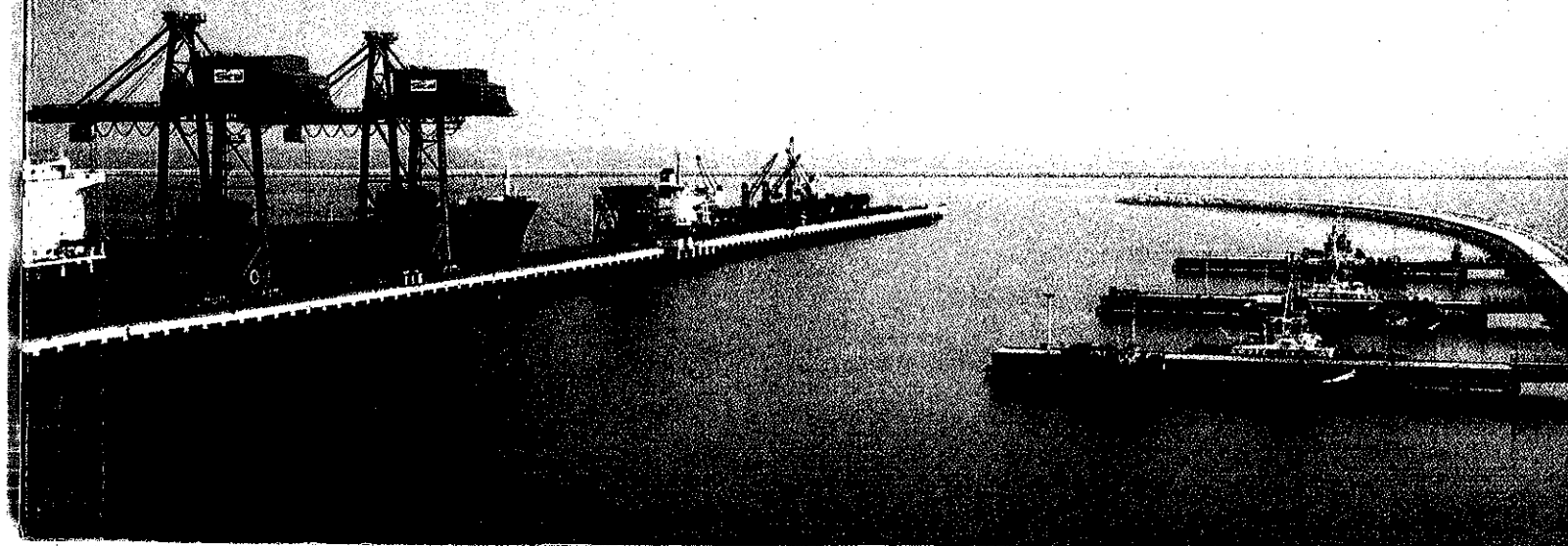
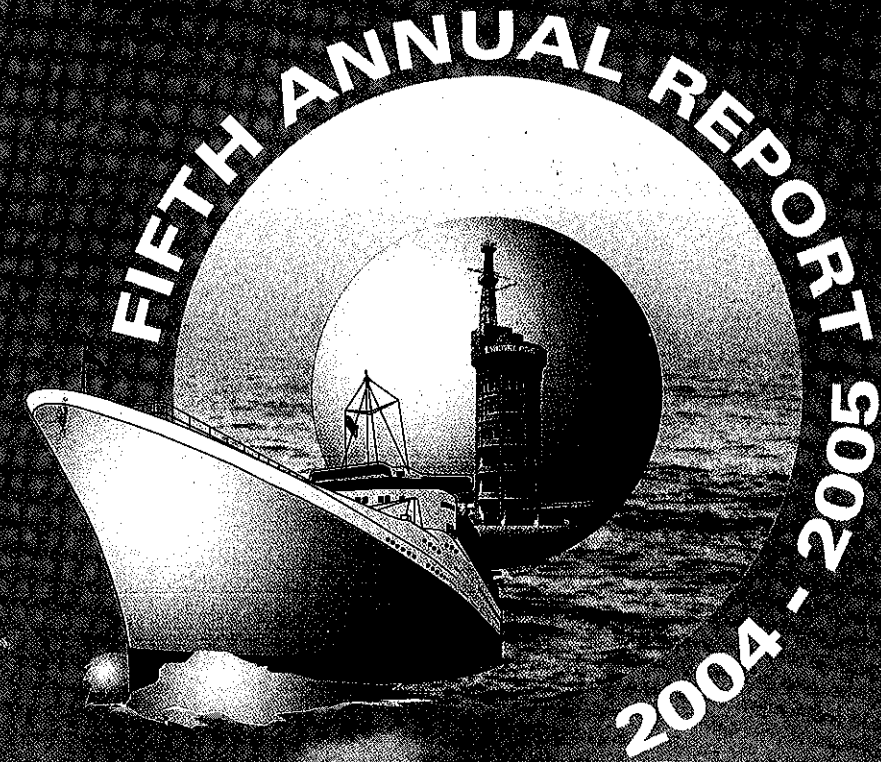
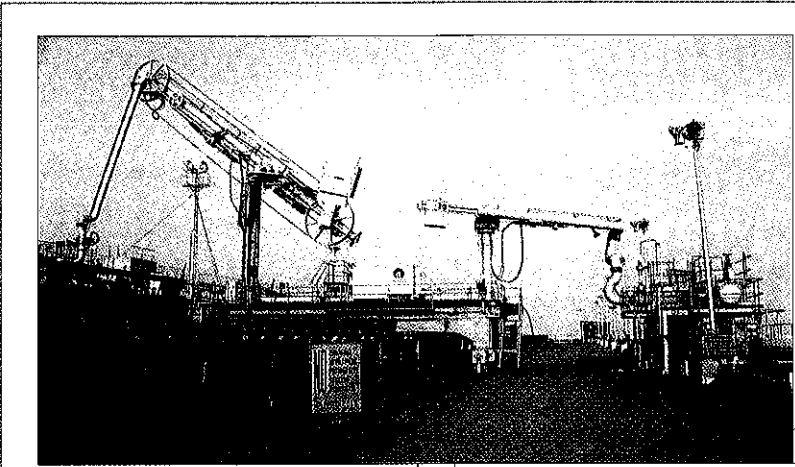


