561	1.63% 1.63% 1.63% 0.00% 1.63% 2.50% 1.63%	2004226 0 76528 0 10997198 34929631 1073761	920072 0 35132 0 4038755 19674962 394342	549541 14315 21012 0 238792 19695586 44691	2553767 14315 97540 0 11235991 54625417 1118452	54441916 0 2078768 13677211 236779205 752069468 23119005	53897954 863914 2056590 0 238804136 732670947 31782875
3	Wharves, Roads and Boundaries Port Access Roads Wharves Boundary Walls Floating Cranes Tugs Pilot Launches Mooring Launches Railway and Rolling Stocks Railway Sidings Docks, Seawalls, Piers & Nav. Aids Breakwater Construction Navigational Aids	731485106 63138134 8894491 193973686	(731485106) (63138134) (8894491) 18132	5.00% 5.00% 5.00% 4.75%	64931828 5604591 789539 0 5750875	2982735 258558 60926 0 9213750	2982735 258558 60926 0 19622727	2982735 258558 60926 0 25573702	666553278 57533543 8104952 0 188222711	666553278 57533543 8104952 0 168418116
4	Wharves, Roads and Boundaries Port Access Roads Wharves Boundary Walls Floating Cranes Tugs Pilot Launches Mooring Launches Railway and Rolling Stocks Railway Sidings Docks, Seawalls, Piers & Nav. Aids Breakwater Construction Navigational Aids	4165232600 24655685	119572254 5927	1.33% 10.00%	99349701 4377229	55397594 2465568	56089389 2467214	157439090 6844443	4069882899 20278456	4127365764 17817169
5	Cranes & Vehicles Diesel Lifting Truck Vehicles - Motor Cars Vehicles - Mini Bus Vehicles - Two wheelers Installation of Water, Elec, Telecom & Fire Water & Communication Facilities Internal Electrical Facilities External Electrical Facilities Other Assets Electrical Appliances Office Equipments Furniture & Fittings Computers	300000 1940000 200000 107358	0 734262 0 0	11.31% 9.50% 11.31% 9.50%	66575 574142 58190 10596	39930 184300 22620 10199	27582 (48122) 3588 0	94167 526020 62778 20795	233425 1365858 140810 96762	205833 2148242 137222 86563
6	Water & Communication Facilities Internal Electrical Facilities External Electrical Facilities Other Assets Electrical Appliances Office Equipments Furniture & Fittings Computers	2777128 26891606 15787425	9013436 2257 11406	4.75% 4.75% 4.75%	689753 1365416 1358115	131914 1277351 749903	(381560) 889988 (111660)	298193 2255404 1245455	2087375 25526190 14429310	11482371 24638459 14552376
7	Other Assets Electrical Appliances Office Equipments Furniture & Fittings Computers	1071401 1102256 1242471 872288	871681 1301931 6167748 536430	4.75% 4.75% 6.33% 16.21%	60546 105694 182222	50982 52357 78648 141398	8695 70037 138617 35233	140332 130583 245311 358853	990656 1041710 1138777 690067	1602750 2273604 7164906 1048986
8		7393177650	(685426499)		251586997	108999515	(68723199)	289283314	7141590653	6434487838

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

**SCHEDULE – XII**

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**1. Accounting Policies**

- a. The books of account are maintained under mercantile system of accounting and financial statements are prepared in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India
- b. 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.
- c. The expenses are accounted on accrual basis and any expenditure directly identified to an asset is capitalized in the respective asset.
- d. 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.
- e. Depreciation is provided on Straight Line Method, on pro rata basis as per 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 life of the assets from the start of the financial year in which such award is passed.
- f. Preliminary Expenses and Deferred Revenue Expenses are written off over a period of five years equally from the year of commencement of operations.

g. Accounting for Taxes on Income:

a) Tax expense comprises both Current and deferred taxes. Deferred taxes reflect the impact of current year timing differences between taxable income (loss) and accounting income (loss) for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

b) Deferred tax is measured based on the applicable tax rates and the tax laws enacted or substantially enacted at the balance sheet date. In the year when the company pays Minimum Alternative Tax (MAT) under the Income-tax Act or has no book/tax profits and therefore pays no tax, deferred tax is measured based on the MAT rates if such deferred tax assets or liabilities are expected to reverse in future at MAT rates.

h. Provision for terminal benefits are made as per the service conditions.

i. 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.

j. Foreign currency transactions are translated and recorded in Indian currency at the exchange rates prevailing on the respective dates of transactions.