EPL
ENNORE PORT LIMITED

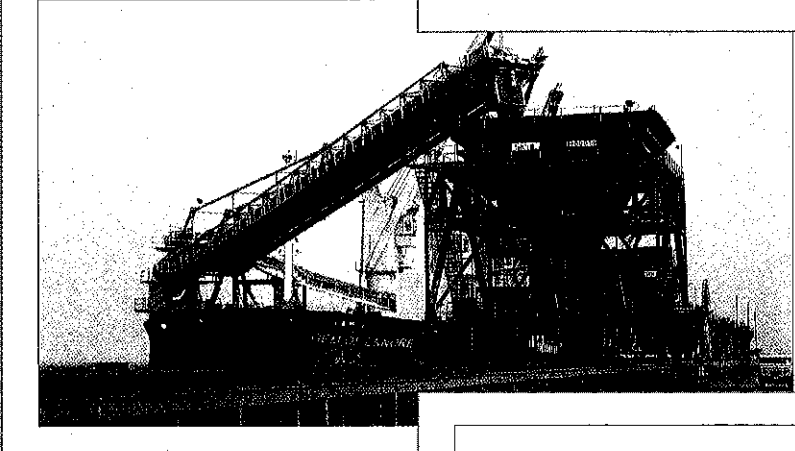


OPERATIONS AT ENNORE PORT



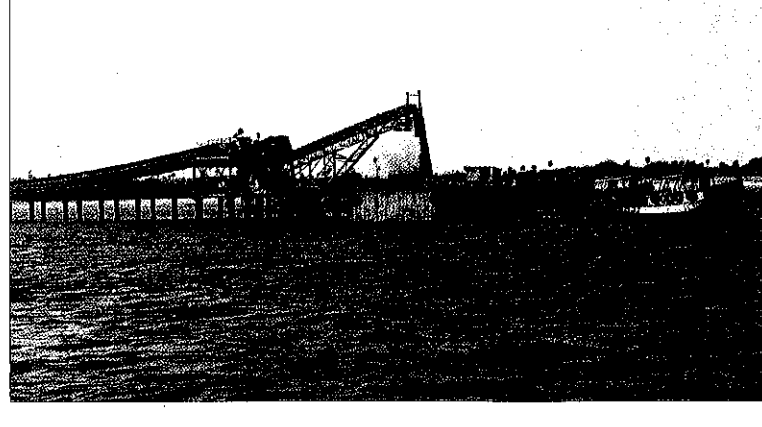
MOBILE UNLOADING
ARMS IN ACTION
DISCHARGING
POL PRODUCT

GEAR LESS VESSEL
DISCHARGING COAL
INTO TWO STREAMS OF
CONVEYORS



SELF UNLOADER
VESSEL DISCHARGING
COAL INTO CONVEYORS
THROUGH HOPPERS

EXPORT OF
IRON ORE BY
BARGING METHOD



ENNORE PORT LIMITED

FIFTH ANNUAL REPORT

2004-2005

ENNORE PORT LIMITED

(A GOVERNMENT OF INDIA UNDERTAKING)

BOARD OF DIRECTORS

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

Shri K. Suresh, I.A.S.
Director

Shri A.K. Bhalla, I.A.S.
Director

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

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

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

Shri N. Kumar
Director

SECRETARY

Shri T.K. Arun

AUDITORS

M/s Sundaram & Narayanan
Chartered Accountants

BANKERS

Andhra Bank
Canara Bank
State Bank of India
Indian Bank
UCO Bank
Union Bank of India
Standard Chartered Bank
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 Fifth Annual General Meeting of the Company will be held on **Thursday the 29th day of September, 2005 at 11.00 a.m.** at the registered office of the Company at No.15, Kasturirangan Road, Alwarpet, Chennai – 600 018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the Company for the year ending 31st March 2005 together with the Reports of the Directors and Auditors.
2. To appoint a Director in the place of Shri N. Kumar, who is retiring by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri A. Balraj, who is retiring by rotation and being eligible, offers himself for reappointment.

By Order of the Board

Chairman cum Managing Director

Place : Chennai

Dated : 24th September 2005

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.

DIRECTORS' REPORT

To

The Shareholders

Your Directors have pleasure in presenting the Fifth Annual Report of the Company together with the audited Statements of Accounts for the financial year ending 31st March 2005.

OPERATIONS

The Company showed marginal increase in the total cargo handled which was 9.479 million tonnes against 9.277 million tonnes handled during the previous year. The quantum of Thermal Coal handled for the Tamil Nadu Electricity Board (TNEB) was lower at 8.856 million tonnes compared to 9.277 million tonnes during the previous year on account of non-availability of Coal linkages for the TNEB. The Company is pursuing with TNEB to improve the quantum of Coal handled at the Port. During the year under review, handling of POL and Iron Ore through temporary facilities commenced at the Port.

The Company ended the year with profit before tax of Rs.10.01 crores and Profit after tax of Rs.8.39 crores compared to the net loss of Rs.5.79 crores reported during the previous year.

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

CARGO HANDLED

Cargo Type	During the year 2004-05	During the Year 2003-04
Thermal Coal (mil.t)	8.856	9.277
Iron ore (mil.t)	0.519	--
POL (mil.t)	0.104	--
Total (mil.t)	9.479	9.277

FINANCIAL RESULTS

	Current Financial year 2004 - 05 (Rs. in Crores)	Previous Financial year 2003 - 2004 (Rs. In Crores)
Income from services	92.00	85.64
Other Income	1.27	1.68
Total Income	93.27	87.32
Operating Expenses	30.67	26.13
Interest	37.58	46.07
Depreciation	11.05	11.63
Other provision & Loss	3.96	9.28
Total expenses & provision	83.26	93.11
Profit / (Loss) before Tax (PBT)	10.01	(5.79)
Tax / Deferred tax provision	1.62	(0.99)
Profit / (Loss) after Tax (PAT)	8.39	(4.80)

During the year under review the entire high cost loan amounting to Rs. 68 crores (along with Rs.7 crores of accrued interest) due to the Government of India bearing interest rate of 14% p.a. was repaid through loan swapping arrangements with lower interest bearing loans procured from the Canara Bank at 7% (Rs. 37.50 crores) and Union Bank of India at 7% (Rs. 30.50 crores).

The loan due to ChPT to the extent of Rs.50 crores bearing interest rate of 9.75% p.a. was repaid through a loan swapping arrangement with lower interest bearing loan procured from the Canara Bank at 7%.

These financial restructuring initiatives have reduced the interest burden on the Company, the full impact of which will be reflected from the current financial year 2005-06 onwards.

The Company is up to date on payment of interest dues on all the loans procured by it.

DEVELOPMENT PLANS

As informed in the previous report, permissions were granted to M/s MMTC and M/s Reliance Industries Limited respectively for handling of Iron Ore and POL products through temporary facilities. Both these temporary facilities have become operational and during the year 0.519 million tonnes of Iron Ore and 0.104 million tonnes of POL products were handled at the temporary facilities, generating a revenue of Rs. 4 crores.

The bidding process for development of a 3 MTPA Marine Liquid Terminal was successfully completed and the Licence granted to the consortium led by M/s IMC Limited for development of the Marine Liquid Terminal on a Build Operate Transfer (BOT) basis. The project implementation is under progress and is expected to be completed by the year 2007.

The bidding process for development of an 8 MTPA Coal Terminal is also in an advanced stage with the Company having received technical and financial proposals from qualified bidders. However, a bidder who was disqualified at the Request For Qualification stage of the bidding process has filed two writ petitions and obtained ex parte injunction on the bidding process consequent to which the completion of the bidding process for this project has been put on hold. The Company is making all possible efforts to have the stay vacated / writ petitions dismissed to proceed further in the matter.