2. The Loan from Chennai Port Trust as on the date of Balance Sheet has been reconciled to date. The balance in the loan account has been confirmed subject to a sum of Rs.33.34 crores disputed and to be resolved under instruction from Ministry of Shipping. The classification of the loan component into interest bearing and non-interest bearing is disputed and has been referred to the ministry for due instruction. Had these amounts been accounted in the books of the company,

a) the loss for the year would have been higher by Rs.6.64 crores due to charge of interest, expenses and depreciation.

b) gross value of Fixed assets would be higher by Rs. 30.47 crores.

3. Stock represents the unutilized quarried stones of Rs.4.79 Crores having the utility value on maintenance of breakwater construction. The amounts are charged off to revenue based on the certification of the Civil Dept. of the company.



4. The formalities of transferring the ownership of vehicles taken possession of by the Company from the contractors have been carried out except for 3 vehicles. However, depreciation on such assets has been claimed based on possession rights.
5. Pending execution of loan agreement, the loans from Government of India and Chennai Port Trust including interest accrued and due thereon, have been classified as unsecured loans.
6. Fixed deposit with banks include interest accrued but not due amounting to **Rs.3.64 Lakhs.**(Previous Year Rs.12.36 Lakhs).

7. Establishment expenses include remuneration paid to Directors.

	<u>2003-04</u>	<u>2002-03</u>
	(In Rupees)	
a. Salaries and Allowances	14,64,255	5,58,790
b. Contribution to PF & Pension Fund	1,61,620	99,841
c. Contribution towards leave salary	91,308	29,135

8. Details of remuneration to Auditors  
(Excluding Service tax)

	<u>2003-04</u>	<u>2002-03</u>
	(In Rupees)	
a. For Statutory Audit	75,000	50,000
b. For Tax Audit	20,000	20,000
c. For Others	20,000	-

9. Transactions in Foreign Currency

	<u>2003-04</u>	<u>2002-03</u>
	(Rupees in lakhs)	
Earnings in foreign currency	Nil	Nil
Outgo in foreign currency towards capital expenditure	Nil	Nil
Outgo in foreign currency towards revenue expenditure	2.29	2.85

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

	<u>2003-04</u>	<u>2002-03</u>
Quantity (in Metric Tons)	9,350,607	8,411,278
Cargo	Coal	Coal
No. of Vessels	166	154

11. 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)

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

Claims against the Company not acknowledged as debts: **Rs. 115.68 crores**  
(Previous Year: Rs.111.83 crores)

13. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) **Rs Nil** (Previous Year Rs.0.97 crores)

14. Accounting standards relating to segmental reporting and related party disclosures are not applicable to the company.
15. Deferred tax asset components
- |                               |                   |
|-------------------------------|-------------------|
| Preliminary expenses          | Rs. 9.97 Lakhs.   |
| Eligible carry forward losses | Rs. 126.27 Lakhs. |
16. The Company, engaged in the business of developing, operating and maintaining an "infrastructure facility" is eligible for 100 % deduction under Section 80-IA of the Income Tax Act, 1961 in respect of its Total Income for 10 consecutive assessment years out of 15 years (assessment years 2002-03 to 2016-17), at its option. Considering combined effects of the eligibility for deduction, the prospects, expansion plans and capacity of the Company and the difference in the rates of depreciation between the accounts and tax laws, the life of carried forward tax benefits, it is expected that the Company will opt for taxation benefits under Section 80-IA for 10 years with effect from the assessment year 2007-2008. Consequently, it is expected that the deferred tax assets could be realized only to the extent provided in Clause (iii) of Explanation to Section 115JB of the Income Tax Act, 1961.
17. The company has no income tax liability for the year and hence no provision for the same has been made.
18. In terms of the minutes of the meeting held by Ministries of Shipping and Finance on 19.03.04, the title to the lands in possession of the company would be retained by Government of India. Accordingly the amount shown under the asset head "Horticulture and Land scaping" amounting to Rs.1.38 crores has been charged off as impairment loss. However, the cost of land paid to TNEB amounting to Rs.10 Crores has been shown as land advance and would be adjusted against the outstanding loan due to Government of India on receipt of directions from the Government. Since there is no express contract between the Government of India and the Company for usage charges, no provision has been made for the same.
19. The company has sold harbour crafts for a fixed reserve price, which was higher than the original purchase price. However due to the component of allocated interest and indirect project expenses incurred during construction period which were capitalized as per the standards of accounting, the sale transaction has resulted in a book loss of Rs.6.72 crores.
20. Contract liabilities include amounts due on unpaid certified bills of projects, 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 uncertified bills held beyond the due dates would be recognized as an expenditure upon payment.