The bidding process for development of the Iron Ore Terminal is nearing completion. The final technical and financial proposals from eligible bidders were received on 16th June 2005 and have been evaluated. The proposal for awarding the Licence has been forwarded to the Government for approval. The project is expected to be commissioned by mid 2008.

As informed to the shareholders in the last report, the Company has proceeded with the completion of the Detailed Feasibility Report for development of a state-of-the-art Container Terminal at Ennore Port. Consultants for selecting a private sector operator for implementing the project have been appointed. The proposal for setting up the Container Terminal, through private sector participation has been forwarded to the Government for the approval and on receipt of the same, the bidding process for the project will commence.

The master plan for development of Ennore Port includes an LNG Terminal at the Port. The Government of Tamilnadu through the Tamilnadu Industrial Development Corporation Limited have been pursuing a project for development of an LNG Terminal along with regasification facilities and an LNG based power plant at Ennore. However, this proposal has not made much progress. In the meanwhile, the M/s Indian Oil Corporation Limited (IOC) has approached the Company indicating keen interest in setting up an LNG Terminal at Ennore Port. Initial studies by M/s IOC have identified Ennore Port as the most suitable location for their LNG Terminal in the east coast. M/s IOC is in the process of carrying out detailed studies for the project. Based on the proposal from the IOC, the Company has sought and obtained in-principle approval of the Government for pursuing the development of an LNG Terminal at Ennore Port in association with M/s IOC.

The Company has obtained in-principle approval from the Planning Commission for Phase I Capital Dredging at an estimated cost of Rs. 90 crores for dredging for the proposed new Coal, Iron Ore and Container Terminals. The detailed project report has been forwarded to the Government for sanction and the Capital Dredging programme is scheduled to be completed by the first quarter of 2007.

The Government of India directed that the Company should participate in the development of the Sethusamudram Ship Canal Project and invest up to an extent of Rs. 30 crores in the equity capital / shares of the Special Purpose Vehicle incorporated in the name of Sethusamudram Corporation Limited. The Board of Directors of the Company

have passed resolutions approving the proposed investment and the Company has advanced a sum of Rs. 1,00,00,000/- (Rupees one crore only) to the Special Purpose Vehicle including subscription of 6000 equity share of Rs. 10 each in M/s Sethusamudram Corporation Limited.

The Company is also drawing up and crystallizing plans for improving the Road and Rail connectivity to the Port.

Keeping in view the traffic potential offered, the Company has obtained in-principle approval of the Government to participate in the development of the Ennore Special Economic Zone being promoted by the Tamilnadu Industrial Development Corporation Limited.

FUTURE OUTLOOK

By the year 2009-10 the present expansion proposals, i.e., five BOT projects, viz., Marine Liquid Terminal (3 MTPA), Coal Terminal (8 MTPA), Iron Ore Terminal (6-12 MTPA), LNG Terminal (2.5 MTPA) and Container Terminal (10 MTPA) would become fully operational. The commissioning of these terminals would add to the capacity of the port by nearly 35 MTPA taking the total Cargo handling capacity of Ennore Port to 47 MTPA.

The power project which is being set up by NTPC-TNEB Consortium is also likely to be commissioned during 2009-10. It is, therefore, expected that the port would handle about 35-40 MTPA from the present level of 10 MTPA. Ennore SEZ is also likely to become operational by 2008-09. Ennore Port would be greatly benefited by the traffic emanating from the Ennore SEZ.

The Company is expected to make a profit of Rs. 40 crores in 2005-06 which would wipe out the entire accumulated losses and make the net worth of the Company positive. In view of the structuring of the BOT projects and outsourcing of various services, the operational expenditure is expected to increase nominally while the profitability of the port operations would increase substantially. The Company expects to earn a minimum net profit of around Rs. 125 – 150 crores by the year 2009-10.

Post 2009, the Company would generate higher cash surpluses which would transform the company from a stand-alone port company to a large investment company investing in major infrastructure and commercial projects.

BOARD OF DIRECTORS

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

Shri R.K. Jain, IAS who was the Joint Secretary (Ports), Ministry of Shipping, Road Transport & Highways, Department of Shipping was transferred from the post and Shri A.K. Bhalla, IAS was appointed as Joint Secretary (Ports) in his place.

Pursuant to directions of the Government of India in the Office Memorandum No. 9(24)/2000-GM dated 7th March 2001 and letter No. A-11013/11/98-PE II, Ministry of Shipping, Road, Transport & Highways, Department of Shipping, dated 27th April 2005, Shri A.K. Bhalla, IAS was appointed as a Director in the place of Shri R.K. Jain, IAS.

Shri N.Kumar and Shri A. Balraj, IAS (Retd.) will retire by rotation and be reappointed at the forthcoming Annual General Meeting.

AUDIT COMMITTEE

The company has duly constituted Audit Committee. The Audit Committee has overseen the company financial reporting process and disclosure of financial information, internal control systems and accounting policies. Four meetings of the Audit Committee were held during the financial year ending 31st March 2005.

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	To ensure minimum energy consumption, EPL is regulating and managing the lighting system within the port premises based on the suggestions and recommendations of the following reports. (i) Optimisation of Electrical Energy Conservation (By MECON Ltd.) (ii) Detailed Electrical Energy Audit (By Institute for Energy Studies, Anna University, Chennai).

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

The various proposals suggested in the above reports were considered and implemented as tabulated below.

Electrical Energy Conservation at EPL				
Sl. No	Energy Saving Proposals in MECON / Anna University Reports	Actual cost of expenditure	Expected Annual Savings	Action taken during 2004-05
1	500 KVA Transformers – use one out of three at a time.	Nil	21,000/-	The suggestion is being followed
2	Fluorescent Tube lights (1458 in the Port). To use retrofit type E+ 28w Energy Efficient Tube Lights (45% power saving) in place of conventional Tube lights.	Rs 2,90,400/-	Rs. 1.64 Lakhs	The suggestion was accepted and 320 Fluorescent Tube lights were replaced with E+28 Energy Efficient Lamps in all the work areas frequently used. In other areas which are currently

Electrical Energy Conservation at EPL				
Sl. No	Energy Saving Proposals in MECON / Anna University Reports	Actual cost of expenditure	Expected Annual Savings	Action taken during 2004-05
				not under use replacement will be done as and when these areas are proposed to be used regularly.
3	Use of Fluorescent Lamps (CFL) in place of conventional luminaries in identified locations like corridors, toilets etc. Implemented.	-	-	Implemented in toilets, corridors, etc., in Administrative Office.
4	Replacement 71 Nos, of 250w metal halide lamp in access road with 150w sodium vapour lamps (change of bulb, choke, ignitor and capacitor).	Rs 1.33 Lakhs	Rs. 1.79 Lakhs	Replacement of the 250W metal halide lamps have been completed.
5	Replacement 81 Nos. of 250w metal halide lamp in security road with 150w sodium vapour lamps (change of bulb, choke, ignitor and capacitor).	Rs. 1.52 Lakhs	Rs. 2.04 Lakhs	Replacement of the 250W metal halide lamps have been completed.
6	Replacement 84 Nos of 250w HPSV lamp in an internal street lights with 150w sodium vapour lamps (change of bulb, choke, ignitor and capacitor).	Rs. 1.57 Lakhs	Rs. 2.12 Lakhs	Replacement of the 250W metal halide lamps have been completed.

(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 implemented in the year 2004-05 will be correctly quantified by monitoring the energy consumption charges in the year 2005-06.

(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 31st March, 2005. The Company is yet to receive the appointment advice for the Financial Year 2005-06 from the Comptroller & Auditor General of India, New Delhi.

AUDITORS REPORT

The report submitted by the Statutory Auditors of the Company M/s Sundaram & Narayanan for the financial year ended 31st March 2005, is circulated along with the Annual Financial Statements.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Sd/-
Capt. K. Balachandran,
Director (Marine Services)

Sd/-
Dr. A. Rajagopalan,
Director (Operations)

Sd/-
Shri K. Suresh, IAS,
Chairman

Place : Chennai
Dated : 22.8.2005

Annexure to Directors Report

REVIEW OF ACCOUNTS OF ENNORE PORT LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2005 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headings for the last three years.

	2002-03	2003-04 (Rs. in lakhs)	2004-05
LIABILITIES			
a) Paid up Capital			
(i) Government	20000.00	20000.00	20000.00
(ii) Others - Chennai Port Trust	10000.00	10000.00	10000.00
b) Borrowings			
(i) From Government of India	12784.98	6784.98	0.00
(ii) From Financial Institutions	0.00	0.00	12500.00
(iii) Others	31855.77	32723.17	27604.16
(iv) Interest accrued and due	2106.79	843.14	74.95
c) (i) Current Liabilities	5929.98	5454.64	5763.26
(ii) Provision for gratuity	3.93	6.50	1.29
d) Deferred Tax Liability			
Total	82681.45	75812.43	75943.66
ASSETS			
e) Gross Block	73931.78	67277.51	67520.78
f) Less: Depreciation	2515.87	2932.63	4036.79
g) Net Block (e-f)	71415.91	64344.88	63483.99
h) Capital Work in Progress	603.22	0.00	0.00
i) Investments	0.00	0.00	0.00
j) Current Assets, loans and Advances	7424.96	7769.70	9858.32
k) Miscellaneous expenditure not written off	355.74	237.16	115.38
l) Accumulated loss	2844.07	3324.45	2485.97
m) Deferred Tax Asset	37.55	136.24	0.00
Total	82681.45	75812.43	75943.66
n) Working Capital [(j-c (i) - b (iv))	(611.81)	1471.92	4020.11
o) Capital employed (g + n)	70804.10	65816.80	67504.10
p) Net Worth [(a - k - l)]	26800.19	26438.39	27398.65
q) Net Worth per rupee paid up capital (Rs.) (p/a)	0.89	0.88	0.91
2. RATIO ANALYSIS			
A. Liquidity Ratio (in Percentage)			
Current Ratio (j / (c(i) + b (iv)))	92.39	123.37	168.86
Current Assets to Current Liabilities & Provisions and interest accrued and due [but excluding provisions for gratuity]			
B. Debt Equity Ratio			
Long term debt to equity [b (i) to (iii) but excluding short term loans / p]	1.67	1.49	1.46
C. Profitability Ratio (in Percentage)			
Net Profit before Tax	713.24	(579.08)	1000.90
a) Profit Before Tax to			
(i) Capital employed	1.01	-	1.48
(ii) Net Worth	2.66	-	3.65
(iii) Income from services	9.28	-	10.88
b) Profit after tax to equity	2.06	-	2.79
c) Earnings per share (Re.)	0.21	-	0.28

3 SOURCES AND UTILISATION OF FUNDS

(Rs. in lakhs)

Funds amounting to Rs.14700.66 lakhs from internal and external sources were realized and utilized during the year as given below:

Sources of Funds

a) Funds from operations (Profit After Tax)	838.49
b) Deferred Tax Asset provided for	136.24
c) Increase in Cumulative Depreciation	1104.15
d) Increase in Borrowings	12500.00
e) Decrease in Misc. Expenditure not written off	121.78
Total	14700.66

Utilisation of Funds

a) Increase in Fixed Assets	243.27
b) Repayment of borrowings	11903.99
c) Increase in Working capital	2548.19
d) Decrease in provision of gratuity	5.21
Total	14700.66

4 WORKING CAPITAL

The Working capital (i.e., current assets less current liabilities and interest accrued and due) which was negative in 2002-03 increased to Rs.1471.92 lakhs in 2003-04 and further increased to Rs.4020.11 lakhs in 2004-05

5 WORKING RESULTS

The Working results of the Company in the last three years were as given below:

1	Income from services	7687.27	8564.00	9199.82
2	Profit Before Tax	713.24	(579.08)	1000.90
3	Profit After Tax	618.61	(677.77)	838.49

6 SUNDRY DEBTORS

The following table indicates the volume of book debts and Income from services for the last 3 years.

As on 31 st March	(Rs. in lakhs)				Percentage of Sundry Debtors to Income from services
	Sy. Drs (Good)	Sundry Debtors (Doubtful)	Total Sundry Debtors	Income from Services	
2003	96.18	0.00	96.18	7687.27	1.25
2004	186.24	0.00	186.24	8564.00	2.17
2005	2.92	0.00	2.92	9199.82	0.03

Place: Chennai
Date : 23.09.2005

Sd/-
Principal Director of Commercial Audit and
Ex-officio Member, Audit Board, Chennai-34

**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 31ST MARCH 2005**

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 period ended 31st March 2005.

Place: Chennai - 34
Date : 23.09.2005

Sd/-
(SUBHASHINI SRINIVASAN)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Auditor's Report to the Members of the Company

To : The Members of Ennore Port Limited

We have audited the attached balance sheet of Ennore Port Limited as at 31st March 2005, 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes on accounts thereon give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2005;
- (b) in the case of the profit and loss account, of the Profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For SUNDARAM & NARAYANAN
Chartered Accountants

Place: Chennai
Date : 22.08.2005

K MEENATCHI SUNDARAM
Partner
Membership No. 27073

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program 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) According to the information and explanations given to us, we are of the opinion that there is no sale of substantial part of fixed assets during the year.
- (ii) (a) The inventory of unutilized quarried stones has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory of unutilized quarried stones followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper record of inventory of unutilized quarried stones. No material discrepancies noticed on physical verification.
- (iii) (a) During the year, the Company has granted unsecured loans to two parties covered in the register maintained under section 301 of the Companies Act, 1956 to the extent of Rs.1,02,50,000.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been given to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are, prima facie, not prejudicial to the interest of the Company.
- (c) Since these unsecured loans are granted towards equity contribution, receipt of the principal and interest does not arise.