21. The way leave charges of Rs. 74.80 lakhs billed on TNEB during the year shown under Sundry Debtors account (Accumulated Rs. 1.69 crores) is subject to confirmation by the TNEB.
22. The company has adopted the depreciation rates specified under Schedule XIV of the Companies Act, 1956 in respect of all assets instead of the rates adopted in earlier years. In respect of the following port specific assets to which rates have not been specified in the said schedule, practice prevailing in major ports has been followed. The assets are Capital dredging, Breakwater construction, Wharves and Navigational aids. Due to the change in accounting policy, the charge to the Profit and Loss Account for the year is increased and value of fixed assets is reduced by Rs.51,87,982/-.
23. Profit and Loss account includes the following prior period expenses.
- |                  |                   |
|------------------|-------------------|
| a) Interest :    | Rs. 1,12,74,194/- |
| b) Depreciation: | Rs. 21,16,428/-   |
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 31.03.2004, THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE AND THE SCHEDULES I TO XII.

**For ENNORE PORT LIMITED**

**For SUNDARAM & NARAYANAN**  
Chartered Accountants

**M.RAMAN I.A.S**  
Chairman cum Managing Director

**L.NARAYANAN**  
Partner

**K BALACHANDRAN**  
Director

**Dr. A.RAJAGOPALAN**  
Director

**T.K.Arun**  
Company Secretary

Place: Chennai  
Date: 10.09.2004

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004		
		Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items		(57,907,789)
Adjustment for:		
Depreciation		116,305,494
DRE & Preliminary Expenses Written off		11,858,050
Loss on sale of Fixed Assets		67,243,898
Interest charges		460,665,100
Asset written off		13,682,812
Interest income		(16,771,009)
Deferred Tax (Net)		0
Operating Profit before working capital changes		595,076,556
Adjustment for:		
(Increase) / Decrease Current Assets		(113,631,006)
Increase / (Decrease) Current Liabilities		(119,261,525)
<b>Cash Generated From Operations</b>		<b>362,184,025</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets		661,910,318
Purchase of Fixed Assets		(22,585,950)
Interest Received		16,771,009
<b>Net Cash generated from Investing Activities</b>		<b>656,095,377</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings		33,859,188
Repayment of Loans		(600,000,000)
Interest Paid		(579,196,656)
<b>Net Cash Used in Financing Activities</b>		<b>(1,145,337,468)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>		<b>(127,058,066)</b>
Cash and Cash equivalents as at (OP)	254,475,001	
Cash and Cash equivalents as at (CP)	127,416,935	(127,058,066)
<p>We have verified the above Cash Flow Statement of ENNORE PORT LIMITED derived from the Audited Financial Statement for the year ended March 31, 2004 and certify that in our opinion and according to the information and explanations given to us, the Cash Flow Statement is in accordance therewith.</p> <p style="text-align: right;"><b>For SUNDARAM &amp; NARAYANAN</b> Chartered Accountants</p> <p style="text-align: right;"><b>L.NARAYANAN</b> Partner</p>		