- (d) The Company has taken unsecured loan from a party covered in the register maintained under section 301 of the Companies Act, 1956 and the amount outstanding is Rs.2,760,415,659 as at 31.3.2005.
 - (e) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are, prima facie, not prejudicial to the interest of the Company and
 - (f) The loan availed by the Company is under moratorium period and the Company has been regular in payment of the interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements 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 its 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) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Investor education protection fund, Employees' state insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues with the appropriate authorities and there is no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, no dispute is pending before any forum in respect of Income tax, Sales tax, Wealth tax, Customs duty, Excise duty and Cess as at 31.03.2005.
- (x) In our opinion, the accumulated losses of the Company are less than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) The Company has availed loans from Banks and has not defaulted in repayment of dues to Banks.
- (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) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's report) Order, 2003 are not applicable to the Company.
- (xv) The Company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Term Loans availed by the Company were applied for the purpose for which the loans were obtained.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) 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 Companies Act, 1956.
- (xix) According to the information and explanations given to us, no securities or charge has been created by the Company, as the Company has not issued any debentures.
- (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 year.

For SUNDARAM & NARAYANAN
Chartered Accountants

Place: Chennai
Date : 22.08.2005

K MEENATCHI SUNDARAM
Partner
Membership No. 27073

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

BALANCE SHEET AS AT 31st MARCH 2005

(in Rupees)

PARTICULARS	Sch. No.	AS AT 31.03.2005		AS AT 31.3.2004	
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	I	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Loan Funds					
Secured Loans	II	1,250,000,000	4,017,910,572	-	4,035,128,263
Unsecured Loans		2,767,910,572		4,035,128,263	
Total			7,017,910,572		7,035,128,263
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	III	6,752,077,722	6,348,399,001	6,727,751,152	6,434,487,838
Less : Depreciation		403,678,721		293,263,314	
Net Block					
Deferred Tax Asset					13,623,561
Current Assets, Loans and Advances					
Stock	IV	47,900,000	409,376,740	47,900,000	230,855,388
Sundry Debtors		291,771		18,624,484	
Cash and Bank balances		348,013,097		127,416,935	
Loans and Advances		589,626,625		583,028,135	
Less : Current Liabilities and Provisions	V	985,831,493		776,969,554	
Liabilities		535,608,585		515,422,313	
Provisions		40,846,168		30,691,853	
Net Current Assets		576,454,753		546,114,166	
Miscellaneous Expenditure (To the extent not written off or adjusted)					
Preliminary Expenses		1,600,396	260,134,831	3,200,792	356,161,476
Deferred Revenue Expenditure		9,937,651		20,515,305	
Profit and Loss account		248,596,784		332,445,379	
Accounting Policies and Notes on Accounts					
Total	XII		7,017,910,572		7,035,128,263

As per our report of even date annexed

For ENNORE PORT LIMITED

For SUNDARAM & NARAYANAN
Chartered Accountants

K. SURESH I.A.S.
Chairman cum Managing Director

K.MEENATCHI SUNDARAM
Partner

CAPT. K. BALACHANDRAN
Director

Dr. A. RAJAGOPALAN
Director

A. BALRAJ I.A.S. (Retd.),
Director

N. KUMAR
Director

T.K. ARUN
Company Secretary

Place: Chennai
Date : 22.08.2005

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

		(in Rupees)	
PARTICULARS	Sch. No.	YEAR ENDED 31.03.2005	YEAR ENDED 31.03.2004
INCOME			
Income from Services	VI	919,981,641	856,400,282
Other Income	VII	12,749,187	16,771,009
Total		932,730,828	873,171,291
EXPENDITURE			
Port Operating Expenses	VIII	236,331,215	202,240,862
Establishment Charges	IX	10,952,817	9,432,029
Administrative Expenses	X	59,493,225	49,650,835
Loss on sale of Fixed Assets		-	67,243,898
Impairment Loss		254,038	13,682,812
Deferred Revenue Expense written off		8,977,654	10,257,654
Preliminary Expenses written off		1,600,396	1,600,396
Total		317,609,345	354,108,486
Profit Before Interest and Depreciation		615,121,483	519,062,805
Less : a) Interest and Finance Charges		375,786,960	460,665,100
b) Depreciation		110,506,369	116,305,494
Profit / (Loss) Before Extraordinary Items		128,828,154	(57,907,789)
Less : Extraordinary Items		28,738,580	-
Profit / (Loss) Before Tax		100,089,574	(57,907,789)
Less : a) Provision for Current Tax		2,617,419	-
b) Deferred Tax		13,623,561	(9,868,977)
PROFIT / (LOSS) AFTER TAX		83,848,594	(48,038,812)
Profit / (Loss) brought forward from Previous year		(332,445,378)	(284,406,566)
PROFIT / (LOSS) CARRIED FORWARD		(248,596,784)	(332,445,378)
For ENNORE PORT LIMITED		As per our report of even date annexed For SUNDARAM & NARAYANAN Chartered Accountants	
K. SURESH I.A.S. Chairman cum Managing Director		K.MEENATCHI SUNDARAM Partner	
CAPT. K. BALACHANDRAN Director	Dr. A. RAJAGOPALAN Director		
A. BALRAJ I.A.S. (Retd.,) Director	N. KUMAR Director		
T.K. ARUN Company Secretary			
Place: Chennai			
Date : 22 .08.2005			

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2005

	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after tax and extraordinary items		83,848,594
Adjustment for:		
Depreciation		110,506,369
DRE & Preliminary Expenses Written off		12,178,050
Impairment Loss		254,038
Interest charges		365,419,044
Income Tax		16,240,980
Operating Profit before working capital changes		588,447,075
Adjustment for:		
(Increase) / Decrease Current Assets		13,597,223
Increase / (Decrease) Current Liabilities		32,118,438
Adjustment for Extraordinary Items		2,006
Cash Generated From Operations		634,164,742
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets		-
Purchase of Fixed Assets		(29,066,840)
Advance for Equity Contribution		(10,250,000)
Net Cash generated from Investing Activities		(39,316,840)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings		1,250,000,000
Repayment of Loans		(1,178,497,800)
Interest Paid		(445,753,941)
Net Cash Used in Financing Activities		(374,251,741)
Net Increase in cash and cash equivalents (A+B+C)		220,596,161
Cash and Cash equivalents as at (OB)	127,416,935	
Cash and Cash equivalents as at (CB)	348,013,097	220,596,162

We have verified the above Cash Flow Statement of ENNORE PORT LIMITED derived from the Audited Financial Statement for the year ended March 31, 2005 and certify that in our opinion and according to the information and explanations given to us, the Cash Flow Statement is in accordance therewith.

For ENNORE PORT LIMITED

For SUNDARAM & NARAYANAN
Chartered Accountants

K. SURESH I.A.S.
Chairman cum Managing Director

K. MEENATCHI SUNDARAM
Partner

CAPT. K. BALACHANDRAN
Director

Dr. A. RAJAGOPALAN
Director

A. BALRAJ. I.A.S. (Retd.,)
Director

N. KUMAR
Director

T. K. ARUN
Company Secretary

Place: Chennai
Date: 22.08.2005

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

SCHEDULES TO THE BALANCE SHEET

(In Rupees)

Sch. No.	PARTICULARS	AS AT	
		31.03.2005	31.03.2004
I	SHARE CAPITAL		
	Authorised : 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
	Issued, Subscribed and Paid up : 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
		3,000,000,000	3,000,000,000
II	LOAN FUNDS		
	Secured Loans from Banks Term Loan from Nationalised Banks (Secured by hypothecation of specific assets of the Company ranking pari passu with other term loan lender(s)).	1,250,000,000	-
		1,250,000,000	-
	Unsecured Loans		
	Government of India		
	* Interest bearing Loan	-	678,497,800
	* Accrued Interest	-	136,033
	Chennai Port Trust		
	* Interest bearing Loan	2,297,930,038	2,809,831,135
	* Non Interest bearing Loan	462,485,621	462,485,621
	* Accrued Interest	7,494,913	84,177,674
		2,767,910,572	4,035,128,263
IV	CURRENT ASSETS, LOANS & ADVANCES		
	1. SUNDRY DEBTORS (Unsecured and considered good)		
	Debts Outstanding over six months	-	11,217,279
	Other Debts	291,771	7,407,205
		291,771	18,624,484
	2. CASH AND BANK BALANCES		
	Cash on hand	16,542	39,152
	Balances with Scheduled Banks		
	in Current Accounts	13,565,225	6,049,941
	in Deposit Accounts	334,431,330	121,327,842
		348,013,097	127,416,935

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

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK AS AT			
		As at 01.04.2004	Additions / (Deletions) (Adjustments)	As at 31.03.2005	Rate in %	As at 01.04.2004	For the Opening Balance	Additions/ Adjustments	Total for the year	Deletions	As at 31.03.2005	31.03.2004	31.03.2005
1	Port Basin and Entrance Channel	1,022,637,987	17,761,631	1,040,399,618	1.00	28,381,707	10,226,380	183,105	10,409,485	-	38,791,192	894,256,280	1,001,608,426
2	<u>Buildings, Sheds & Other Structures</u>												
	Administrative Building	56,451,721	(1,810,826)	54,640,895	1.63	2,553,787	920,163	(111,516)	808,647	-	3,362,414	53,897,954	51,278,481
	Security Cabins	-	115,125	115,125	100.00	-	115,125	115,125	-	-	-	-	-
	Rest House	878,228	-	878,228	1.63	14,315	14,315	-	14,315	-	28,630	863,914	848,599
	Electrical Substation	2,156,130	-	2,156,130	1.63	97,540	35,145	-	35,145	-	132,685	2,088,590	2,023,445
3	<u>Wharves, Roads and Boundaries</u>												
	Port Access Roads	251,040,127	438,662	251,478,789	1.63	11,235,990	4,091,954	10,147	4,102,101	-	15,338,091	239,804,137	236,140,698
	Wharves	787,296,264	-	787,296,264	2.50	54,825,417	19,682,407	-	19,682,407	-	74,307,824	732,670,847	712,988,440
	Boundary Walls	32,901,327	46,688	32,948,013	1.63	1,118,452	536,282	888	537,180	-	1,655,632	31,782,875	31,292,381
4	<u>Railway and Rolling Stocks</u>												
	Railway Sidings	193,991,818	11,668,023	205,659,841	4.75	25,573,702	9,214,611	94,143	9,308,754	-	34,882,456	168,418,116	170,777,385
5	<u>Docks, Seawalls, Piers & Nav. Aids</u>												
	Breakwater Construction	4,284,804,854	(6,689,688)	4,278,105,166	1.33	157,439,090	56,987,905	(145,334)	56,842,571	-	214,281,661	4,127,385,764	4,093,823,505
	Navigation Aids	24,661,612	-	24,661,612	10.00	6,844,443	2,466,161	-	2,466,161	-	9,310,604	17,817,169	15,351,008
6	<u>Cranes & Vehicles</u>												
	Diesel Lifting Truck	300,000	-	300,000	11.31	94,167	33,930	-	33,930	-	128,097	205,633	171,903
	Vehicles - Motor Cars	2,674,262	(345,000)	2,329,262	9.50	526,020	221,280	-	221,280	90,962	656,338	2,148,242	1,672,924
	Vehicles - Mini Bus	200,000	-	200,000	11.31	62,778	22,620	-	22,620	-	85,398	137,222	114,602
	Vehicles - Two wheelers	107,358	-	107,358	9.50	20,795	10,199	-	10,199	-	30,994	86,563	76,364
7	<u>Installation of Water, Elec., Telecom & Fire</u>												
	Water & Communication Facilities	11,790,564	-	11,790,564	4.75	298,193	560,052	-	560,052	-	858,245	11,492,371	10,932,319
	Internal Electrical Facilities	26,893,863	-	26,893,863	4.75	2,255,404	1,277,458	1,289,981	2,567,439	-	4,822,843	24,638,459	22,071,020
	External Electrical Facilities	15,798,831	-	15,798,831	4.75	1,246,455	750,444	836,285	1,586,729	-	2,833,184	14,552,376	12,965,847
8	<u>Other Assets</u>												
	Electrical Appliances	1,943,082	888,598	2,831,680	4.75	140,332	89,219	96,321	185,540	-	325,872	1,802,750	2,505,808
	Office Equipments	2,404,187	1,771,394	4,175,581	4.75	130,593	112,768	96,445	208,213	-	339,796	2,273,604	3,835,785
	Furniture & Fixings	7,410,217	317,465	7,727,682	6.33	245,311	467,584	67,713	535,307	-	780,618	7,164,908	6,947,064
	Computers	1,408,719	174,500	1,583,219	18.21	358,653	229,353	23,816	252,169	-	611,022	1,049,866	972,197
	Total	6,727,751,152	24,326,570	6,752,077,722		293,263,314	107,949,250	2,557,119	110,506,369	90,962	403,878,721	6,434,487,838	6,348,399,001

ENNORE PORT LIMITED

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

SCHEDULES TO THE BALANCE SHEET

(In Rupees)

Sch. No.	PARTICULARS	AS AT	
		31.03.2005	31.03.2004
	3. STOCK (Certified by the management) Stock - Quarried Rock	47,900,000	47,900,000
		47,900,000	47,900,000
	4. LOANS & ADVANCES (Unsecured, considered good, recoverable in cash or in kind or for value to be received) Deposits Advance to Contractors Advance Equity Contributions Advance Income Tax Prepaid Expenses Other Advances Service Tax Credit	7,838,130 462,485,621 10,250,000 6,304,840 115,540 100,636,545 1,995,949	9,064,110 462,485,621 - 6,524,739 3,066,675 101,886,990 -
		589,626,625	583,028,135
		985,831,493	776,969,554
V	CURRENT LIABILITIES AND PROVISIONS		
	1. CURRENT LIABILITIES Statutory Liabilities Contract Liabilities Deposits from Customers Retention Money Payable to Contractors Advance receipt from Port Users	1,650,589 402,210,025 40,000,000 87,517,722 4,230,249	4,448,419 408,296,174 153,956 102,523,764 -
		535,608,585	515,422,313
	2. PROVISIONS Provision for Terminal Benefits Provision for Provident Fund Provision for Expenses	129,036 16,636 40,700,496	650,196 19,584 30,022,073
		40,846,168	30,691,853
		576,454,753	546,114,166