**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 2004**

**Auditor's Report:**

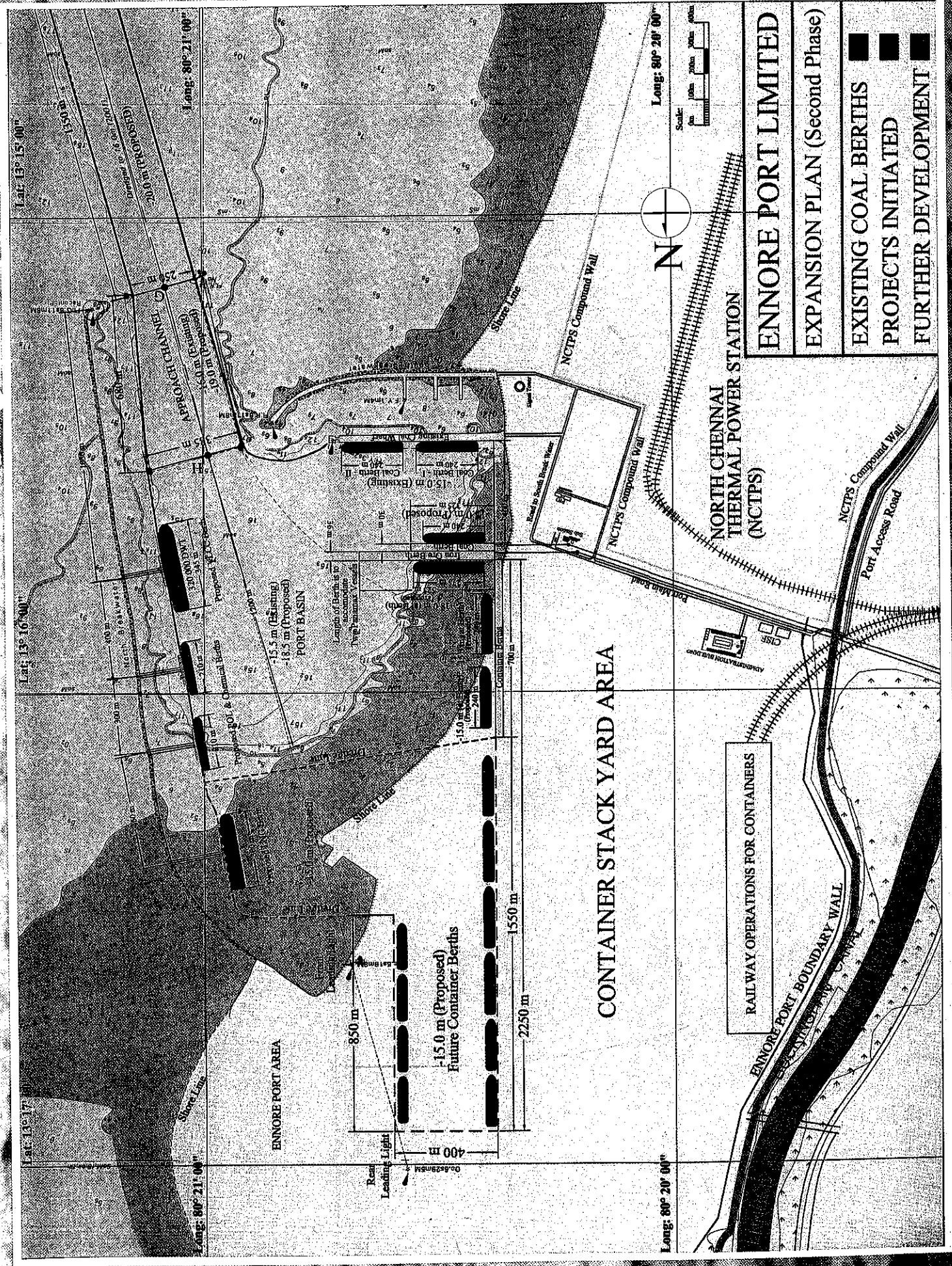
The Chairman cum Managing Director and a Whole Time Director of Ennore Port Limited were appointed in terms of provisions contained in the Articles of Association vide Article 164 read with Article 139 (b) and Section 255 (2) of the Companies Act, 1956. Hence, the Auditor's qualification that Section 260 of the Companies Act, 1956 has not been complied with, is not correct.

sd/-

(U. SANKAR)

Date : 17.11.2004  
Place : Chennai.

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





## Ennore Port Limited

(A Government of India Undertaking)

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