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

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

(In Rupees)

Sch. No.	PARTICULARS	Year Ended 31.03.2005	Year Ended 31.03.2004
VI	INCOME FROM SERVICES (Net of Service Tax)		
	Composite Tariff on Coal	864,021,521	841,554,631
	Composite Tariff on Iron Ore	10,144,800	-
	Import Wharfge - POL	4,097,280	-
	Port Dues	7,045,618	28,578
	Berth Hire Charges	10,423,559	3,461,412
	Anchorage Charges	3,222,743	1,996,702
	Pilotage Charges	12,230,883	1,395,756
	Way Leave Charges	7,494,510	7,480,486
	Other Services	1,300,727	482,717
		919,981,641	856,400,282
VII	OTHER INCOME		
	Interest on Bank Deposits (including Tax deducted at source of Rs.1,958,755 ; Previous Year Rs.3,121,980)	12,161,964	16,575,925
	Sale of Tender Documents	40,500	67,000
	Sundry Income	546,723	128,084
		12,749,187	16,771,009
VIII	PORT OPERATING & MAINTENANCE EXPENDITURE		
	Power, Fuel & Water Charges	12,824,386	11,733,516
	Manning Expenditure	3,350,545	2,137,387
	Time Charter Payments	197,127,792	181,437,444
	Repairs and Maintenance: Maintenance Dredging	17,131,355	-
	Machinery	1,441,661	206,033
	Others	4,455,476	5,934,982
	Stores and Spares	-	791,500
		236,331,215	202,240,862

ENNORE PORT LIMITED

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

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

(In Rupees)

Sch. No.	PARTICULARS	Year Ended 31.03.2005	Year Ended 31.03.2004
IX	ESTABLISHMENT CHARGES		
	Salaries and Allowances	9,577,437	7,640,932
	Staff Welfare Expenses	439,977	614,831
	Contribution to PF and Pension Funds	297,876	354,998
	Terminal Benefits	637,527	821,268
		10,952,817	9,432,029
X	ADMINISTRATIVE EXPENSES		
	Rent, Rates & Taxes	1,122,281	853,518
	Electricity & Water Charges	352,904	275,874
	Postage, Telephone & Fax Charges	1,121,117	921,388
	Printing and Stationery	673,700	577,594
	Books & Periodicals	47,678	61,155
	Insurance	20,563	334,928
	Housekeeping Expenses	134,578	165,667
	Landscape Maintenance	1,080,608	929,509
	Repairs & Maintenance - Office	134,558	290,549
	Security & Safety Expenses	6,961,737	6,271,980
	Entertainment Expenses	474,351	576,893
	Gifts & Presentations	136,556	89,784
	Membership Fees & Subscription	2,734,967	4,625,267
	Seminar Fees & Exhibition	204,205	427,743
	Travelling and Conveyance	1,648,440	1,245,217
	Vehicle Fuel and Maintenance	3,484,445	3,406,392
	Advertisement and Publicity	1,019,910	4,462,141
	Legal & Arbitration Expenses	5,439,705	8,382,050
	Professional Charges	7,529,136	15,570,443
	Donations & Contributions	25,000,000	-
	Audit Fees	105,000	122,600
	Bank Charges	39,830	10,380
	Sundry Expenses	26,956	49,763
		59,493,225	49,650,835
XI	INTEREST AND FINANCE CHARGES		
	Term Loans	368,935,148	423,196,964
	Others	6,851,812	37,468,136
		375,786,960	460,665,100

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 accounts 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 as per Accounting Standard - 16 issued by the Institute of Chartered Accountants of India. 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 gratuity, pension, leave salary and terminal benefits have been made for those employees who are on deputation from other organizations as per the advice received from the respective organizations and for other employees of Ennore port provided 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.
- k. Revenue expenditure are segregated into current year and prepaid wherever the prepaid portion exceeds Rs.20,000.
- l. Premium for foreclosure of loans or any part thereof is charged to revenue in the year in which the foreclosure is effected.
2. The Loan from Chennai Port Trust as on the date of Balance Sheet has been reconciled as on 31.3.2005 with a difference of Rs.34.53 Crores, comprising of revenue and capital items, of disputed amounts which have been referred to the Ministry of Shipping for their instruction / arbitration. As per the policies of the Company, these will be capitalised / treated as revenue expenditure of the year of arbitral award and the depreciation in respect of these additions in the value of assets will be provided over the remaining life of the assets. This disputed amount is included in the Contingent Liabilities mentioned in Note No.12.
3. Stock represents the unutilized quarried stones of Rs.4.79 Crores having the utility value for construction / maintenance of Breakwater.
4. The carrying cost of 3 vehicles has been written off as impairment loss.
5. The loans from Government of India and part of the Chennai Port Trust have been swapped by loans from Canara Bank and Union Bank of India.
6. Term deposits with banks include interest accrued but not due amounting to Rs.34.69 Lakhs. (Previous Year Rs.3.64 Lakhs).
7. Establishment expenses include remuneration paid to Directors.

	<u>2004-05</u>	<u>2003-04</u>
	(In Rupees)	
a. Salaries and Allowances	16,10,749	14,64,255
b. Contribution to PF & Pension Fund	1,32,733	1,61,620
c. Contribution towards leave salary	1,47,416	91,308

8. Details of remuneration to Auditors (Excluding Service tax)	<u>2004-05</u>	<u>2003-04</u>
	(In Rupees)	
a. For Statutory Audit	75,000	75,000
b. For Tax Audit	20,000	20,000
c. For Others	10,000	10,000
9. Transactions in Foreign Currency	<u>2004-05</u>	<u>2003-04</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	4.27	2.29
10. Information on Quantity, Cargo and No. of Vessels :	<u>2004-05</u>	<u>2003-04</u>
Quantity (in Metric Tons)	9,402,898	9,350,607
Cargo	Coal, Iron Ore & POL	Coal
No. of Vessels	171	166
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):		
(a) Claims against the Company not acknowledged as debts: Rs.220.82 Crores. (Previous Year: Rs.115.68 Crores)		
(b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs.2,19,225 (Previous Year Nil)		
13. Accounting Standards relating to Segment Reporting and Related Party Disclosure are not applicable to the Company.		
14. 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.		
15. Based on the virtual certainty of realisation of values and as per the provisions of Section 115JB of the Income Tax Act, 1961, the value of deferred tax as at 31.3.2005 is considered to be Rs.Nil.		

16. The Company is in possession of 2,083.74 acres of lands. In terms of the minutes of the meeting held by Ministries of Shipping and Finance on 19.03.2004, the title to the lands in possession of the Company would be retained by Government of India and the Government of India will lease these lands to the Company for a lease rent to be fixed at a later date by the Government of India. In the absence of any specific agreement in this regard, no lease rent is provided for. The amount of Rs.10 crores paid by the Company to TNEB towards this purpose is grouped under Other Advances.

17. Contract liabilities include amounts due on unpaid certified bills of project taken over in an earlier year where claims and counter claims are under dispute, remain unconfirmed by the creditors. In view of certain payments to the contractors being disputed to be in excess, the interest due on such unpaid certified bills held beyond the due dates would be recognised as expenditure upon payment.

18. Extraordinary Items charged to the Profit and Loss Account represent the following amounts :

Award payments for Tugs (sold in earlier year)	Rs. 4,775,599
Waiver of Way Leave Charges from TNEB	Rs. 23,962,981

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

Interest on awards	Rs. (4,347,922)
Water charges recovery	Rs. (212,148)
Way leave charges	Rs. 16,929,000
License fees for space	Rs. (160,580)
Time charter payments	Rs. 14,652
Depreciation	Rs. 22,12,091

20. The Company has contributed Rs.25,000,000 to the Prime Minister's Relief Fund for Tsunami which is shown under the head Donations & Contributions.

21. The Company has not capitalized any borrowing cost during the year.

22. Up-front fee of Rs.40,000,000 collected from a BOT Operator is grouped under current liability.

23. The Company has withdrawn Way Leave Charges claimed on TNEB amounting to Rs.23,962,981 (up to 31.3.2005) and has agreed to claim the same on a revised basis with retrospective effect from 22.06.2001, being the date of commencement of commercial operations. The revised claim is not determined and not made by the Company on TNEB up to the date of signing of these financial statements and hence not accounted for.

24. There is no amount owed by the Company, on the date of balance sheet, to small scale industrial undertakings.

25. Interest and Finance Charges on Term Loans include premia of Rs.2,500,000 to Chennai Port Trust and Rs.6,392,489 to the Govt. of India for foreclosure of loan(s).

26. Insurance cover is available only for Office Equipment, Electrical Appliances, Furniture and Motor Vehicles.

27. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

SIGNATURES TO THE BALANCE SHEET AS AT 31.03.2005, 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

K. SURESH I.A.S.
Chairman cum Managing Director

K. MEENATCHI SUNDARAM
Partner

CAPT. K. BALACHANDRAN
Director

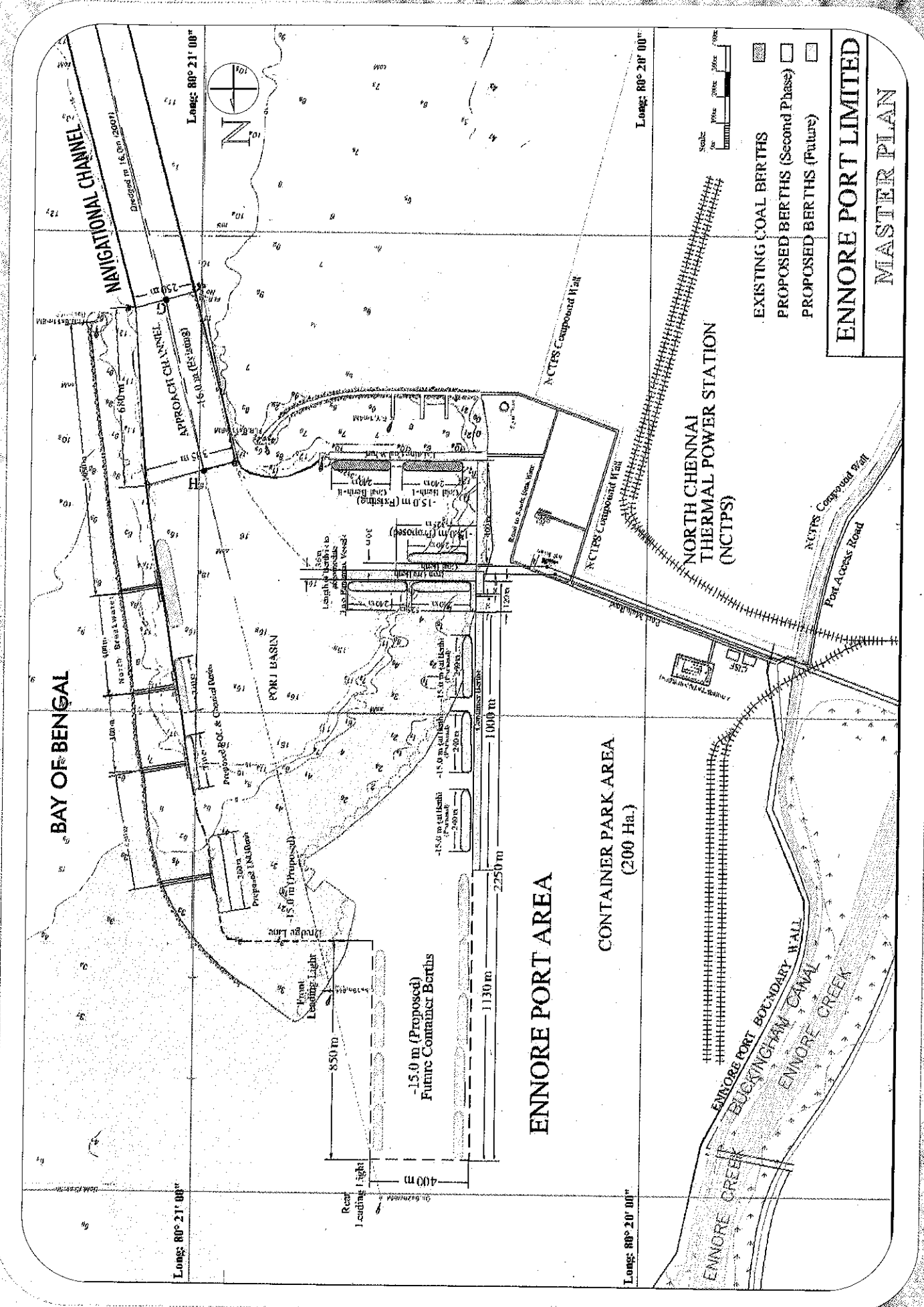
Dr. A. RAJAGOPALAN
Director

A. BALRAJ. I.A.S. (Retd.)
Director

N. KUMAR
Director

T.K. ARUN
Company Secretary

Place : Chennai
Date : 22.08.2005



- EXISTING COAL BERTHS
- PROPOSED BERTHS (Second Phase)
- PROPOSED BERTHS (Future)

ENNORE PORT LIMITED
MASTER PLAN

Ennore Port Limited
(A Government of India Undertaking)

New No. 15, Kasturirangan Road, Chennai - 600 018 - INDIA Ph. : +91-44-24983051 / 24983052 Fax : +91-44-27950036 - 49
Port : Valluvar Patti, Chennai - 600 120 - INDIA
Registered Office
e-mail : info@ennoreportltd.com Visit us at : www.ennoreportltd.com